



Cabinet Office

Annual Report and Accounts 2017-18



A Brilliant
Civil Service

IMPROVED
OUTCOMES

Effective
Leaders

Skilled
people

A great
place to
work





Cabinet Office

ANNUAL REPORT AND ACCOUNTS 2017-18

(for period ended 31 March 2018)

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

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This is part of a series of departmental publications which, along with the Main Estimates 2017-18 and the document Public Expenditure: Statistical Analyses 2017, present the Government's outturn for 2017-18 and planned expenditure for 2018-19.



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DIRECTORS' REPORT

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Foreword



John Manzoni

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

This has been a busy and demanding year, in which the Cabinet Office has continued to work closely with the Department for Exiting the European Union (DExEU) and other departments to ensure a successful EU exit, as well as playing a crucial role in delivering the General Election in June 2017.

There have been some big achievements: the continued development of the cross-government functions, including the establishment of the new Government Property Agency from April 2018; the completion of the move of Civil Service HR Expert Services into the Department; the creation of the new Government Security function, and of the Geospatial Commission; publication of the National Security Capability Review; preparations for the highly successful Commonwealth Summit; maintaining public services through the insolvency of Carillion; delivering the Race Disparity Audit; and our continued work to increase the diversity of public appointments and the Civil Service.

The size and shape of the Cabinet Office have also continued to change in 2017-18, as the Europe Unit moved across from DExEU, the Joint-Anti Corruption Unit moved to the Home Office and two public inquiries, into the Grenfell disaster and Infected Blood, were established. We have also onboarded some 260 commercial specialists across government into the Department.

As always, none of this could have been delivered without the exceptional and diverse people who make up the Cabinet Office and I am grateful for their huge dedication and effort. I am delighted by the results of the latest staff survey, which saw us match last year's record engagement scores at a time of considerable challenge and change. This is testimony to our continued efforts to build an inclusive culture to make the Cabinet Office the best place to work in government.

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Ministers as at 31 March 2018



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. David Lidington CBE MP
Minister for the Cabinet Office and
Chancellor of the Duchy of Lancaster



Oliver Dowden CBE MP
Parliamentary Secretary
(Minister for Implementation)



Chloe Smith 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



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



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. Brandon Lewis MP
Chairman of the Conservative Party and
Minister without portfolio (unpaid)



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

The following ministers left The Cabinet Office during 2017-18:

The Rt Hon. Ben Gummer left the Cabinet Office on 9 June 2017.

The Rt Hon. David Lidington left the Cabinet Office as Leader of the House of Commons and Lord President of the Council on 10 June 2017 and took office as Lord Chancellor and Secretary of State for Justice. He returned to the Cabinet Office as Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster on 9 January 2018.

The Rt Hon. Gavin Williamson MP left the Cabinet Office on 2 November 2017 and took office as Secretary of State for Defence.

The Rt Hon. Damian Green MP joined the Cabinet Office on 11 June 2017 and left Government on 20 December 2017.

The Rt Hon. Patrick McLoughlin MP left Government on 8 January 2018.

Michael Ellis MP took office as Deputy Leader of the House of Commons on 17 July 2017 and left the Cabinet Office on 9 January 2018.

Chris Skidmore MP left the Cabinet Office on 9 January 2018.

Caroline Nokes MP left the Cabinet Office on 9 January 2018 and took office as Minister of State for Immigration at the Home Office.

Non-Executive Board Members as at 31 March 2017



Sir Ian Cheshire
Government Lead Non-Executive
and Cabinet Office Lead Non-Executive
to November 2017
Resumed this role from May 2018



Sir John Parker
Cabinet Office Lead Non-Executive
from November 2017
to May 18



Catherine Brown
Non-Executive Board Member
and Interim Chair of the Audit and Risk
Committee from November 2017

Former Non-Executive Board Members



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



Paul Kirby CB
Non-Executive Board Member
to January 2018

Cabinet Office

Cabinet Office Lead Non-Executive's Report

2017-18 has been a year of continued change in Government and at the Cabinet Office, not least including a general election and new ministerial teams. The Cabinet Office has continued to play a central role in supporting Government through these changes and its wider agenda including central support for EU Exit through the delivery of key functions such as project management, human resources, security, commercial and digital capabilities; maintaining the Civil Service's focus on delivering the Government's domestic agenda; and responding to critical issues such as security, terrorism and the collapse of Carillion.

