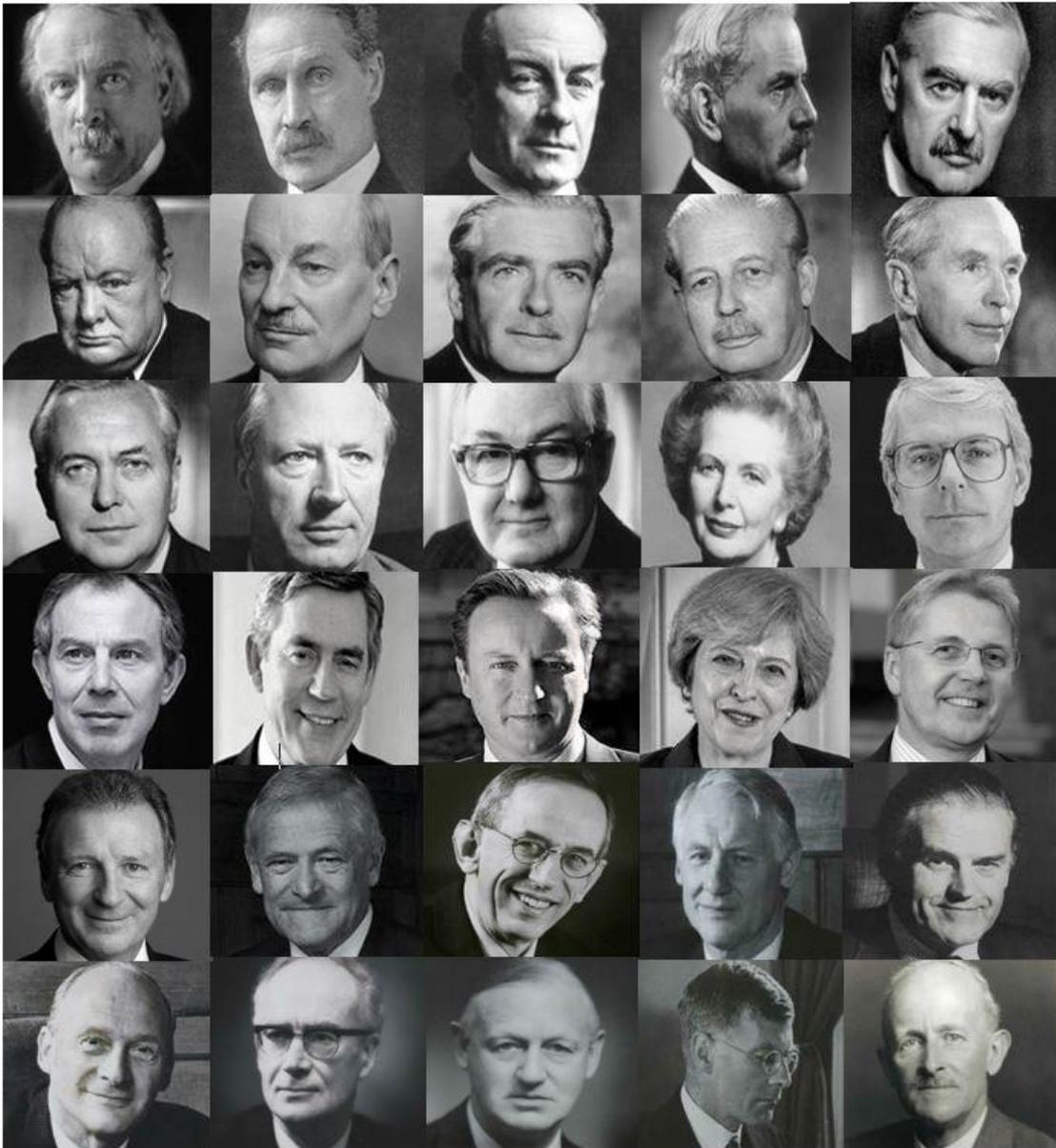




Cabinet Office

The centre of government
for 100 years

Prime Ministers 1916 - 2016



Cabinet Secretaries 1916 - 2016

Annual Report and Accounts 2016-17



Cabinet Office

ANNUAL REPORT AND ACCOUNTS 2016-17

(for year ended 31 March 2017)

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

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

Ordered by the House of Commons to be printed on 14 September 2017

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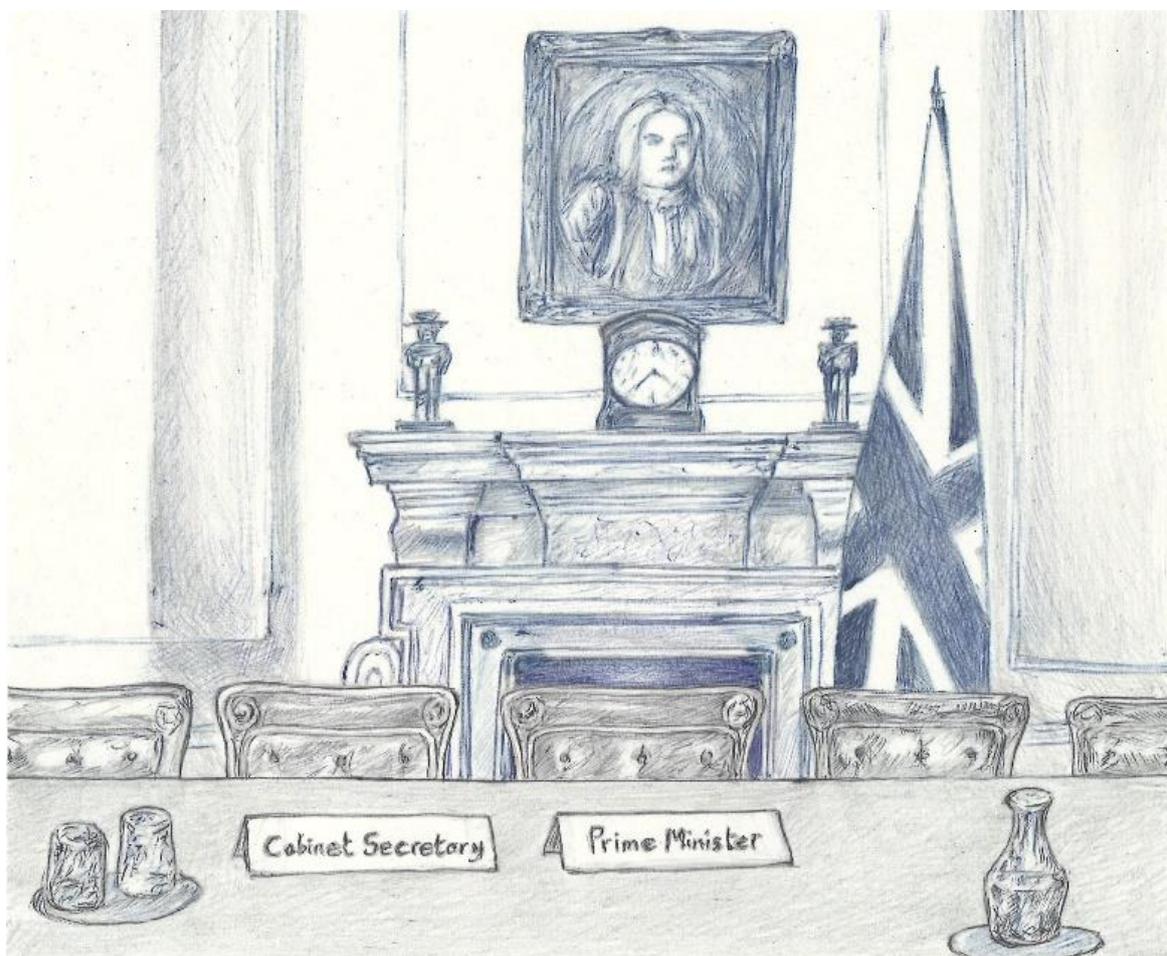
Prime Ministers since December 1916

David Lloyd George 1916-22
 Andrew Bonar Law 1922-23
 Stanley Baldwin 1923-24, 1924-29, 1935-37
 James Ramsay MacDonald 1924, 1929-35
 Neville Chamberlain 1937-40
 Sir Winston Churchill 1940-45, 1951-55
 Clement Attlee 1945-51
 Sir Anthony Eden 1955-57
 Harold Macmillan 1957-63
 Sir Alec Douglas-Home 1963-64
 Harold Wilson 1964-70, 1974-76
 Edward Heath 1970-74
 James Callaghan 1976-79
 Margaret Thatcher 1979-90
 John Major 1990-97
 Tony Blair 1997-2007
 Gordon Brown 2007-10
 David Cameron 2010-16
 Theresa May 2016-

Cabinet Secretaries since December 1916

Sir Maurice Hankey 1916-38
 Sir Edward Bridges 1938-46
 Sir Norman Brook 1947-62
 Sir Burke Trend 1963-73
 Sir John Hunt 1973-79
 Sir Robert Armstrong 1979-87
 Sir Robin Butler 1988-1998
 Sir Richard Wilson 1998-2002
 Sir Andrew Turnbull 2002-05
 Sir Gus O'Donnell 2005-11
 Sir Jeremy Heywood 2012-

Illustration below by Roger Sampson



100
years

DIRECTORS' REPORT

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Foreword



John Manzoni

Chief Executive of the Civil Service,
Cabinet Office Permanent Secretary
and Principal Accounting Officer

This year the Cabinet Office celebrated 100 years at the centre of government, providing support to the Prime Minister and Cabinet, and ensuring that government works efficiently and effectively for citizens across the UK.

In July a new ministerial team arrived. Following the UK's decision to leave the European Union, the Department supported the setting up of a new Department for Exiting the European Union (DExEU) including the transfer of the Europe Unit, and worked alongside other departments to begin the exit process.

2016-17 saw other changes to the size and shape of the Cabinet Office, with specialist commercial staff and HR Expert Services teams joining the Department, while the Office for Civil Society moved across to the Department for Culture, Media and Sport. The Cabinet Office continued its work to maintain the integrity of the Union, coordinating the security of the realm and sustaining a flourishing democracy; supporting the design and implementation of HM Government's policies and the Prime Minister's priorities; and ensuring the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government.

At the heart of the successful delivery of these ambitious objectives is the diverse range of people who come together and form the Department's workforce. I am grateful to each one of them for their innovation, motivation and determination to deliver the very best for the citizens we serve.

Ministers as at 31 March 2017



The Rt Hon. Theresa May MP
Prime Minister, First Lord of the Treasury
and Minister for the Civil Service
(paid by HM Treasury)



The Rt Hon. Ben Gummer MP
Minister for the Cabinet Office
and Paymaster General



The Rt Hon. Patrick McLoughlin MP
Chancellor of the Duchy of Lancaster
(unpaid)



Chris Skidmore MP
Parliamentary Secretary
(Minister for the Constitution)



The Rt Hon. David Lidington CBE MP
Lord President of the Council
and Leader of the House of Commons



The Rt Hon. Gavin Williamson MP
Chief Whip
(Parliamentary Secretary to the Treasury)
(paid by HM Treasury)



The Rt. Hon. Lord Taylor of Holbeach CBE
Lords Chief Whip and Captain of the
Honourable Corps of Gentlemen at Arms
(paid by HM Treasury)



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

The following ministers left office during the 2016-17 financial year:

The Rt Hon. David Cameron, First Lord of the Treasury, Minister for the Civil Service and Prime Minister (paid by HM Treasury) until 13 July 2016

The Rt Hon. Sir Oliver Letwin MP, Chancellor of the Duchy of Lancaster until 13 July 2016

The Rt Hon. Matt Hancock MP, Minister for the Cabinet Office and Paymaster General until 14 July 2016

The Rt Hon. Chris Grayling MP, Leader of the House of Commons, Lord President of the Council until 13 July 2016

The Lord Bridges of Headley MBE, Parliamentary Secretary for the Cabinet Office until 15 July 2016

The Rt Hon. Robert Halfon MP, Minister without Portfolio (unpaid) until 14 July 2016

Mark Harper MP, Chief Whip (Parliamentary Secretary to the Treasury) (paid by HM Treasury) until 14 July 2016

Dr Thérèse Coffey MP, Parliamentary Secretary and Deputy Leader of the House of Commons until 15 July 2016

John Penrose MP, Parliamentary Secretary (Minister for Constitutional Reform) (paid by HM Treasury) until 16 July 2016

The Rt Hon. Baroness Stowell of Beeston MBE, Leader of the House of Lords and Lord Privy Seal until 13 July 2016

Rob Wilson MP, Minister for Civil Society, transferred to the Department for Culture, Media and Sport with the machinery of government move of the Office for Civil Society on 15 July 2016

Ministers following the general election on 8 June 2017



The Rt Hon. Theresa May MP
Prime Minister, First Lord of the Treasury
and Minister for the Civil Service
(paid by HM Treasury)



The Rt Hon. Damian Green MP
First Secretary of State
and Minister for the Cabinet Office



The Rt Hon. Patrick McLoughlin MP
Chancellor of the Duchy of Lancaster
(unpaid)



Chris Skidmore MP
Parliamentary Secretary
(Minister for the Constitution)



The Rt Hon. Andrea Leadsom MP
Lord President of the Council
and Leader of the House of Commons



Caroline Nokes MP
Minister for Government Resilience and
Efficiency



The Rt. Hon. Lord Taylor of Holbeach CBE
Lords Chief Whip and Captain of the
Honourable Corps of Gentlemen at Arms
(paid by HM Treasury)



The Rt Hon. Gavin Williamson MP
Chief Whip
(Parliamentary Secretary to the Treasury)
(paid by HM Treasury)



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

The following ministers left office following the general election on 8 June 2017:

The Rt Hon. Ben Gummer left government on 9 June 2017

The Rt Hon. David Lidington left the Cabinet Office on 10 June 2017 and took office as Lord Chancellor and Secretary of State for Justice

Non-Executive Board Members as at 31 March 2017



Sir Ian Cheshire
Lead Non-Executive Board Member



Catherine Brown
Non-Executive Board Member



Paul Kirby
Non-Executive Board Member

Former Non-Executive Board Member



Amy Stirling,
Non-Executive Board Member
to September 2016,
continues as Chair of the Audit and Risk
Committee to November 2017

Cabinet Office Lead Non-Executive's Report

2016-17 has seen significant changes across government and the Cabinet Office. In June the public voted in a referendum to leave the European Union and the Cabinet Office has been closely involved in the work to administer our exit and ensure that the UK remains prosperous and secure. July saw a change in Prime Minister and with it a new ministerial team, including in the Cabinet Office. There were also structural changes, for example, the Office for Civil Society moving into the Department for Culture, Media and Sport.

Board membership

The Cabinet Office is at the centre of government and plays a key role as an effective, strong and unifying centre to coordinate Whitehall and drive the Government's priorities. The Board continues to be critical to this, providing strategic direction, advice and challenge. Following his appointment as Minister for the Cabinet Office, the Rt Hon. Ben Gummer became Chair and Chris Skidmore MP, the new Minister for the Constitution, also joined the Board.

This year also saw change at non-executive level; after three years of valuable service, Amy Stirling stepped down from the Board. We are grateful to Amy for all she contributed throughout her tenure, in particular in her role as Chair of the Audit and Risk Committee. Non-executives provide external advice and expertise, underpinned by an independent standpoint, and Paul Kirby and Catherine Brown have been heavily engaged in vital work to shape the delivery of the Cabinet Office's objectives from the Single Departmental Plan.

Board effectiveness

The Board met four times over the 2016-17 financial year (June, November, February and March), focusing on topics ranging from the development of the Cabinet Office's Single Departmental Plan through to the delivery of cross-government functions. As well as monitoring the performance of shared services, it reviewed organisational capability to deliver functions and oversaw the framework for governance of arms-length bodies across government.

Sir Ian Cheshire

Cabinet Office Lead Non-Executive Board Member

Permanent Secretary's perspective on performance

Over the last year the Cabinet Office has continued to play a key role at the centre of government, delivering for the British people across its wide portfolio of responsibilities. These range from supporting the new Prime Minister and the Cabinet to safeguarding national security; helping to transform public services; and delivering on constitutional commitments.

The Department delivered the referendum on the UK's membership of the EU, and led a voter registration campaign, resulting in the electoral register reaching an all-time high. This built on the successful launch of Individual Electoral Registration.

Following the referendum, the Cabinet Office helped establish the new Department for Exiting the European Union (DExEU), and it continues to work closely with DExEU. It strengthened its own Constitution team to work on the policy implications of EU exit for the devolution settlements, and to help strengthen the Union. It also delivered the Government's demanding legislative programme, including the European Union (Notification of Withdrawal) Act 2017.

The National Security Secretariat and Joint Intelligence Organisation have played a vital role in keeping Britain safe. In 2016 the National Cyber Strategy was delivered, and in October 2016 the new National Cyber Security Centre was opened, bringing together functions across government. The Department has also coordinated delivery of the commitments in the National Security Strategy and the Strategic Defence and Security Review.

The Cabinet Office also has a focus on delivering cross-government efficiencies. In 2016-17 it created the new Government Commercial Organisation, and the central commercial teams worked with other government departments to deliver £900 million of savings. Meanwhile, the Debt Market Integrator collected £386 million in overdue debts. And the review of regulatory bodies, published during the year, has the potential to save some £500 million.

The Government Property Unit made significant progress over the year in reducing the size of the Government's estate and growing the new Hubs programme, including closing deals for three Hubs – South Colonnade (Canary Wharf), Ruskin Square (Croydon) and Glass Wharf (Bristol). The One Public Estate programme to improve wider public sector estates' efficiency is on track to reach its target of 95% of local authorities by 2018. The Department also launched the new Government Property Agency in shadow form.

The Government Digital Service's Verify programme went from beta to live, enabling users to prove their identity when accessing services across government. The Honours and Appointments Secretariat established an online Honours nominations process. The shared services programme reset the Government's commercial relationship with Shared Services Connected Ltd (SSCL), and Government Departments are now using the single operating platform, which will unlock the planned efficiencies. And the Grants team launched new standards for managing government grants.

The Department created a single centre of expertise in the Infrastructure and Projects Authority, which managed more than 200 reviews of major projects during the year, as well as providing support on project management across government.

Any organisation is only as strong as its people. At the cross-government level, the Department has embedded the Brilliant Civil Service initiative and launched the *Civil Service workforce plan*. The Cabinet Office achieved its highest ever engagement score in the people survey, and the Department had one of the top scores across Whitehall for inclusion and fair treatment. The successes this report sets out have been delivered through the dedication and hard work of staff across the Department, and I am proud of what they have achieved.

John Manzoni

Chief Executive of the Civil Service,
Cabinet Office Permanent Secretary
and Principal Accounting Officer

100
years

PERFORMANCE REPORT

Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy

The Constitution Group (CG) is responsible for the coherence of the constitutional and devolution settlements, and the proper functioning of the democratic machinery, including elections and electoral registration. The group also covers law and policy on elections, referendums and political party funding, the Government's devolution policy, political and Parliamentary reform and the Boundary Commission for England.

Individual Electoral Registration (IER) and registration of voters

The Modern Electoral Registration Programme to maximise the benefits of IER was launched on 1 April 2016. During 2016-17, the CG oversaw a change in the law to enable Electoral Registration Officers (EROs) to send invitations to register by email in England and Wales. It also led three pilots relating to streamlining the annual canvass. It supported the work of EROs throughout the year, including by providing £21 million to cover the additional costs of IER. The Minister for the Constitution met more than 100 organisations during the Every Voice Matters tour through ten regional visits across England, Wales, and Scotland and by hosting seven roundtables representing different under-registered groups.

The EU referendum on 23 June 2016 was held on the basis of the largest ever electoral register. The Register to vote website, part of the IER digital service, went offline just before the registration deadline, leading to a 48-hour extension to the deadline. We commissioned and published an independent lessons learned review into the outage and all its recommendations were subsequently applied or put in train¹. A major technical infrastructure refresh (necessarily put on hold ahead of the referendum) was completed in December 2016, meaning the website can now handle higher citizen demand. Website user satisfaction is 94%.

Governance and devolution

Two meetings of the Joint Ministerial Committee (Plenary), chaired by the Prime Minister and attended by all the devolved administrations were held. Four meetings of the Joint Ministerial Committee [EU Negotiations] were held. UK government ministers attended three summit meetings of the British-Irish Council.

Devolution and You, the programme designed to improve Civil Service knowledge and skills on the devolution settlements for Scotland, Wales and Northern Ireland, continued to be implemented. The UK Government, the Scottish Government and the Welsh Government hosted 120 Devolution and You learning events. To support this programme, a new e-learning

course was launched. In February, 17 UK government departments hosted 55 staff from the Scottish and Welsh Governments, and the Northern Ireland Executive as part of the interchange scheme.

A new division was created in March 2017 to work on the policy impacts of EU exit for the devolution settlements and the overall settlement for the UK.

Constitutional settlement

The Government committed to reviewing English votes for English laws (English votes) after one year of operation. This technical review of English Votes was published in March 2017. The review is available at: [GOV.UK - English votes for English laws review](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/594211/GOV.UK_-_English_votes_for_English_laws_review.pdf)

The Cabinet Office Single Departmental Plan (SDP 4.1) states that we will ensure the House of Lords continues to work well by addressing issues such as the size of the chamber. In December 2016 the Lord Speaker announced the establishment of a cross-party committee of backbench peers to explore practical and politically viable methods by which the size of the House can be reduced, commensurate with its current role and functions. The Government looks forward to hearing the recommendations from the committee.

CG continues to support a fair and balanced constitutional settlement, and maintains the effective relationship between the executive and the Crown.

Electoral administration

CG supported the Electoral Commission to ensure the smooth running of the referendum on the UK's membership of the European Union (EU), and put in place the funding arrangements for the EU referendum and Police and Crime Commissioner elections held in 2016. The group also made good progress in processing payments to Returning Officers who had delivered previous elections, settling all of those claims outstanding from the European Parliamentary elections in 2014 and the UK Parliamentary election in 2015.

The Government's response to the review by Sir Eric Pickles on preventing electoral fraud was published. A number of policy papers were also published, including plans to enable all British people living abroad to vote in Parliamentary elections, and plans to make it easier for domestic abuse survivors to appear anonymously on the electoral register.

¹ www.gov.uk/government/publications/a-clear-and-secure-democracy-register-to-vote-website

Security of the realm

The Government's first duty is to keep the country safe, so the Department has continued to focus on keeping Britain secure. The Cabinet Office works with departments and agencies to evaluate and respond to threats at home and abroad. The SDP sets out the Department's commitment to coordinate, deliver and implement the National Security Strategy and the Strategic Defence and Security Review (SDSR) and respond to national security threats at home and abroad (SDP 5.1).

Since the publication of the National Security Strategy and SDSR in November 2015, the Cabinet Office has been coordinating efforts to deliver the commitments in these documents. By creating a new SDSR Implementation team, the Department has made sure that commitments have been turned into actions. Central to this has been the delivery of a new National Cyber Security Strategy, which has driven a variety of work strands across government. Work has also continued to address and coordinate responses to several high-profile cyber incidents.

To make sure that government security is able to deal with a wide variety of potential threats both now and in the future, a major transformation in the way security is delivered across departments is underway. The aim of this Government Transformation Strategy is to develop systems that can protect government and people in order to ensure we live in a safe and prosperous UK. This strategy has been in trial phase between November 2016 and May 2017 and is expected to move into full roll out later in the year.

The new National Cyber Security Centre (NCSC) was opened in October 2016, bringing together a number of cyber security functions across government. All functions of CERT-UK which were hosted within the Cabinet Office were moved to NCSC within Government Communications Headquarters (GCHQ).

The Cabinet Office has continued to coordinate efforts, both at home and abroad, to keep Britain secure. The National Security Secretariat has continued to support the effective operation of the National Security Council. It has prepared for and coordinated the Government's response to a variety of domestic incidents and has managed the COBR crisis management system. The National Security Secretariat has also begun efforts to improve that system further.

The Joint Intelligence Organisation supported government departments in understanding the most pressing threats to our security, analysing regions of possible future concern, understanding the capabilities of a range of our adversaries, and drawing a common picture of the international environment.

The Cabinet Office has continued to develop a cross-government shared Information Technology (IT) service to enhance the Government's ability to work with sensitive information securely and with confidence.

The Department has continued to deliver its SDP commitment to coordinate and develop international policy across government, including delivery of the Prime Minister's priorities at the G7 and G20 summits, and follow-up from the Anti-Corruption Summit.



Anti-Corruption Summit London 2016

The EU referendum result created an urgent priority to deliver the best possible deal for Britain as we leave the EU, delivered by a smooth, orderly Brexit. Following the vote, a written ministerial statement issued by the Prime Minister on 18 July 2016 established the Department for Exiting the European Union (DExEU). The Cabinet Office's Europe Unit was transferred to the new department, and its expertise and talent were mobilised across Whitehall to make sure that it was able to start work immediately.

Support the design and implementation of HM Government's policies and the Prime Minister's priorities

The Cabinet Office supports the Prime Minister and Cabinet to deliver the Government's commitments to the British people. Its 2016-17 Single Departmental Plan (SDP 1.1) outlines four key areas of activity:

- Establish, implement and communicate the Government's strategic priorities.
- Support the effective operation of the Cabinet and Cabinet committees.
- Draw up and facilitate the delivery of the Government's legislative programme.
- Ensure that public appointments are filled by the best people and that they act in the right way.

Establish, implement and communicate the Government's strategic priorities

The Implementation Group comprises the Implementation Unit, the What Works Secretariat and the Cutting Red Tape team. In a machinery of government change, responsibilities for Cutting Red Tape were transferred to the Department for Business, Energy & Industrial Strategy (BEIS) in November 2016.

During 2016-17, the Implementation Unit has continued to track and monitor the Prime Minister's implementation priorities together with the Government's overall programme. It has undertaken up to 20 implementation 'deep dives' on a range of issues including health, welfare, immigration and asylum and offender management. In addition, the unit, working closely with HM Treasury and Cabinet Office teams, has led the development and design of Single Departmental Plans that provide a coherent planning and performance framework for the management of government business and policy delivery.

The Implementation Unit has provided implementation awareness training to all new policy fast-streamers and participants in the induction course for all new members of the Senior Civil Service as part of its broader objective of strengthening implementation capability across the Civil Service.

The What Works team, alongside the network of What Works Centres, strengthened the generation and use of evidence across government¹. The team continued to build the capacity of the Civil Service to test variations in approach to policy-making, robustly evaluate and to stop things that don't work. The What Works team also supported the Trial Advice Panel, which continues to offer free advice to civil servants on developing and running evaluation trials.

¹ The What Works Centres – a collection of seven member institutions and two affiliate organisations which synthesise the best available evidence on "what works", in health, education, crime reduction, local economic growth, early intervention, ageing better and wellbeing

Support the effective operation of the Cabinet and Cabinet committees

The Private Offices Group continued to provide support to Cabinet Office ministers, the Cabinet Secretary and Head of the Civil Service, and the Permanent Secretary and Chief Executive of the Civil Service.

The Department has provided the Cabinet, Cabinet committees and Implementation Task Forces with effective secretariat support, and ensured the smooth passage of advice and decisions between departments and the centre, and vice versa. At the end 2016-17, there were seven Implementation Task Forces, which met regularly to monitor and drive delivery of existing government policy on important cross-cutting priorities. There were also four main Cabinet committees chaired by the Prime Minister, the Parliamentary Business and Legislation Committee, and 11 Cabinet sub-committees. In addition, Cabinet meets on a weekly basis during the Parliamentary session.

On the 23 June 2016 the British people voted to leave the EU. Following the referendum result the Cabinet Office has worked closely with DExEU to ensure that government departments are preparing for exit in an effective way. Following the triggering of Article 50 on the 29 March 2017, the Cabinet Office continues to be instrumental in supporting departments, including DExEU, as the Government moves into the negotiations on the UK's withdrawal from, and future relationship with, the EU.

Draw up and facilitate the delivery of the Government's legislative programme

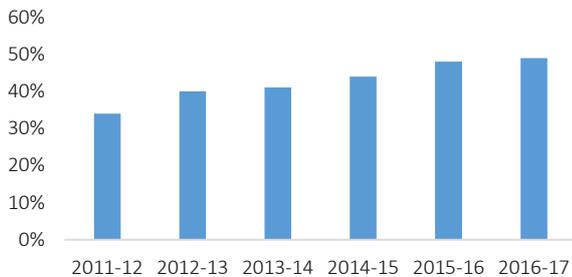
The Government in Parliament Group within the Cabinet Office planned and prepared a full programme of government primary legislation for the second session of Parliament, and provided support and advice to ministers during the passage of the legislation. In total, 24 government Bills, and eight Private Members' Bills supported by the Government, were enacted in the second session of Parliament. This included the European Union (Notification of Withdrawal) Act 2017. During the year, the group also conducted an end-to-end review of the legislative process.

Ensure that public appointments are filled by the best people and that they act in the right way

In line with the SDP, throughout 2016-17 the Propriety and Ethics team and the Centre for Public Appointments worked to ensure that the highest standards of propriety and conduct within government and public life were maintained and that the best people were appointed to public office.

The Government has set an aspiration that, over the course of the Parliament, 50% of all new public appointments are filled by women, and a wider diversity of candidates in terms of ethnicity and disability are appointed. During 2016-17, 49% of new public appointments were made to women, an increase of 15 percentage points from 2011-12, bringing the Department closer to achieving the Government's aspiration. The Government will publish an updated Diversity and Inclusion Strategy to build on this progress, with a particular focus on wider diversity characteristics.

% public appointments to women



The Honours and Appointments Secretariat supported and facilitated a fair and diverse honours system, taking honours nominations through a process of scrutiny by nine independent honours selection committees prior to final submission to the Prime Minister and Her Majesty The Queen. In February it also established an online honours nominations process.



Graham Cook MBE
Manager, Albin International Repatriation
For services to the Armed Forces

In the New Year's Honours List 2017, just over 50% of recipients were women and 9.5% of recipients came from a Black and Minority Ethnic (BAME) background.



Professor Dame Elizabeth Anionwu DBE FRCN
Emeritus Professor of Nursing, University of West London.
For services to Nursing and the Mary Seacole Statue Appeal.

During 2016-17 the Privy Council Office was responsible for the administrative arrangements for the appointment of 21 Ministers by The Queen-in-Council, 27 new Privy Counsellors and 28 appointments to statutory healthcare bodies and the Architects Registration Board. It also processed 63 Statutory Instruments; 159 Orders in Council; 45 Orders of Council; 6 Royal Charters; and 32 Royal Proclamations.

Other reporting

During 2016-17, 94% of Freedom of Information cases were answered within the required statutory timeframes, compared to 88% the previous reporting year. Between May 2016 and March 2017, 91% of Parliamentary Questions were answered within Parliamentary timeframes, compared to 83% the previous reporting year. During the 2016 calendar year 76% of MPs' and Peers' correspondence was answered within 15 working days, compared to 70% in 2015.

The Parliamentary and Health Service Ombudsman received 16 complaints about the Cabinet Office in 2016-17 and accepted one for investigation, which was not upheld.

A data-related incident occurred during the year which arose as a result of a configuration error. This led to insufficient security being applied to the Department's data on the part of one of the Department's data suppliers. This resulted in a breach of security on the Cabinet Office Centre for Public Appointments website.

Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of Government



The functions hosted by the Cabinet Office are responsible for providing expert support to reform programmes across government, ensuring citizens have access to public services that are both efficient and effective. The Department's 2016-17 Single Departmental Plan (SDP Objective 2.1) outlines key areas of activity that will ensure the delivery of this objective, including: improving the management of the Government's estate; providing expert advice in major project management, commercial transactions and HR; reducing financial losses through fraud and error; improving debt recovery; and enhancing technology by the use of online services and development of cross-government platforms.

Civil Service Group

Civil Service Group (CSG) is responsible for supporting the wider Civil Service as it takes on some of the biggest challenges it has ever faced, particularly withdrawal from the EU, and transforming the way it works in order to modernise and deliver the Government's efficiency and savings targets.

CSG has worked collaboratively across government to promote efficiency and effectiveness. CSG has provided strong corporate governance support to the Cabinet Office and Non-Executive Board members across Whitehall. It has provided expert analysis and insight to ensure that evidence is used to underpin and evaluate reforms and service delivery.