Board membership

The Cabinet Office Board underwent several changes in 2017-18. A new Ministerial team took over with the Chancellor of the Duchy of Lancaster and the Minister for the Cabinet Office, the Rt Hon David Lidington CBE MP, as Chair of the Board, joined by Chloe Smith MP, Minister for the Constitution and Oliver Dowden CBE MP, Minister for Implementation. On the Executive side, Tracey Waltho, Director General for the Cabinet Office's Civil Service Group joined the Board. On the Non-Executive side, Sir John Parker joined as Lead Non-Executive in November 2017, although, unfortunately, he had to step down for personal reasons in May 2018. As a result, I have reassumed the role of Cabinet Office Lead Non-Executive. We also said goodbye to Non-Executive Paul Kirby who stood down to focus on a new venture. The Board thanks both for their contributions.

Given the changing shape and nature of the Cabinet Office, the role of the Non-Executives in providing external advice and expertise has been particularly valuable this year with Catherine Brown and I providing significant oversight and scrutiny through the Cabinet Office's Audit and Risk Committee, meetings with Ministers and significant work with members of the Executive Committee. We have also provided evidence to the Public Administration and Constitutional Affairs Committee as part of its review into the effectiveness of the civil service.

Board effectiveness

Given the general election and change in ministers, the Board met once in March 2018, focusing on EU Exit, strategic risk management and the setting up of the new Government Property Agency. We are currently recruiting for the vacant positions on the Board. We expect the Board to meet regularly in 2018-19. A review of governance will take place in 2018-19 to ensure the Cabinet Office continues to adopt good governance practices and capitalises on the external expertise and challenge of its Non-Executives.

Sir Ian Cheshire

Cabinet Office Lead Non-Executive Board Member

Permanent Secretary's perspective on performance

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

The department helped deliver a successful General Election in June 2017, working alongside the Electoral Commission. The Constitution team supported the online registration system, which successfully handled a record number of applications on deadline day. Registration activity has followed apace, with the December 2017 registers seeing a large increase from the previous year.

The Department has continued to work alongside the Department for Exiting the European Union (DExEU) to provide functional support to Government departments to ensure delivery of preparatory programmes as well as monitoring their progress. The Department has also worked across government on the devolution implications of EU Exit, leading engagement with the Devolved Administrations to prepare for a successful outcome for the whole of the UK. This has included supporting the Joint Ministerial Committee (Plenary) in March 2018, and four meetings of the Joint Ministerial Committee (EU Negotiations) from April 2017.

The Honours and Appointments Secretariat has continued to make progress towards its goal of broadening gender and ethnic representation in public appointments. Cabinet Office helped to set up two new public inquiries, covering the Grenfell disaster and Infected Blood, and has taken on a sponsorship role for both. The Department delivered the Race Disparity Audit, a Prime Ministerial priority, showing how outcomes differ for people of different backgrounds, and is taking forward this work.

The National Security Secretariat and the Joint Intelligence Organisation continued to deliver on the commitments of the National Security and Cyber Strategies with the mission of keeping Britain safe. In March 2018 the National Security Capability Review was published, introducing a new approach to strategic security based on cross-government solutions.

A key objective for Cabinet Office is delivering cross-government efficiencies. In 2017-18, the central commercial teams assisted other departments delivering combined savings of circa £1.2 billion. The successful onboarding of five new departments onto the Single Operating Platform means government shared services are on track to deliver savings worth £300 million. The Debt Market Integrator has helped six government departments collect outstanding debt this year, and is on track to collect £900 million of debt over the five years to 2020.