CSG has directly supported the senior leadership of the Civil Service, the Cabinet Secretary and the Permanent Secretary of the Cabinet Office. In practice that has meant working collaboratively with departments to achieve the aims of the vision for a Brilliant Civil Service: a great place to work, with skilled people, effective leaders and improved outcomes. A key part has been enabling the functions to work more effectively across government, through improved decision-making, building organisational capability, efficiency, resilience, standards and controls.

Over the 2016-17 financial year, CSG has embedded the vision to be a Brilliant Civil Service and delivered more than 2,200 volunteering and 13,650 learning and development days through Civil Service Local across England and Wales. CSG also worked to improve the efficiency and effectiveness of departmental boards through publishing a refreshed code of good practice on corporate governance. Work continued on developing and embedding the functional model across government and, in conjunction with HM Treasury, guidance was provided to ensure that departments incorporated major functional programmes, projects and transformation plans in their SDPs. The first phase of the Cross-Government Records Management project was delivered and a report on *Better information for better government* was published in January 2017. The Department also delivered the Civil Service People Survey to more than 100 organisations, with Civil Service results and breakdowns by diversity groups published on GOV.UK.

Accelerator Programmes

In 2016-17 the Department developed a package of 'accelerator' programmes across the range of functional areas, which have the potential to deliver significant further efficiency savings across government by 2020. The work to implement these continues.

Infrastructure and Projects Authority

The Infrastructure and Projects Authority (IPA) works with government and industry to ensure that projects are delivered efficiently and effectively, working on the overall project delivery system. This includes the projects, people and processes that together create the right environment for successful delivery and improved performance over time.

To deliver the SDP commitment to improve project delivery, the IPA measures how well the system is performing, which allows important lessons to be learned. The IPA ensures that project performance is continuously improved by providing support to government departments, paying particular attention to projects at the early stages of development. It also provides independent assurance and support to the evolving Government Major Projects Portfolio (GMPP). More than 200 independent assurance reviews of major projects are managed by the IPA each year. At any time the GMPP includes approximately 150 projects, valued at around £450 billion.

The IPA advises the Government on the availability and policy implications of private finance and support Public Private Partnerships (PPPs) across government, as well as overseeing financial market interventions such as the UK Guarantees scheme.

The IPA is responsible for building the skills and capability of people who deliver infrastructure and major projects. They undertake this by leading the project delivery and project finance professions across government, offering world-class leadership programmes and deploying expertise in all aspects of project delivery and project finance. More than 400 professionals have enrolled on the Major Projects Leadership Academy, and 250 have graduated to date. Training and advice to foreign governments on their infrastructure plans and programmes is provided by the IPA's international team, building infrastructure alliances on a government-to-government basis and helping to open up new markets for the UK.

Shared services

Next Generation Shared Services manages the shared services function for the delivery of cross-government back office operations for Human resources (HR) and finance, to deliver more efficient and cost-effective services. The key strategy is driven by delivering through a single operating platform (SOP). For 2016-17 work was focused on stabilising the current programme, on-boarding departments to SOP, and starting the process for establishing a strategy for future shared services across government.

This year saw the successful on-boarding of the Department for Environment, Food & Rural Affairs and the Ministry of Justice on to SOP, adding in excess of 86,000 users to the platform. A further 96,000 users from a number of departments, including Cabinet Office and Department for Work and Pensions (DWP) were migrated on to SOP during May 2017. The roadmap on the future consideration of shared services across government was published and the business case revised to identify more than £300 million of savings. A sustainable offshoring arrangement and accreditation for SOP have been secured and the programme assurance, audit and risk management have been enhanced. The IPA programme delivery assessment improved from red to amber.

During the year there were a number of challenging issues that impacted on the timely delivery of the programme. A commercial agreement and contract reset resulted in delays moving the programme forward, and departmental IT requirements had a negative impact on the go-live programme. A framework has been created to ensure that past lessons and experience are factored into future decision-making. An extensive response was made to the National Audit Office (NAO) report on shared services for government, setting out clear objectives and collaborative behaviours for future years.

Government Digital Service (GDS)

The SDP commitment to strengthen digital, technology and the management and use of data across government is being delivered through GDS programmes. During 2016-17 GOV.UK Pay, Notify and Government Platform as a Service progressed

into beta. With 47 government services using these Government as a Platform components, the programme is estimated to deliver benefits and savings of £425 million over the Spending Review period. Despite a lower-than-forecast adoption of the Verify service across government departments, GOV.UK Verify was used 2.8 million times, verifying more than one million identities and connecting its first local authority service.

The Common Technology Services programme delivered shared technology into the new Bristol hub, and a common wifi service is now in use at more than 30 government sites. Further enhancements made to GOV.UK include content transformation to improve users' experience of finding what they are looking for, and the launch of a new digital campaigns platform for government departments.



Minister for Government Resilience and Efficiency, Caroline Nokes MP visits GDS

GDS published the Government Transformation Strategy in February 2017. Developing the strategy involved extensive engagement with more than 1,000 stakeholders across departments. In March 2017, GDS published the first national framework of digital, data and technology job roles in government. Created in collaboration with departments and specialist communities, it sets out clear career paths and capabilities for 37 job roles.

The Digital Marketplace surpassed its April 2018 sales target of £2 billion. Latest framework iterations G-Cloud 9 and DOS 2 were launched in early 2017, giving the public sector easy access to thousands of suppliers, over 90% of which are small and medium-sized enterprises (SMEs).

Throughout 2016-17 GDS partnered with the Department for Culture, Media & Sport to progress the Digital Economy Bill successfully through Parliament. Measures in the Bill will enable access to data to reduce fraud and debt, improve statistics and enable delivery of better, more targeted public services.

In March 2017 the NAO published a report on *Digital Transformation in government*. The report highlighted achievements by GDS in reshaping government's approach to technology and transformation including that GDS had reported £1.3 billion of savings through the IT spending control process.

Government Digital Service (GDS) (continued)

However, it also recognised that transformation has not been straightforward and while many government services are now available online, departments and GDS have struggled to manage complicated programmes and to improve complex systems and processes that support public services. GDS is reviewing the NAO recommendations and will take action for the next phase of digital transformation.

Government Property Unit (GPU)

The Department's SDP sets out the commitment to improve strategic management of the government estate through the GPU. The One Public Estate programme supports joint working across central and local government on property-led projects that transform local services. It has increased its coverage from 33% of all English councils to more than 70% since 2015-16.

With further expansion over the next year it is firmly on track to achieve the ambition of 95% of councils on the programme by 2018. To date, One Public Estate projects have secured £25.6 million in capital receipts and delivered £7.7 million in efficiency savings.

The Government Hubs Programme developed detailed locality strategies and an overall programme forward look aligned with departmental plans in 2016-17. Working with partners such as HM Revenue & Customs (HMRC), approximately 10% of the total estimated 707,000 square meters of new acquisitions required for the strategic Hub footprint has been secured through deals for Ruskin Square (Croydon), 10 South Colonnade (Canary Wharf) and Glass Wharf (Bristol).



10 South Colonnade, Canary Wharf, London

The Government Property Agency is now in shadow running. Teams which have transferred into the shadow agency to date are the Government Hubs team, UK SBS Property Asset Management (BEIS) and Cabinet Office Estates.

The government estate has reduced by more than 300,000 square metres since 2014-15. Annual running costs of the central government estate in 2016-17 were £2.55 billion, which represents a reduction of £176 million (7%) in real terms over the previous year. The GPU helped departments sell surplus property worth £973 million and realised annual savings of £95 million from exiting property leases.

GPU has led on the coordination of strategic asset management plans across government to support delivery of the programmes above. In addition, the government property profession has developed a range of initiatives to ensure that the property professional skills needed by government can be recruited, developed and retained.

Commercial

The Cabinet Office hosts the Government Commercial Function (GCF) headed by the Government Chief Commercial Officer with four central teams covering commercial capability, commercial continuous improvement, complex transactions, and markets and suppliers. This year they have achieved savings of £900 million in conjunction with departmental teams.

The principal focus has been to get the right people, working within the correct structures, supported by appropriate systems and receiving ongoing development. To achieve this, the GCF have established the following:

- The commercial recruitment hub was set up in March 2014, and since then over 200 senior (Grade 6 and above) appointments have been made across central government departments. Of those, 63% are from the private sector. Since March 2016, the commercial recruitment hub has used the GCF Assessment Centre as part of the selection process. Since that date 110 senior appointments (Grade 6 and above) have been confirmed across central government departments (and a small number of arm's length bodies (ALBs)). GCF has introduced important changes to pay and rewards that will help to attract and retain the best commercial talent;
- A process for creating long-term departmental commercial plans (or blueprints) setting out their expected commercial activities and the staff resourcing plans to achieve this. By the end of 2016-17, six plans were completed and the rest will be finalised by the end of 2017-18;
- The Commercial Operating Standards have been updated, with the first set of benchmarking against these standards expected in April 2018;
- Peer reviews and 'Red Team reviews'. These are challenging but safe environments in which to stress test proposals and projects;
- Talent mapping, enabling greater opportunities for development through appropriate and challenging placements.

The Crown Commercial Service (CCS) has continued to drive value for the taxpayer from the procurement of common goods and services, and improved procurement policies to strengthen the UK economy. The CCS was the subject of an NAO review published in December 2016 followed by a hearing of the Public Accounts Committee (PAC). The PAC reported that, following CCS's creation in 2014, insufficient progress had been made in centralising the procurement of common goods and services.

The PAC recommended that the CCS agree plans with departments to increase the volume of their spend on common goods and services through the CCS's frameworks and centralised deals. The CCS is embedding a new operating model and ensuring that it has the right category strategies, frameworks and call-off capability in place before it then agrees plans with departments.

Commercial Models

The Commercial Models team is currently involved in supporting departments on a number of projects to improve the efficiency and effectiveness of public services. They are working with the Land Registry to design a new business strategy, providing commercial guidance for approval of the business case. They continue to work with the Department for Communities and Local Government and HM Treasury to transform the way the Local Government Pension Scheme invests its £200 billion in assets. The Commercial Models team provides ongoing support to the Department of Health in the identification and delivery of substantial efficiency savings by April 2020. They are providing commercial leadership and support to GDS on the Verify programme to develop a commercial structure and a business plan for safer, simpler and faster access to government services.

The Commercial Models team looks after the Cabinet Office's equity interests in a number of businesses as well as the Non-executive Directors on their Boards. These entities were created from government assets and services to ensure the effective delivery of public services. They are aimed at providing transformative savings, as well as generating dividends and capital appreciation.

Through AXELOS Ltd, Commercial Models created a joint venture that leveraged programme and project management intellectual property to promote growth, generate equity value and dividends. Through Integrated Debt Services Ltd (Indesser, the Debt Market Integrator), debt collection has been significantly enhanced across government. Crown Hosting Data Centres continues to grow its business in data centre co-location services, realising efficiencies across seven departments.

Public Bodies Reform

In 2016-17 the Public Bodies Reform (PBR) team embarked on its new strategy of tailored and functional reviews of ALBs, looking both vertically and horizontally at opportunities to promote efficiency, effectiveness and simplification. Under Cabinet Office guidance, departments have completed impactful tailored reviews which have been an important catalyst to significant transformation. The first functional review, *Regulatory Futures*, was published in January 2017 and highlighted the value of looking across government to reveal wholesale opportunities for reform. A total of 15 tailored reviews and two functional reviews were completed during the year. The NAO reviewed the quality of oversight by four departments over their ALBs.

The PBR team extended the report's recommendations beyond oversight by developing a foundation for departments to take a proportionate, risk-based, partnership approach to shaping relationships between host departments and their ALBs. All government departments have committed to adopting this new approach and its benefits are already being felt.

Government Communication Service

The Government Communication Service (GCS) is responsible for managing the reputation of the Government through a professional assurance process covering around 120 major campaigns. Improving the effectiveness of public service communication, securing value for money from campaign activity and delivering the communications elements of the Prime Minister's priorities.

The GCS team in the Cabinet Office oversaw the production, monitoring and implementation of the *Government Communications Plan 2016-17*, setting out major public campaigns and plans for improving communications professional practice across government.

In March 2017, GCS also launched the Government's Plan for Britain. It established planforbritain.gov.uk to inform, reassure and engage members of the public about the Government's plan for leaving the EU, and ran a social media campaign to ensure awareness of the plan across the UK.



In August 2016, GCS launched phase four of the GCS Improvement Programme building on the achievements of earlier phases. Projects this year included: Single Campaigning Approach; Modern Media Operation; Improving Professional Capability; and the 'GCS Story'. Working collaboratively across government in pursuit of cost efficiency, GCS have gained Department approval for the migration of anonymised communications advertising data into a central GCS server for analysis.

Government Communication Service (continued)

Through Professional Assurance the total campaign spend approved during 2016-17 was approximately £285 million, which included 86 major campaigns across government. The move to professional assurance ensures plans are aligned with government priorities and make best possible use of public funds. Since moving early talent programmes (from DWP) to the GCS functional corporate centre and aligning it with senior programme, applications have increased by 100%.

GCS, working with CCS and the Government Legal Department, have introduced a new communications procurement model consisting of two *Official Journal of the European Union (OJEU)* compliant frameworks. Of the agencies on the agreement, 69% are SMEs and 44 are new to government business.

Fraud Error, Debt and Grants (FEDG)

The direct and indirect work of the FEDG team resulted in departments being able to deliver an additional benefit of £1.2 billion in 2015-16. The impact of work across government in this area is still being evaluated for 2016-17, but there are some strong early indicators. Savings are delivered through programmes and initiatives such as the Debt Market Integrator (DMI), launched in 2015. The DMI is a debt collection platform, involving six customer departments. It has collected directly £431 million since it started, of which £386 million was collected in 2016-17 against a forecast of £360 million. A further £129 million is collected through instalment plans. The FEDG team has plans to expand to the wider public sector to deliver further savings.

The Counter Fraud Centre, in partnership with departments, is transforming the way government deals with fraud. Highlights of this year's successes include;

- developing professional standards and competencies for Counter Fraud experts;
- developing functional standards, the minimum components to counter fraud within a public body;
- roll out of the Internal Fraud Hub (to prevent reemployment of civil servants dismissed for fraud) has continued;
- the National Fraud Initiative (a data matching exercise run out of the Cabinet Office) detected and prevented fraud worth more than £120 million in 2015-16.

The Grants Policy function, in collaboration with departments, is significantly improving the efficiency and effectiveness of grants, worth circa £130 billion a year.

- Government Grant Information System (GGIS) as the single repository of grants data in government, provides insight, supporting fraud and error detection, and improved transparency.
- Introduction of minimum standards for government grants ensures that value for money is achieved.

- The Grants Centre of Expertise provides access to online guidance, intelligence and training, building capability across government.
- The New Grants Advice Panel provides departments with access to expertise and advice, to help inform decisions on high risk or novel grants.

Civil Service Human Resources (CSHR)

The SDP sets out the commitment to make recruitment to the Civil Service more open and to actively look for exceptional talent, ensuring that the Civil Service gets the best people and gets the best from its people. Following the launch of the *Civil Service Workforce Plan* in July 2016, CSHR has been focused on supporting this strategy which sets out how the Civil Service will share and provide improved outcomes for effective leaders and skilled people who support the nation as civil servants.

This year has seen changes to the graduate programme, the Fast Stream, to reduce the time from application to offer from 18-31 weeks to 17-20, working towards a target of 12 weeks for the majority of applicants. In 2016-17 CSHR continued to deliver the SDP commitment to lead on diversity and inclusion for the Civil Service and champion social mobility. This year saw improvements in BAME representation in two flagship leadership schemes.

Representation is now 13.3% for the Future Leaders Scheme and 12.6% for the Senior Leaders' Scheme. The transfer of the Expert Services (Organisational Development & Design, Civil Service Employee Policy and Civil Service Learning) into the Cabinet Office will enable greater collaboration and efficiency across the HR Function. Civil Service Resourcing will be transferring in 2017-18.

For 2017-18, the focus will be to continue to deliver against the commitments set out in the workforce plan. Key areas of focus will be supporting manifesto commitments through the delivery of 30,000 Civil Service apprenticeship new starts in England by April 2020, and skills enhancement of the most senior leaders through an ambitious Leadership Academy programme to ensure that senior civil servants, and those in key leadership roles, have the best training possible to lead through the rest of the Parliament.

The pension contract was reset and signed in August 2016, enabling a reduction in the provider's (MyCSP) headcount, updated service levels, improved exit provisions, and greater transparency of charging. This is expected to achieve savings of £20 million over the next three years.

Cabinet Office people

This year staff engagement on the people survey was 65%, an increase of three percentage points from last year and the highest it has ever been in the Cabinet Office. The results show that staff take real pride in working for the Cabinet Office, are motivated to deliver and would recommend the Cabinet Office

as a great place to work. In particular, the Department's inclusion and fair treatment score on the survey was among the top scores across Whitehall at 80%.

2016-17 saw the launch of the first Cabinet Office Diversity and Inclusion Strategy. The strategy set out the vision to become a more inclusive and diverse department. The aim is to make the Cabinet Office a modern workplace, representative of the people it serves, and to ensure the best talent will want to join, stay and thrive in the variety of public service roles it delivers.

An extensive campaign took place during the year to improve the recording rates of personal characteristics, with a high point of 77% of staff recording against at least one diversity measure (other than gender).

In 2016-17, of those recording their ethnicity in the Cabinet Office, the proportion of BAME staff rose to 19% from 17% in 2015-16. Of those recording their disability status, the proportion of disabled staff remained at 8%, while representation of Lesbian, Gay, Bi-sexual and Other (LGBO) staff across all grades is higher than the Civil Service average (8% of the workforce who recorded their sexual orientation).

Staff networks continued to play an important role, with all having a Senior Civil Servant (SCS) champion. They have helped to shape Diversity and Inclusion policies and influence change, as well as supporting the drive to improve recording of personal characteristics. The staff networks delivered a successful Diversity Day event during National Inclusion Week, which helped to increase awareness and interest in the networks. In addition, all business units now have a Diversity and Inclusion Lead, putting greater emphasis and importance on the key elements of the strategy.

The Cabinet Office became a Level 2: Disability Confident employer, showing its commitment to removing barriers to disabled people and those with long-term health conditions in employment. In addition, it was successful in moving up 30 places in the Stonewall Workplace Equality Index.

The Cabinet Office continued the partnership with its charity of the year, Carers UK, for the second year running. In June 2016 John Manzoni visited Carers UK during Carers Week to develop the skills sharing partnership.

Office for Civil Society (OCS)

In a machinery of government transfer the Office for Civil Society and its responsibilities transferred from the Cabinet Office to the Department for Culture, Media & Sport. The OCS will continue its cross-government contribution to public services and the social economy as well as the promotion of mission-led business and mutuals.

Sustainable development

Compliance with environmental legislation

As described in the *Cabinet Office Environmental Policy Statement*¹, the aim of the department is to reduce the impacts associated with day-to-day operations in line with the Government's *Sustainable Development Policy*². The Cabinet Office endeavours to embed the targets and indicators of the 17 Sustainable Development Goals³ into operational service delivery⁴. In January 2017, the Cabinet Office underwent a surveillance audit and was recertified to hold the ISO 14001:2004 standard for environmental management systems.

Greening Government Commitments (GGC)

In January 2017, the Department for Environment, Food & Rural Affairs released the confirmed set of targets for the next reduction framework against which performance will be measured. The Cabinet Office has reduced its carbon footprint through the implementation of an ambitious and extensive estate rationalisation project. The rationalisation programme and the installation of water-saving appliances has driven the reduction in water consumption. Overall water consumption per full-time equivalent (FTE) is partly attributable to the large number of visitors the department has to its buildings. Waste output reductions are largely attributed to the extensive recycling policy employed throughout the estate. In order to continue reducing the need for staff travel, the Cabinet Office has continued to implement alternatives to face-to-face meetings, building on The Way We Work and Green ICT programmes.

The main focus of these programmes is to move users onto Cloud services, introduce thin client or laptop solutions and maximise flexible working options that will reduce the need for travel and improve on our buildings' overall energy performance.

Sustainable procurement

The department continues to work with SMEs in accordance with the Government Buying Standards (GBS) and in alignment with the GGCs. One key area that the Cabinet Office engages with its key suppliers is in catering, mandating that all food is procured according to the GBS. Events such as Green Awareness Day, encouraging the use and recycling of Vegware™ compostable items, and Healthy Eating Week, promoting local and sustainable produce in the cafes and restaurants around the core estate, were well received. Reduced cost incentives for employees re-using their own coffee cups helped to eliminate some waste throughout the estate.

Employee engagement

In March 2017 the Cabinet Office was involved in Earth Hour, a coordinated, international initiative run by the World Wildlife Fund to promote sustainability and minimise electrical wastage. Communication of the COP21 Paris France Sustainable Innovation Forum in September was publicised throughout the department to inform employees of the Sustainable Development Goals that were released in conjunction with the event.

Greening Government Commitments Data					
	Baseline	2014-15	2015-16	2016-17	Reduction
Emissions (tonnes of CO2e)					
Scope 1	1,088	576	447	388	64%
Scope 2	9,166	5,720	4,642	4,223	53%
Scope 3	1,373	1,020	854	991	27%
Emissions total	11,627	7,316	5,943	5,602	51%
Emissions per FTE		2.14	2.2	1.9	
Domestic business travel flights					
Flights total	2,306	2,034	1,254	1,311	43%
Waste generated					
Waste generated (tonnes)	1,226	511	418	351	71%
Waste generated per FTE		0.15	0.16	0.12	
Paper consumption					
Papers use A4e (reams)	56,396	8,124	19,723	20,353	63%
Paper use per FTE		2.42	7.38	7.1	
Water consumption					
Water consumption (m3)	52,388	41,639	26,102	28,493	46%
Water consumption (m3/FTE)	12	13.2	8.4	9.9	18%
Total Water Expenditure (£k)		97.7	39	75.9	



John Manzoni

Chief Executive of the Civil Service,
Cabinet Office Permanent Secretary
and Principal Accounting Officer

8 September 2017

¹ www.gov.uk/government/publications/cabinet-office-environmental-policy-statement

² www.gov.uk/government/policies/sustainable-development

³ www.un.org/sustainabledevelopment/sustainable-development-goals

⁴ GGC data for Q4 2015-16 (January – March 2016) still being collated. This table represents data submitted between Q1 and Q4

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years

ACCOUNTABILITY REPORT

Governance Report

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Cabinet Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department (inclusive of its executive agencies) and its sponsored non-departmental and other public ALBs. This is designated by order made under the GRAA by Statutory Instrument 2016/323 & Statutory Instrument 2016/1243 (amendment) (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at Note 24 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the departmental group, and of the net resource outturn, application of resources, changes in taxpayers' equity and cash flows of the departmental group for the financial year.

In preparing the accounts, the Accounting Officer of the Department is required to comply with the requirements of the *Government Financial Reporting Manual (FReM)* and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies;
- state whether applicable accounting standards as set out in the *Government FReM* 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 Secretary as Accounting Officer of the Cabinet Office. John Manzoni has held this post since 29 August 2015.

The Accounting Officer of the Department has also appointed as Accounting Officers, Alison White, The Registrar of Consultant Lobbyists, a corporation sole, and Peter Lawrence, Chief Executive of the Civil Service Commission, an executive non-departmental public body.

The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and other income and expenditure of the sponsored bodies are properly accounted for, as per the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or non-departmental body [or other relevant ALBs] are set out in *Managing Public Money* published by HM Treasury.

Statement on the disclosure of relevant audit information

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

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 4 to the accounts. During the reporting year no payment was made to the auditors for non-audit work (2014-15: £nil).

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.

I hereby confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable, and that I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance statement

A statement recording the stewardship of the organisation, drawing together evidence on governance and risk management in order to give a sense of how successfully the Department has coped with the challenges faced and how vulnerable performance is, or might be, during the year.

Governance framework

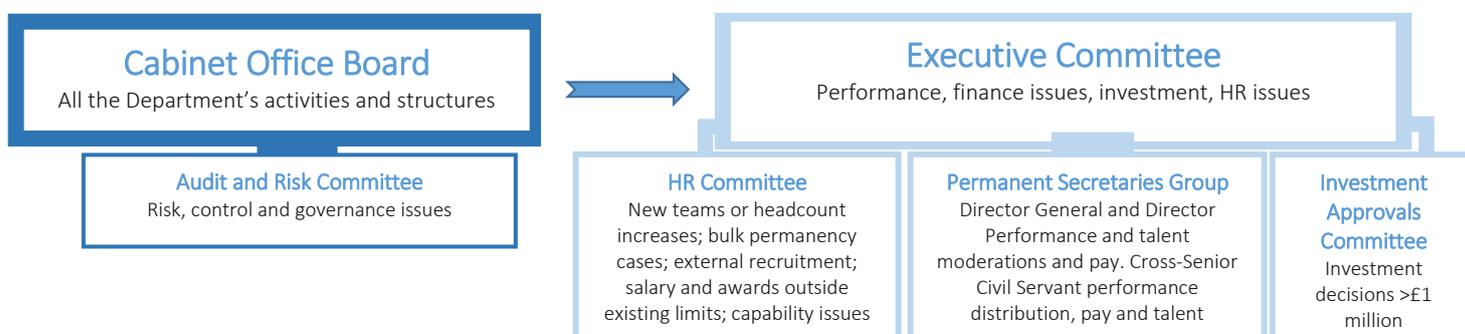
As Principal Accounting Officer, the governance statement represents my assurance to Parliament that I am satisfied that the Department's system of internal control is effective.

As in previous years, the Cabinet Office Board remains responsible for the strategic and operational leadership of the Department, bringing together its ministerial and executive leaders along with non-executives from outside government. The Board is compliant with the Corporate Governance Code for central government departments. The Board met four times during the year in June, November, February and March, focusing its attention on: the Department's strategic planning and governance; the impact of exiting the EU on the Civil Service; and key risks and delivery challenges for shared services and Civil Service Pensions. The Board received regular updates on the Department's financial and non-financial performance and assessment of strategic risk.

Following the change in Prime Minister, there were a number of changes to the Board's membership as the new ministerial team joined the Board, with Ben Gummer becoming Chair.

Three Non-Executive Board Members served throughout the year: Sir Ian Cheshire, Catherine Brown, and Paul Kirby. Amy Stirling resigned from the Board in September 2016 but has continued to Chair the Cabinet Office Audit and Risk Committee (COARC) throughout the year and has agreed to remain in this role until November 2017.

A review of governance by the Lead Non-Executive Director was carried out in 2016 and a number of actions flowed from this. Further engagement with Non-Executive Board Members took place outside ordinary Board meetings to provide input into departmental planning through the Single Departmental Plan (SDP). The quarterly departmental Performance reports were scrutinised and discussed by the Board. Arm's length bodies (ALBs) were described in greater breadth and depth within the SDP in order to facilitate better integration of ALBs into departmental business planning and their scrutiny by non-executives. This year the review by Sir Ian Cheshire, as Interim Lead Non-Executive Director, assessed the Board as having been effective in providing strategic direction, advice and challenge.



Board Membership and Attendance

	Name	Date of appointment/ departure if in-year	No. of meetings attended	Role
Ministerial Members	The Rt Hon. Ben Gummer	App. 15 July 2016	3	Minister for the Cabinet Office and Paymaster General
	Chris Skidmore	App. 16 July 2016	3	Minister for the Constitution
	The Rt Hon. Matt Hancock	Dep. 14 July 2016	0	Minister for the Cabinet Office and Paymaster General
	The Rt Hon. Oliver Letwin	Dep. 13 July 2016	0	Chancellor of the Duchy of Lancaster
	Rob Wilson	Dep. 15 July 2016	0	Minister for Civil Society
	John Penrose	Dep. 15 July 2016	0	Minister for Constitutional Reform
	Lord Bridges of Headley	Dep. 15 July 2016	0	Parliamentary Secretary
Non-executive Members	Sir Ian Cheshire	n/a	3	Interim Lead Non-Executive Board Member
	Catherine Brown	n/a	4	Non-Executive Member
	Paul Kirby	n/a	3	Non-Executive Member
	Amy Stirling	Dep. 5 September 2016	1	Non-Executive Member (remains Audit and Risk Committee Chair until November 2017)
Officials	John Manzoni	n/a	4	Chief Executive of the Civil Service and Cabinet Office Permanent Secretary
	Sir Jeremy Heywood	n/a	3	Head of the Civil Service and Cabinet Secretary
	Elizabeth Gardiner	n/a	4	First Parliamentary Counsel
	Guy Lester	n/a	4	Finance Director

Governance framework (continued)

The Executive Committee of the Cabinet Office met monthly throughout the year to scrutinise delivery and performance across all Cabinet Office business areas, and challenge the delivery of objectives.

The committee has had a full agenda in developing its longer-term plans outlined in the SDP along with agreeing the Department's business plans. It has considered departmental performance, the impact of the UK exit from the EU on the Department, devolution capability, information management, and diversity and inclusion across the Department. It also received regular business reports and updates from its Sub-committees.

COARC is a Board committee and has provided an independent view of the Department's risk control and corporate governance arrangements, while assessing the robustness and integrity of those assurances. COARC has been chaired by Amy Stirling throughout the year. During 2016-17 COARC had four main meetings, with additional meetings to review draft financial statements. At each main meeting, COARC received the Strategic Risk Register and updates were reviewed on at least two of the strategic risk areas with input from the Government Internal Audit Agency (GIAA) and the National Audit Office (NAO). In addition COARC receives an update on fraud, data loss and whistleblowing incidents.

The Cabinet Office's fraud policy requires staff at all times to act honestly, with integrity, and to safeguard the public resources for which they are responsible. The Cabinet Office views fraud and negligence very seriously and will take appropriate disciplinary and legal action against anyone found guilty of either. The Department undertakes sampling exercises to identify anomalies in areas such as travel, subsistence and grants.

The Investment Approvals Committee is a sub-committee of the Executive Committee and is responsible for reviewing and approving, on behalf of the Accounting Officer, investment cases for programmes, projects and other contracts above £1 million or those that are novel, contentious or sensitive. HM Treasury approval is also required for all programmes and projects above £5m. The committee's scrutiny and advice takes into account guidance, especially that in the HM Treasury Green Book, to ensure that proposals are supported by a robust case for change, optimise value for money, are commercially viable, are financially affordable and are achievable.

The People Committee was established in February 2016 as a Board committee, with a remit to oversee the Department's organisational capability, including talent, leadership and remuneration approaches, to support delivery of its priorities. The People Committee met quarterly during the year and was chaired by Catherine Brown, a non-executive Director of the Cabinet Office, with membership including the Permanent Secretary of the Cabinet Office, the Minister for Civil Society, the

HR Director and Finance Director, along with staff representatives from teams. The People Committee agreed on 7 February 2017 that the significance of strategic HR issues and organisational capability meant they were better discussed at the CO Board. Therefore, with the agreement of the Cabinet office Board, the People Committee was disbanded.

The Human Resources Committee was established in autumn 2015 as a Sub-committee of the Executive Committee and is responsible for reviewing the Department's workforce plans and composition, scrutinising and challenging proposals to ensure consistency and affordability. The committee was chaired by Philip Rycroft, Second Permanent Secretary of the Cabinet Office, and met monthly. The committee was made up primarily of Directors General from across the Department. In 2016-17 the HR Committee considered individual business unit requests for increased headcount; SCS appointments; and use of contingent labour (interims and contractors). It also approved departmental policy such as the conversion of Fixed Term Appointment Staff to Permanent contracts; a departmental recruitment strategy; and a strategic workforce plan for the next five years.

Returning Officers' expenses

As part of the Cabinet Office, the Elections Division is subject to the Department's internal control system. During 2016-17, the Elections Claim Unit (ECU) within the Elections Division managed the day-to-day administration involved in processing and accounting for expense claims received from Returning Officers in England and Wales. Returning Officers were given six months from the date of the poll in which to submit their expenses claims for the 2016 Police and Crime Commissioner election. The Cabinet Office may impose sanctions if Returning Officers do not submit their claims within the statutory deadline.

Officials within the Cabinet Office Elections Division provide rigorous oversight of the assessment of claims and make any policy decisions that are required. In 2016-17, the ECU was required to refer all overspend claims to the Elections Funding team within the Cabinet Office for further scrutiny. This helps to regulate the process and to make sure that the amounts spent by Returning Officers are in accordance with the purposes intended by Parliament.

Phase I of the funding review of Returning Officer Expenses evaluated and scrutinised the system for Returning Officers' funding allocations. Phase II will seek to make further improvements to the process, delivery efficiencies and enhance transparency, and will commence in the second half of 2017.

The Cabinet Office Annual Report and Accounts include Returning Officers' Expenses, England and Wales for which, in previous financial years, an additional standalone Statement of Accounts has been prepared annually under a bespoke Accounts Direction. On 24 March 2017, HM Treasury revoked the bespoke Accounts Direction.

Risk management and control

Active management of risk is essential to delivering the Cabinet Office's objectives. It informs operational decision-making, planning, and the financial management and control framework. The updated risk management policy and guidance was agreed by the Cabinet Office Executive Committee and implemented in the summer of 2016.

The Cabinet Office's Strategic Risk Register brings together the key risks facing the Department in achieving its strategic objectives as set out in the SDP. It is a tool through which the Executive Committee, the Board and the Audit and Risk Committee can maintain regular oversight of risks and gain assurance that the appropriate actions are carried forward to address these.

Operational risks are managed at business area level within the Department. Each business area is required to have in place a systematic approach for assessing, recording and reporting on risk. Finance collect current business area Risk Registers regularly, and use this to inform and update the Strategic Risk Register.

Internal reviews of the Department's risk management processes and practice are undertaken at regular intervals in order to develop and improve them further. Most recently a Strategic Risk Review Group was established and held its inaugural meeting in April 2017. This group carries out scrutiny of the Strategic Risk Register on a quarterly basis, in advance of its consideration by the Executive Committee, the Board and the Audit and Risk Committee.

The Department carries out bi-annual reviews of key governance, risk management and internal control matters through its Corporate Compliance Standards. Business areas are required to provide assurance with supporting evidence. At the mid-year point of 2016-17 over 80% of returns from across the Department showed compliance was at the full or substantial assurance level. This increased to nearly 90% in the end-of-year update. A review of the current Corporate Compliance Standards was carried out in January 2017 and an updated set of standards will be in place for 2017-18 to encourage further progress.

Throughout 2016-17 the Department tracked the progress made in implementing audit recommendations from the GIAA; the NAO and the Public Accounts Committee (PAC). Information on progress was shared with GIAA and NAO quarterly, and progress on Treasury minutes arising from PAC reports was provided to HM Treasury bi-annually. A quarterly update on all independent review recommendations was provided to the Executive Committee and Audit and Risk Committee quarterly to ensure oversight of progress.

Internal audit assurance is provided by the GIAA and is based on internal audit work performed over the course of the year, combined with knowledge of the governance, risk and control framework operating throughout the Department.

Beyond the regular audit of key financial controls and the control environment, the 2016-17 audit plan included work on: information assurance and technology, including cyber security, IT strategy and digital knowledge and information management; staff resourcing, including diversity, apprenticeships and interims and fee earners; planning and reporting including the production of the SDP, financial planning and performance and risk information for the Board, and governance including the programme management framework and a follow-up of the 2015-16 review of governance and accountabilities.

The Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements. The Internal Audit reviews contribute to that opinion. The Internal Audit review opinion for 2016-17 is 'Moderate – some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.' Particular areas that Internal Audit drew to management's attention were:

- the need for enhanced framework level governance of programmes and projects and greater clarity on the governance of cross-government functions;
- the need for a greater understanding and mitigation of risk in some business areas and greater consistency in escalation of risk;
- the need to enhance control over business continuity, cyber security and debt management.

Management have already initiated actions on risk, business continuity, cyber security and debt management and are agreeing suitable actions to strengthen the governance of programmes and projects, and the governance of functions.

The Department's external audit function is provided on behalf of Parliament by the Comptroller and Auditor General, supported by staff from the NAO. As part of the process, representatives from the NAO see all Audit and Risk Committee papers and attend their meetings.

Over the last year, the NAO has published nine reports which relate to the Department in full or in part. In particular the NAO's report on shared services considered that while the programme had achieved benefits, these were below expectations. In response, the Cabinet Office has put in place a programme of lessons learned, new governance, a revised business plan and a programme of key actions, all of which are on target to deliver, including the last go-live at the end of May 2017. The NAO report *Departments' oversight of arm's-length bodies: a comparative study* concluded that the landscape remained confusing and incoherent.

To address this the Cabinet Office has set up a working group of Departments to consider and disseminate best practice.

Risk management and control (continued)

The NAO report *Government's management of its performance: progress with single departmental plans* was supportive of SDPs as an accountability tool, and recommended that they be embedded in business planning, but questioned their long-term sustainability. In response, alongside issuing new guidance, the Cabinet Office has set up a Public Plans Working Group to take forward improvements to SDPs.

The NAO report on the Crown Commercial Service (CCS) recognised that the CCS is saving money but questioned the quality of service being delivered to departments. In response, the Cabinet Office has worked with the CCS to identify weaknesses and is implementing improvements to the CCS operating model. In March 2017 the NAO published a report *Capability in the civil service* which highlighted the importance of: the proper assessment of capability requirements; prioritisation of projects, activities and transformation programmes; and integration of departmental workforce plans, functional plans and SDPs.

The Department will take the necessary steps to address these recommendations including delivery of the *Civil Service workforce plan*, launched in 2016, which will provide the mechanisms to attract and retain specialist skills and experience. A full list of NAO reports can be read on the following link: nao.org.uk.

For the Department's major programmes, a Cabinet Office Portfolio Office has been established to provide the Executive Committee with greater visibility of its portfolio and support corporate decision-making. I have taken assurance from regular reviews of progress on major projects by the Infrastructure and Projects Authority.

I also rely on the governance statements produced by the Department's ALBs such as the Civil Service Commission, the CCS and the Registrar of Consultant Lobbyists. These are subject to the Department's normal financial control procedures and practices as well as scrutiny by internal and external auditors.

Significant control risks identified during the year

Because of the unique nature of its business at the heart of government, the Department's strategic risks cover a broader range of risks than would normally be the case. In line with the Cross-Government Non-Executives' review, *Management of risk in government*, the Department's Strategic Risk Register categorises these risks into those that are:

- Internal – risks over which the Department has some control;
- External – risks arising from external events/perils;

- Strategic – risks relating to the Department's key objectives;
- Project – risks relating to specific critical projects.

The 2015 Spending Review (SR15) required the Department to make significant savings in its core departmental expenditure. This was followed by an Efficiency Review in 2017 commissioned by HM Treasury, which is ongoing. It required the Department to identify further savings in both its core budget and ring-fenced programme budgets by 2019-20. Additional work arising from the UK's exit from the EU, and the change of ministers during the year has also placed significant pressures on the Department. It was recognised that there was an increasing risk against availability of the right skills and capability to deliver strategic priorities, while reducing overall headcount as well as pressure on the Department's ability to manage within its SR15 financial settlement.

The Cabinet Office undertook a robust business planning exercise and refresh of its SDPs for 2017-18. This resulted in detailed four-year plans which incorporate objectives and key performance indicators, budget, workforce and capability plans for each business area. The Department has also continued to enhance its performance reporting, covering not only financial data but also progress against SDP objectives and workforce plans. The Executive Committee regularly reviews progress against plans to ensure that business areas manage their budgets in line with control totals.

Over the course of 2016-17 the Cabinet Office increased in size as a result of the transfer of Civil Service Expert Services and government commercial specialists. The Department will continue to expand significantly over the course of 2017-18 as almost 3,000 staff move across, doubling the Department's workforce. In particular the transfer of Civil Service Resourcing is scheduled to be complete by the end of the 2017-18 financial year, which will include almost 2,000 fast-streamers who are deployed across government departments. This will place further pressure on the corporate function. The Department has scoped the additional requirements and will continue to look at opportunities to meet demands from existing resources.

Due to the Cabinet Office's cross-government role, the Department has maintained oversight of the risk that a major data security breach or cyber attack will occur that will impact on the Government's ability to deliver public services. The Department is working to strengthen digital, technology and the management and use of data across government. Alongside this it is coordinating the delivery of the National Security Strategy which responds to security threats at home and abroad.

The Department makes a significant contribution to delivering the Government's efficiency savings targets, through programmes carried out in the Department's functional businesses such as the CCS, Government Digital Service (GDS) and the Government Property Unit (GPU).

These programmes are aimed at providing cross-departmental cost-effective solutions in the areas of procurement, technology management and estate. GDS' GOV.UK Verify programme continued to move forward during the year, verifying more than one million identities and connecting its first local authority service. However, it has experienced lower than forecast adoption of the service across government departments. Ways to increase take up of the service are being explored and viable options will be deployed in 2017-18. Because the delivery of the programme to its original timeline is at risk, the savings predicted during SR15 may not be fully realised.

One GDS efficiency programme, Common Technology Services, failed to provide a business case and delivery plans for Treasury approval until a considerable period after this approval was required. The Treasury subsequently gave retrospective approval for this spend, as provided for under Managing Public Money. However, measures are being agreed with the Treasury to address the shortcomings that led to this lapse, to avoid recurrence and ensure learning is shared more widely across the Department.

The GPU has had a successful year, securing deals for the strategic hub footprint and helping departments sell surplus property. This work builds on the sale of £973 million worth of property in 2015-16. Work continues to develop the structure of the proposed new Government Property Agency (GPA). The sponsor role of GPA has been established and will be enacted through the GPU. The Department is looking at the best ways to manage the financial risks associated with the GPA. This will include developing and agreeing a corporate finance model. The transferring of property from other government departments onto the Cabinet Office balance sheet will increase the Department's gross assets and liabilities. This will lead to a greater need to manage property risks, for example, around void periods.

The Cabinet Office is responsible for managing the Civil Service pension schemes and the Royal Mail Statutory Pension Scheme (RMSPS). The schemes themselves each produce annual reports and accounts with detailed governance statements. The administration of both schemes is undertaken by third parties. The contract for the RMSPS is in the process of being re-procured. The Civil Service pension schemes are administered by MyCSP. There have continued to be shortcomings in the service provided to Civil Service pension scheme members, though considerable effort has been devoted to improving this and scheme governance. The Cabinet Office commissioned MyCSP to carry out a review of their internal controls, which revealed shortfalls which the Department has directed them to address urgently. The Pensions Regulator has also been informed of these issues. More details can be found in the *Civil Superannuation Annual Report and Accounts*.

The Cabinet Office has a framework agreement with Shared Services Connected Limited (SSCL) to deliver transactional financial, employee-related HR, payroll and procurement services across government. I have received and considered the letter of assurance in respect of SSCL's performance.

The opinion provided is based on the Independent Standard on Assurance Engagements 3402 (ISAE 3402) report prepared by PwC LLP (the service auditor). PwC adopted a more strenuous approach to the review of the controls, at the request of the Crown Oversight Function.

The report examined the suitability of the description, design and operating effectiveness of SSCL's controls and processes. PwC reported that: the description of controls fairly presents the government shared services process; controls were suitably designed to provide reasonable assurance; and specified control objectives would be achieved if the described controls operated effectively. However, PwC were not able to obtain sufficient appropriate evidence that controls were operating effectively to achieve all of the control objectives. PwC therefore issued a qualified opinion.

This qualified opinion was based on exceptions relating to 29 controls which it should be noted represents only a small fraction of the overall controls in place. SSCL have already begun to address the issues raised in the report.

- Where a control has not been followed, an investigation has taken place to understand the cause, and remedial action has already taken place or is planned.
- Where PwC has identified evidence is missing or not retained, SSCL is addressing this by ensuring that evidence is retained, procedures are up to date, and additional management checks are implemented.

SSCL will review and implement any recommended control improvements to strengthen the control environment.

I have also received additional independent audit findings from the GIAA. These are consistent with the external auditor's report. However, the internal audit report notes that:

- in the latter half of 2016-17, governance was reset and this is having a positive effect
- improvements are being made by SSCL to the ISAE3402 process
- reasonable assurance was available over security and offshoring
- customer migration projects have generally delivered, but concern remains around SSCL's capacity to deliver complex change.

HM Government successfully concluded negotiations with SSCL and Arvato over the additional cost of the Independent Shared Service Centre 2's transformation activity and services, and the termination of Independent Shared Service Centre 1 migration activity.

Significant control risks identified during the year (continued)

During 2016-17 there was one Ministerial Direction made on 13 July 2016. This related to the award of severance pay, above what was contractually required, to special advisers with long service whose employment was suddenly and unexpectedly terminated following the resignation of the previous Prime Minister. Following the Ministerial Direction an award of six months' salary for each of the eligible individuals was made.

Post-recess certification

The annual report and accounts have been authorised and certified after the summer parliamentary recess. The summer recess is the Treasury's administrative target for laying departments' accounts, though the statutory deadline is 31 January 2018.

At the point the accounts were initially presented for audit, it was not possible to confirm the material accuracy of a number of balances. The Department has since worked to confirm the accuracy of these balances such that I can now sign off these accounts as materially accurate. A review of processes and controls is under way to ensure that the 2017-18 accounts are laid pre-recess.

Conclusion

Since my appointment as Permanent Secretary of the Cabinet Office, there has been an overall trend of improvement and further bedding down of governance arrangements. Given the Cabinet Office's position at the heart of government and the complexity and range of its work, I would expect that this regime will continue to identify potential areas of risk for the organisation to manage. The enhanced governance arrangements in place have provided me with a robust assurance regime through which I have been able to assess properly the effectiveness of governance, risk management and internal controls and I am satisfied that the mechanisms in place to manage risks are adequate.

John Manzoni

Chief Executive of the Civil Service,
Cabinet Office Permanent Secretary
and Principal Accounting Officer

Remuneration and staff report

Overview

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

The following sections are subject to audit: 1.3 Remuneration (including salary) and pension entitlements, 1.4 Remuneration (salary, benefits in kind and pensions) of ministers, 1.5 Remuneration (salary, benefits in kind and pensions) of official Board members, 1.9 Fair pay disclosure, 1.10 Fees paid to Non-Executive Board Members, 1.11 Pension benefits of ministers, 1.15 Pension benefits of official Board members, 1.19 Compensation for loss of office, 2.1 Staff costs, 2.2 Reporting of Civil Service and other compensation schemes – exit packages and 2.3 Average number of persons employed.

1. Remuneration report

1.1 Remuneration policy

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

The SSRB takes a variety of factors into consideration when formulating its recommendations. These include:

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

The [Review Body on Senior Salaries website](#) contains further information about its work.

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

Non-consolidated payments are paid a year in arrears, so those paid to Cabinet Office staff in 2016-17 relate to their performance during 2015-16, and are restricted to the top 25% of performers within the Senior Civil Service.

1.2 Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The *Recruitment Principles 2015* published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at:

civilservicecommission.independent.gov.uk.

1.3 Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management (i.e. Board members) of the Department. The following were Cabinet Office ministers or members of the Department's Board during the 2016-17 financial year:

Ministers¹

The Rt Hon. Ben Gummer MP Minister for the Cabinet Office and Paymaster General	<i>from 15 July 2016</i>
The Rt Hon. Matt Hancock MP Minister for the Cabinet Office and Paymaster General	<i>until 14 July 2016</i>
The Rt Hon. David Lidington CBE MP Leader of the House of Commons and Lord President of the Council	<i>from 14 July 2016</i>
The Rt Hon. Chris Grayling MP Leader of the House of Commons and Lord President of the Council	<i>until 13 July 2016</i>
Chris Skidmore MP Parliamentary Secretary (Minister for the Constitution)	<i>from 16 July 2016</i>
The Rt Hon. Baroness Evans of Bowes Park Leader of the House of Lords and Lord Privy Seal	<i>from 14 July 2016</i>
The Rt Hon. Baroness Stowell of Beeston MBE Leader of the House of Lords and Lord Privy Seal	<i>until 13 July 2016</i>
The Rt Hon. Sir Oliver Letwin MP Chancellor of the Duchy of Lancaster	<i>until 13 July 2016</i>
Rob Wilson MP Parliamentary Secretary (Minister for Civil Society)	<i>until 15 July 2016</i>
The Lord Bridges of Headley MBE Parliamentary Secretary for the Cabinet Office	<i>until 15 July 2016</i>
Dr. Thérèse Coffey MP Parliamentary Secretary and Deputy Leader of the House of Commons	<i>until 15 July 2016</i>

Board Members

Sir Jeremy Heywood KCB, CVO Cabinet Secretary and Head of the Civil Service
John Manzoni Chief Executive of the Civil Service, Permanent Secretary and Principal Accounting Officer
Elizabeth Gardiner CB First Parliamentary Counsel and Permanent Secretary of the Government in Parliament Group
Guy Lester Finance Director

Non-Executive Board Members

Sir Ian Cheshire Government Lead Non-Executive and Interim Lead Non-Executive for the Cabinet Office
Amy Stirling Chair of the Audit and Risk Committee Non-Executive Board Member <i>until 5 September 2016</i>
Catherine Brown Non-Executive Board Member, Chair of the People Committee and Member of the Audit and Risk Committee
Paul Kirby CB Non-Executive Board Member and Member of the People Committee

¹ Parliament was dissolved on 3 May 2017. From this date, every seat in the House of Commons became vacant until after the general election on 8 June 2017

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

Ministers	Salary (to nearest £)		Benefits in kind (to nearest £100)		Pension benefits ¹ (to nearest £1,000)		Total (to nearest £1,000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	The Rt Hon. Ben Gummer MP	21,545 ²	–	–	–	6,000	–	27,000
The Rt Hon. Matt Hancock MP	10,560 ³	26,400 ⁴	–	–	2,000	7,000	12,000	34,000
The Rt Hon. David Lidington CBE MP	46,737 ⁵	–	–	–	13,000	–	59,000	–
The Rt Hon. Chris Grayling MP	22,502 ⁶	59,339 ⁷	–	–	7,000	30,000	29,000	89,000
Chris Skidmore MP	15,879 ⁸	–	–	–	4,000	–	20,000	–
The Rt Hon. Baroness Evans of Bowes Park	71,680 ⁹	–	–	–	19,000	–	90,000	–
The Rt Hon. Baroness Stowell of Beeston MBE	29,862 ¹⁰	102,297 ¹¹	–	–	7,000	33,000	37,000	135,000
The Rt Hon. Sir Oliver Letwin MP	19,235 ¹²	63,460 ¹³	–	–	– ¹⁴	– ¹⁴	19,000	63,000
Rob Wilson MP	7,458 ¹⁵	22,375	–	–	1,000	7,000	9,000	29,000
The Rt Hon. Lord Bridges of Headley MBE	24,345 ¹⁶	60,952 ¹⁷	–	–	4,000	16,000	28,000	77,000
Dr. Thérèse Coffey MP	7,458 ¹⁸	18,885 ¹⁹	–	–	1,000	7,000	9,000	26,000

Parliament was dissolved on 3 May 2017. From this date, every seat in the House of Commons became vacant until after the general election on 8 June 2017.

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

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights

² The figure quoted is for the period 1 August 2016 to 31 March 2017 plus arrears for the period 15 July 2016 to 31 July 2016. The full-year equivalent is £31,680

³ The figure quoted is for the period 1 April 2016 to 31 July 2016. The full-year equivalent is £31,680

⁴ The figure quoted is for the period 1 June 2015 to 31 March 2016. The full-year equivalent is £31,680

⁵ The figure quoted is for the period 1 August 2016 to 31 March 2017 plus arrears for the period 14 July 2016 to 31 July 2016. The full-year equivalent is £67,505

⁶ The figure quoted is for the period 1 April 2016 to 31 July 2016. The full-year equivalent is £67,505

⁷ The figure quoted is for the period 15 May 2015 to 31 March 2016. The full-year equivalent is £67,505

⁸ The figure quoted is for the period 16 July 2016 to 31 March 2017. The full-year equivalent is £22,375

⁹ The figure quoted is for the period 1 August 2016 to 31 March 2017 plus arrears for the period 14 July 2016 to 31 July 2016. It includes Lords Office Holders' Allowance of £2,689. The full-year equivalent salary is £101,038. The full-year equivalent Lords Office Holders' Allowance is £3,760, the reduced rate for Lords ministers whose main home is within Greater London

¹⁰ The figure quoted is for the period 1 April 2016 to 13 July 2016. It includes Lords Office Holders' Allowance of £1,071. The full-year equivalent salary is £101,038. The full-year equivalent Lords Office Holders' Allowance is £3,760, the reduced rate for Lords ministers whose main home is within Greater London

¹¹ The salary of the Rt Hon. Baroness Stowell of Beeston MBE increased from £78,891 to £101,038 per annum with effect from 12 May 2015. The figure quoted also includes Lords Office Holders' Allowance of £3,760, the reduced rate for Lords ministers whose main home is within Greater London

¹² The figure quoted is for the period 1 April 2016 to 13 July 2016. The full-year equivalent is £67,505

¹³ The salary of the Rt Hon. Sir Oliver Letwin MP increased from £31,680 to £67,505 per annum with effect from 12 May 2015

¹⁴ The Rt Hon. Sir Oliver Letwin MP has chosen to opt out of the Ministers' Pension Scheme

¹⁵ The figure quoted is for the period 1 April 2016 to 31 July 2016. The full-year equivalent is £22,375

¹⁶ The figure quoted is for the period 1 April 2016 to 15 July 2016. It includes £4,397 of Lords Office Holders' Allowance, which is for the period 15 May 2015 to 15 July 2016. The full-year equivalent salary is £68,710. The full-year equivalent Lords Office Holders' Allowance is £3,760, the reduced rate for Lords ministers whose main home is within Greater London

¹⁷ The figure quoted is for the period 12 May 2015 to 31 March 2016. The full-year equivalent is £68,710

¹⁸ The figure quoted is for the period 1 April 2016 to 31 July 2016. The full-year equivalent is £22,375

¹⁹ The figure quoted is for the period 1 June 2015 to 31 March 2016 plus arrears for the period 12 May 2015 to 31 May 2015. The full-year equivalent is £22,375

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

Single total figure of remuneration										
Board members	Salary		Non-consolidated payments		Benefits in kind		Pension benefits ¹		Total	
	(£000)		(£000)		(to nearest £100)		(to nearest £1,000)		(£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sir Jeremy Heywood KCB, CVO	195 – 200	195 – 200	–	15 – 20	24,200 ²	21,200	44,000	59,000	265 – 270	290 – 295
John Manzoni	230 – 235	225 – 230	–	–	–	–	89,000	88,000	320 – 325	315 – 320
Elizabeth Gardiner CB	175 – 180	15 – 20 ³	–	–	–	–	77,000	8,000	250 – 255	20 – 25
Guy Lester	90 – 95	80 – 85 ⁴	–	–	–	–	19,000	29,000	105 – 110	110 – 115

The figures presented above relate only to the time spent as Board members.

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

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights

² See the below 1.7 Benefits in kind

³ The figure quoted is for the period 29 February 2016 to 31 March 2016 and includes Parliamentary Counsel Allowance of £4,890. The full-year equivalent is in the range £175,000 – £180,000, which would include an allowance of £34,407 for specialist legislative drafting skills

⁴ The figure quoted is for the period 1 May 2015 to 31 March 2016. The full-year equivalent is in the range £90,000 – £95,000

1.6 Salary

'Salary' includes: gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£74,000 from 8 May 2015 and £74,962 from 1 April 2016) and the various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

1.7 Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HMRC as a taxable emolument. The disclosed benefits in kind include income tax and national insurance liabilities that are met by the Cabinet Office. Sir Jeremy Heywood had the use of an allocated car in the circumstances permitted by the Civil Service Management Code. Sir Jeremy used the car predominantly for home-to-office journeys. Cabinet Office ministers and other senior officials also had use of the car. The value of the benefit in kind received by Sir Jeremy was calculated in accordance with the relevant instructions published by HMRC.

1.8 Non-consolidated payments

Non-consolidated payments are based on performance levels attained and are made as part of the appraisal process. They are not accrued or provided for at 31 March, because the appraisal process is not completed until the summer. As a result, the payments reported in 2016-17 relate to performance in 2015-16 and the comparative payments reported for 2015-16 relate to performance in 2014-15. This is consistent with the approach adopted in previous years.

1.9 Fair pay disclosure

	2016-17	2015-16 Restated
Band of highest paid Board member's total remuneration (£000)	230 – 235	230 – 235
Median remuneration (£)	48,000	43,498
Remuneration ratio	4.84	5.35

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Board member in their organisation and the median remuneration of the organisation's workforce.

The figures for 2015-16 have been restated because there were a number of machinery of government changes during 2016-17 that affected the Cabinet Office. See Note 2 to the accounts for further details.

The banded remuneration of the highest paid Board member in the Cabinet Office in the financial year 2016-17 was £230,000 – £235,000 (2015-16: £230,000 – £235,000). This was 4.84 times (2015-16: 5.35 times) the median remuneration of the workforce, which was £48,000 (2015-16: £43,498). The remuneration of agency and other temporary staff employed by the Cabinet Office was excluded when calculating the median remuneration.

In 2016-17, one (2015-16: one) employee received remuneration in excess of the highest paid Board member. The remuneration of Cabinet Office employees ranged from £17,145 to £250,000 (2015-16: £16,975 to £250,000).

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

The remuneration ratio was significantly lower in 2016-17 than it was in 2015-16. The main reason for this is that the grading composition of the Cabinet Office's workforce has changed. There has been a slight shift towards the more senior grades and this has resulted in the median salary being higher in 2016-17 than in 2015-16.

1.10 Fees paid to Non-Executive Board Members

£	Annual fee entitlement	Fees paid 2016-17	Fees paid 2015-16
Non-Executive Board Members			
Sir Ian Cheshire	25,000	Waived	Waived
Amy Stirling	20,000	8,333 ¹	15,000 ²
Catherine Brown	15,000	15,000	3,750 ³
Paul Kirby	15,000	Waived	Waived

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

¹ Amy Stirling resigned from her Non-Executive Board Member position with effect from 5 September 2016, but continued to serve as the Chair of the Audit and Risk Committee as at 31 March 2017. She decided to waive all fees from the 1 September 2016 onwards and this figure represents the fees paid for the period 1 April 2016 to 30 August 2016

² This figure represents the fees paid to Amy Stirling for the period 28 February 2015 to 27 November 2015. Amy waived her fees for the period 28 November 2015 to 31 March 2016

³ Catherine Brown joined the Cabinet Office Board as a Non-Executive Board Member on 3 November 2015. This figure represents the fees paid to Catherine for the period 3 November 2015 to 2 February 2016

1.11 Pension benefits of ministers

Ministers	Accrued pension at age 65 as at 31 March 2017 £000	Real increase in pension at age 65 £000	CETV at 31 March 2017 ¹ £000	CETV at 31 March 2016 ² £000	Real increase in CETV £000
The Rt Hon. Ben Gummer MP	0 – 5	0 – 2.5	8	4	1
The Rt Hon. Matt Hancock MP	0 – 5	0 – 2.5	5	4	<1
The Rt Hon. David Lidington CBE MP	5 – 10	0 – 2.5	112	97	9
The Rt Hon. Chris Grayling MP	5 – 10	0 – 2.5	134	124	4
Chris Skidmore MP	0 – 5	0 – 2.5	2	–	1
The Rt Hon. Baroness Evans of Bowes Park	0 – 5	0 – 2.5	25	12	4
The Rt Hon. Baroness Stowell of Beeston MBE	5 – 10	0 – 2.5	84	76	2
The Rt Hon. Sir Oliver Letwin MP ³	–	–	–	–	–
Rob Wilson MP	0 – 5	0 – 2.5	11	10	1
The Rt Hon. Lord Bridges of Headley MBE	0 – 5	0 – 2.5	15	12	1
Dr. Thérèse Coffey MP	0 – 5	0 – 2.5	10	9 ⁴	<1

Parliament was dissolved on 3 May 2017. From this date, every seat in the House of Commons became vacant until after the general election on 8 June 2017.

¹ The end date for calculations is 31 March 2017 unless the minister left the Department during the year, in which case it is the day they left

² The start date for calculations is 31 March 2016 unless the minister was appointed to the Department during the year, in which case it is the day they joined

³ The Rt Hon. Sir Oliver Letwin MP has chosen to opt out of the Ministers' Pension Scheme

⁴ The CETV of Dr. Coffey's benefits as at 31 March 2016 is different from that reported in the Cabinet Office Annual Report and Accounts 2015-16. This is the result of data cleansing carried out by the administrators of the Parliamentary Contributory Pension Fund during the period 1 April 2016 to 31 March 2017

1.12 Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). Rules of the PCPF (*The Ministers' Etc Pension Scheme 2015*) are made under statute. The scheme rules can be found on the [Parliamentary Contributory Pension Fund website](#).

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). A new MPs' pension scheme was introduced from May 2015, although members who were aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MPs' final salary pension scheme.

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

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

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

1.14 Real increase in the value of the CETV

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

1.15 Pension benefits of official Board members

Board members	Accrued pension at pension age as at 31 March 2017 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2017 ¹ £000	CETV at 31 March 2016 ² £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Sir Jeremy Heywood KCB, CVO	75 – 80 plus lump sum of 230 – 235	2.5 – 5 plus lump sum of 10 – 12.5	1,622	1,495	36	–
John Manzoni	15 – 20	5 – 7.5	233	153	57	–
Elizabeth Gardiner CB	55 – 60 plus lump sum of 145 – 150	2.5 – 5 plus lump sum of 0 – 2.5	1,015	926	40	–
Guy Lester	50 – 55	0 – 2.5	916	858	14	–

¹ The end date for calculations is 31 March 2017 unless the Board member left the Department's Board during the year, in which case it is the day they left

² The start date for calculations is 31 March 2016 unless the Board member joined the Department's Board during the year, in which case it is the day they joined

1.16 Civil Service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch to alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS

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

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of one-eightieth of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of one-sixtieth of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from 1 October 2002 worked out as for premium.

1.16 Civil Service pensions (continued)

In *nuvos* a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in *alpha* build up in a similar way to *nuvos*, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) a 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of *classic*, *premium* and *classic plus*, 65 for members of *nuvos*, and the higher of either 65 or state pension age for members of *alpha*. The pension figures quoted for Board members show the pension earned in *PCSPS* or *alpha*, as appropriate. Where the Board member has benefits in both the *PCSPS* and *alpha*, the figure quoted is the combined value of their benefits in the two schemes, but it should be noted that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found on the [Civil Service Pensions website](#).

1.17 Cash equivalent transfer value (CETV)

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

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

1.18 Real increase in CETV

This reflects the increase in the CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, 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.

1.19 Compensation for loss of office

The following severance payments were made under section 4 of chapter 5 of the Ministerial and other Pensions and Salaries Act 1991 during August 2016.

Minister	Severance Payment (to nearest £)
The Rt Hon. Sir Oliver Letwin MP	16,877
The Rt Hon. Baroness Stowell of Beeston MBE	25,260

No other compensation payments for loss of office were made to Cabinet Office Board members or ministers during the 2016-17 financial year.

1.20 Registers of public interest

Board members

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

House of Commons

The Register of Members' Financial Interests can be found on the [UK Parliament website](#).

House of Lords

The Register of Lords' Interests can be found on the [UK Parliament website](#).

2. Staff report

2.1 Staff costs

£000					2016-17	2015-16 Restated
	Permanently employed staff	Others	Special advisers	Ministers	Total	Total
Wages, salaries and fees	118,122	–	4,028	493	122,643	105,210
Social security costs	13,205	–	513	53	13,771	10,095
Other pension costs	23,865	–	690	–	24,555	21,534
Agency/temporary	–	43,843	–	–	43,843	28,433
Termination benefits – contractual	1,727	–	260	–	1,987	943
Termination benefits – non-contractual ¹	–	–	483	–	483	–
Sub total	156,919	43,843	5,974	546	207,282	166,215
Inward secondments	–	6,078	–	–	6,078	4,805
Total	156,919	49,921	5,974	546	213,360	171,020
Less: Recoveries in respect of outward secondments	–	(4,760)	–	–	(4,760)	(3,268)
Total staff costs	156,919	45,161	5,974	546	208,600	167,752
Staff engaged on Capital projects	(6,030)	(5,804)	–	–	(11,834)	(3,692)
Total net staff costs	150,889	39,357	5,974	546	196,766	164,060

¹ See Note 1.2 Special Payments in Parliamentary accountability disclosures

During the year, costs of £24,555,172 were incurred in respect of pensions (2015-16: £21,534,299 restated). Of this amount, £24,403,630 (2015-16: £21,381,460 restated) was borne by the core department, £135,756 (2015-16: £133,915) was borne by the Civil Service Commission and £15,786 (2015-16: £18,294) was borne by the Registrar of Consultant Lobbyists.