The Office of Government Property has continued to drive a reduction in the size of the central government estate. The One Public Estate programme now covers 90% of English councils and is progressing well towards its target of 95% coverage. The Government Property Agency was formally launched in April 2018 and has continued to deliver on its strategy of rationalising government estate costs by co-locating departments in modern 'Hub' offices across the country.

The Government Digital Service (GDS) common platforms are now used by 236 teams across 89 public sector organisations. GDS has also enabled over 40 million notifications from Government bodies through GOV.UK Notify.

In December 2017, the Infrastructure and Projects Authority launched 'Transforming Infrastructure Performance', a long-term programme to improve the delivery and performance of infrastructure. Meanwhile, the Grants team launched the Government Grant Information System as the single repository of government grant data.

The Department has maintained its strong focus on people this year, both at Civil Service-wide and departmental level. Civil Service Human Resources have published a refreshed Diversity & Inclusion strategy for the Civil Service, while the Cabinet Office's own people survey showed we were maintaining the Department's staff engagement levels at a record high, matching last year's results. A concerted campaign to increase Cabinet Office diversity declaration rates has seen rates increase across all measures, including ethnicity and disability status. Of those reporting, the proportion of our staff identifying as from an ethnic minority remained at 19% (above the UK benchmark of 12%) and the proportion of disabled staff increased to 11% from 8% in 2016-17.

In a year of exciting development and changes, what has remained constant is the passion and dedication of our teams. Whether policy, secretariat, functional or support teams - each have demonstrated a commitment of which they should rightly feel proud. I would like to thank them all for their contribution to the successes this report sets out.

John Manzoni

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

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PERFORMANCE REPORT

Cabinet Office

Overview of the Cabinet Office

The Cabinet Office has three strategic objectives. These are:

1. Maintaining the integrity of the Union, coordinating the security of the realm and sustaining a flourishing democracy;
2. Supporting the design and implementation of HM Government's policies and the Prime Minister's priorities;
3. Ensuring the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government.

In addition, a corporate objective covers all corporate activity within the Department. The main business areas reporting against each objective are listed below.

The Cabinet Office receives funding for its activities from a range of sources. Primarily, funding is provided by Parliamentary vote. Additional funding for specific activities is received from the Prosperity Fund (economic development) and the National Cyber Security Programme. This is supplemented by cross-government charges for services provided to other government departments by the Cabinet Office's functions.

<p>Strategic Objective 1 Constitution Group Government Security Group Intelligence and Security Committee Joint Intelligence Organisation National Security Secretariat</p>	<p>Strategic Objective 2 Economic and Domestic Secretariat Europe Unit Government in Parliament Group Honours and Appointments Implementation Unit Office of the Parliamentary Counsel Prime Minister's Office Private Office Group</p>
<p>Strategic Objective 3 Civil Service Group Civil Service Commission Civil Service Human Resources Civil Service Pensions Commercial Models Fraud, Error and Debt and Grants Government Commercial Function Government Communications Government Digital Service Government Property Agency Government Shared Services Infrastructure & Projects Authority Office of Government Property Public Bodies Reform</p>	<p>Corporate Objective Cabinet Office Communications Cabinet Office Finance Cabinet Office Human Resources Cabinet Office Security Digital and Technology Team Estates Management</p>

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, referenda and political party funding, the Government's devolution policy, political and Parliamentary reform and the Boundary Commission for England.

Modern Electoral Registration Programme and registration of voters

During 2017-18, the Modern Electoral Registration Programme worked with 24 Electoral Registration Officers (EROs) to run pilot projects, identifying opportunities to streamline the annual registration canvass. The Department provided more than £15 million in financial support to EROs.

A Democratic Engagement Plan was published in December 2017 focusing on barriers to registration and a new National Democracy Council is working towards the inaugural National Democracy Week in July 2018, with the launch of a youth engagement toolkit for parliamentarians in March 2018.