The PCSPS and the Civil Servants and Others Pension Scheme (known as ‘alpha’) are unfunded multi-employer defined benefit schemes. The Cabinet Office is unable to identify its share of the two schemes’ underlying assets and liabilities. The Scheme Actuary valued the PCSPS as at 31 March 2012. More information about this and the assets and liabilities of both schemes can be found in the Civil Superannuation accounts, which are prepared by the Cabinet Office and published on the [Civil Service Pensions website](#).

For the period 1 April 2016 to 31 March 2017, employers’ contributions of £23,419,165 were payable to the PCSPS (2015-16: £20,661,551 restated) at one of four rates in the range 20% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires and not the benefits paid to existing pensioners during this period.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. During the period 1 April 2016 to 31 March 2017, employers’ contributions of £283,755 (2015-16: £140,295) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £10,916 (2015-16: £6,368), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers as at the 31 March 2017 were £28,918 (31 March 2016: £11,397). Contributions prepaid at as the same date were £nil (31 March 2016: £nil).

Special Advisers’ pension costs incurred during the period 1 April 2016 to 31 March 2017 were £689,795 (2015-16: £573,245).

No individual (2015-16: one individual) retired early on ill-health grounds during the period 1 April 2016 to 31 March 2017; the resulting additional accrued pension liabilities amounted to £nil (2015-16: £1,147).

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

Exit packages included in Staff costs – see Note 2.1

£	Departmental group						
	Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<£10,000	-	-	2	-	2	-	
£10,000 – £25,000	-	-	5	4	5	4	
£25,001 – £50,000	-	-	19	13	19	13	
£50,001 – £100,000	-	-	23	11	23	11	
Total number of exit packages	-	-	49	28	49	28	
Total cost	-	-	2,470,323	1,081,185	2,470,323	1,081,185	

The total cost of the exit packages of £2,470,323 (2015-16: £1,081,185) is included in the staff costs table in Note 2.1 and Note 4 to the accounts.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. In cases where the employee has accepted the offer made by the Department, the cost of termination benefit is accrued within wages, salaries and fees.

During 2016-17, in line with the Prime Ministerial Direction to the Cabinet Office Permanent Secretary dated 13 July 2016, outgoing Special Advisers, who were in post before the 2015 general election and re-appointed following it, and then left government following the July 2016 reshuffle, received

severance equal to six months' salary. This was in excess of their contractual entitlement as set out in the Model Contract for Special Advisers.

During 2015-16 termination benefits of £0.943 million were paid of which £1.081 million was paid to permanently employed staff and £0.138 million was returned from Special Advisers. During 2015-16 all departmental Special Advisers had to resign from their posts either on 30 March 2015, at the commencement of Purdah, or by 8 May 2015, following the general election, in line with their contracts. Special Advisers are not entitled to a notice period and are given a severance payment to compensate for this. The payment is calculated based on their length of service and is capped at six months' salary. Some compensation from 2014-15 has been repaid due to some Special Advisers returning to the Cabinet Office in year; see Termination benefits in Note 4 to the accounts.

Exit packages included in Provisions – see Notes 4 and 20 in the Notes to the accounts

£	Departmental group						
	Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<£10,000	-	-	-	1	-	1	
£10,000 – £25,000	-	-	-	14	-	14	
£25,001 – £50,000	-	-	-	31	-	31	
£50,001 – £100,000	-	-	-	36	-	36	
Total number of exit packages	-	-	-	82	-	82	
Total cost	-	-	-	£4,208,796	-	£4,208,796	

A new provision was created in 2015-16 for the estimated costs of voluntary redundancy payments. Further detail is disclosed at Note 20 to the accounts. The provision was utilised in 2016-17 (£3.894 million) and the balance was written back (£0.315 million).

2.3 Average number of persons employed

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

Operating segment	Permanently employed staff	Commissioners	Others ¹	Ministers	Special Advisers	2016-17 Total	2015-16 ² Total
Support the Prime Minister and the Cabinet to deliver the Government's programme	446	-	1	5	33	485	506
Drive efficiencies and reforms that make government work better	1,218	-	104	-	5	1,327	1,132
Create a more United Democracy	105	-	9	-	-	114	99
Strengthen and secure the United Kingdom at home and abroad	247	-	44	-	-	291	214
Corporate Activities	223	-	36	-	-	259	265
Arm's Length Bodies ³	15	10	-	-	-	25	28
Staff engaged on capital projects	102	-	105	-	-	207	55
Total	2,356	10	299	5	38	2,708	2,299
<i>Of which:</i>							
Core Department	2,341	-	299	5	38	2,683	2,271
Other designated bodies ³	15	10	-	-	-	25	28
Total	2,356	10	299	5	38	2,708	2,299

¹ The 'Others' category includes agency staff, interim managers, specialist contractors and consultants

² The figures for 2015-16 have been reclassified to the new operating segments introduced during 2016-17

³ Together, the Civil Service Commission and The Registrar of Consultant Lobbyists make up both the Department's 'arm's length bodies' and its 'Other designated bodies'

2.4 Senior civil servants

The table below shows the number of senior civil servants (SCS) employed by the Cabinet Office as at 31 March 2017. The total includes 42 staff (2015-16: 43) in SCS equivalent grades within the Office of the Parliamentary Counsel. The equivalent grades are: Parliamentary Counsel (Director-General), Parliamentary Counsel (Director) and Parliamentary Counsel (Deputy Director).

Grade	2016-17	2015-16 Restated ¹
Permanent Secretary	7	6
SCS 3	12	13
SCS 2	51	49
SCS 1	150	140
Total	220	208

¹ The 2015-16 figures have been restated because there were a number of machinery of government changes during 2016-17 that affected the Cabinet Office. See Note 2 to the accounts for further details

2.5 Staff composition

The below tables provide a breakdown, by gender, of all the staff who have worked for the Cabinet Office during the period 1 April 2016 to 31 March 2017.

No.	Men		Women		Total	
	2016-17	2015-16 Restated ¹	2016-17	2015-16 Restated ¹	2016-17	2015-16 Restated ¹
Board members	3	6	1	3	4	9
Senior civil servants	161	182	139	128	300	310
All staff	1,657	1,519	1,642	1,461	3,299	2,980

2.5 Staff composition (continued)

%	Men		Women	
	2016-17	2015-16 Restated ¹	2016-17	2015-16 Restated ¹
Board members	75.00	66.67	25.00	33.33
Senior civil servants	53.67	58.71	46.33	41.29
All staff	50.23	50.97	49.77	49.03

¹ The 2015-16 figures have been restated because there were a number of machinery of government changes during 2016-17 that affected the Cabinet Office. See Note 2 to the Accounts for further details

2.6 Reporting of high-paid, off-payroll appointments

Table 1

For all off-payroll engagements as of 31 March 2017, of more than £220 per day and that last longer than six months.

	2016-17 No.
No. of existing engagements as of 31 March 2017	243
Of which:	
No. that have existed for less than one year at time of reporting	163
No. that have existed for between one and two years at time of reporting	43
No. that have existed for between two and three years at time of reporting	36
No. that have existed for between three and four years at time of reporting	1
No. that have been existed for four or more years at time of reporting	-

All existing off-payroll engagements, outlined above, have been subject to a risk-based assessment regarding the payment of correct tax.

Table 2

For all new off-payroll engagements, or those that have reached six months in duration between 1st April 2016 and 31st March 2017, for more than £220 per day and that last for longer than six months.

	2016-17 No.
No. of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	163
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National insurance obligations	163
No. for whom assurance has been requested	163
Of which:	
No. of whom assurance has been received	163
No. for whom assurance has not been received	-
No. that have been terminated as a result of assurance not being received.	-

Table 3

For any off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017.

	2016-17 No.
No. of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year.	-
Total no. of individuals on payroll and off-payroll that have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year.	38

2.7 Sickness and absence

The sickness absence figure for the rolling 12 months to 31 March 2017 stands at 2.02 (2.42 for the rolling 12 months to 31 March 2016) average working days lost per member of staff.

The figure for the rolling 12 months to 31 March 2016 has been restated because there were a number of machinery of government changes during 2016-17 that affected the Cabinet Office. See Note 2 for further details.

2.8 Employment, training and advancement of disabled persons

The Cabinet Office applies the Recruitment Principles of the Civil Service Commission, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which has a core focus of raising awareness of unconscious bias, is offered to all chairs of Cabinet Office recruitment panels. The Cabinet Office is a Level 2 Disability Confident employer, which includes having a guaranteed interview scheme that encourages candidates with a disability to apply for the jobs it advertises. If a candidate declares a disability and meets the minimum standards required for a job, he or she is offered an interview. The Cabinet Office also promotes training for all staff on avoiding unconscious bias.

The Cabinet Office has an active disability network championed by a director general and a disability action group with the aim of taking positive action to break down barriers in the workplace, including raising issues relating to the Department's estate. The Cabinet Office promotes a number of cross-government talent schemes to disabled staff. This includes Civil Service wide talent schemes such as the Future Leaders Scheme (aimed at staff in grades 6 and 7) and the Senior Leaders Scheme (aimed at staff in Senior Civil Service pay band 1). It also promotes development schemes aimed specifically at disabled staff, including the Accelerate talent programme (for senior civil servants) and the Positive Action Pathway (for staff below the Senior Civil Service).

2.9 Monitoring spending on consultancy and temporary staff

Expenditure on consultancy increased from £9.173 million in 2015-16 to £10.191 million in 2016-17 and expenditure on temporary staff increased from £28.433 million in 2015-16 to £43.843 million in 2016-17; see Note 4 to the accounts. The figures for 2015-16 have been restated because there were a number of machinery of government changes during 2016-17 that affected the Cabinet Office. See Note 2 to the accounts for further details.

Spend on consultancy and the need for temporary staff within the Cabinet Office is largely dependent on the nature of the projects being undertaken and the expertise required.

The small increase in spend on consultancy can largely be attributed to GDS. During 2016-17 it developed and began implementing a common taxonomy and career framework for digital, data and technology professionals within government, the aim being to improve the recruitment, development and retention of staff in these professions. GDS engaged external consultants to assist with this project, because it lacked the in-house capacity and capability to deliver these products quickly.

A significant proportion of the increase in spend on temporary staff can also be attributed to GDS. Because of a shortage of civil servants with the appropriate IT skills, its Common Technology Services and Government as a Platform programmes have had to rely heavily on interim staff during 2016-17. Also the ramping up of the New Property Model and cross-government secure IT programmes during 2016-17, led to a greater demand for specialist skills. The New Property Model programme, which was set up to establish the GPA, started to take shape during 2016-17 and the cross-government secure IT programme moved from its scoping and testing phases to go-live stage.

Parliamentary accountability and audit report

Overview

This section presents key documents which contribute to the Department's accountability to Parliament as follows.

Statement of Parliamentary Supply (SOPS) and related notes report outturn against Parliamentary control limits. SOPS is informed by budgeting principles set out in *Consolidated Budgeting Guidance* and used in Supply Estimates which follow *Supply Estimates Guidance*.

Regularity of expenditure reports losses and special payments - regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and the principles set out in *Managing Public Money*.

Disclosures on fees and charges, remote contingent liabilities and entities outside the departmental boundary are required by *Managing Public Money*.

In his certificate and report, the Comptroller and Auditor General to the House of Commons provides his opinion on regularity and whether the Remuneration and Staff Report and Parliamentary Accountability Disclosures have been properly prepared and are consistent with the financial statements, and whether the information given in the Performance Report and Accountability Report is consistent with the financial statements.

The following sections are subject to audit; SOPS and related notes and Notes 1. Regularity of expenditure, 2. Remote Contingent Liabilities and 3. Fees and Charges from the Parliamentary accountability disclosures.

The SOPS and related notes report outturn for the following operating segments against the Supplementary Estimate 2016-17. These titles are abbreviated in the tables that follow.

A:	Support the Prime Minister and the Cabinet to deliver the Government's programme
B:	Drive efficiencies and reforms that make government work better
C:	Create a more united democracy
D:	Strengthen and secure the United Kingdom at home and abroad
E:	Corporate activities
F:	Arm's length bodies (ALBs) ¹
G:	Elections – Returning Officers' expenses, England and Wales ²
H:	UK members of the European Parliament
I:	Cabinet Office Consolidated Fund Extra Receipt (CFER)
J:	Cabinet Office Annually Managed Expenditure (AME)

¹ This includes the Civil Service Commission and the Registrar of Consultant Lobbyists

² This includes 2015 UK Parliamentary general election, UK Parliamentary by-elections, 2014 European Parliamentary election and 2016 Police and Crime Commissioner elections

Statement of Parliamentary Supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the *Government Financial Reporting Manual* (FRM) requires the Department to prepare a Statement of Parliamentary Supply (SOPS) and related notes to show resource outturn against the supply Estimate presented to Parliament, in respect of each budgetary control limit. The SOPS and related notes are subject to audit.

Summary of resource and capital outturn 2016-17

£000		2016-17						2015-16 Restated ¹	
SOPS Note	Estimate			Outturn			Voted outturn compared with Estimate: saving/(excess)	Outturn	
	Voted	Non- voted	Total	Voted	Non- voted	Total		Total	
Departmental Expenditure Limit									
- Resource	1.1	424,834	61,684	486,518	401,497	49,723	451,220	23,337	406,739
- Capital	1.2	55,248	-	55,248	47,569	-	47,569	7,679	(37,128)
Annually Managed Expenditure									
- Resource	1.1	5,000	-	5,000	(4,786)	-	(4,786)	9,786	2,646
- Capital	1.2	-	-	-	-	-	-	-	-
Total budget		485,082	61,684	546,766	444,280	49,723	494,003	40,802	372,257
Non-budget									
- Resource	1.1	-	-	-	-	-	-	-	-
Total		485,082	61,684	546,766	444,280	49,723	494,003	40,802	372,257
Total resource		429,834	61,684	491,518	396,711	49,723	446,434	33,123	409,385
Total capital		55,248	-	55,248	47,569	-	47,569	7,679	(37,128)
Total		485,082	61,684	546,766	444,280	49,723	494,003	40,802	372,257

¹ Restated due to machinery of government changes; see Note 2 to the accounts

Net cash requirement 2016-17

£000		2016-17			2015-16 Restated ¹
SOPS Note	Estimate	Outturn	Outturn compared with Estimate: saving/(excess)	Outturn	
3	495,768	417,879	77,889	267,699	

¹ Restated due to machinery of government changes; see Note 2 to the accounts

Administration costs 2016-17

£000		2016-17			2015-16 Restated ¹
SOPS Note	Estimate	Outturn	Outturn compared with Estimate: saving/(excess)	Outturn	
1.1	207,390	195,868	11,522	151,664	

¹ Restated due to machinery of government changes; see Note 2 to the accounts

Figures in the shaded areas are voted totals or other totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between Estimate and outturn are given in Note SOPS1.

Notes SOPS1 to SOPS4 form part of these accounts

Notes to the Statement of Parliamentary Supply

SOPS1. Net outturn

SOPS1.1 Analysis of net resource outturn by section

£000								2016-17	2015-16		
Spending in Departmental Expenditure Limit	Outturn						Net total	Estimate			Outturn
	Administration			Programme				Net total	Net total compared to Estimate: saving/ (excess)	Comparison adjusted for virements	
	Gross	Income	Net	Gross	Income	Net					
Voted DEL											
A: Support the PM	46,664	(6,016)	40,648	6,056	(898)	5,158	45,806	44,359	(1,447)	1,571	47,221
B: Drive efficiencies and reforms	85,728	(38,101)	47,627	146,873	(4,872)	142,001	189,628	181,113	(8,515)	5,891	117,735
C: Create a more united democracy	4,897	6	4,903	35,887	(82)	35,805	40,708	48,796	8,088	8,716	38,559
D: Strengthen the UK	36,358	(1,426)	34,932	17,615	(406)	17,209	52,141	48,811	(3,330)	-	29,304
E: Corporate activities	131,168	(65,135)	66,033	7,234	(2,000)	5,234	71,267	99,142	27,875	6,493	70,088
F: ALBs	1,725	-	1,725	222	-	222	1,947	2,613	666	666	1,972
Total Voted	306,540	(110,672)	195,868	213,887	(8,258)	205,629	401,497	424,834	23,337	23,337	304,879
Non-voted DEL											
Returning Officers' expenses, England and Wales											
G: Elections											
- 2015 UK Parliamentary General	-	-	-	(4,205)	-	(4,205)	(4,205)	-	4,205	4,204	100,184
- UK Parliamentary by-election	-	-	-	1,747	-	1,747	1,747	2,500	753	753	1
- 2014 Euro Parliamentary	-	-	-	(117)	-	(117)	(117)	-	117	117	(677)
- 2016 PCC elections	-	-	-	50,280	-	50,280	50,280	56,500	6,220	6,220	-
- Bank charges	-	-	-	1	-	1	1	-	(1)	-	1
H: UK MEPs	-	-	-	2,145	-	2,145	2,145	2,810	665	665	2,433
I: CO CFER	-	-	-	-	(128)	(128)	(128)	(126)	2	2	(82)
Total DEL	306,540	(110,672)	195,868	263,738	(8,386)	255,352	451,220	486,518	35,298	35,298	406,739
Voted AME											
J: CO AME	-	-	-	(4,786)	-	(4,786)	(4,786)	5,000	9,786	9,786	2,646
Total	306,540	(110,672)	195,868	258,952	(8,386)	250,566	446,434	491,518	45,084	45,084	409,385

¹ Restated due to machinery of government changes: see Note 2 to the accounts

Explanations between Estimate and 2016-17 resource outturn before adjustment for virements

B: Drive efficiencies and reforms that make government work better

£8.515 million overspend

Increased costs due to the Cabinet Office bearing the additional share of cross-government shared operating platform costs.

C: Create a more united democracy

£8.088 million underspend

This underspend is mainly attributable to lower than budgeted costs of the Modern Electoral Registration Programme. A justification-led bid was run to fund local authorities in England, Scotland and Wales, providing them with an opportunity to bid for additional funding to cover the additional costs associated with running Individual Electoral Registration. The underspend is a combination of the programme challenging received bids to drive efficiency savings and receiving lower than anticipated funding bids from local authorities.

E: Cabinet Office corporate activities

£27.875 million underspend

The corporate activities underspend was caused by higher than planned levels of income, including dividends and recharging of overheads, and some unallocated contingency. This also includes a saving of £5.699 million which reflects lower than expected depreciation as a result of the lower capital outturn compared to the budget, and assets being brought into service on different dates from those assumed in the Supplementary Estimate for 2016-17.

G: Elections

£11.294 million underspend

The underspend relates primarily to the 2015 UK Parliamentary general election (£4.205 million) and 2016 Police and Crime Commissioner elections (£6.220 million). It reflects the difference between the Cabinet Office's estimate of the cost of conducting these polls, and thus the sum initially drawn down from the Consolidated Fund, and the more accurate figure that is now available following submission and settlement of Returning Officers' expenses claims and payment of invoices for the delivery of candidate mailings.

J: Cabinet Office AME

£9.786 million underspend

The underspend reflects the utilisation and write back of provision for voluntary exits established in 2015-16 and the risk of property impairment which did not crystallise.

Cabinet Office Administration budget

£11.522 million underspend

Underspend against budget excluding depreciation amounts to £2.272 million (1.22%). The balance of £9.250 million represents depreciation (See E).

Explanations of resource variances between 2016-17 and 2015-16 outturn

B: Drive efficiencies and reforms that make government work better

£71.893 million increase

The Government Digital Service received increased funding at the 2015 Spending Review. This was to fund three main programmes to develop cross-government GOV.UK platforms and a modern IT infrastructure across the Civil Service. Spend in Government Property Unit increased in 2016-17 due to additional investment made in the New Property Model, One Public Estate programme and Government Hubs Programmes. The Cabinet Office incurred increased costs in relation to single operating platform milestone payments due to significant go-lives on the platform during 2016-17, driving a material increase in spending in the year.

D: Strengthen and secure the United Kingdom at home and abroad

£22.837 million increase

The increase was due to an undertaking of work to fulfil Strategic Defence and Security Review commitments. The National Security Secretariat has taken the lead in implementing improvements to the crisis management structures of government, while the Joint Intelligence Organisation has undertaken a review of strategic assessment across government. Planned expenditure on the cross-government secure IT programme increased, primarily due to the programme progressing from the scoping and testing phases to go-live towards the end of financial year 2016-17. The requirement for technical skills and expertise increased from the previous year to ensure the delivery of crucial milestones leading up to go-live.

G: Elections

£51.803 million decrease

The decrease reflects a UK general election held in May 2015 at a cost of £100.184 million compared to Police and Crime Commissioner elections held in May 2016 at a cost of £50.280 million.

SOPS1.2 Analysis of net capital outturn by section

£000				2016-17			2015-16 Restated ¹
Spending in Departmental Expenditure Limit	Outturn			Estimate			Outturn
	Gross	Income	Net	Net total	Net total compared to Estimate: saving/(excess)	Comparison adjusted for virements	Total
Voted DEL							
A: Support the PM	2,125	-	2,125	2,711	586	586	2,681
B: Drive efficiencies and reforms	19,528	(1,625)	17,903	21,983	4,080	4,080	10,136
D: Strengthen the UK	19,214	-	19,214	20,275	1,061	1,061	8,119
E: Corporate activities	8,327	-	8,327	10,279	1,952	1,952	(58,064)
Total DEL	49,194	(1,625)	47,569	55,248	7,679	7,679	(37,128)

¹ Restated due to machinery of government changes: see Note 2 to the accounts

Explanations between Estimate and 2016-17 capital outturn before adjustment for virements

B: Drive efficiencies and reforms that make government work better

£4.080 million underspend

Variations are a result of underspends in Government Digital Service and Next Generation Shared Services. In the Government Digital Service, there were lower than anticipated and delayed capital costs for a move to a new building. In addition, capital spend in Government as a Platform and the Common Technology Service was lower than expected due to slower development of products planned at the Spending Review. To meet programme requirements the implementation of a number of capital milestone payments were re-phased to a later period, especially the portal upgrade resulting in an underspend against the 2016-17 capital budget.

E: Cabinet Office corporate activities

£1.952 million underspend

The underspend position primarily relates to lower than budgeted costs related to the 70 Whitehall estate and facilities upgrade.

Explanations of capital variances between 2016-17 and 2015-16 outturn

B: Drive efficiencies and reforms that make government work better

£7.767 million increase

The Government Digital Service received increased funding at the 2015 Spending Review to support three main programmes to develop cross-government GOV.UK platforms and a modern IT infrastructure across the Civil Service. The Government Property Unit received increased funding in 2016-17. A Category B fit-out and design work on the 10 South Colonnade Hub took place and new IT equipment was installed across all Hubs.

D: Strengthen and secure the United Kingdom at home and abroad

£11.095 million increase

Planned capital expenditure on the cross-government secure IT programme increased in 2016-17 primarily due to the programme progressing from the scoping and testing phases to go-live towards the end of financial year 2016-17. The programme increased capital investment towards technology development and infrastructure upgrades in preparation for go-live.

E: Cabinet Office corporate activities

£66.391 million increase

In 2015-16 net capital outturn was negative due to the sale of Admiralty Arch. On 17 June 2015, the Department sold Admiralty Arch on a 250-year long lease to Admiralty Arch Holdings Limited; see Note 16 to the accounts.

SOPS2. Reconciliation of net resource outturn to net operating expenditure

£000		2016-17		2015-16 Restated ¹
	Note	Estimate	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply				
Budget	SOPS1.1	491,518	446,434	409,385
Non-budget		-	-	-
		491,518	446,434	409,385
Add:				
Dividends received from associates	14	-	1,720	6,030
Less:				
Capital grant income	5	-	(1,625)	-
UK members of the European Parliament salaries and pension	SOPS3	(2,810)	(2,145)	(2,433)
Share of associates' profit and gain on opening net assets	5, 14	-	(8,448)	(7,146)
Returning Officers' expenses, England and Wales				
Forfeited deposits payable to the Consolidated Fund	5	(48)	(53)	(678)
Net expenditure in Consolidated Statement of Comprehensive Net expenditure		488,660	435,883	405,158

¹ Restated due to machinery of government changes: see Note 2 to the accounts

SOPS3. Reconciliation of net resource outturn to net cash requirement

£000				2016-17
	Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)
Resource outturn	SOPS1.1	491,518	446,434	45,084
Capital outturn	SOPS1.2	55,248	47,569	7,679
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	4	(27,850)	(16,167)	(11,683)
Amortisation	4	-	(2,673)	2,673
Impairment – property, plant and equipment	4	(9,717)	(2,925)	(6,792)
Impairment – intangible assets	4	-	(569)	569
Devaluation – property, plant and equipment	4	-	161	(161)
Bad debt write-off	4	-	(2,340)	2,340
New provisions and adjustments to previous provisions	4	-	128	(128)
Impairment for trade receivables	4	-	191	(191)
Audit fee	4	(483)	(563)	80
Investment property gain on change in fair value	4	-	56	(56)
Carbon dioxide emissions allowance surrendered	4	-	(53)	53
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital	SOPS1.1	(2,613)	(1,947)	(666)
Add cash grant-in-aid		2,613	2,438	175
<i>Adjustment to reflect movements in working balances:</i>				
Increase in inventories		-	8	(8)
Decrease in trade receivables		-	(11,773)	11,773
Increase in trade payables		43,969	5,173	38,796
Use of provisions	20	4,767	4,484	283
		557,452	467,632	89,820
Removal of non-voted budget items:				
Salary and pension costs of the UK members of European Parliament	SOPS2	(2,810)	(2,145)	(665)
Returning Officers' expenses, England and Wales				
- 2015 UK Parliamentary general election	4, SOPS1.1	-	4,205	(4,205)
- UK Parliamentary by-elections	4, SOPS1.1	(2,500)	(1,747)	(753)
- 2014 European Parliamentary election	4, SOPS1.1	-	117	(117)
- 2016 Police and Crime Commissioner elections	4, SOPS1.1	(56,500)	(50,280)	(6,220)
- Bank charges	4, SOPS1.1	-	(1)	1
Registrar of Consultant Lobbyists				
- Cash surrendered to the Consolidated Fund	17, SOPS4	-	(160)	160
- Cash surrenderable to the Consolidated Fund – registration fees	17, SOPS4	-	129	(129)
- Cash surrenderable to the Consolidated Fund – civil penalties	17, SOPS4	-	1	(1)
- Non-voted resource income	SOPS1.1	126	128	(2)
Net cash requirement		495,768	417,879	77,889

Net cash requirement is under budget by £77.889 million due to underspends on voted resource (£19.366 million) and capital (£7.679 million) as explained in Note SOPS1.1 and movement in working capital (£50.844 million). It had been assumed cash would be needed during 2016-17 to settle net liabilities of approximately £50 million as at 31 March 2016, but in the event, net liabilities at 31 March 2017 are at similar levels to 31 March 2016 and hence the extra cash was not required.

SOPS4. Income payable to the Consolidated Fund

In addition to income retained by the Cabinet Office, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

£000	Note	Outturn 2016-17		Outturn 2015-16	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Returning Officers' expenses England and Wales					
Forfeited deposits					
- 2015 UK Parliamentary general election	5	-	-	676	676
- UK Parliamentary by-elections	5	28	28	2	2
- 2016 Police and Crime Commissioner elections	5	25	25	-	-
Registrar of Consultant Lobbyists					
Registration fees from consultant lobbyists	5, 19	128	129	82	158
Civil penalties applied to consultant lobbyists	19	-	1	-	2
Total amount payable to the Consolidated Fund		181	183	760	838

Income payable to the Consolidated Fund

Parliamentary elections forfeited deposits

Deposits are forfeited by those candidates who fail to obtain one-twentieth of the total votes cast at UK Parliamentary elections, by-elections and Police and Crime Commissioner elections. European Parliamentary elections candidates must obtain one-fortieth of the vote in order to have their deposit returned. Returning Officers are required to return any forfeited deposits to the Consolidated Fund via the Cabinet Office no later than one working day after the result of the election has been declared.

Registration fees from consultant lobbyists

The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 at Part 1, section 22 'Charges' stipulates:

- The Registrar may impose charges for or in connection with the making, updating and maintenance of entries in the register.
- The charges are to be determined by or in accordance with regulations.
- In making the regulations, the minister must seek to ensure that the total paid to the Registrar in charges is sufficient to offset the total of the costs incurred by the Registrar in exercising the functions under this Part (whether or not those costs are directly connected with the keeping of the register).
- If a charge imposed for making an application or return to the Registrar is not paid, the Registrar may treat the application or return as not having been made.
- The Registrar must pay into the Consolidated Fund any sums received in respect of charges under this section.

Although cash is surrenderable to the Consolidated Fund, HM Treasury has approved a 'netting-off' arrangement that enables the body to spend the funding generated through the charges. This does not apply to civil penalties charged upon consultant lobbyists.

Consolidated Fund income

Civil penalties applied to consultant lobbyists

The Registrar of Consultant Lobbyists acts as a collecting agent of the Consolidated Fund in respect of civil penalties applied to consultant lobbyists. The income collected was £900 (2015-16: £2,000).

Excess cash surrenderable to the Consolidated Fund

The Department recognises a liability representing cash drawn down from the Consolidated Fund to cover election expenses being in excess of requirement. The amounts for 2016-17 were as follows: 2015 UK Parliamentary general election: £3 million (2015-16: £2.500 million), 2014 European Parliamentary election: £nil (2015-16: £0.681 million), Police and Crime Commissioner elections: £1 million (2015-16: £nil); see Note 19.

Parliamentary accountability disclosures

1. Regularity of expenditure

1.1 Losses statement

The Statement of Comprehensive Net Expenditure includes losses, such as write-offs of unrecoverable debts and fruitless payments.

	2016-17	2015-16
	Departmental group	Departmental group
Total number of losses	136	12
Total value of losses (£000)	354	10

1.2 Special payments

The Statement of Comprehensive Net Expenditure includes extra contractual special payments.

	2016-17	2015-16 Restated
	Departmental group	Departmental group
Total number of special payments	34	21
Total value of special payments (£000)	755	526

In 2016-17, of the 34 cases, 26 cases (£0.700 million) relate to non-contractual severance payments made to Special Advisers across Whitehall who were entitled to severance in excess of their contractual terms. The Cabinet Office has borne the charge in full for all Special Advisers including those from other departments.

In line with the Prime Ministerial Direction to the Cabinet Office Permanent Secretary dated 13 July 2016, outgoing Special Advisers, who were in post before the 2015 general election and reappointed following it, and then left government following the July 2016 reshuffle, received severance equal to six months' salary. This was in excess of their contractual entitlement as set out in the Model Contract for Special Advisers.

	Cabinet Office	Other departments	Total
Total number	16	10	26
Total value (£)	483,194 ¹	216,579	699,773

¹ See Staff Costs Note 2.1 of the Remuneration and staff report

Maximum value (£)	67,986
Median value (£)	19,536
Minimum value (£)	10,031

The total number of cases and total value of special payments in 2015-16 have been restated to include one additional payment. This payment of £414,000 was made to MyCSP Ltd, the Cabinet Office's supplier for the delivery of civil service pension administration services. The payment was beyond the original contractual terms between the Cabinet Office and MyCSP Ltd, and was to ensure that essential services were delivered to pension scheme members.

2. Remote contingent liabilities

In addition to contingent liabilities reported within the meaning of IAS 37, the Department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The Cabinet Office has given the following indemnities whose amounts are unquantifiable, since the likelihood of a transfer of economic benefit in settlement is remote.

Indemnity for Returning Officers at the European Parliamentary elections, May 2014

For the purposes of European Parliamentary elections, Regional Returning Officers and Local Returning Officers throughout Great Britain are statutorily independent officers. They stand separate from both central and local government. As a result, they can be exposed to a variety of legal risks varying from minor claims for injury at polling stations to significant election petitions challenging the outcome of a poll and associated legal costs.