Data published in March 2018 revealed that the December 2017 electoral registers listed 380,000 more individuals than those published in December 2016; (a 1% increase) providing evidence of the effectiveness of registration activity.

Constitutional settlement

The Government's technical review of English Votes was published in March 2017. In October 2017, the Lord Speaker's Committee made recommendations on reducing the size of the House of Lords. The committee will reconvene to consider the next steps and Constitution Group will be engaging with this work.



The Rt. Hon. Andrea Leadsom MP, Victoria Atkins MP and Chloe Smith MP at the launch of the National Democracy Week

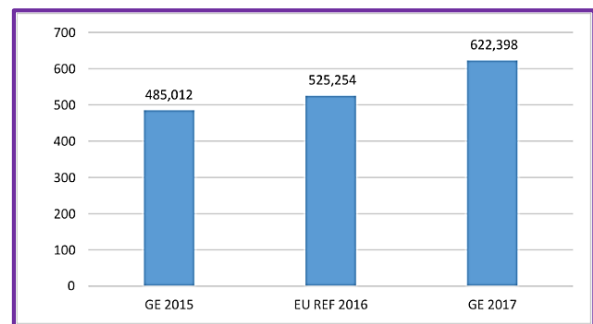
Governance and devolution

CG has worked with departments across government to deliver the Government's priority to maintain the integrity of the Union. The Joint Ministerial Committee (Plenary), chaired by the Prime Minister and attended by all the devolved administrations, was held on 14 March 2018. Four meetings of the Joint Ministerial Committee (EU Negotiations) were held since April 2017.

Electoral administration

CG also worked alongside the Electoral Commission to ensure the smooth running of the June 2017 General Election. The General Election was supported by the online registration service, which successfully handled a record number of applications to register to vote (more than 620,000) on the deadline day.

Following publication of the Government's response to the review by Sir Eric Pickles on preventing electoral fraud, CG has worked in close partnership with local authorities to design pilots for voter ID in polling stations and for postal voting. These were implemented in the local elections in May 2018.



Applications on registration deadline day

Security of the realm

The Cabinet Office has continued to coordinate the delivery of commitments under the National Security Strategy, the Strategic Defence and Security Review (SDSR), and the National Cyber Security Strategy. The publication of the National Security Capability Review in March 2018 redefined the Department's strategic approach through the introduction of the Fusion Doctrine: a means to deliver whole-of-government solutions to national security challenges.

In line with the Fusion Doctrine, the National Security Secretariat (NSS) has refreshed the way it supports decision making by the National Security Council (NSC), the Cabinet and the Prime Minister, appointing Senior Responsible Owners to deliver cross-disciplinary work on the priorities set by the NSC. In COBR, NSS has continued to manage a highly effective crisis management capability, and has led work to improve this system further.

The Joint Intelligence Organisation (JIO) has continued to support the Government, and inform effective decision making, by providing all source assessments on the nature and scope of both current and potential threats to national security.

In October 2017 the Europe Unit moved across from the Department for Exiting the European Union (DExEU) back to the Cabinet Office. The Europe Unit has continued to support the Prime Minister and Cabinet in negotiating and delivering the best possible deal for Britain and ensuring a successful and orderly exit from the European Union.

Cabinet Office

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 as outlined in the 2017-18 Single Departmental Plan.

Drive policy innovation across government

The Implementation Unit (IU) helps the Government track delivery against its programme and the Prime Minister's priorities. As part of this the team works with departments to draw up their Single Departmental Plans. The IU also supports the Government's Implementation Task Forces, which are charged with tracking and driving performance on cross-cutting delivery priorities.

Task Forces currently operate on immigration, modern slavery, housing, digital, employment and skills, industrial strategy and on rough sleeping and homelessness reduction. The IU supports these Task Forces by providing the latest performance data on the issues for which they are responsible.

Deliver the Government's legislative agenda

The Government's legislative programme in 2017-18 was delivered by the Government in Parliament Group alongside the Office of the Parliamentary Counsel and the Parliamentary Business and Legislation team in the Economic and Domestic Secretariat.