The Cabinet Office provided an indemnity to Regional and Local Returning Officers for the European Parliamentary general election held on 22 May 2014 and any subsequent by-elections.

The indemnity is to cover the costs of any claims against them which are not covered under the existing insurance policies which Regional and Local Returning Officers hold. The Department also certificated the Returning Officers under The Employers' Liability (Compulsory Insurance) Regulations 1998 in respect of any liability to their employees.

Indemnity for Returning Officers at the UK Parliamentary elections, May 2015

For the purposes of UK Parliamentary elections, Returning Officers and Acting Returning Officers throughout Great Britain are statutorily independent officers. They stand separate from both central and local government. As a result, they can be exposed to a variety of legal risks varying from minor claims for injury at polling stations to significant election petitions challenging the outcome of a poll and associated legal costs.

The Cabinet Office provided an indemnity to Returning Officers for the UK Parliamentary general election held on 7 May 2015. The indemnity is to cover the costs of any claims against them, which are not covered under the existing insurance policies that Returning Officers hold.

The indemnity will cover costs arising in relation to UK Parliamentary elections including by-elections, where the date of the poll is before the next scheduled general election in May 2022. This will cover the extraordinary general election held on 8 June 2017 and by-elections up to April 2022.

Indemnity for Returning Officers at the Police and Crime Commissioner elections, May 2016

For the purposes of Police and Crime Commissioner elections, Police Area Returning Officers and Local Returning Officers throughout England and Wales are statutorily independent officers. They stand separate from both central and local government. As a result, they can be exposed to a variety of legal risks varying from minor claims for injury at polling stations to significant election petitions challenging the outcome of a poll and associated legal costs.

The Cabinet Office provided an indemnity to Police Area Returning Officers and Local Returning Officers for the Police and Crime Commissioner elections held on 5 May 2016. The indemnity is to cover the costs of any claims against them, which are not covered under any existing insurance policies that Police Area Returning Officers and Local Returning Officers hold. The Department also certificated the Returning Officers under The Employers' Liability (Compulsory Insurance) Regulations 1998 in respect of any liability to their employees.

The indemnity and certificate will remain in place to provide cover to Police Area Returning Officers and Local Returning Officers for any by-elections that are held prior to the next scheduled Police and Crime Commissioner elections in May 2020.

Indemnity for Petition Officers

The Cabinet Office has provided an indemnity to Petition Officers for any Recall Petition that may be held between the date the indemnity came into force, 8 June 2016, and 6 May 2020.

For the purposes of Recall Petitions, Petition Officers throughout Great Britain are statutorily independent officers. They stand separate from both central and local government. As a result, they can be exposed to a variety of legal risks varying from minor claims for injury at signing locations to recall petition complaints, challenging the outcome of a petition and associated legal costs.

The Cabinet Office has not provided an indemnity for Petition Officers previously as the Recall legislation has only recently been created. This follows the same process where the Cabinet Office has provided an indemnity to Returning Officers for the UK Parliamentary election held on 7 May 2015, as well as all other recent electoral events.

The indemnity is to cover the costs of any claims against Petition Officers, which are not otherwise recoverable under the charges provisions contained in paragraph 3 of Schedule 1 to the Recall of MPs Act 2015.

European Union exit

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 starts a two-year negotiation process between the UK and the EU. Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations.

During this two-year period, which includes the full duration of the next accounting period, the UK remains a full member of the EU with all the rights and obligations arising from membership.

There are no significant impacts on the financial statements in the short term from making the formal notification. The Cabinet Office has no remote contingent liabilities nor assets.

3. Fees and charges

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

£000	2016-17	2015-16
	Departmental group	Departmental group
Full cost of service to other government departments		
Digital and Technology Team	4,268	3,697
CSHR Expert Services	16,771	-
Less: income received		
Digital and Technology Team	(4,268)	(3,697)
CSHR Expert Services	(16,051)	-
Net deficit	720	-

Digital and Technology Team

The Cabinet Office's Digital and Technology Team (DAT) offers a managed IT service to the Crown Commercial Service, the Department for Culture, Media & Sport and the Department for Exiting the European Union. Its financial objective is to offer departments a cheaper alternative to expensive IT contracts.

DAT does not intend to make any surplus for these managed services so is recharging at cost price. The total income received by DAT includes £4.268 million from fees and charges and £0.122 million for one-off projects (see Note 5 to the accounts).

Civil Service HR Expert Services

Civil Service HR Expert Services share HR expertise and maximise buying power across the Civil Service in a joined-up and effective manner, to deliver a professional and more efficient service. They operate on a cost-sharing basis across the government departments and agencies participating in the programme.

There are four expert services and three of these (Civil Service Learning, Civil Service Employee Policy and Organisation and Design) are hosted by the Cabinet Office with the costs being recharged to other government departments. The fourth expert service (Civil Service Resourcing) will transfer into the Department in 2017-18.

There are no prior year comparatives as these services were previously hosted in other government departments. The total income received by Civil Service HR Expert Services in 2016-17 of £20.783 million includes £16.051 million from fees and charges and £4.732 million which was transferred to HMRC as hosts of Civil Services Resourcing.

4. Entities outside the departmental boundary

Executive agency – Crown Commercial Service

In July 2013, the Minister for the Cabinet Office announced that a new Crown Commercial Service would be created to act on behalf of the Crown to drive savings for the taxpayer, and improve the quality of commercial and procurement activity across the public sector. It brought together, in one organisation, the Government Procurement Service (GPS), the commercial functions of the Cabinet Office and commercial activity related to common goods and services currently undertaken by departments.

The Crown Commercial Service became a legal entity on 2 April 2014 and it is an executive agency and trading fund of the Cabinet Office. Services provided by the Crown Commercial Service include direct buying, an advisory service and the UK Government's procurement policy function. Further information can be found at Note 15 and at: GOV.UK – Crown Commercial Service

5. Cabinet Office public bodies

The Cabinet Office produces a comprehensive annual public bodies directory providing details of non-departmental public bodies and similar public bodies. The directory can be found at: GOV.UK – Cabinet Office Public Bodies directory

Long-term expenditure trends

Trends over financial years 2012-13 to 2019-20 are illustrated in the charts below and detailed by spending control aggregates in Table 1 'Total Departmental Spending' and Table 2 'Administration Budget'. Budgets are negotiated with HM Treasury by means of Spending Reviews, the most recent being the 2015 Spending Review covering financial years 2016-17 to 2019-20. This section is not subject to audit.

Resource Departmental Expenditure Limit (RDEL)

The 2015 Spending Review expected savings from efficiencies in corporate services and provided funding to deliver a number of significant programmes.

Staff costs are set to reduce from 2017-18 to 2019-20 as a result of a fall in the number of staff on the Department's payroll. Excluding cost-recovered staff, the Department's headcount is set to fall in the period. This is due to savings made across the Department but in particular the anticipated launch of the Government Property Agency means that a large number of staff will leave the Cabinet Office headcount.

Administration budget

Administration budgets are controlled to ensure that as much money as practicable is available for front-line services and programmes.

The sale of shares in AXELOS Ltd, an associate, to its immediate parent, Capita Business Services Limited, resulted in a decrease in net administration costs in 2013-14 of £38.200 million.

Significant increases in income to fund expenditure from 2017-18 onwards reflect the transfer from HMRC of Civil Service Resourcing Expert Services, which includes volume recruitment services, Executive Recruitment, Fast-stream graduate programme and Fast Track Apprenticeship recruitment and management of the Civil Service Jobs portal. Other Civil Service Expert Services transferred to the Cabinet Office from their host departments in 2016-17: Organisation and Design, Civil Service Employee Policy, and Civil Service Learning. The purpose of the transfer is to increase flexibility, collaboration, resourcing, efficiencies and improvement of HR services provided to government.

Programme budget

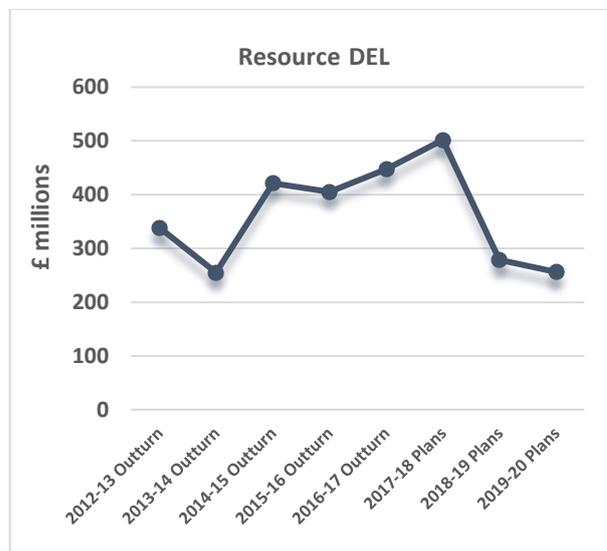
Election expenditure included £96.509 million for the 2014 European Parliamentary election in 2014-15, £100.184 million for the 2015 UK Parliamentary general election in 2015-16 and £50.280 million for Police and Crime Commissioner elections in 2016-17. Additionally, there were nine UK Parliamentary by-elections in 2016-17 at a total cost of £1.747 million. A UK general election took place on 8 June 2017 at a forecast cost covering England, Scotland and Wales of £140.850 million.

The Modern Electoral Registration Programme will modernise the electoral registration system so that it is more responsive to the needs of both the public and Electoral Registration Officers while delivering greater efficiency.

The Government Property Unit (GPU) will deliver a New Property Model to own and manage the central government estate with departments paying market-level rents for freehold assets which they own. The One Public Estate programme will support local authorities to use their assets more effectively. Through its work on Asset Efficiency GPU aims to release surplus land to drive economic growth and free up land for housing. The creation of Government Hubs across the UK will create sustainable, modern and fit-for-purpose office accommodation and will save money by radically consolidating the number of office buildings held.

The Government Digital Service will deliver cross-government programmes that will improve public services and deliver efficiencies: Common Technology Services aims to deliver a common, flexible and modern technology architecture for the entire Civil Service, Government As A Platform aims to deliver a core common IT infrastructure of shared digital systems, technology and processes for use across multiple departments, and GOV.UK Verify will enable individuals to prove their identity online and to access government services securely and safely.

Chart 1 Total Resource Departmental Expenditure 2012-13 to 2019-20



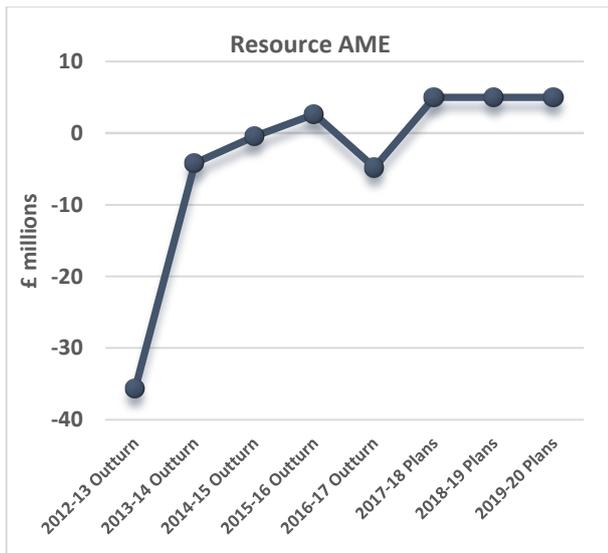
Long-term expenditure trends (continued)

Resource Annually Managed Expenditure (RAME)

RAME is less predictable and controllable than expenditure in DEL. It includes property revaluations and provisions for early departures, onerous contracts and vacant properties.

A gain in the change in fair value of Admiralty Arch resulted in negative RAME of £32.003 million in 2013-14. Property impairments were offset by the utilisation and write back of provisions in both 2013-14 and 2014-15. The utilisation of a provision for a voluntary exit scheme and an absence of property impairments resulted in negative RAME of £4.786 million in 2016-17. The 2015 Spending Review provided cover for the risk of property impairments due to falls in market value of around £5 million per annum.

Chart 2 Total Resource Annually Managed Expenditure 2012-13 to 2019-20



Capital Departmental Expenditure Limit (CDEL)

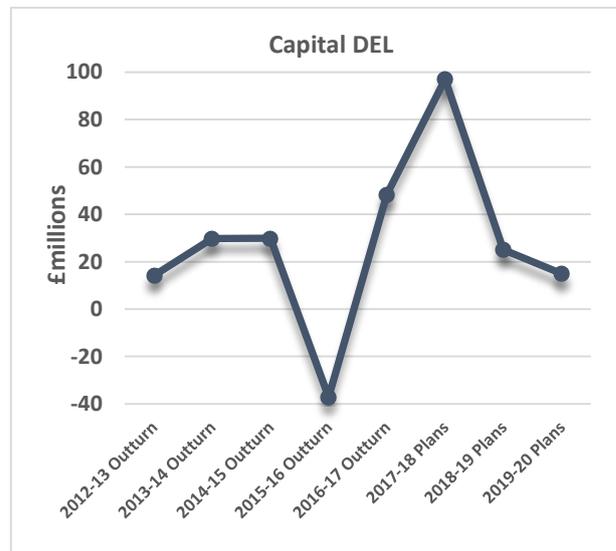
CDEL includes investment in the Cabinet Office estate and IT and in cross-government efficiency programmes. The Department increased investment in its estate and IT and increased capital grant expenditure for Electoral Registration Transformation Programme grants to local authorities during 2013-14 and 2014-15.

The sale of Admiralty Arch in June 2015 on a long lease of 250 years (the title to the freehold is retained by government) resulted in a benefit to CDEL of £64.221 million in 2015-16.

The 2015 Spending Review provided funding to deliver a range of projects including: estates, digital and technology, Next Generation Shared Services, Government as a Platform, Common Technology Services, GOV.UK Verify Identity Assurance and the development of a cross-government secure IT system.

Capital spend will increase by nearly £60 million in 2017-18 reflecting the fit-out costs of the leasehold property at 10, South Colonnade, London E14. This will be the first project, led by the Government Property Agency, in the Government Hubs Programme and will enable more than 6,000 full-time equivalent staff to move from their existing accommodation into an office environment that supports modern working practices and allow the Government to exit expensive leasehold properties in central London.

Chart 3 Total Capital Departmental Expenditure 2012-13 to 2020-21



Long-term expenditure tables

The Cabinet Office is the centre of government. Its Purpose is to:

- Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy;
- Support the design and implementation of HM Government's policies and the Prime Minister's priorities; and
- Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government.

The Cabinet Office is committed to delivering efficiently within the Department and to working collaboratively across government to deliver transformational change by:

- Ensuring the effective running of the Department and contribute to the Government's cross-cutting priorities.

Its Purpose is achieved through the following activities.

1. Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy
 - i. Deliver a stable constitutional settlement that represents a fair deal for every part of the UK;
 - ii. Make Parliament more effective and reform the electoral process;
 - iii. Coordinate, deliver and implement the National Security Strategy and the Strategic Defence and Security Review and respond to national security threats at home and abroad; and
 - iv. Coordinate and develop international policy across government.
2. Support the design and implementation of HM Government's policies and the Prime Minister's priorities.
 - i. Establish, implement and communicate the Government's strategic priorities;
 - ii. Support the effective operation of the Cabinet and Cabinet committees;
 - iii. Draw up and facilitate the delivery of the Government's legislative programme; and
 - iv. Ensure the best people fill public appointments and that they act in the right way.
3. Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government.
 - i. Ensure the Civil Service gets the best people and gets the best from its people;
 - ii. Strengthen digital, technology and the management and use of data across government;

- iii. Ensure government continues to work in an open and transparent way;
- iv. Create an efficient and effective government estate;
- v. Support departments in improving project delivery in government, establishing the UK's long-term infrastructure priorities, securing private sector investment;
- vi. Deliver cross-government commercial advice and services;
- vii. Oversee communications for the Government at large; and
- viii. Drive efficiencies across government and support public sector reform.

4. Ensuring the effective running of the Department and contribute to the Government's cross-cutting priorities

- i. Build a smaller, sustainable organisation with a flexible workforce of skilled and professional people;
- ii. Create a diverse and inclusive Cabinet Office;
- iii. Deliver an effective financial control environment and provide financial information that supports decision-making;
- iv. Ensure the Cabinet Office is provided with high-quality digital and technology systems;
- v. Ensure that digital information is managed securely and effectively across the Cabinet Office;
- vi. Increase the number of apprenticeships;
- vii. Promote the Reserves Challenge;
- viii. Implement sustainability programmes and measure progress;
- ix. Increase spending with small and medium-sized businesses;
- x. Increase devolution capability and engagement with the Cabinet Office; and
- xi. Ensure the Cabinet Office continues to operate in an open and transparent way.

To enable comparability across the reporting years within Tables 1 and 2, outturn for financial years 2012-13 to 2016-17 has been restructured into the segmentation used in Main Estimate 2017-18 and for plans in 2018-19 and 2019-20. Furthermore, these segments have been relabelled in keeping with the Cabinet Office's Purpose.

Total outturn for 2016-17 and 2015-16 agrees to total outturn reported in the Statement of Parliamentary Supply. However, SOPS Notes 1.1 and 1.2 are segmented according to the reporting structure in place at Supplementary Estimate 2016-17.

Table 1 – Cabinet Office total departmental spending 2012-13 to 2019-20

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
£000	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Resource DEL								
Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy	111,059	45,859	79,909	67,863	92,849	61,898	69,038	57,258
Support the design and implementation of HM Government's policies and the Prime Minister's priorities	58,347	55,086	59,916	38,198	45,806	46,721	30,962	37,679
Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	88,195	113,553	139,023	126,758	189,628	150,557	125,069	102,847
Ensuring the effective running of the Department and contribute to the Government's cross-cutting priorities	77,727	37,100	41,799	70,088	71,267	91,456	51,448	56,108
Arm's length bodies (net)	1,442	1,794	2,031	1,972	1,947	2,888	2,416	2,485
Elections ¹	-	-	96,509	99,509	47,706	145,600	-	-
UK members of the European Parliament ¹	1,831	1,826	2,550	2,433	2,145	2,750	-	-
Cabinet Office CFER	-	-	(309)	(82)	(128)	(123)	-	-
Total resource DEL	338,601	255,218	421,428	406,739	451,220	501,747	278,933	256,377
<i>Of which:</i>								
Staff costs	138,235	168,296	177,692	166,493	198,911	154,927	142,519	137,585
Purchase of goods and services	256,056	241,447	322,583	316,669	286,481	664,319	313,933	303,688
Income from sales of goods and services	(90,907)	(182,932)	(128,705)	(126,628)	(111,478)	(373,618)	(217,470)	(210,158)
Current grants to local government (net)	784	8,255	34,402	29,875	33,885	-	-	-
Current grants to persons and non-profit bodies (net)	4,350	3,140	2,515	3,004	3,319	9,549	14,265	1,318
Rentals	31,581	12,857	9,006	12,662	18,382	13,210	12,686	10,944
Depreciation ²	11,241	13,866	12,584	18,637	22,101	35,000	15,000	15,000
Other resource	(12,739)	(9,711)	(8,649)	(13,973)	(381)	(1,640)	(2,000)	(2,000)
Resource AME								
Cabinet Office AME	(35,638)	(4,189)	(430)	2,646	(4,786)	5,000	5,000	5,000
Total resource AME	(35,638)	(4,189)	(430)	2,646	(4,786)	5,000	5,000	5,000
<i>Of which:</i>								
Rentals	-	1	-	-	-	-	-	-
Depreciation ²	988	565	2,269	2,974	(118)	5,000	5,000	5,000
Take-up of provisions	(840)	(3,305)	(787)	5,057	(128)	-	-	-
Release of provision	(4,062)	(1,424)	(1,876)	(1,164)	(4,484)	-	-	-
Other resource	(31,724)	(26)	(36)	(4,221)	(56)	-	-	-
Total resource budget	302,963	251,029	420,998	409,385	446,434	506,747	283,933	261,377
<i>Of which:</i>								
Depreciation²	12,229	14,431	14,853	21,611	21,983	40,000	20,000	20,000

Table 1 – Cabinet Office total departmental spending 2012-13 to 2019-20 (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
£000	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Capital DEL								
Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy	2,250	6,972	3,729	7,854	19,214	12,561	6,242	4,449
Support the design and implementation of HM Government's policies and the Prime Minister's priorities	1,798	1,476	1,528	2,684	2,125	1,753	600	200
Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	3,505	4,074	16,859	10,398	17,903	71,999	16,350	9,203
Ensuring the effective running of the Department and contribute to the Government's cross-cutting priorities	6,575	17,228	7,736	(58,064)	8,327	10,697	1,808	1,148
Total capital DEL	14,128	29,750	29,852	(37,128)	47,569	97,010	25,000	15,000
Of which:								
Capital support for local government (net)	7,980	4,914	3,390	-	-	-	-	-
Capital grants to persons and non-profit bodies (net)	(8,084)	(3)	(16)	-	(1,625)	(6,814)	-	-
Purchase of assets	14,812	25,958	27,758	26,527	49,194	103,824	25,000	15,000
Income from sales of assets	(44,261)	(2)	-	(64,285)	-	-	-	-
Net lending to the private sector and abroad	(464)	(1,117)	(1,280)	630	-	-	-	-
Other capital	44,145	-	-	-	-	-	-	-
Capital AME								
Of which:	-	-	-	-	-	-	-	-
Total capital budget	14,128	29,750	29,852	(37,128)	47,569	97,010	25,000	15,000
Total departmental spending³	304,862	266,348	435,997	350,646	472,020	563,757	288,933	256,377
Of which:								
Total DEL	341,488	271,102	438,696	350,974	476,688	563,757	288,933	256,377
Total AME	(36,626)	(4,754)	(2,699)	(328)	(4,668)	-	-	-

¹ It is custom for HM Treasury to provide funding for Consolidated Fund Standing Services, in this case Parliamentary elections and the salary and pension costs of the UK members of the European Parliament, on an annual basis rather than at Spending Review

² Includes impairments

³ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME

Table 2 – Cabinet Office administration budget 2012-13 to 2019-20

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
£000	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Resource DEL								
Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy	16,143	15,967	13,772	15,683	39,835	30,600	36,538	29,858
Support the design and implementation of HM Government's policies and the Prime Minister's priorities	56,497	53,197	56,336	38,858	40,648	36,887	27,110	33,921
Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	44,935	47,472	42,816	44,384	47,627	21,138	25,468	21,220
Ensuring the effective running of the Department and contribute to the Government's cross-cutting priorities	75,389	36,356	41,770	50,942	66,033	69,656	55,223	60,342
Arm's length bodies (net)	1,442	1,794	2,028	1,797	1,725	2,658	2,303	2,369
Cabinet Office CFER	-	-	(309)	-	-	-	-	-
Total administration budget	194,406	154,786	156,413	151,664	195,868	160,939	146,642	147,710
<i>Of which:</i>								
Staff costs	108,669	118,843	117,390	110,770	126,265	113,213	115,490	111,610
Purchase of goods and services	138,579	198,235	150,885	122,724	144,869	299,784	163,516	178,823
Income from sales of goods and services	(83,432)	(178,094)	(118,533)	(101,546)	(102,164)	(285,751)	(160,050)	(168,667)
Current grants to persons and non-profit bodies (net)	-	(1)	-	-	-	-	-	-
Rentals	31,743	12,314	8,245	11,902	14,360	13,210	12,686	10,944
Depreciation	8,563	10,313	8,034	14,740	12,550	20,000	15,000	15,000
Other resource	(9,716)	(6,824)	(9,608)	(6,926)	(12)	483	-	-



John Manzoni

Chief Executive of the Civil Service,
Cabinet Office Permanent Secretary
and Principal Accounting Officer

8 September 2017

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

I certify that I have audited the financial statements of the Cabinet Office and of its Departmental Group for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2016. The financial statements comprise: the Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes.

These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Accounting Officer; and
- the overall presentation of the financial statements.

In addition I read all the financial and non-financial information in the Cabinet Office Annual Report and Accounts 2016-17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Departmental Group's affairs as at 31 March 2017 and of the Departmental Group's net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

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

12 September 2017

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Net expenditure

for the year ended 31 March 2017

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

£000		2016-17	2015-16 Restated ¹
	Note	Departmental group	Departmental group
Income	5	(114,256)	(147,462)
Income from associates	5	(8,448)	(7,146)
Total operating income	5	(122,704)	(154,608)
Staff costs	4	196,766	164,060
Returning Officers' Expenses, England and Wales	4	47,706	99,509
Purchase of goods and services	4	230,469	218,279
Rent	4	21,686	15,726
Grants	4	37,204	32,879
Depreciation and impairment charges	4	24,319	18,185
Non-cash costs	4	435	5,538
Other operating expenditure	4	-	5,653
Total operating expenditure	4	558,585	559,829
Net operating expenditure		435,881	405,221
Finance income and expenditure		2	(63)
Net expenditure for the year		435,883	405,158
Other comprehensive income			
Items that will not be reclassified to net operating expenditure:			
<i>Net gain on:</i>			
Revaluation of property, plant and equipment	4, 6	(2,012)	(922)
Revaluation of intangible assets	8	(100)	(111)
Total other comprehensive income		(2,112)	(1,033)
Comprehensive net expenditure for the year		433,771	404,125

¹See Note 2

Notes 1 to 25 form part of these accounts

Consolidated Statement of Financial Position

as at 31 March 2017

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

£000		2016-17	2015-16 Restated ¹	As at 1 April 2015 Restated ¹
	Note	Departmental group	Departmental group	Departmental group
Non-current assets				
Property, plant and equipment	6	212,415	209,811	202,521
Investment properties	7	-	2,320	2,320
Intangible assets	8	18,193	6,153	6,102
Investments in associates	14	64,048	57,320	56,204
Other financial assets	15	350	350	350
Other non-current assets	18	-	-	11,050
Total non-current assets		295,006	275,954	278,547
Current assets				
Assets classified as held for sale	16	16,812	-	60,000
Inventories		563	555	476
Trade and other receivables	18	109,443	112,371	84,921
Cash and cash equivalents	17	30,333	49,393	66,682
Total current assets		157,151	162,319	212,079
Total assets		452,157	438,273	490,626
Current liabilities				
Trade and other payables	19	(150,216)	(162,533)	(183,889)
Provisions	20	(2,904)	(7,465)	(2,729)
Total current liabilities		(153,120)	(169,998)	(186,618)
Total assets less current liabilities		299,037	268,275	304,008
Non-current liabilities				
Provisions	20	(2,230)	(2,281)	(3,126)
Total non-current liabilities		(2,230)	(2,281)	(3,126)
Total assets less liabilities		296,807	265,994	300,882
Taxpayers' equity and other reserves				
General fund		230,722	199,330	233,059
Revaluation reserve		66,085	66,664	67,823
Total equity		296,807	265,994	300,882

¹See Note 2



John Manzoni

Chief Executive of the Civil Service,
Cabinet Office Permanent Secretary
and Principal Accounting Officer

8 September 2017

Notes 1 to 25 form part of these accounts

Consolidated Statement of Cash Flows

for the year ended 31 March 2017

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

£000		2016-17	2015-16 Restated ¹
	Note	Departmental group	Departmental group
Cash flows from operating activities			
Net operating expenditure		(435,881)	(405,221)
Adjustments for non-cash expenditure	4	24,754	23,723
Adjustments for non-cash income	5	(10,073)	(7,146)
Remove dividend income	5	(2,000)	(2,000)
Increase in trade and other receivables	18	2,928	(16,400)
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Movement in amounts relating to provision for doubtful debt	4	191	(1,001)
Amounts relating to bad debt write-off	4	(2,340)	(68)
Increase in inventories		(8)	(79)
Decrease in trade and other payables	19	(12,317)	(21,356)
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Amounts due to the Consolidated Fund for Supply	19	13,378	25,276
Cash surrenderable to the Consolidated Fund	19	30	(150)
Movement in capital accruals relating to investing activities		(5,660)	1,018
Returning Officers' expenses, England and Wales			
Excess cash surrenderable to the Consolidated Fund			
- 2015 UK Parliamentary general election	19	(500)	(2,500)
- 2014 European Parliamentary election	19	681	(681)
- 2016 Police and Crime Commissioner elections	19	(1,000)	-
Use of provisions	20	(4,484)	(1,164)
Net cash outflow from operating activities		(432,301)	(407,749)
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)	6	(33,948)	(22,961)
Purchase of intangible assets	8	(13,621)	(4,278)
Proceeds of disposal of PPE	6	-	145
Proceeds of disposal of assets held for sale	16	-	64,221
Dividends received from Crown Commercial Service	5	2,000	2,000
Dividends received from associates	14	1,720	6,030
Movement in capital accruals		5,660	(1,018)
Net cash outflow from investing activities		(38,189)	44,139

¹ See Note 2

Consolidated Statement of Cash Flows (continued)

£000		2016-17	2015-16 Restated ¹
	Note	Departmental group	Departmental group
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		404,501	418,069
From the Consolidated Fund (Supply) – in respect of machinery of government transfers of functions	2	-	(175,646)
From the Consolidated Fund (Non-supply) – current year		51,663	104,523
Interest (expense)/income		(2)	63
Net financing		456,162	347,009
Net decrease in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
Payments of amounts to the Consolidated Fund – consultant lobbyists' registration fees	19	(158)	(10)
Returning Officers' expenses, England and Wales			
Forfeited deposits surrendered to the Consolidated Fund			
- 2015 UK Parliamentary general election	5	-	(676)
- UK Parliamentary by-elections	5	(28)	(2)
- 2016 Police and Crime Commissioner elections	5	(25)	-
Excess cash surrendered to the Consolidated Fund			
- 2015 UK Parliamentary general election	19	(2,500)	-
- 2015 UK Parliamentary general election – consolidation adjustment ²		(1,340)	-
- 2014 European Parliamentary election	19	(681)	-
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	17	(19,060)	(17,289)
Cash and cash equivalents at the beginning of the period	17	49,393	66,682
Cash and cash equivalents at the end of the period	17	30,333	49,393

¹ See Note 2

² Returning Officers' Expenses, England and Wales, Statement of Accounts 2015-16 were authorised for issue on 14 July 2016 after the Cabinet Office Consolidated Accounts were authorised for issue on 5 July 2016. A reduction in accruals and corresponding increase in excess cash surrenderable to the Consolidated Fund of £1,339,582 was made in the Returning Officers Expenses' Accounts after 5 July 2016

Notes 1 to 25 form part of these accounts

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2017

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

£000		General fund	Revaluation reserve	Taxpayers' equity
	Note	Departmental group	Departmental group	Departmental group
Balance at 31 March 2015		234,545	67,823	302,368
Assets and liabilities exported on machinery of government transfer of functions	2	(1,486)	-	(1,486)
Restated balance at 1 April 2015		233,059	-	300,882
Net Parliamentary funding – drawn down		418,069	-	418,069
- Amounts relating to machinery of government transfer of functions	2	(175,646)	-	(175,646)
Net Parliamentary Funding – deemed	19	55,559	-	55,559
Supply payable adjustment	19	(30,283)	-	(30,283)
Cash surrenderable to the Consolidated Fund – consultant lobbyists' registration fees and civil penalties	19	(160)	-	(160)
Comprehensive net expenditure for the year		(405,158)	-	(405,158)
Returning Officers' expenses, England and Wales				
Consolidated Fund Standing Services – non-supply – drawn down				
- 2015 UK Parliamentary general election		104,523	-	104,523
Forfeited deposits surrenderable to the Consolidated Fund				
- 2015 UK Parliamentary general election	5	(676)	-	(676)
- UK Parliamentary by-elections	5	(2)	-	(2)
Excess cash surrenderable to the Consolidated Fund				
- 2015 UK Parliamentary general election	19	(2,500)	-	(2,500)
- 2014 European Parliamentary election	19	(681)	-	(681)
Non-cash adjustments				
Adjustment – Civil Service Commission		(26)	1	(25)
Non-cash charges – auditors' remuneration	4	483	-	483
Amounts relating to machinery of government transfer of functions – Notional Corporate Services recharges for IUK	4	576	-	576
Movements in reserves				
Net gain on revaluation of property, plant and equipment	4, 6	-	922	922
Net gain on revaluation of intangible assets	8	-	111	111
Transfers between reserves		2,193	(2,193)	-
Restated balance at 31 March 2016		199,330	66,664	265,994

Consolidated Statement of Changes in Taxpayers' Equity (continued)

£000		General fund	Revaluation reserve	Taxpayers' equity
	Note	Departmental group	Departmental group	Departmental group
Restated balance at 31 March 2016 brought forward		199,330	66,664	265,994
Net Parliamentary funding – drawn down		404,501	-	404,501
Net Parliamentary funding – deemed	19	30,283	-	30,283
Supply payable adjustment	19	(16,905)	-	(16,905)
Cash surrenderable to the Consolidated Fund – consultant lobbyists' registration fees	19	(129)	-	(129)
Comprehensive Net Expenditure for the year		(435,883)	-	(435,883)
Registrar of Consultant Lobbyists – consolidation adjustment ¹		1	-	1
Returning Officers' Expenses, England and Wales				
Consolidated Fund Standing Services – non-supply – drawn down				
- 2016 Police and Crime Commissioner elections		51,663	-	51,663
Forfeited deposits surrenderable to the Consolidated Fund				
- UK Parliamentary by-elections	5	(28)	-	(28)
- 2016 Police and Crime Commissioner elections	5	(25)	-	(25)
Excess cash surrenderable to the Consolidated Fund				
- 2015 UK Parliamentary general election	19	(3,000)	-	(3,000)
- 2015 UK Parliamentary general election – consolidation adjustment ²		(1,340)	-	(1,340)
- 2016 Police and Crime Commissioner elections	19	(1,000)	-	(1,000)
Non-cash adjustments				
Non-cash charges – auditors' remuneration	4	563	-	563
Movements in reserves				
Net gain on revaluation of property, plant and equipment	4, 6	-	2,012	2,012
Net gain on revaluation of intangible assets	8	-	100	100
Transfers between reserves		2,691	(2,691)	-
Balance at 31 March 2017		230,722	66,085	296,807

¹ The Registrar of Consultant Lobbyists Statement of Accounts 2015-16 was authorised for issue on 14 July 2016. Small adjustments were made in these accounts after the Cabinet Office consolidated Accounts were authorised for issue on 5 July 2016.

² Returning Officers' Expenses, England and Wales, Statement of Accounts 2015-16 were authorised for issue on 14 July 2016 after the Cabinet Office Consolidated Accounts were authorised for issue on 5 July 2016. A reduction in accruals and corresponding increase in excess cash surrenderable to the Consolidated Fund of £1,339,582 was made in the Returning Officers Expenses' Accounts after 5 July 2016.

Notes 1 to 25 form part of these accounts

Notes to the accounts

1. Statement of accounting policies

1.1 Statement of compliance

These financial statements have been prepared in accordance with the 2016-17 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Cabinet Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Cabinet Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Basis of preparation

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

1.3 Basis of consolidation

These accounts comprise a consolidation of the Core Department and those arm's length bodies which fall within the departmental boundary as defined in the *FReM* and make up the 'departmental group'. Transactions between entities included in the consolidation are eliminated. A list of all those entities within the departmental boundary is given at Note 24.

The accounts of the Civil Service Commission and of the Registrar of Consultant Lobbyists are not material to the Cabinet Office and therefore the core account is not disclosed separately in the financial statements and related notes.

1.4 Going concern

The financial statements for the Cabinet Office have been prepared on the basis that the Department is a going concern. The 2015 Spending Review set out budgets for 2016-17 to 2019-20 and Parliament has authorised spending for 2017-18 in the Main Estimate published within *Central Government Main Estimates 2017-18 (HC 1127)*.

Legislation requires that election expenses of Returning Officers are met directly from HM Treasury's Consolidated Fund as a Consolidated Fund Standing Service without the need for further annual authorisation from Parliament. The financial statements for the Civil Service Commission and the Registrar of Consultant Lobbyists have been prepared on the basis that they are going concerns financed by grant-in-aid from the Cabinet Office.

1.5 Restated amounts

Prior year comparatives are restated for machinery of government transfers of function. Machinery of government changes involve the transfer of functions or responsibilities between two or more government departments and are accounted for as a business combination using merger accounting principles in accordance with the *FReM*.

Accordingly, the results and cash flows relating to the in-year transferred functions or responsibilities are written in or out of the accounts from the start of the financial year and prior year comparatives are restated, with corresponding adjustments being made to the general fund. By so doing, it appears that the Department always existed in its present form. This enables the user of the accounts to make useful comparisons between the data from the prior year to the current year.

1.6 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position (SoFP) and amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Department's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Private Finance Initiative (PFI) arrangements

The classification of Private Finance Initiative (PFI) arrangements as service concession arrangements requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure. See Note 12.3.

Determining whether an arrangement contains a lease

The classification of long-term arrangements as containing a lease requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset.

Operating lease commitments

The classification of property, plant and equipment leases as operating or finance lease requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets; and, accordingly, whether the lease requires an asset and liability to be recognised in the SoFP. See Note 12.1.

1.6 Judgements and key sources of estimation uncertainty (continued)

Impairment of assets

The Department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairments that are due to a clear consumption of economic benefit are recognised in the Statement of Comprehensive Net Expenditure (SoCNE) rather than set against an available revaluation reserve. The treatment of impairments in accounts therefore corresponds with the treatment in departmental budgets and estimates. See Notes 6 and 8.

Development costs

Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed.

1.7 Operating segments

Operating segments are based on the main areas of business activity and align with performance reporting. They are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Accounting Officer and the Board.

1.8 Employee benefits

Short-term benefits

Where an employee has rendered service to the Department during the financial year, the Department recognises as an expense the undiscounted amount of short-term employee benefits expected to be paid wholly in exchange for that service before 12 months after the end of the reporting period.

Performance non-consolidated payments are not accrued at 31 March since the appraisal process which determines performance pay is only finalised after the accounts have been prepared.

Termination benefits

Termination benefits include lump sum payments and payments in lieu of notice. The Department makes provision for termination benefits in cases of compulsory redundancy on announcement of a detailed plan. The Department makes a provision for voluntary redundancies upon issue of offer letters to employees and where there is full or over-subscription by employee applications to the scheme. The Department then accrues for termination benefits in cases of both voluntary and compulsory redundancy at the point at which the employee has accepted the offer made by the Department, and then reverses the earlier provision.

1.9 Pensions

The majority of past and present employees within the Cabinet Office departmental boundary are covered by the provisions of the Civil Service pension arrangements. The defined benefit schemes are unfunded.

The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Civil Service pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Civil Service pension arrangements. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.10 Grants

Grants are unrequited payments made by the Department to outside bodies to reimburse expenditure on agreed items or functions and are often only paid on statutory conditions being met. Under the terms and conditions of some grants, the unspent element may be returned to the Department, if the conditions are not met or if the grant is no longer required. Grants may be resource or capital. The Department recognises grant expenditure at the point of cash disbursement.

Grants-in-aid are financing payments made by the Department to an arm's length body. They are recognised in the accounts of the Core Department only and eliminated on consolidation. The Department recognises grants-in-aid at the point of cash disbursement.

1.11 Revenue

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Department and is measured at the fair value of the consideration received or receivable. It is recognised when it is probable that any future economic benefit associated with the item of revenue will flow to the entity and when the amount of revenue can be measured with reliability; it may not be probable until the consideration is received or until an uncertainty is removed.

Operating income recognised in SoCNE

Operating income is generated by the Department in pursuit of its activities and in managing its affairs. It is stated net of VAT. Operating income principally comprises fees and charges for services provided on a full-cost basis to external customers as well as public repayment work and includes income due to the Consolidated Fund, which, in accordance with the FReM, is treated as operating income. Royalties are recognised on an accruals basis.

Dividends are recognised when the Department's right to receive payment has been established. Grant repayments are recognised at the point of cash receipt.

1.11 Revenue (continued)

Income payable to the Consolidated Fund and recognised in SoCNE

Returning Officers are required to return forfeited deposits of unsuccessful election candidates to the Consolidated Fund via the Cabinet Office no later than one working day after the result of the election has been declared. Deposits are forfeited by those candidates who fail to obtain one-twentieth of the total number of valid first preference votes cast at UK Parliamentary elections and by-elections and Police and Crime Commissioner elections and one fortieth of the votes cast at European Parliamentary elections.

Fees charged upon consultant lobbyists for making, updating and maintaining their entries in a Register are returned to the Consolidated Fund. HM Treasury has agreed that these fees may be netted off against expenditure and recorded as income in SoCNE.

Non-operating income recognised in SoFP

Non-operating income relates to the sale of capital assets.

1.12 Value Added Tax

Some of the activities of the Core Department are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. The net amount due to/from HM Revenue and Customs in respect of VAT is included within receivables and payables in the SoFP.

1.13 Property, plant and equipment

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques and properties surplus to requirement. Cost comprises the amount of cash paid to acquire the asset and includes any costs necessary to bring the asset to working condition for its intended use. The capitalisation threshold for expenditure on property, plant and equipment is £5,000.

Land and buildings are restated to fair value every five years (every three years for Sunningdale Park) using professional valuations prepared in accordance with current Royal Institution of Chartered Surveyors Valuation Standards. In the intervening years, if material, changes in fair value are determined by reference to current prices on an active market for similar property.

Residual interests in Private Finance Initiative (PFI) properties are included in property, plant and equipment at the amount of unitary charge allocated for the acquisition of the residual to the date of the SoFP plus an adjustment based on the net present value of the change in fair value of the residual as estimated at

the start of the contract and its estimated fair value at the date of the SoFP. Other operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. Published indices appropriate to the category of asset are normally used to estimate value.

Art and antiques, including some heritage assets, have been inherited by the Department since its earliest existence and are held mainly in 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 nor indexed.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNE, in which case the increase is recognised in the SoCNE. A revaluation deficit is recognised in the SoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE.

1.14 Depreciation on property, plant and equipment

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Useful lives and residual values are reviewed annually and, where adjustments are required, these are made prospectively.

Asset lives are normally in the following ranges:

Freehold buildings, including dwellings	22 to 60 years
Leasehold building improvements	over the remaining term of the lease
Information technology and office equipment	3 to 6 years
Plant and machinery	3 to 10 years
Furniture and fittings	5 to 14 years

Assets in the course of construction are not depreciated until the assets are available for use. Residual interests in PFI contract assets are not depreciated until the asset reverts to the Department. No depreciation is provided on freehold land and items for collections since they have unlimited or very long estimated useful lives, nor on non-current assets held for sale. Assets continue to depreciate until they are derecognised, even if during that period they are idle.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

1.15 Donated assets

The value of donated assets is recognised as income and credited to the general fund. Any subsequent revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNE, in which case the increase is recognised in the SoCNE. A revaluation deficit is recognised in the SoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Gifts of ornaments and jewellery received by past and present Prime Ministers and their spouses are treated as donated assets within art and antiques and capitalised at their fair value on receipt. They are subject to professional valuation every five years. Gifts are not depreciated, since, by their nature, their useful economic life is indefinite.

The Civil Service Club is recognised as a donated asset. Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Majesty 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 6.

1.16 Investment properties

Properties held to earn rentals, capital appreciation or both are recognised as investment properties at fair value.

Fair value of investment properties is based on professional valuations every five years (every three years for Sunningdale Park), or, if available for an individual investment property, by reference to an agreed sale price on an active market. In the intervening years, if material, changes in fair value are recognised by reference to current prices on an active market for similar property. Changes arising from valuations are recognised directly in the SoCNE. The Department does not depreciate its investment properties.

1.17 Intangible assets and amortisation

Intangible assets are defined as identifiable non-monetary assets without physical substance. Software that is embedded in computer-controlled equipment that cannot operate without that specific software is an integral part of the related hardware and is treated as property, plant and equipment.

Intangible assets are measured on initial recognition at cost. The capitalisation threshold for expenditure on intangible assets is £5,000. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the SoFP.

Where no active market exists, the Department uses published indices to assess the depreciated replacement cost. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Amortisation

Intangible assets are currently assessed to have a finite life of between three and six years and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Assets in the course of construction are not amortised until the assets are brought into use.

Externally acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to six years. As reliable evidence of market value could not be obtained, these have not been revalued. It is expected that the amount of revaluation is immaterial.

Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the Department can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use; its intention to complete and its ability to use the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value.

1.18 Operating Leases

Operating leases are charged to the SoCNE on a straight-line basis over the lease term.

1.19 Private Finance Initiative (PFI) transactions

Where the Department has control over a PFI asset, or where the Department does not have control but the balance of risks and rewards of control is borne by the Department, the asset is recognised as a non-current asset.

The Department recognises a liability for the capital value of the contract. That liability does not include interest charges and service elements, which are expensed annually to the SoCNE.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment (Note 1.13) and intangible assets (Note 1.17). Liabilities are measured using the appropriate discount rate. Where the Department does not have control over the PFI asset and the balance of risks and rewards of control are borne by the PFI operator, the PFI payments are recorded as an expense in the SoCNE.

1.19 Private Finance Initiative (PFI) transactions (continued)

Where the Department has contributed assets to a PFI operator, a pre-payment for their fair value is recognised and amortised over the life of the PFI contract. Amortisation is recognised as an expense to the SoCNE.

Where at the end of the PFI contract a property reverts to the Department, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

The values for both of these elements (the pre-payment and the reversionary interest) are recognised as property, plant and equipment. The element of a property covered by a lease granted to a PFI operator, and for which sub-leases are granted to the Department for continued occupation, is recognised as an investment property.

1.20 Financial assets

Financial assets are recognised when the Department becomes party to the contracts that give rise to them and are classified as: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets as appropriate. The Department determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value except for public dividend capital which is reported at historical cost less any impairment.

Fair value is determined as the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Department considers whether a contract contains an embedded derivative when the entity first becomes party to it.

Embedded derivatives are separated from the host contract if the contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract.

The subsequent measurement of financial assets depends on their classification. The following classifications are currently applicable:

Investments in other bodies

Public dividend capital is shown at historical cost, less any impairment. The Cabinet Office has public dividend capital held within the Crown Commercial Service.

The Cabinet Office assesses at 31 March whether there is objective evidence that this asset is impaired in terms of whether there has been a decline in value below its cost. Dividends are recognised when the Department's right to receive payment is established.

Loans and receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. Provision is made when there is objective evidence that the Department will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Advances to Returning Officers

Prior to an election, the Department pays an initial advance to each Returning Officer of up to 75% of the estimated cost of running the poll in his or her voting area. Returning Officers can subsequently request further payments, for instance to cover invoices that need to be paid urgently, up to a maximum of 90%. Following an election, Returning Officers are required to submit a statement of accounts showing the actual costs incurred in running the poll.

Advances are recognised as receivables in the accounts until expense claims are settled.

If Returning Officers have spent more than the amount advanced to them, they will be reimbursed accordingly, unless they have failed to submit an expense claim within agreed deadlines and sanctions are applied against them, in which case no additional payments are made and Returning Officers must bear the additional cost of the elections themselves.

In exceptional cases where the total cost of a claim exceeds the maximum recoverable amount, the Department has the discretion to pay the additional expenses if the Returning Officer can provide evidence that the expenditure was necessary and reasonable for the effective and efficient conduct of the poll.

Amounts owed by Returning Officers

If Returning Officers have spent less than the amount advanced to them, an invoice for the underspend will be raised upon them resulting in a debtor balance. Financial assets are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1.21 Investments in associates

An associate is an entity over which the Department has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. It is assumed that associate status exists where the Department has a shareholding of 20% or more.

Investments in associates are required to be accounted for using the equity method whereby an investment is initially recorded at cost and subsequently adjusted to reflect the Department's share of the net profit or loss, and thereby of the net assets, and of the other comprehensive income of the associate.

In cases where an associate incurs substantial losses, such that the investment is written down to nil, additional losses are not recognised, given the Department has no legal or constructive obligation in respect of the associate's cumulative losses. Dividend distributions received from the associate reduce the carrying amount of the investment. Recoverable amounts are assessed for each individual associate.

In cases where the associate's and the Department's reporting periods are not coterminous but are no greater than three months apart, the Department uses the most recent audited financial statements of the associate in applying the equity method of accounting and, where necessary, makes adjustments for the effects of significant transactions up to the reporting date of the Department's financial statements.

In cases where the associate's and the Department's accounting policies are not uniform, then where material, adjustments are made.

1.22 Assets classified as held for sale

Assets held for sale are assets where the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For an asset to be classified as held for sale, it must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets; its sale must be highly probable; and it must genuinely be expected to be sold, not abandoned. Items of property, plant and equipment that are classified as held for sale are written down to fair value less costs to sell if lower than their carrying value, and are not depreciated further.

1.23 Cash and cash equivalents

Cash in the SoFP comprises cash at bank and in hand. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

1.24 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Other financial liabilities

Trade and other payables are recognised at cost, which is deemed to be materially the same as the fair value. Where the time value of money is material, payables are subsequently measured at amortised cost.

Trade and other payables include accruals for election expenses, cash receipts from Returning Officers in respect of unsettled claims, and forfeited deposits and excess cash surrenderable to the Consolidated Fund.

Accruals for Returning Officers' expenses

On the date of an election, an accrual is raised for the costs of candidates' mailings and for the maximum recoverable amount for each Returning Officer's constituency as listed in the statutory instrument, the 'Charges Order'. In addition to setting the maximum recoverable amounts, the Charges Order specifies the types of expenses that Returning Officers can claim which must be necessary and reasonable for the effective conduct of the poll. Accounts regulations issued for elections require Returning Officers to submit statements of account/expense claims within six months of the date on which the result of an election is announced.

Accruals at 31 March are adjusted to reflect the actual level of claims received from Returning Officers in cases where trends indicate that the actual level of claims may be materially lower than the maximum recoverable amount.

Accruals are reversed in full upon settlement of Royal Mail invoices and each Returning Officer's expense claim.

Excess cash surrenderable to the Consolidated Fund in respect of elections

In advance of an election, the Department estimates the likely costs that each Returning Officer will incur. This is based on each Returning Officer's approved expenditure from the last relevant poll adjusted for changes in the electorate size, numbers of postal voters, inflation and the change in the degree of poll combination. The Department agrees the projected costs with HM Treasury so that funds may be made available from the Consolidated Fund once the Charges Order is made by the Parliamentary Secretary (Minister for the Constitution).

Excess cash arises when Returning Officers' expense claims and invoices for the delivery of candidate mailings are less than the estimated cost of conducting the poll upon which the funding is based.

1.25 Provisions

A provision is recognised when the Department has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

1.25 Provisions (continued)

For general provisions, if the effect is material, expected future cash flows are discounted using real rates set by HM Treasury with effect from 31 March 2017:

Short-term rate	between 0 and 5 years	-2.70%	2015-16: -1.55%
Medium-term rate	between 5 and 10 years	-1.95%	2015-16: -1.00%
Long-term rate	over 10 years	-0.80%	2015-16: -0.80%

For early departure costs, the Department establishes a provision for the estimated payments discounted by the Treasury rate of 0.24% (2015-16: 1.37%) in real terms effective from 31 March 2017. Where discounting is used, the increase in the provision due to borrowing costs is recognised as a finance cost.

1.26 Contingent liabilities and contingent assets

Contingent assets and liabilities are not recognised as liabilities or assets in the SoFP but are disclosed in the notes to the accounts in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or present obligation arising from past events that is not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably measured.

Where the time value of money is material, contingent liabilities, which are required to be disclosed under IAS 37, are stated at discounted amounts and the amount reported to Parliament separately noted.

The Department discloses a contingent asset where it is probable that there will be an inflow of economic benefits from an event whose outcome is uncertain. An estimate of the financial effect is indicated where possible.

1.27 Impending application of newly issued accounting standards not yet effective

The following amendments to standard are expected to be applied in 2018-19 but early adoption is permitted in 2017-18 following EU adoption and review

IAS 7 Statement of Cash Flows (Disclosure Initiative)

These amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The following standards and amendments are expected to be applied in 2018-19 following EU adoption and review

IFRS 9 Financial Instruments

The objective of the new standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments.

IFRS 15 Revenue from Contracts with Customers (including clarifications)

The disclosure objective of the new standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

IFRS 1 First time adoption of IFRS

This amendment deletes the short-term exemptions in paragraphs E3–E7 because they have now served their intended purpose.

IFRS 12 Disclosure of interests in other entities

This amendment clarifies the scope of the standard.

IFRS 40 Investment Property

This amendment clarifies that judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on the guidance of IFRS 3.

The following standard is expected to be applied in 2019-20 following EU adoption and consultation

IFRS 16 Leases

This new standard represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that the leases have on the financial position, financial performance and cash flows of the lessee.

The following standard is expected to be applied in 2021-22 following EU adoption and consultation

IFRS 17 Insurance

This new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. It provides a basis for users of the financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The EU has postponed the endorsement process

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

These amendments prescribe the accounting treatment for the sale or contribution of assets between an investor and its associate or joint venture.

2. Restatement of prior year comparatives

In 2016-17 a number of machinery of government changes affected Cabinet Office, as follows:

MOG Reference	Office/Team	Exporting Department	Importing Department
MOG 1	European and Global Issues Secretariat	Cabinet Office	Department for Exiting the European Union
MOG 2	The GREAT Britain Campaign Team	Cabinet Office	Department for International Trade
MOG 3	Office for Civil Society	Cabinet Office	Department for Culture, Media & Sport
MOG 4	Computer Emergency Response Team UK	Cabinet Office	Government Communications Headquarters
MOG 5	Infrastructure UK	HM Treasury	Cabinet Office

European and Global Issues Secretariat

The Department for Exiting the European Union (DExEU) was established on 14 July 2016 and, as a result, most of the European and Global Issues Secretariat functions from the Cabinet Office were transferred to DExEU.

This budget will contribute towards enabling DExEU to support the Prime Minister to deliver the Government's objective of exiting the EU.

The GREAT Britain Campaign Team

The GREAT Britain Campaign (GREAT) unifies the marketing efforts of Her Majesty's Government's internationally facing departments and organisations within a single high-impact brand that maximises economic returns from the global markets of tourism, trade, investment and education. It aims to inspire the world to think differently about Britain in order to encourage more people to visit, study, invest in and do business with the UK.

Following the formal establishment of the Department for International Trade (DIT), policy responsibility for GREAT transferred from the Cabinet Office to DIT. The campaign is led and managed by a standalone unit, reporting to the Secretary of State for International Trade.

Office for Civil Society

The Office for Civil Society (OCS) and its responsibilities including social investment, youth policy, the National Citizen Service, social action and supporting a resilient and capable voluntary, charitable and social enterprise sector transferred from the Cabinet Office to the Department for Culture, Media & Sport (DCMS).

The transfer integrated growing a stronger civil society with DCMS's existing mission to enrich lives. It will also simplify sponsorship responsibilities for the lottery providers.

The expanded DCMS will bring together in one place the Government's strategies for promoting social action and giving with the strategies for increasing health, well-being and social mobility through access and participation in the arts, heritage and sport. It will also enable stronger links between the National Citizen Service and social action opportunities in these areas. OCS will continue its cross-government contribution to public services and the social economy as well as the promotion of mission-led business and mutuals.

Computer Emergency Response Team UK

In the 2015 Strategic Defence and Security Review the Government confirmed that it would invest £1.9 billion over the next five years in protecting the UK from cyber-attack and developing sovereign capabilities in cyber space, including by creating a national cyber centre.

The new National Cyber Security Centre (NCSC) was opened in October 2016. As part of GCHQ, the NCSC will bring together a number of cyber security functions from across government. All functions of CERT-UK hosted within the Cabinet Office moved into the NCSC.

Infrastructure UK

On 16 November 2015 the Prime Minister confirmed that Infrastructure UK would be merged with the Major Projects Authority to form a new organisation call the Infrastructure and Projects Authority (IPA). The new organisation reports jointly to the Chancellor of the Exchequer and the Minister for the Cabinet Office, and sits formally within the Cabinet Office.

Restated Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

£000	2015-16 Published accounts	Machinery of government transfers					Reclassi- fication	2015-16 Restated accounts
		MOG 1	MOG 2	MOG 3	MOG 4	MOG 5		
Income	(147,461)	-	96	547	184	(871)	43	(147,462)
Income from grants	(7,096)	-	-	7,076	-	-	20	-
Income from associates	(7,146)	-	-	-	-	-	-	(7,146)
Total operating income	(161,703)	-	96	7,623	184	(871)	63	(154,608)
Staff costs	165,806	(1,973)	(603)	(4,420)	(2,073)	7,323	-	164,060
Parliamentary elections	99,509	-	-	-	-	-	-	99,509
Purchase of goods and services	228,429	(1,858)	(2,508)	(1,982)	(4,774)	656	316	218,279
Rent	-	(778)	-	-	(323)	-	16,827	15,726
Grants	203,449	-	-	(170,570)	-	-	-	32,879
Depreciation and impairment charges	17,491	-	-	266	(148)	576	-	18,185
Provision expense	5,055	-	-	-	-	-	483	5,538
Other operating expenditure	23,279	-	-	-	-	-	(17,626)	5,653
Total operating expenditure	743,018	(4,609)	(3,111)	(176,706)	(7,318)	8,555	-	559,829
Net operating expenditure	581,315	(4,609)	(3,015)	(169,083)	(7,134)	7,684	63	405,221
Finance income	-	-	-	-	-	-	(63)	(63)
Net expenditure for the year	581,315	(4,609)	(3,015)	(169,083)	(7,134)	7,684	-	405,158

Restated Consolidated Statement of Financial Position as at 31 March 2016

£000	2015-16 Published accounts	Machinery of government transfers					Reclassi- fication	2015-16 Restated accounts
		MOG 1	MOG 2	MOG 3	MOG 4	MOG 5		
Property, plant and equipment	210,274	-	-	-	(463)	-	-	209,811
Investment properties	2,320	-	-	-	-	-	-	2,320
Intangible assets	6,153	-	-	-	-	-	-	6,153
Investments in associates	57,320	-	-	-	-	-	-	57,320
Other financial assets	1,944	-	-	(1,594)	-	-	-	350
Inventories	555	-	-	-	-	-	-	555
Trade and other receivables	112,509	(12) ¹	(47)	(111)	(4)	36	-	112,371
Cash and cash equivalents	49,393	-	-	-	-	-	-	49,393
Trade and other payables	(164,329)	41 ¹	446	937	651	(279)	-	(162,533)
Provisions	(9,746)	-	-	-	-	-	-	(9,746)
Total assets less liabilities	266,393	29	399	(768)	184	(243)	-	265,994
Taxpayers' equity and other reserves								
General fund	199,729	29	399	(768)	184	(243)	-	199,330
Revaluation reserve	66,664	-	-	-	-	-	-	66,664
Total equity	266,393	29	399	(768)	184	(243)	-	265,994

¹ DEXEU has recognised these exported amounts and in addition, further adjustments

2. Restatement of prior year comparatives (continued)

Restated Consolidated Statement of Cash Flows

as at 31 March 2016

£000	2015-16 Published accounts	Machinery of government transfers					Reclassi- fication	2015-16 Restated accounts
		MOG 1	MOG 2	MOG 3	MOG 4	MOG 5		
Cash flows from operating activities								
Net operating expenditure	(581,315)	4,609	3,015	169,083	7,134	(7,684)	(63)	(405,221)
Adjustments for non-cash transactions	23,029	-	-	266	(148)	576	-	23,723
Remove income from associates	(7,146)	-	-	-	-	-	-	(7,146)
Remove income from dividend	(2,000)	-	-	-	-	-	-	(2,000)
Remove income from interest	(63)	-	-	-	-	-	63	-
Increase/(Decrease) in trade and other receivables	(15,801)	12	29	(892)	4	248	-	(16,400)
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>								
Movement in amounts relating to provision for doubtful debt	(1,001)	-	-	-	-	-	-	(1,001)
Amounts relating to bad debt write-off	(68)	-	-	-	-	-	-	(68)
Increase in inventories	(79)	-	-	-	-	-	-	(79)
Decrease in trade and other payables	(20,867)	(3)	(190)	(205)	(304)	213	-	(21,356)
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>								
Amounts due to the Consolidated Fund for Supply	25,276	-	-	-	-	-	-	25,276
Amounts due to the Consolidated Fund for consultant lobbyists' registration fees	(150)	-	-	-	-	-	-	(150)
Movement in capital accruals relating to investing activities	949	-	-	-	69	-	-	1,018
Returning Officers' expenses, England and Wales								
Excess cash payable to the Consolidated Fund								
- 2015 UK Parliamentary general election	(2,500)	-	-	-	-	-	-	(2,500)
- 2014 European Parliamentary election	(681)	-	-	-	-	-	-	(681)
Use of provisions	(1,164)	-	-	-	-	-	-	(1,164)
Net cash outflow from operating activities	(583,581)	4,618	2,854	168,252	6,755	(6,647)	-	(407,749)

Restated Consolidated Statement of Cash Flows (continued)
as at 31 March 2016

£000	2015-16 Published accounts	Machinery of government transfers					Reclassi- fication	2015-16 Restated accounts
		MOG 1	MOG 2	MOG 3	MOG 4	MOG 5		
Cash flows from operating activities								
Purchase of property, plant and equipment	(23,474)	-	-	-	513	-	-	(22,961)
Proceeds on disposal of property, plant and equipment	145	-	-	-	-	-	-	145
Purchase of intangible assets	(4,278)	-	-	-	-	-	-	(4,278)
Proceeds on disposal of assets held for sale	64,221	-	-	-	-	-	-	64,221
Loans to other bodies	(258)	-	-	258	-	-	-	-
Repayments from other bodies	888	-	-	(888)	-	-	-	-
Dividends received from Crown Commercial Service	2,000	-	-	-	-	-	-	2,000
Dividends received from associates	6,030	-	-	-	-	-	-	6,030
Movement in capital accruals	(949)	-	-	-	(69)	-	-	(1,018)
Net cash outflow from investing activities	44,325	-	-	(630)	444	-	-	44,139
Cash flows from financing activities								
From the Consolidated Fund (Supply) – current year	418,069	-	-	-	-	-	-	418,069
From the Consolidated Fund (Non-supply) – current year	104,523	-	-	-	-	-	-	104,523
Interest income	63	-	-	-	-	-	-	63
From the Consolidated Fund (Supply) in respect of machinery of government transfer of functions	-	(4,618)	(2,854)	(167,622)	(7,199)	6,647	-	(175,646)
Net financing	522,655	(4,618)	(2,854)	(167,622)	(7,199)	6,647	-	347,009
Net decrease in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund								
	(16,601)	-	-	-	-	-	-	(16,601)
Non-voted receipts surrendered to the Consolidated Fund – elections forfeited deposits	(678)	-	-	-	-	-	-	(678)
Payments of amounts to the Consolidated Fund – consultant lobbyists' registration fees	(10)	-	-	-	-	-	-	(10)
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	(17,289)	-	-	-	-	-	-	(17,289)
Cash and cash equivalents at the beginning of the period	66,682	-	-	-	-	-	-	66,682
Cash and cash equivalents at the end of the period	49,393	-	-	-	-	-	-	49,393

2. Restatement of prior year comparatives (continued)

Restated Consolidated Statement of Financial Position as at 1 April 2015

£000	2014-15 Published accounts	Machinery of government transfers					Recassi- fication	2014-15 Restated accounts
		MOG 1	MOG 2	MOG 3	MOG 4	MOG 5		
Property, plant and equipment	202,619	-	-	-	(98)	-	-	202,521
Investment properties	2,320	-	-	-	-	-	-	2,320
Intangible assets	6,102	-	-	-	-	-	-	6,102
Investments in associates	56,204	-	-	-	-	-	-	56,204
Other financial assets	2,308	-	-	(1,958)	-	-	-	350
Other non-current assets	11,050	-	-	-	-	-	-	11,050
Assets classified as held for sale	60,000	-	-	-	-	-	-	60,000
Inventories	476	-	-	-	-	-	-	476
Trade and other receivables	85,658	-	(18)	(1,003)	-	284	-	84,921
Cash and cash equivalents	66,682	-	-	-	-	-	-	66,682
Trade and other payables	(185,196)	38	256	732	347	(66)	-	(183,889)
Provisions	(5,855)	-	-	-	-	-	-	(5,855)
Total assets less liabilities	302,368	38	238	(2,229)	249	218	-	300,882
Taxpayers' equity and other reserves								
General fund ¹	234,545	38	238	(2,229)	249	218	-	233,059
Revaluation reserve	67,823	-	-	-	-	-	-	67,823
Total equity	302,368	38	238	(2,229)	249	218	-	300,882

¹ Assets and liabilities exported total £1.486 million

Restated Average Number of Persons Employed as at 31 March 2016

	2015-16 Published accounts	Machinery of government transfers					Reclassi- fication	2015-16 Restated accounts
		MOG 1	MOG 2	MOG 3	MOG 4	MOG 5		
Permanently employed staff	2,163	(48)	(7)	(81)	(34)	66	-	2,059
Others	201	-	-	-	-	-	-	201
Ministers	7	-	-	-	-	-	-	7
Special Advisers	32	-	-	-	-	-	-	32
Total	2,403	(48)	(7)	(81)	(34)	66	-	2,299

3. Statement of Net Outturn by Operating Segment

£000	Gross resource expenditure	Gross resource income	2016-17 Net resource outturn	2016-17 Net capital outturn	2015-16 Net resource outturn Restated	2015-16 Net capital outturn Restated
Support the Prime Minister and the Cabinet to deliver the Government's Programme	49,702	(6,914)	42,788	2,125	44,131	2,681
Drive efficiencies and reforms that make government work better	225,420	(42,973)	182,447	17,903	127,890	10,136
Create a more united democracy	91,056	(204)	90,852	-	140,972	-
Strengthen and secure the United Kingdom at home and abroad	52,181	(1,832)	50,349	19,214	29,092	8,119
Cabinet Office corporate activities	129,255	(67,135)	62,120	8,327	45,534	(58,064)
Subtotal	547,614	(119,058)	428,556	47,569	387,619	(37,128)
Ring-fenced depreciation, amortisation, impairment and provision for doubtful debt	22,101	-	22,101	-	18,637	-
Audit fee for Core Department	563	-	563	-	483	-
Total net resource outturn (DEL)	570,278	(119,058)	451,220	47,569	406,739	(37,128)

The segmental analysis has been prepared to align with the reporting of the Cabinet Office's structure in 2016-17, which is represented by the segments shown above. Financial information was reported through a regular Performance report, which adopted the same segmental analysis shown above. The Performance report was reviewed by the Cabinet Office Board, chaired by the Minister for the Cabinet Office, and also by the Executive Committee, chaired by the Accounting Officer. The segmental analysis of total net resource outturn in Resource Departmental Expenditure Limit agrees to SOPS1.1 and the total net capital outturn in Capital Departmental Expenditure Limit agrees to SOPS1.2. Overall outturn at SOPS1.1 includes Resource Annually Managed Expenditure and is reconciled to net operating costs at SOPS2.