A full programme of government primary legislation was planned for the first session of the new Parliament, including 28 Government Bills introduced into Parliament (11 of which were enacted by end of April 2018), and 23 Private Members' Bills supported by the Government. This included the European Union (Withdrawal) Bill and five other bills related to withdrawal from the European Union.

Support the effective operation of the Cabinet and Cabinet committees

2017-18 has been a demanding year for the Cabinet Office, with the General Election in June 2017, and a number of Cabinet reshuffles. Private Office Group has continued to focus on the department's changing priorities. It also 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 team set up two Public Inquiries, on Grenfell Tower and Infected Blood, ensuring clear leadership and necessary resources were in place and the terms of reference agreed. Consultation on the revised *FoI Code of Practice* was completed in February and the Code will be laid in Parliament before the summer recess.

We have considered the NAO's Report *Investigation into Government's management of the Business Appointment Rules* which was published in July 2017. We are publishing additional guidance and will also be updating the *Civil Service Management Code* in response to NAO findings.

Drive reform through reviews commissioned by the Prime Minister

This year the Race Disparity Unit (RDU) has built the Ethnicity Facts and Figures website to show how outcomes differ for people of different backgrounds. The team published data on 151 measures in six categories such as 'crime justice and the law'. The website launched on 10 October 2017 after data was collected from across Government.

As at April 2018, the website has had more than 60,000 users and 380,000 page views. The top pages include 'stop and search', 'employment' and 'number of arrests'. In January 2018 RDU published its style guide. The approach was described by the Office for Statistics Regulation as "a model for how all statistics should be developed".

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

In line with the SDP, throughout 2017-18 the Propriety and Ethics team and the Centre for Public Appointments have continued to work to ensure the highest standards of propriety and conduct are maintained within government and public life and that the best people are appointed to public office.



Reception for Chinese honours recipients in February 2018

The Centre for Public Appointments provides leadership and guidance to departments to improve the quality of the appointments process and to widen the pool of candidates applying for vacancies, with the aim of increasing the diversity of public boards.

In December 2017 the *Public Appointments Action Plan* was published which sets out our ambition that by 2022 50% of all appointees will be female (currently 43%) and 14% will be from ethnic minorities (currently 10%) and a 10 point action plan, which underpins those aspirations.

The Honours and Appointments Secretariat takes 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.

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In the New Year's Honours List 2018, 49% of recipients were women and 9.2% of recipients came from a Black and Minority Ethnic (BAME) background.

Other reporting

During 2017-18, 91% of Freedom of Information (Fol) cases were answered within the required statutory timeframes, compared with 94% the previous reporting year. There has been a significant increase in the number of Parliamentary Questions (PQs) being tabled to the Cabinet Office in the 2017 Parliament. Since the State Opening of Parliament on 21 June 2017, 1,900 questions have been tabled, a 40% increase year on year. During the 2017 calendar year 93% of MPs' and Peers' correspondence was answered within 15 working days.

There were three reportable incidents from the Cabinet Office to the Information Commissioner's Office in 2017-18. An IT health check test identified an export file in a web-based hosting service containing user account details; a letter to an individual acknowledging a request to appeal to the Security Vetting Appeals Panel was sent to the wrong address; and the distribution list for a sensitive email was accidentally revealed to all recipients.

According to the latest published information, the Parliamentary and Health Service Ombudsman received 18 complaints about the Cabinet Office in 2016-17 and accepted one for investigation, which was upheld.

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 2017-18 Single Departmental Plan 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 on 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. The Functions have also provided important support to Brexit programmes across government.

Civil Service Group

Civil Service Group (CSG) is responsible for strengthening and transforming the Civil Service as it tackles increasingly complex challenges. CSG has provided direct support to the Cabinet Secretary and the Permanent Secretary of the Cabinet Office, including preparation and planning for the 2017 election, refreshing Single Departmental Plans, reforming the spending controls framework and providing corporate governance support to the Cabinet Office and Non-Executive Directors throughout government.