Support the Prime Minister and the Cabinet to deliver the Government's Programme

This segment supports the Prime Minister and Cabinet to establish and deliver the Government's overall strategy and policy priorities; communicate the Government's policies to Parliament, the public and international audiences; and deliver high-quality, professional, timely and efficient business and operational support. It also supports administration activities in relation to the Prime Minister's office, and includes a number of smaller units, including the Office of the Privy Council.

Drive efficiencies and reforms that make government work better

This segment largely covers the work of the Civil Service Group (CSG) within the Cabinet Office. CSG seeks to improve the way the Civil Service works and to ensure it gets the best from its people. CSG supports the most senior stakeholders in government to develop, champion and set direction for the Brilliant Civil Service vision for what future public services will look and feel like. CSG works with departments, functions and HM Treasury to drive efficiencies across government and measure and report on delivery of these savings over the Parliament. CSG also ensures effective Civil Service governance, providing central coordination of the Non-Executive Board Member network to leverage business acumen. Within the Cabinet Office, CSG ensures that digital information is managed securely and that corporate governance is effective.

Create a more united democracy

This segment covers the work of Constitution Group, which provides support to the Minister for the Cabinet Office and Minister for the Constitution in delivering the wide-ranging constitutional and governance agenda. Constitution Group delivers day-to-day policy and operational work on issues relating to the constitutional structure of the UK, including devolution and the implications of EU exit, and electoral law, policy and conduct. It supports ministerial sponsorship of the Boundary Commissions for England and Wales. The segment also covers the implementation of individual electoral registration to tackle electoral fraud and improve the system of voter registration, which came into force in 2014; and it includes the Office of the Registrar of Consultant Lobbyists and Civil Service Commission; see Note 24.

Strengthen and secure the United Kingdom at home and abroad

The Government's first duty is to keep our country safe. This segment of the Cabinet Office covers the work of the National Security Secretariat and the Joint Intelligence Organisation.

Cabinet Office corporate activities

This segment largely covers the work performed by the Cabinet Office's internal corporate services such as Finance, HR, IT and Estates.

4. Expenditure

£000		2016-17	2015-16 Restated
	Note	Departmental group	Departmental group
Staff costs			
Wages, salaries and fees		122,643	105,210
Social security costs		13,771	10,095
Other pension costs		24,555	21,534
Agency/temporary		43,843	28,433
Termination benefits – contractual		1,987	943
Termination benefits – non-contractual ¹		483	-
Inward secondments		6,078	4,805
Recoveries in respect of outward secondments		(4,760)	(3,268)
Staff engaged on capital projects		(11,834)	(3,692)
Total staff costs¹		196,766	164,060
Returning Officers' expenses, England and Wales			
includes conduct of the Poll and Royal Mail costs			
2015 UK Parliamentary general election		(4,205)	100,184
UK Parliamentary by-elections			
- Clacton		-	(5)
- Heywood and Middleton		-	8
- Rochester and Strood		-	28
- Oldham West and Royton		-	224
- Ogmore		154	-
- Sheffield Brightside and Hillsborough		154	-
- Tooting		268	-
- Batley and Spen		260	-
- Witney		219	-
- Richmond Park		289	-
- Sleaford and North Hykeham		351	-
- Copeland		218	-
- Stoke-on-Trent Central		163	-
- Accrual released to cover costs of UK by-elections		(329)	(254)
2014 European Parliamentary election		(117)	(677)
2016 Police and Crime Commissioner elections		50,280	-
Bank charges		1	1
Total Returning Officers' expenses, England and Wales		47,706	99,509
Goods and services			
IT costs		73,133	66,829
Pensions administration – PCS/PS and CSOPS ²		39,534	48,947
Pensions administration – Royal Mail Statutory Pension Scheme		5,172	5,802
Supplies and services		28,294	13,588
Accommodation and utilities		28,038	23,192
Professional services		13,603	24,377
Other staff-related costs		10,697	10,061
Consultancy		10,191	9,173
Travel, subsistence and hospitality		8,857	5,437
Business rates		4,374	3,989
Individual electoral registration costs		3,965	3,359
PFI service charges	12.3.2	1,539	316
Lord Lieutenants' expenses		1,377	1,436
Grant fund management services		1,087	1,235
Public Duty Cost Allowance	4.1	557	479
Auditors' remuneration and expenses – arm's length bodies		19	18
Civil Service Commissioners' expenses		18	18
George Cross civilian annuities		14	23
Total goods and services		230,469	218,279
Rentals under operating leases		21,686	15,726

4. Expenditure (continued)

£000		2016-17	2015-16 Restated
	Note	Departmental group	Departmental group
Grants³			
Resource grants to local authorities		33,885	29,875
Resource grants to private sector and non-profit bodies		2,049	1,759
Grants-in-aid to Civil Service welfare bodies		382	542
Grant-in-aid to the Chequers Trust		888	703
Total grants		37,204⁴	32,879
Non-cash depreciation, impairment and property gains			
Depreciation	6	16,167	15,150
Amortisation	8	2,673	1,817
Impairment – property, plant and equipment	6, 9	2,925	639
Impairment – intangible assets	8, 9	569	72
Impairment – trade receivables	18	(191)	1,001
Devaluation of property, plant and equipment assets	6, 9	(161)	2,931
Bad debt write-off		2,340	43
Investment properties – gains on change in fair value	7	(56)	-
Asset held for sale – gains on change in fair value	16	-	(4,221)
Carbon dioxide emissions allowances surrendered	8	53	177
Notional corporate services recharge		-	576
Total depreciation, impairment and property gains		24,319	18,185
Non-cash costs			
Provisions provided for in year	20	(136)	5,053
Borrowing costs	20	8	2
Auditors' remuneration and expenses – Core Department ⁵		563	483
Total non-cash costs		435	5,538
Other operating expenditure			
EU funding to Department for International Development – Ebola response projects	5	-	5,653
Total		558,585	559,829

¹ See Note 2 in the Remuneration and staff report and Note 1.2 of the Parliamentary accountability disclosures

² Principal Civil Service Pension Scheme and Civil Service and Others Pension Scheme

³ Grant-in-aid to arm's length bodies has been eliminated on consolidation; Registrar of Consultant Lobbyists, £0.260 million (2015-16: £0.312 million), Civil Service Commission, £2.179 million (2015-16: £2.027 million)

⁴ Includes grants paid using powers under section 70 of the Charities Act 2006. See 'Report on the use of powers under section 70 of the Charities Act 2006' in the Annex to the Annual Report and Accounts 2016-17

⁵ During the year the Core Department and its arm's length bodies have not purchased any non-audit services from its auditor, the National Audit Office (2015-16: £nil). The Core Department bears the audit fee on behalf of Civil Service Pensions and Royal Mail Pensions accounts. The total fee comprises: Cabinet Office £0.268 million (2015-16: £0.268 million), Civil Service Pensions £0.160 million (2015-16: £0.160 million) and Royal Mail Pensions £0.050 million (2015-16: £0.055 million)

4.1. Public Duty Cost Allowance

The Public Duty Cost Allowance was introduced to assist former Prime Ministers, still active in public life. Payments are made only to meet the actual cost of continuing to fulfil public duties. The costs are a reimbursement of incurred expenses for necessary office costs and secretarial costs arising from their special position in public life. Additionally, the Public Duty Cost Allowance was extended to the former Deputy Prime Minister, the Rt Hon. Nick Clegg, for the period of five years from 9 May 2015, to be reviewed annually. In addition to the allowance paid, former Prime Ministers and the Rt Hon. Nick Clegg are entitled to claim a pension allowance to contribute towards their staff pension costs. This allowance is limited to a maximum of 10% of their staff salary costs.

£	2016-17	2015-16
The Rt Hon. Tony Blair	115,000	115,000
The Rt Hon. Gordon Brown	114,838	114,763
The Rt Hon. Sir John Major	115,000	115,000
The Rt Hon. David Cameron ¹	50,227	-
The Rt Hon. Nick Clegg	114,982	101,911
Pension costs	28,020	21,435
Total	538,067²	468,109³

¹ From 14 July 2016

² The figure shown in Note 4 includes £19,133 paid to the Rt Hon. Sir John Major's office in respect of prior year pension allowances not accrued for by the Cabinet Office in 2015-16

³ The figure shown in Note 4 includes £10,632 paid to the Rt Hon. Gordon Brown in 2015-16 in respect of the 2014-15 allowance, not accrued for by the Cabinet Office in 2014-15

5. Income

£000		2016-17	2015-16 Restated
	Note	Departmental group	Departmental group
Royalties		22	22
Dividends	15	2,000	2,000
Rental income		3,282	3,042
European Union funding for Ebola response projects	4	-	5,653
Pensions			
Central management of Civil Service pension arrangements		43,305	53,037
Royal Mail Statutory Pension Scheme		117	149
Income payable to the Consolidated Fund			
Registration fee from consultant lobbyists	SOPS4	128	82
Associates			
Framework fees in respect of Shared Services Connected Limited		-	12,500
Framework fees in respect of Integrated Debt Services Limited		200	200
Framework management fee in respect of Crown Hosting Data Centres		138	150
Framework authority fee in respect of Crown Hosting Data Centres		1,301	379
Other			
Civil Service HR Expert Services		20,783	21,508
Supplier rebates		6,045	1,300
Government communications		4,546	2,754
Digital and Technology Team		4,390	3,697
Services of the Office of the Parliamentary Counsel		4,190	3,532
Government Digital Service		3,406	12,363
Non-rental income on freehold properties		2,722	1,363
Sunningdale Park		2,230	2,075
National Fraud Initiative		1,884	949
Infrastructure and Projects Authority		1,690	2,690
Iraq Inquiry		1,455	986
Civil Service HR		1,272	2,520
Various cost recoveries		7,402	13,813
Income from grants			
Government Digital Service grants		70	20
Returning Officers' expenses, England and Wales			
Forfeited Deposits			
- 2015 UK Parliamentary elections	SOPS4	-	676
- UK Parliamentary by-elections	SOPS4	28	2
- 2016 Police and Crime Commissioners' elections	SOPS4	25	-
Subtotal Income		112,631	147,462
Non-Cash Income			
Capital grant-in-kind on donated assets	6, 8	1,625	-
Income from associates	14	8,448	7,146
Total		122,704	154,608

Pensions

The Cabinet Office is responsible for governance of the Civil Service pension arrangements, and MyCSP Ltd delivers pension administration under contract to the Cabinet Office. Participating employers pay the Cabinet Office for the cost of pension administration.

The Cabinet Office is responsible for meeting the administration costs of the Royal Mail Statutory Pension Scheme. The income represents charges to members for some specific pension administration services.

5. Income (continued)

Civil Service HR Expert Services

Civil Service HR Expert Services share HR expertise and maximise buying power across the Civil Service in a joined-up and effective manner, to deliver a professional and more efficient service. They operate on a cost-sharing basis across the government departments and agencies participating in the programme.

Government communications

Government Communications Group has three main income sources: a 1% levy on all government spend through external communications frameworks held by the Crown Commercial Service is used to fund a range of support to departments and arm's length bodies provided by the Cabinet Office on behalf of the government communications profession; income received from the Foreign and Commonwealth Office and external bodies for the Government Communications Knowledge and Capability team that supports partner governments to strengthen their capacity to communicate effectively to support domestic and international objectives; and income received from other government departments for providing staff through the GCS 'Flex Team' to meet short team staffing requirements.

Digital and Technology Team

The Digital and Technology Team (DATT) provides a fully managed IT service to the Crown Commercial Service, the Department for Exiting the European Union and the Department for Culture, Media & Sport. This income relates to the cost of providing this service.

The Office of the Parliamentary Counsel

The Office of the Parliamentary Counsel (OPC) is responsible for drafting all government primary legislation. The Cabinet Office provided funding of approximately 44% of the costs of the OPC in 2016-17, with the balance coming from the departments that use the OPC's services, based on their use of those services in the previous calendar year. The OPC will implement a full cost recovery funding system from 2017-18. The reporting lines will not change.

Government Digital Service

Government Digital Service (GDS) receives income based on usage to the GOV.UK Verify service from various other departments. GOV.UK Verify provides a common citizen identity assurance for departmental services. This enables complex and risky transactions, such as financial transactions or where personal data is being shared, to go online. GDS also receives income to cover the charges levied on client departments in order to cover expenses specific to the change support provided by the strategic support team which advises on the exiting of large IT contracts. In addition GDS receives income through a framework fee charged on Crown Hosting Data Centres to departments.

Sunningdale Park

The College of Policing relocated to Sunningdale Park from January 2015 and utilised the PFI contract, previously used by the National School of Government. This income relates to the recovery of the PFI contract costs, office accommodation and renovation work of Albert Day from College of Policing.

National Fraud Initiative

The National Fraud Initiative (NFI) is a data matching exercise used to identify fraud and error under statutory data matching powers set out in the Local Audit and Accountability Act 2014. It involves public and private sector organisations from across the UK, including local authorities, NHS trusts, government departments and police authorities. Datasets matched include payroll, pensions, social housing tenants, council tax and housing benefit. Public bodies are charged for participation based on a scale of fees relating to the data matching being carried out.

Infrastructure and Projects Authority

Infrastructure and Projects Authority (IPA) income is derived from recharging the costs of expert consultants with specialist knowledge and skills, which are required by the IPA, in addition to its own resources, in order to undertake Assurance Reviews for major government projects. In addition, IPA recovers its costs incurred in delivering advice and training support to overseas governments and multilateral institutions in support of trade missions involving national infrastructure planning, the promotion of UK Public Private Partnerships (PPPs) and UK infrastructure expertise overseas.

Civil Service HR

The Human Resources Fast Stream scheme's administration sits within Civil Service HR. It is a professional HR talent programme that develops the future HR leaders of the Civil Service. The cost of the HR Fast Stream is fully recharged to the departments and agencies that participate in the programme.

6. Property, plant and equipment

Consolidated 2016-17

£000	Land	Buildings	Dwellings	Information technology	Plant and machinery	Furniture and fittings	Art and antiques	Payments on account and assets under construction	Total
Cost or valuation									
At 1 April 2016 Restated	47,394	114,235	43,931	30,226	1,712	1,924	9,102	12,250	260,774
Additions	-	2,404	-	6,915	(769) ¹	2,761	-	22,637	33,948
Donations	-	-	-	11	-	-	-	-	11
Disposals ²	-	-	-	(278)	-	(148)	-	-	(426)
Impairments ³	-	(515)	-	(5,271)	(472)	(530)	(76)	(124)	(6,988)
Reclassifications – assets under construction	-	1,462	-	24,126	-	(103)	-	(25,485)	-
Transfer to assets held for sale ⁴	(3,800)	(21,345)	-	-	-	-	-	-	(25,145)
Revaluations ³	-	41	-	2,650	41	181	15	-	2,928
At 31 March 2017	43,594	96,282	43,931	58,379	512	4,085	9,041	9,278	265,102
Depreciation									
At 1 April 2016 Restated	-	26,076	10,561	12,453	526	1,347	-	-	50,963
Charged in year	-	5,035	1,513	9,316	64	239	-	-	16,167
Disposals ²	-	-	-	(278)	-	(148)	-	-	(426)
Impairment ³	-	(152)	-	(2,947)	(471)	(493)	-	-	(4,063)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfer to assets held for sale ⁴	-	(10,709)	-	-	-	-	-	-	(10,709)
Revaluations ³	-	-	-	634	5	116	-	-	755
At 31 March 2017	-	20,250	12,074	19,178	124	1,061	-	-	52,687
Carrying amount at 31 March 2017	43,594	76,032	31,857	39,201	388	3,024	9,041	9,278	212,415
Carrying amount at 31 March 2016 Restated	47,394	88,159	33,370	17,773	1,186	577	9,102	12,250	209,811
Asset financing:									
Owned	43,594	76,032	31,857	39,201	388	3,024	9,041	9,278	212,415
PFI finance leased	-	-	-	-	-	-	-	-	-
PFI residual assets	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2017	43,594	76,032	31,857	39,201	388	3,024	9,041	9,278	212,415
Of the total:									
Department	43,594	76,032	31,857	39,201	388	3,024	9,041	9,278	212,415
Other designated bodies	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2017	43,594	76,032	31,857	39,201	388	3,024	9,041	9,278	212,415

¹ Reversal of a prior year over accrual

² Disposals include retired assets; their values are fully written down and they are no longer in use

³ Revaluations and impairments arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued

⁴ The Department has exchanged contracts for the sale of the Sunningdale Park site; see Note 16

6. Property, plant and equipment (continued)

Consolidated 2015-16 Restated

£000	Land	Buildings	Dwellings	Information technology	Plant and machinery	Furniture and fittings	Art and antiques	Payments on account and assets under construction	Total Restated
Cost or valuation									
At 1 April 2015 Restated	45,763	106,584	43,957	19,255	1,135	2,355	9,328	10,978	239,355
Additions	-	2,282	-	7,009	892	(104)	-	12,882	22,961
Donations	-	-	-	-	-	-	-	-	-
Disposals ¹	-	-	-	-	-	-	(145)	-	(145)
Impairments ²	-	(275)	-	(16)	(300)	(213)	(105)	(178)	(1,087)
Reclassifications – assets under construction	-	9,498	-	1,934	-	-	-	(11,432)	-
Reclassifications – intangible assets ³	-	-	-	2,272	-	-	-	-	2,272
Revaluations ²	1,631	(3,854)	(26)	(228)	(15)	(114)	24	-	(2,582)
At 31 March 2016	47,394	114,235	43,931	30,226	1,712	1,924	9,102	12,250	260,774
Depreciation									
At 1 April 2015 Restated	-	23,088	9,052	2,688	659	1,347	-	-	36,834
Charged in year	-	3,498	1,513	9,802	78	259	-	-	15,150
Disposals ¹	-	-	-	-	-	-	-	-	-
Impairment ²	-	(47)	-	(4)	(202)	(195)	-	-	(448)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations ²	-	(463)	(4)	(33)	(9)	(64)	-	-	(573)
At 31 March 2016	-	26,076	10,561	12,453	526	1,347	-	-	50,963
Carrying amount at 31 March 2016 Restated	47,394	88,159	33,370	17,773	1,186	577	9,102	12,250	209,811
Carrying amount at 1 April 2015 Restated	45,763	83,496	34,905	16,567	476	1,008	9,328	10,978	202,521
Asset financing:									
Owned	43,594	77,479	33,370	17,773	1,186	577	9,102	12,250	195,331
PFI finance leased	-	732	-	-	-	-	-	-	732
PFI residual assets	3,800	9,948	-	-	-	-	-	-	13,748
Carrying amount at 31 March 2016 Restated	47,394	88,159	33,370	17,773	1,186	577	9,102	12,250	209,811
Of the total:									
Department	47,394	88,159	33,370	17,773	1,186	577	9,102	12,250	209,811
Other designated bodies	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2016 Restated	47,394	88,159	33,370	17,773	1,186	577	9,102	12,250	209,811

¹ Disposals include retired assets; their values are fully written down and they are no longer in use

² Revaluations and impairments arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued

³ IT hardware valued at £2.272 million that was originally classified as intangible assets (IT software and software licences) was subsequently reclassified to property, plant and equipment (information technology); see Note 8

6. Property, plant and equipment (continued)

Valuation

Land and buildings

The Valuation Office Agency (VOA) valued all properties on the basis of fair value as at 31 March 2014, except for 10-12 Downing Street, which was valued at 31 March 2013. The VOA has determined fair value on the basis of current value in existing use. Due to the unusual nature of the property, the valuation of 10-12 Downing Street is subject to valuation uncertainty.

Art and antiques

Townley Valuation Services Limited valued art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall estate in June 2015 on the basis of insurance value being the likely cost of replacing the items.

Included within art and antiques are gifts to past and present Prime Ministers. These were valued by J. M. McCarthy Limited, jewellers and silversmiths, in March 2015 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 revalued annually using indices published by the Office for National Statistics.

Assets under construction

Assets under construction of £9.278 million (2015-16: £12.250 million) include: £6.412 million (2015-16: £4.075million) spent on refurbishment of Whitehall properties which has yet to be completed; and £2.866 million (2015-16: £8.175 million) spent on IT hardware and software developments which have yet to be completed.

Leasehold improvements

Included within land and buildings are improvements with a carrying amount of £5.202 million (2015-16: £3.890 million) relating to leasehold properties in London.

Impairment

The increase in impairment was due to prior year costs of supporting government digital platforms being reclassified from capital to revenue expenditure.

7. Investment properties

£000	Note	Sunningdale Park	Total
Balance at 1 April 2015		2,320	2,320
Additions		-	-
Disposals		-	-
Impairment		-	-
Revaluation	4	-	-
Transfer to assets classified as held for sale	16	-	-
Balance at 31 March 2016		2,320	2,320
Additions		-	-
Disposals		-	-
Impairment		-	-
Revaluation	4	56	56
Transfer to assets classified as held for sale	16	(2,376)	(2,376)
Balance at 31 March 2017		-	-

Sunningdale Park

As at 31 March 2017 the Department had freehold ownership of the site at Sunningdale Park. Before 31 March 2017 office buildings on the site were recognised as an investment property at fair value, which equates to market value for existing use of £2.376 million (2015-16: £2.320 million). The property was reclassified as an asset held for sale on 31 March 2017. See Note 12.3.1.

8. Intangible assets

Consolidated 2016-17

£000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	Total
Cost or valuation¹						
At 1 April 2016	92	3,935	379	6,228	2,487	13,121
Additions	-	9,340	-	3,523	758	13,621
Donations	104	1,372	-	138	-	1,614
Allowances purchased	-	-	-	-	-	-
Disposals	-	(196)	-	-	-	(196)
Impairment ²	(15)	(969)	-	(4,658)	(360)	(6,002)
Reclassifications	-	-	-	-	-	-
Revaluations	-	95	-	37	-	132
At 31 March 2017	181	13,577	379	5,268	2,885	22,290
Amortisation						
At 1 April 2016	41	2,420	254	4,253	-	6,968
Charged in year	125	1,890	-	658	-	2,673
Allowances surrendered	-	-	53	-	-	53
Disposals	-	(196)	-	-	-	(196)
Impairment ²	(15)	(911)	-	(4,507)	-	(5,433)
Reclassifications	-	-	-	-	-	-
Revaluations	-	31	-	1	-	32
At 31 March 2017	151	3,234	307	405	-	4,097
Carrying amount at 31 March 2017	30	10,343	72	4,863	2,885	18,193
Carrying amount at 31 March 2016	51	1,515	125	1,975	2,487	6,153
Asset financing:						
Owned	30	10,343	72	4,863	2,885	18,193
Carrying amount at 31 March 2017	30	10,343	72	4,863	2,885	18,193
Of the total:						
Department	30	10,343	72	4,863	2,885	18,193
Other designated bodies	-	-	-	-	-	-
Carrying amount at 31 March 2017	30	10,343	72	4,863	2,885	18,193

¹ Purchased software licences are recorded at purchase cost and are not revalued since an appropriate index is not available

² The increase in impairment compared to the 2015-16 accounting year is due to the retirement of assets that were due to reach the end of their useful economic lives before 31 March 2017

8. Intangible assets (continued)

Consolidated 2015-16

£000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	Total
Cost or valuation¹						
At 1 April 2015	115	5,656	295	4,522	360	10,948
Additions	(14)	516	-	1,565	2,127	4,194
Donations	-	-	-	-	-	-
Allowances purchased	-	-	84	-	-	84
Disposals	-	-	-	-	-	-
Impairment	-	(72)	-	-	-	(72)
Reclassifications ²	(9)	(2,263)	-	-	-	(2,272)
Revaluations	-	98	-	141	-	239
At 31 March 2016	92	3,935	379	6,228	2,487	13,121
Amortisation						
At 1 April 2015	12	1,605	77	3,152	-	4,846
Charged in year	29	785	-	1,003	-	1,817
Allowances surrendered	-	-	177	-	-	177
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Revaluations	-	30	-	98	-	128
At 31 March 2016	41	2,420	254	4,253	-	6,968
Carrying amount at 31 March 2016	51	1,515	125	1,975	2,487	6,153
Carrying amount at 31 March 2015	103	4,051	218	1,370	360	6,102
Asset financing:						
Owned	51	1,515	125	1,975	2,487	6,153
Carrying amount at 31 March 2016	51	1,515	125	1,975	2,487	6,153
Of the total:						
Department	51	1,515	125	1,975	2,487	6,153
Other designated bodies	-	-	-	-	-	-
Carrying amount at 31 March 2016	51	1,515	125	1,975	2,487	6,153

¹ Purchased software licences are recorded at purchase cost and are not revalued since an appropriate index is not available

² IT hardware valued at £2.272 million that was originally classified as intangible assets (IT software and software licences) was subsequently reclassified to property, plant and equipment (information technology); see Note 6

8. Intangible assets (continued)

Purchased software licenses

Purchased software licences are valued at purchase cost and are not revalued.

IT software and website

IT Software and Website assets are revalued annually using indices published by the Office of National Statistics.

Assets under construction

Intangible assets under construction relate to cross-government IT programmes for delivery by the Government Digital Service.

Carbon Reduction Commitment

The Cabinet Office is registered under the Government's Carbon Reduction Commitment Energy Efficiency Scheme. Allowances held by the Cabinet Office relating to the CO2 emissions it generates are valued at purchase cost.

Impairment

The increase in impairment was due to prior year costs of supporting government digital platforms being reclassified from capital to revenue expenditure.

9. Impairments

£000		2016-17	2015-16 Restated
	Note	Departmental group	Departmental group
Charged to Statement of Comprehensive Net Expenditure			
Impairment of property, plant and equipment	4	2,925	639
Impairment of intangible assets	4	569	72
Impairment of trade receivables	18	980	1,065
Impairment of trade receivables – write back	18	(1,171)	(64)
		3,303	1,712
Devaluation of property, plant and equipment	4	(161)	2,931
Taken through revaluation reserve		94	1,344 ¹
Total		3,236	5,987

¹ Includes devaluation of 70 Whitehall due to major overhaul work, not applicable to 2016-17

10. Capital commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for capital goods and services. The commitments relate to property modernisation and digital transformation projects.

Contracted capital commitments at 31 March for which no provision has been made and not otherwise included in these financial statements:

£000	2016-17	2015-16 Restated ¹
	Dept'l group	Dept'l group
Property, plant and equipment	9,202	7,795
Intangible assets ²	2,527	2,527
Total	11,729	10,322

¹ The 2015-16 Capital Commitment values have been restated to include payments that have been committed in support of the delivery of Next Generation Shared Services

² Intangible asset commitments represent investment in Next Generation Shared Services

11. Other financial commitments

The Department has entered into contracts (which are not leases or PFI contracts) for a range of services. The table includes the values of purchase orders extending into future periods, for which a liability might arise. The commitments of greatest value relate to information technology and estate management services. The total payments to which the Department is committed, analysed by the period during which the payments will be made are as follows.

£000	2016-17	2015-16 Restated ¹
	Dept'l group	Dept'l group
Not later than one year	77,621	62,054
Later than one year and not later than five years	131,194	92,417
Later than five years	1,836	5
Total	210,651	154,476

¹ The 2015-16 Other Financial Commitment values have been restated to include payments committed in support of the delivery of Next Generation Shared Services and commitments for the Office for Civil Society transferred from the Cabinet Office to the Department for Culture, Media and Sport

12. Commitments under leases

12.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which payments will be made. The Cabinet Office only has land and buildings as operating leases and has no other operating leases.

£000	2016-17	2015-16
	Dept'l group	Dept'l group
Obligations under operating leases for the following periods comprise:		
Land and buildings		
Not later than one year	19,559	16,129
Later than one year and not later than five years	52,416	53,918
Later than five years	4,931	10,233
Total	76,906	80,280

12.2 Finance leases

There are no obligations under finance leases.

12.3 Commitments under Private Finance Initiative (PFI) contracts

12.3.1 On-balance sheet

Sunningdale Park site

Following the closure of the National School of Government on 31 March 2012, the Cabinet Office has retained the site at Sunningdale Park. The site is operated under a PFI contract with a term of 30 years from 13 May 2002.

The National School of Government gave a lease to the private sector partner for the office buildings against which sub-leases were granted to the National School of Government for their continuing use. The asset was classified as an investment property. Its carrying value at 31 March 2017 was £2.376 million (2015-16: £2.320 million); see Note 7.

The National School of Government also gave a lease for the rest of the site, upon which the private sector partner has undertaken a capital investment of £12 million in new training facilities.

12.3 Commitments under PFI contracts (continued)

12.3.1 On-balance sheet (continued)

As a consequence of these agreements:

Deferred asset

A prepayment was established for the fair value of the property which was contributed to the scheme at the commencement of the contract. This deferred asset is recognised as property, plant and equipment and written off over 15 years. Having been fully written off, its value at 31 March 2017 was £nil (2015-16: £0.732 million).

Reversionary interest

A further asset was recognised for the Department's residual interest in the training facilities which revert to the Cabinet Office at no cost at the end of the contract. The accruing residual interest, built up over the term of the contract by capitalising part of the contract payments, is recognised as property, plant and equipment. Additional interest accrued in 2016-17 was £0.687 million (2015-16: £1.847 million). The value of the residual interest reclassified as an asset held for sale on 31 March 2017 was £14.436 million (2015-16: £13.748 million).

Combined value

The combined carrying value of the office buildings and training facilities is £16.812 million (2015-16: £16.800 million). This is the sum of the dwellings balances and land and buildings balances in Note 6 (Property, plant and equipment) and Note 7 (Investment properties).