CSG continues to embed the vision for 'A Brilliant Civil Service' – a great place to work, with skilled people, effective leaders and improved outcomes. Civil Service Local builds links between Whitehall, regional civil servants and the communities they serve, involving over 40,000 civil servants and citizens.

In addition the Policy Lab has helped departments generate analysis and ideas through expert facilitation and collaboration. CSG has supported the International Civil Service Effectiveness (InCiSE) Index, and led delivery of the Civil Service people survey to more than 100 organisations, with results published on GOV.UK.

Government Digital Service (GDS)

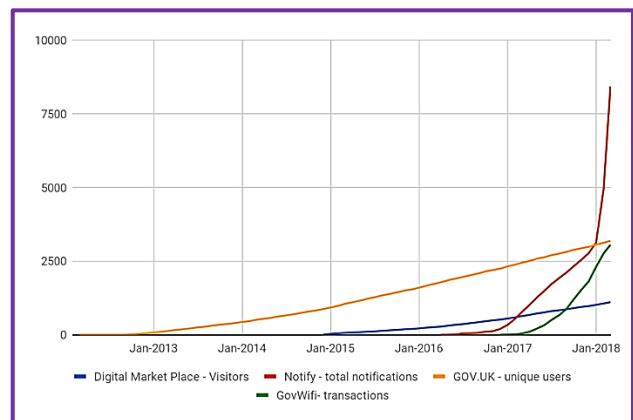
In 2017-18, GDS programmes have been delivering on the SDP commitment to help government understand user needs and meet them through the design and delivery of great public services. As of March 2018, more than 200 service teams across 89 public sector organisations have adopted GDS common platforms. In 2017-18 GDS enabled 40.2 million notifications to be sent through GOV.UK Notify. Completed government transactions have increased to more than 3 billion in 2017-18.

By end of 2017/18, over 2 million people had created a Verify account to perform over 6 million secure transactions with government. GOV.UK Verify is used by 8 government departments and 17 services. However, it continues to experience lower than forecast adoption of the service across government departments. Strategies to increase adoption of the service are being considered.

The development of the GovWifi service reached 31,000 unique visitors in over 400 sites in February 2018. GDS has generated £1.2 billion in government business through the Digital Marketplace; in March 2018, the Global Digital Marketplace was announced. This partnership between GDS and the FCO aims to help international governments make their procurement more transparent, in order to prevent corruption and boost their digital, data and technology sectors.

In 2017-18 GOV.UK Pay reached over 1 million payments to a total value of £49.4 million. GDS continued to advise and assure on services that matter to the public through service assessments and assurance, leading to over £225 million in savings in 2017-18.

GOV.UK also introduced a new step by step navigation pattern which joins up content and transactions spread across different topic areas or departments. It was used over 400,000 times in the eight weeks since launch in 2017-18. More broadly, GOV.UK also successfully launched its new email service, moving away from an external supplier and using GOV.UK Notify to send almost 8.5 million emails a week on average.



Index of cumulative take up of GDS Common Platform Services

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GDS has continued to deliver the workforce planning strategy for the Digital, Data and Technology (DDaT) profession across government, with EU Exit planning a priority. Through better understanding of the DDaT workforce GDS has taken a more informed approach to recruitment, learning and development, talent, location and diversity strategy.

The Digital Academy became part of GDS in May 2017, moving over from the Department for Work and Pensions. The Academy has already trained over 7,800 civil servants; the 1,000th graduate from the digital and agile foundation course graduated in March 2018.

The Government Transformation Strategy 2017 to 2020 published by GDS in February 2017 outlines the next stage of digitally-enabled transformation for government. This includes programmes such as the 'GovTech Catalyst', a new centrally-led team support public bodies in identifying challenges that could be solved with new digital technologies, such as AI or Blockchain.