Exit plan

The provision within the PFI agreement for the contract to be broken in May 2017 has been taken. Notice of the termination of the agreement was given to the private sector partner in February 2016. Consequently the investment property and reversionary interest transferred to 'Assets classified as held for sale'; see Note 16.

In May 2017, the Cabinet Office entered into a deed of variation to the PFI to allow for an Exit Plan to the contract. The Exit Plan requires De Vere to continue to manage and secure the site in the interim period between the expiry of the PFI and the completion of the contract for sale and helps the Cabinet Office to comply with the conditions of the sale agreement.

12.3.2 Charge to the Statement of Comprehensive Net Expenditure and future commitments

Sunningdale Park site

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of PFI transactions was £1.539 million (2015-16: £0.316 million), as disclosed at Note 4. The payments to which the Department was committed at 31 March, analysed by the period during which the commitment expires, are as follows:

£000	2016-17	2015-16
	Dept'l group	Dept'l group
Not later than one year	290	2,189
Later than one year and not later than five years	-	290
Later than five years	-	-
Total	290	2,479

13. Financial instruments

Financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size as the cash requirements of the Department are met through the Parliamentary Estimates process and funding for the Returning Officers' election expenses is received directly from the Consolidated Fund.

The Department is exposed to little credit, liquidity or market risk, since the majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements.

Credit risk

Credit risk from receivables is low. Impairments and bad debt write-offs are detailed at Note 4 (Expenditure) and at Note 18 (Trade receivables, financial and other assets).

Interest rate risk

There is no exposure, since material deposits are held with the Government Banking Service. Deposits held by Returning Officers in commercial bank accounts at 31 March were not material.

Exchange rate risk

There is little exposure because all material assets and liabilities are denominated in sterling.

The Department holds public dividend capital in the Crown Commercial Service. This financial asset is carried at historical cost less any impairment. Information on the Crown Commercial Service, a body outside the departmental boundary, is included at Note 15.

14. Investments in associates

£000	Note	MyCSP	Shared	AXELOS	Behavioural	Integrated	Crown	Total
		Limited	Services Connected Limited	Limited	Insights Limited	Debt Services Limited	Hosting Data Centres Limited	
Cost or valuation	Note							
At 1 April 2015		4,452	8,751	41,390	513	1,000	98	56,204
Acquisitions		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Dividend received		(1,607)	-	(4,217)	(206)	-	-	(6,030)
Share of results	5	1,568	784	5,327	425	(860)	(98)	7,146
Impairment in value		-	-	-	-	-	-	-
At 31 March 2016		4,413	9,535	42,500	732	140	-	57,320
Acquisitions		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Dividend received		(1,513)	-	-	(207)	-	-	(1,720)
Share of results	5	1,090	(1,161)	6,711	279	1,529	-	8,448
Impairment in value		-	-	-	-	-	-	-
At 31 March 2017		3,990	8,374	49,211	804	1,669	-	64,048

The Department accounts for its investments in associates using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*, and presents disclosures required by IFRS 12 *Disclosure of Interests in Other Entities*.

MyCSP Limited

The Department has a 24% equity shareholding in MyCSP Limited, which administers Civil Service pensions, injury benefit claims and compensation awards for 1.5 million public and private sector employees. It collects data on work history and pays them a pension on retirement on behalf of more than 230 employers. The Government established MyCSP Limited as a private limited company with three minority shareholders: Equiniti Group PLC through its wholly owned subsidiary, Paymaster (1836) Limited with a 40% equity stake; the Cabinet Office with a 35% equity stake; and an Employee Benefit Trust with a 25% equity stake. It began trading on 1 May 2012. Its head office is in Stockport, UK. In September 2014 the Cabinet Office sold 11% of its shareholding in MyCSP Limited to Equiniti Group PLC. The Cabinet Office continues to hold a 24% shareholding in MyCSP Limited. There is no "Put Option" for MyCSP. Sale of Cabinet Office shares in MyCSP is in general not permitted before 30 September 2019.

MyCSP Limited prepares its accounts on an IFRS basis. The reporting date of MyCSP's financial statements is 31 December, the same date as its major shareholder and ultimate controlling entity. When applying the equity method of accounting, MyCSP's 2016 financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2016 and 31 March 2017. For additional information, see Notes 5 and 23. MyCSP Limited's published accounts may be found at: companieshouse.gov.uk

Shared Services Connected Limited

The Department has a 25% equity shareholding in Shared Services Connected Limited (SSCL), which provides business support services for public sector organisations and agencies. The Government established SSCL as a private limited company with two shareholders: Sopra Steria Limited with a 75% equity stake; and the Cabinet Office with a 25% equity stake. It began trading on 1 November 2013. Its head office is in Hertfordshire, UK. There has been no change in the Department's ownership for the reported year. The Cabinet Office entered into a "Put Option" agreement granting the Cabinet Office an option (i.e. the right but not the obligation) to sell its 25% stake to Sopra Steria. The option is exercisable between 1 January 2022 and 1 January 2024.

SSCL prepares its accounts on an FRS 101 (IFRS with limited disclosure) basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of SSCL's financial statements is 31 December, the same date as its major shareholder and ultimate controlling entity. When applying the equity method of accounting, SSCL's 2016 unaudited financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2016 and 31 March 2017. For additional information, see Notes 5 and 23. SSCL's published accounts may be found at: companieshouse.gov.uk

14. Investments (continued)

AXELOS Limited

The Department has a 49% equity shareholding in AXELOS Limited, which manages and develops intellectual property around best management practice methodologies and frameworks. The Government established AXELOS Limited as a private limited company with two shareholders: Capita Business Services Limited with a 51% equity stake; and the Cabinet Office with a 49% equity stake. It began trading on 1 January 2014. Its head office is in London, UK. There has been no change in the Department's ownership for the reported year. The Cabinet Office entered into a 'Put Option' agreement granting the Cabinet Office an option (i.e. the right but not the obligation) to sell its 49% stake to Capita. The option is exercisable between 1 January 2019 and 28 February 2021. The value of the 'Put Option' derives from a formula based on a multiple of earnings before tax and interest (EBIT) adjusted for net cash.

AXELOS Limited prepares its accounts on an FRS 101 (IFRS with limited disclosure) basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of AXELOS Limited's financial statements is 31 December, the same date as its major shareholder and ultimate controlling entity. When applying the equity method of accounting, AXELOS Limited's 2016 financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2016 and 31 March 2017. For additional information, see Notes 5 and 23. AXELOS Limited's published accounts may be found at: companieshouse.gov.uk

Behavioural Insights Limited

The Department has a 35% equity shareholding in Behavioural Insights Limited, which applies insights from behavioural sciences to tackle public policy problems. The Government established Behavioural Insights Limited as a private limited company with the following shareholders: Nesta with a 30% equity stake; employees with 35% equity stake; and the Cabinet Office with a 35% equity stake. It began trading on 4 February 2014. The company changed its name by special resolution on 4 February 2014 from Behavioural Insights Team Limited to Behavioural Insights Limited. Its head office is in London, UK. The Cabinet Office entered into a 'Put Option' agreement granting the Cabinet Office an option (i.e. the right but not the obligation) to sell its 35% stake to NESTA. The option is exercisable from 1 April 2017.

Behavioural Insights Limited prepares its accounts on an FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland – based on IFRS for SMEs) basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of Behavioural Insights Limited's financial statements is 31 March. For additional information, see Notes 5 and 23. Behavioural Insights Limited's published accounts may be found at: companieshouse.gov.uk

Integrated Debt Services Limited

The Department has a 25% equity shareholding in Integrated Debt Services (IDS) Limited, which provides a single point of access to a wide range of debt management and collection services for a number of government departments and the wider public sector. The Government established IDS Limited as a private limited company with two shareholders: TDX Group, an Equifax company, with a 75% equity stake; and the Cabinet Office with a 25% equity stake. It began trading on 17 March 2015. Its head office is in London, UK. The Cabinet Office entered into a 'Put Option' agreement granting the Cabinet Office an option (i.e. the right but not the obligation) to sell its 25% stake to TDX Group. The option is exercisable between 1 March 2019 and 31 March 2021.

IDS Limited prepares its accounts on an FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland – based on IFRS for SMEs) basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of IDS Limited's financial statements is 31 December, the same date as its major shareholder and ultimate controlling entity. When applying the equity method of accounting, IDS Limited's 2016 financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2016 and 31 March 2017. For additional information, see Notes 5 and 23. IDS Limited's published accounts may be found at: companieshouse.gov.uk

Crown Hosting Data Centres Limited

The Department has a 25.1% shareholding in Crown Hosting Data Centres (CHDC) Limited which provides public sector customers with assured, low-cost, secured, scalable and flexible data centre collocation, coupled with low-latency connectivity between data centres. The Government established CHDC Limited as a private limited company with two shareholders: ARC Data Centres Limited with a 74.9% equity stake; and the Cabinet Office with a 25.1% equity stake. It began trading on 16 March 2015. Its head office is in Wiltshire, UK. Cabinet Office entered into a 'Put Option' agreement granting Cabinet Office an option (i.e. the right but not the obligation) to sell its 25.1% stake to Ark Data Centres Limited. The option is exercisable from 16 March 2019.

CHDC Limited prepares its accounts on a FRS 102 basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of CHDC Limited's financial statements is 30 June, the same date as its major shareholder. When applying the equity method of accounting, CHDC Limited's 2016 financial statements have been used and adjustments have been made for the effects of transactions between 30 June 2016 and 31 March 2017. For additional information, see Notes 5 and 23. CHDC Limited's published accounts may be found at: companieshouse.gov.uk

15. Investments and loans in other public sector bodies

The Core Department holds non-current investments of public dividend capital in the Crown Commercial Service.

£000	Note	Public dividend capital	
		Departmental group	Total
Balance at 1 April 2015 Restated		350	350
Additions		-	-
Impairment	4	-	-
Balance at 31 March 2016 Restated		350	350
Additions		-	-
Impairment	4	-	-
Balance at 31 March 2017		350	350

Crown Commercial Service

In accordance with the *FReM*, the Cabinet Office's investment in the Crown Commercial Service is shown at its historical cost. A dividend of £2 million (2015-16: £2 million) has been paid for the year ended 31 March 2017; see Note 5. The published accounts can be found at: GOV.UK – Crown Commercial Service

16. Assets classified as held for sale

£000	Note	Admiralty Arch	Sunningdale Park	Total
		Departmental group	Departmental group	Departmental group
Balance at 1 April 2015		60,000	-	60,000
Gain on change in fair value	4	4,221	-	4,221
Disposal		(64,221)	-	(64,221)
Transfer from property plant and equipment	6	-	-	-
Transfer from investment property	7	-	-	-
Balance at 31 March 2016		-	-	-
Gain on change in fair value	4	-	-	-
Disposal		-	-	-
Transfer from property plant and equipment	6	-	14,436	14,436
Transfer from investment property	7	-	2,376	2,376
Balance at 31 March 2017		-	16,812	16,812

Admiralty Arch

On 17 June 2015 the Department sold Admiralty Arch on a 250-year long lease to Admiralty Arch Holdings Limited. Title to the freehold is retained by government and has not transferred.

The Cabinet Office sought an alternative use of Admiralty Arch due to the complexity and inefficiency in providing modern, cost-effective and flexible office space within the constraints of a Grade I listed building. The developer, Prime Investors Capital Limited, has secured planning permission to transform the building into a hotel.

Sunningdale Park

Sunningdale Park in Berkshire is historically a training and conference centre which has been declared surplus to requirement as the operating model for Civil Service Learning does not require extensive residential overnight accommodation.

The Department has exchanged contracts for the sale of the site. The sale is contingent upon planning permission being granted for a residential scheme and upon vacant possession in a condition that is consistent with a schedule of condition attached to the sale documents. The sale is expected to be completed in May 2018. The PFI arrangement is explained at Note 12.3.

17. Cash and cash equivalents

£000	Note	2016-17	2015-16	As at 1 April 2015
		Departmental group	Departmental group	Departmental group
Balance at 1 April		49,393	66,682	22,646
Net change in cash and cash equivalent balances		(19,060)	(17,289)	44,036
Balance at 31 March		30,333	49,393	66,682
The following balances at 31 March were held at:				
Government Banking Service – supply		16,935	30,324	55,470
Commercial banks and cash in hand – supply		100	119	11,113
Government Banking Service – consolidated fund standing services – non-supply – elections		13,298	18,950	99
Balance at 31 March		30,333	49,393	66,682
The balance at 31 March is held for use in respect of:				
Cabinet Office	19	16,905	30,283	55,559
Registrar of Consultant Lobbyists	19	130	160	10
Returning Officers' expenses, England and Wales				
- 2015 UK Parliamentary general election		-	11,579	-
- UK Parliamentary by-elections		407	445	12
- 2014 European Parliamentary election		-	3,745	11,101
- 2016 Police and Crime Commissioner elections		8,891	-	-
- Excess cash surrenderable to the Consolidated Fund	19	4,000	3,181	-
Balance at 31 March		30,333	49,393	66,682

18. Trade receivables, financial and other assets

£000	2016-17	2015-16 Restated	As at 1 April 2015 Restated
	Departmental group	Departmental group	Departmental group
Current – amounts falling due within one year			
VAT	3,593	2,739	7,282
Trade receivables	31,908	56,149	20,940
Deposits and advances	612	550	636
Other receivables	1,934	1,026	648
Amounts due from importing departments in respect of machinery of government transfers	5,042	-	-
Amounts due from consultant lobbyists	4	-	-
Prepayments and accrued income	24,583	10,058	19,686
Deferred consideration from Equiniti Group PLC ¹	-	4,000	-
Deferred consideration from Capita Business Services Limited ²	-	7,050	9,400
Returning Officers' expenses, England and Wales			
2015 UK Parliamentary general election			
- Advances to Returning Officers for elections	-	23,553	-
- Amounts due from Returning Officers	73	23	-
UK Parliamentary by-elections			
- Advances to Returning Officers for elections	1,093	307	411
2014 European Parliamentary election			
- Advances to Returning Officers for elections	-	6,916	25,888
- Amounts due from Returning Officers	1	-	30
2016 Police and Crime Commissioner elections			
- Advances to Returning Officers for elections	40,600	-	-
Total current assets	109,443	112,371	84,921
Non-current – amounts falling due after more than one year			
Deferred consideration from Equiniti Group ¹	-	-	4,000
Deferred consideration from Capita Business Services Limited ²	-	-	7,050
Total non-current assets	-	-	11,050
Total	109,443	112,371	95,971

¹ During 2014-15 the Cabinet Office sold 11% of its shareholding in MyCSP Limited to Equiniti Group PLC in return for a consideration of £8 million. Equiniti Group PLC deferred payment of £4 million to September 2016

² During 2013-14 the Cabinet Office transferred its 51 'B' ordinary shares in AXELOS Limited to AXELOS's immediate parent, Capita Business Services Limited (CBSL), in return for consideration of £38.200 million. CBSL's deferred payment of £25.850 million was paid in 33 equal monthly instalments between April 2014 and December 2016

Trade receivables are non-interest bearing and are generally on 30 days' terms and are shown net of a provision for impairment. Movements in the provision for impairment of receivables were as follows.

£000		2016-17	2015-16 Restated	As at 1 April 2015 Restated
	Note	Departmental group	Departmental group	Departmental group
At 1 April		1,599	598	639
Provided in the year	4	980	1,065	90
Provisions utilised in the year	4	(1,171) ¹	(64)	(131)
At 31 March		1,408	1,599	598

¹ The Department has a policy of internally reviewing aged debt using specific criteria for write-off. In 2016-17 £2.340 million (2015-16: £0.680 million) was written off (see Note 4) of which £1.171 million (2015-16: £0.064 million) had been provided for with the provision being released to the operating cost

18. Trade receivables, financial and other assets (continued)

The analysis of trade receivables that were past due but not impaired is as follows.

£000	2016-17	2015-16 Restated	As at 1 April 2015 Restated
	Departmental group	Departmental group	Departmental group
Neither past due nor impaired	12,197	31,713	12,178
Past due but not impaired			
< 30 days	2,067	6,105	2,422
30 – 60 days	2,287	1,248	2,094
60 – 90 days	3,922	3,538	1,064
90 – 120 days	1,044	953	934
> 120 days	11,873	14,214	2,876
At 31 March	33,390	57,771	21,568

19. Trade payables and other current liabilities

£000		2016-17	2015-16 Restated	As at 1 April 2015 Restated	
	Note	Departmental group	Departmental group	Departmental group	
Current – amounts falling due within one year					
Other taxation and social security		4,498	3,106	3,268	
Trade payables		14,604	15,226	9,531	
Other payables		3,961	2,934	4,639	
Accruals and deferred income		53,150	62,930	73,441	
Receipt on account refundable to AXELOS Limited ¹		2,350	-	-	
Amounts issued from the Consolidated Fund for supply but not spent at year end	17	16,905	30,283	55,559	
Amounts due to the Consolidated Fund for consultant lobbyists' registration fees	17	129	158	10	
Amounts due to the Consolidated Fund for civil penalties received from consultant lobbyists	17	1	2	-	
Returning Officers' expenses, England and Wales					
2015 UK Parliamentary general election					
-		Accruals and other payables relating to elections	42	33,265	-
-	17	Excess cash payable to the Consolidated Fund	3,000	2,500	-
UK Parliamentary by-elections					
-		Accruals and other payables relating to elections	1,466	786	1,148
2014 European Parliamentary election					
-		Accruals and other payables relating to elections	-	10,662	36,293
-	17	Excess cash payable to the Consolidated Fund	-	681	-
2016 Police and Crime Commissioner elections					
-		Accruals and other payables relating to elections	49,110	-	-
-	17	Excess cash payable to the Consolidated Fund	1,000	-	-
Total		150,216	162,533	183,889	

¹ Cabinet Office is to be paid £65.8 million in seven equal instalments of £9.4 million commencing 1 January 2017 and ending 31 December 2023. These payments are due from its associate, AXELOS Limited, and represent settlement of deferred additional consideration from the sale of intellectual property in 2013-14. Payment is contingent on the profits of AXELOS Limited. At 31 March 2017, Cabinet Office recognised a liability of £2.350 million for a receipt on account from AXELOS Limited which is refundable, should AXELOS Limited not be in profit at its financial year ending 31 December 2017. The unpaid balance of £63.450 million is disclosed as a contingent asset; see Note 21

20. Provisions for liabilities and charges

£000	Early departures	Specific dilapidations	Onerous contracts	Voluntary exit scheme	Other provisions	Total
	Departmental group	Departmental group	Departmental group	Departmental group	Departmental group	Departmental group
Balance at 1 April 2015	992	4,154	709	-	-	5,855
Provided in the year	900	50	158	4,209	-	5,317
Provisions not required written back	(103)	-	(161)	-	-	(264)
Provisions utilised in the year	(913)	-	(251)	-	-	(1,164)
Borrowing costs (unwinding of discounts)	5	-	(3)	-	-	2
Balance at 31 March 2016	881	4,204	452	4,209	-	9,746
Provided in the year	43	-	2	-	250	295
Provisions not required written back	-	-	(116)	(315)	-	(431)
Provisions utilised in the year	(457)	-	(133)	(3,894)	-	(4,484)
Borrowing costs (unwinding of discounts)	11	-	(3)	-	-	8
Balance at 31 March 2017	478	4,204	202	-	250	5,134
Of which:						
Current liability	234	2,225	195	-	250	2,904
Non-current liability	244	1,979	7	-	-	2,230
Balance at 31 March 2017	478	4,204	202	-	250	5,134
Of which:						
Current liability	414	2,415	427	4,209	-	7,465
Non-current liability	467	1,789	25	-	-	2,281
Balance at 31 March 2016	881	4,204	452	4,209	-	9,746
Of which:						
Current liability	409	2,010	310	-	-	2,729
Non-current liability	583	2,144	399	-	-	3,126
Balance at 31 March 2015	992	4,154	709	-	-	5,855

Analysis of expected timing of discounted flows – 2016-17

£000	Early departures	Specific dilapidations	Onerous contracts	Voluntary exit scheme	Other provisions	Total
	Departmental group	Departmental group	Departmental group	Departmental group	Departmental group	Departmental group
Not later than one year	234	2,225	195	-	250	2,904
Later than one year and not later than five years	244	1,979	2	-	-	2,225
Later than five years	-	-	5	-	-	5
Balance at 31 March 2017	478	4,204	202	-	250	5,134

Analysis of expected timing of discounted flows – 2015-16

£000	Early departures	Specific dilapidations	Onerous contracts	Voluntary exit scheme	Other provisions	Total
	Departmental group	Departmental group	Departmental group	Departmental group	Departmental group	Departmental group
Not later than one year	414	2,415	427	4,209	-	7,465
Later than one year and not later than five years	467	1,789	3	-	-	2,259
Later than five years	-	-	22	-	-	22
Balance at 31 March 2016	881	4,204	452	4,209	-	9,746

20. Provisions for liabilities and charges (continued)

Early departures

The Core Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date.

The Department provides for early departure costs when the early retirement programme becomes binding on the Department. Payments are made monthly and it is anticipated that all payments will have been made against the provision by 2020-21.

Specific dilapidations

A specific dilapidation provision is made where the Department is required to bring a property into a good state of repair at the end of a lease. A provision is made for the estimated costs of these repairs based on a rate per square metre, which is updated each year on advice from a facilities management company.

A provision is also written back when not required. The provisions relate to Grosvenor House, 10 Great George Street, 35 Great Smith Street, Rosebery Court and Hercules House. The expiry dates of the remaining leases range from 2017-18 to 2024-25 with break clause options in 2019-20.

Onerous contracts

The Government Property Unit manages the Government's property portfolio, which includes vacant leasehold properties for which provision has been made for estimated payments discounted by HM Treasury's discount rates for general provisions. Payments include rent, rates, service charges, demolition work and property management charges.

The provisions relate to Birch House, Willow House and Berkeley Court. The lease expiry dates of the remaining contracts are in 2017-18. One contract is in perpetuity, with £500 per year being paid to the Gresham Estate and is provided for accordingly; the amounts due later than five years figure is only provided for 10 years and therefore reflected as such in the tables above.

Voluntary exit scheme

Due to a reduction in core funding as a result of the 2015 Spending Review, the Department was required to reduce its core staff numbers by up to 25% and a voluntary exit scheme was offered to staff in 2015-16. A new provision was created in 2015-16 for the estimated costs of voluntary redundancy payments. The Department provides for redundancy payments after an initial quote has been issued, until the exit becomes binding.

The obligating event making the offer binding is when the individual accepts the MyCSP valuation of the payment to be made. All payments have been made against the provision during 2016-17 with the remainder being written back.

Other provisions

A provision has been created in 2016-17 in relation to a third-party claim following the collapse of a crane on 70 Whitehall in high winds in 2013-14. There is uncertainty over the responsibility of the Cabinet Office in reference to this claim; therefore, a provision has been created to account for the potential liability. It is expected that payment will be made against the provision in 2017-18.

21. Contingent assets

AXELOS consideration

Cabinet Office is to be paid £65.8 million in seven equal instalments of £9.4 million commencing 1 January 2017 and ending 31 December 2023. These payments are due from its associate, AXELOS Limited, and represent settlement of deferred additional consideration from the sale of intellectual property in 2013-14. Payment is contingent on the profits of AXELOS Limited.

At 31 March 2017, The Cabinet Office recognised a liability of £2.350 million being a payment on account which is refundable, should AXELOS Limited not be in profit at its financial year ending 31 December 2017. The unpaid balance of £63.450 million is a contingent asset.

22. Contingent liabilities

There are no material contingent liabilities.

23. Related party transactions

The following bodies are regarded as related parties with which the Cabinet Office has had various material transactions during the year.

Within government, the main suppliers to the Cabinet Office were HM Treasury, HM Revenue and Customs, the Ministry of Defence, the Government Legal Department and the Food Standards Agency. The main customers of the Cabinet Office were the Crown Commercial Service (CCS), the Department for Work and Pensions, HM Revenue and Customs, the Ministry of Defence and the Ministry of Justice.

The Cabinet Office is a sponsor of the Civil Service Commission, an executive non-departmental public body, and of the Registrar of Consultant Lobbyists, a corporation sole; see Note 24. Balances and transactions between the Department and its arm's length bodies have been eliminated on consolidation and are not disclosed in this Note.

The Cabinet Office has six associate companies: MyCSP Limited, Shared Services Connected Limited (SSCL), AXELOS Limited, Behavioural Insights Limited, Integrated Debt Services Limited and Crown Hosting Data Centres Limited; see Notes 5 and 14.

The Cabinet Office received pension administration and other services from MyCSP Limited which are funded by a charge on Principal Civil Service Pension Scheme and the Civil Service and Other Pension Scheme employer pension contributions; see Notes 4 and 5.

Commencing November 2013, the Cabinet Office received payroll, HR, finance and procurement services from SSCL. The Cabinet Office's expenditure with SSCL during the 2016-17 financial year was £19.002 million and it has future commitments with SSCL totalling £17.957 million.

The ultimate parent undertaking of AXELOS Limited is Capita plc, which holds an indirect interest in Capita Resourcing Limited, with which the Cabinet Office has transacted in the year. We have a contingent asset with AXELOS; see Notes 19 and 21.

Programme evaluation services were received from Behavioural Insights Limited. Integrated Debt Services Limited provides a range of debt management and collection services. Crown Hosting Data Services Limited provides public bodies with a physical space to host their computer servers and systems that are not in the cloud.

The CCS is an executive agency of the Cabinet Office, with trading fund status. The CCS brings together policy, advice and direct buying, providing commercial services to the public sector and saving money for the taxpayer.

The Registrar of Consultant Lobbyists is a corporation sole funded by the Cabinet Office. The Registrar has had a number of transactions with the Cabinet Office in relation to staff secondments and corporate services. Neither the Registrar nor her staff have undertaken any material transactions with registered consultant lobbyists during the year.

No member of staff in the Elections Division undertook any material transactions with Returning Officers during the year.

The names and titles of all the ministers who had responsibilities for the Department during the year are provided in the Performance report. No minister, Board member, key manager or other related party has undertaken any material transactions with the Cabinet Office during the year. Compensation due to key management personnel in year has been disclosed in the Remuneration report.

24. Entities within the departmental boundary

The departmental boundary in this context relates to the boundary of the Departmental Accounts. The departmental boundary is based upon control criteria used by the Office for National Statistics to determine sector classification of the relevant sponsored bodies. Those which are classified to the central government sector are controlled for accountability purposes by one department and are designated for consolidation by that department under statutory instrument.

The following bodies have been designated for consolidation into the Cabinet Office Estimates and Accounts and are listed in the Designation and Amendment Orders presented to Parliament.

Executive non-departmental public body

Civil Service Commission

The Civil Service Commission in its current form was established by the Constitutional Reform and Governance Act 2010, although the Commission has existed as a non-statutory body since 1855. The Act assigns the Commission two primary functions: providing assurance that recruitment to the Civil Service is on merit, on the basis of fair and open competition; and hearing and determining appeals made by civil servants under the Civil Service Code, which sets out the values of the Civil Service – Impartiality, Objectivity, Integrity and Honesty – and forms part of the contractual relationship between civil servants and their employer. As an independent, statutory body the Commission publishes its own Annual Report. Further information can be found at:

civilservicecommission.independent.gov.uk; and
[Civil Service Commission Annual Report and Accounts](#)

24. Entities within the departmental boundary (continued)

Advisory non-departmental public bodies

The Cabinet Office sponsors a number of advisory non-departmental public bodies (ANDPBs) 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
- Committee on Standards in Public Life
- House of Lords Appointments Commission
- Main Honours Committee
- Boundary Commission for England
- Boundary Commission for Wales
- Security Vetting Appeals Panel
- Senior Salaries Review Body

Statutory Offices

The Office of the Registrar of Consultant Lobbyists

The Office of the Registrar of Consultant Lobbyists was set up following the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. The Registrar is an independent statutory office, established to keep and publish the register of consultant lobbyists, on which those who lobby on behalf of a third party are required to declare the names of their clients and whether or not they subscribe to a relevant code of conduct.

Further information can be found at: GOV.UK – Office of the Registrar of Consultant Lobbyists

The Office of the Commissioner for Public Appointments

The Office of the Commissioner for Public Appointments is not a non-departmental public body; however, its spending falls within the Cabinet Office budget and therefore it is listed in the Designation Order.

Other

Returning Officers' Expenses, England and Wales

The Cabinet Office Annual Report and Accounts include Returning Officers' Expenses, England and Wales for which, in previous financial years, an additional standalone Statement of Accounts has been prepared annually under a bespoke Accounts Direction.

During the year, the Department submitted a proposal to HM Treasury to revoke the Accounts Direction in the interests of simplifying and streamlining the presentation of accounts and removing unnecessary burdens. The Department also sought the views of the Public Administration and Constitutional Affairs Committee.

The Department has committed to maintain transparency over election costs by including in its Annual Report and Accounts all relevant and material information previously disclosed within the standalone Statement of Accounts for both Parliamentary elections and Police and Crime Commissioner elections.

To improve transparency and public awareness about the costs of nationwide elections, standalone documents will be published setting out the total costs for the conduct of elections including a breakdown of the main categories of expenditure in greater detail than is required in financial statements. The first such report for the 2014 European Parliamentary elections was published on 1 December 2016 and is available at: GOV.UK – Costs of the 2014 European Parliamentary elections

Similar reports are planned in 2017 and 2018 for the costs of the 2015 UK Parliamentary election and 2016 Police and Crime Commissioner elections respectively.

On 24 March 2017, HM Treasury revoked the bespoke Accounts Direction.

25. Events after the reporting period

In accordance with the requirements of IAS 10 – *Events after the Reporting Period*, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as being the date of the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

Civil Service Resourcing

The responsibility for Civil Service Resourcing (CSR) transferred from HM Revenue & Customs to the Cabinet Office on 1 April 2017; this includes the Civil Service fast stream. CSR becomes the fourth of the Civil Service HR Expert Services to move across to join the Cabinet Office (joining Organisation and Design, Civil Service Employee Policy and Civil Service Learning which all transferred across in 2016-17). The main purpose of transferring CSR and the other expert services is to increase flexibility and collaboration, as well as achieving efficiencies and improving the HR services provided to government. The financial impact in 2017-18 is a forecast increase in gross income and gross expenditure of £106.3 million. This transfer is not classified as a machinery of government transfer as the budget and ministerial responsibility previously belonged to the Cabinet Office.

Annex

Report on the use of powers under section 70 of the Charities Act 2006

This report is presented pursuant to the Charities Act 2006, section 70, which enables a minister to align the provision of financial assistance to charitable, benevolent or philanthropic institutions.

As with all grant funding in the Cabinet Office, emphasis is placed on providing value for money. Grants paid under the Charities Act are monitored to ensure that recipients deliver the objectives of individual projects, as well as contributing to the strategic aims of the Department.

Throughout 2016-17, the Cabinet Office has made grants totalling £1.587 million to organisations under the provisions of the Charities Act 2006. In all cases, the funding matched both the aims and objectives of the Cabinet Office, as well as those of the recipients. This spending does not represent the total amount of grant funding provided to the voluntary and community sector, as some other grants have been paid to this sector under the powers conferred by alternative legislation. The most significant grants were paid to the organisations mentioned below.

A grant of £0.855 million was paid to Cyber Security Challenge to enhance its competition and educational programmes that identify talented people and attract and inspire them to pursue a career in cyber security.

A grant of £0.300 million was paid to Nesta to establish the first phase of the national Inclusive Economy Partnership which aims to tackle societal challenges such as financial inclusion, transition to work, mental health and digital inclusion through collaboration between government, business and civil society in addressing societal challenges

A grant of £0.272 million was paid to the Civil Service Sports Council (CSSC) to encourage and coordinate the pursuit by all its affiliated organisations of all forms of sport and recreation throughout the Civil Service in accordance with the rules of the CSSC.

A grant of £0.110 million was paid to the Charity for Civil Servants which was established 125 years ago as the Civil Service Benevolent Fund. The purpose of the grant is to assist the charity to alleviate hardship among serving and former civil servants, their families and dependents, through the provision of financial assistance and other support and well-being services in accordance with the Rules of the Civil Service Benevolent Fund.

The remaining £0.050 million of grants under the provisions of the Charities Act 2006 were paid to a variety of organisations.

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