Infrastructure and Projects Authority (IPA)

The IPA supports government departments to ensure projects are delivered efficiently and effectively, particularly those in the early stages of development. The IPA supports the Government Major Projects Portfolio (GMPP). The GMPP includes approximately 150 projects, valued at around £450 billion, for which over 200 independent assurance reviews were conducted last year.

The IPA leads the project delivery profession across government, offering world-class leadership programmes and building skills and capabilities. More than 500 professionals have enrolled on the Major Projects Leadership Academy, and over 300 have graduated as of 2018. Training and advice to foreign Governments on their infrastructure plans and programmes is provided by the IPA's international team, building infrastructure alliances and helping open up new markets for the UK.

The IPA also plays a key role in driving improvement in the UK's infrastructure sector. In December 2017 the IPA launched 'Transforming Infrastructure Performance', our long-term programme to improve the delivery and performance of infrastructure. It lays out how Government and industry can work together to benchmark performance and select the right projects. This programme of work will improve the construction industry's productivity and will be key to ensuring successful and efficient delivery of public and private investment in infrastructure over the next 10 years.

Shared services

Government Shared Services (GSS) leads on strategy for cross-Government back office operations for human resources (HR) and finance, to deliver more efficient and cost-effective services.

Following engagement with 150 stakeholders from 22 departments, a new government-wide shared services strategy was agreed in 2017-18, focusing on delivering value and efficiency, ensuring convergence around process and data, and meeting user needs. GSS will be separating technology from service centres, moving to cloud technology solutions, aligning transactional processes across departments and promoting excellence and convenience.

During 2017-18, the GSS team has also successfully managed the on-boarding of Department for Work and Pensions (DWP), Department for Education (DfE), Cabinet Office (CO), Department for Exiting the European Union (DEEU), Health and Safety Executive (HSE) and Office for Nuclear Regulation (ONR) onto the Single Operating Platform (SOP). These added 96,000 new users to SOP, taking the total number to circa 200,000. As a result, GSS are on target to deliver £300 million of savings to be delivered as part of the current contract with Shared Services Connected Limited.

Responding to recommendations in a 2016-17 NAO report, Finance and HR Global Process designs have been agreed and documented. This is a key foundation to delivering further efficiency through shared services across government.

Office of Government Property

Throughout 2017-18, the Office of Government Property (formerly the Government Property Unit) has been delivering on the objective of improving the strategic management of the Government estate. One Public Estate (OPE) has increased its coverage of English councils from 70% to 90%, with a further target of 95%. OPE projects have achieved 73 co-locations with public sector partners, far exceeding the target of 45 co-locations by 2020. Up to March 2018, OPE projects delivered £76 million capital receipts, £20 million running cost savings, 5,700 new jobs and released land for 2,800 new homes.

The Government Property Agency (GPA) has been formally launched as a new Executive Agency of the Cabinet Office from 1 April 2018. The GPA will own the central Government general purpose estate, including cross-Government control and delivery infrastructure.

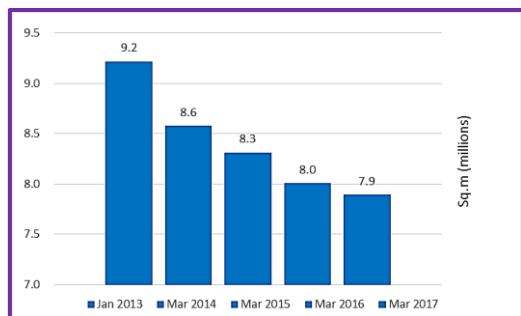
The Government Hubs programme, which delivers savings to Government by co-locating departments in modern office spaces, has continued apace in 2017-18, with nine Government Hubs across the UK announced with HM Revenue & Customs. The programme is forecast to realise £717m net cashable savings over the next ten years. The GPA has secured more space in central London to meet growing demand for space as a result of EU Exit.

The GPA also secured £38 million income from previously empty Government property by identifying new public sector tenants and helped develop the transformation business case for the Department for Environment, Food and Rural Affairs (Defra) science campus.

The OGP helped Departments realise £94 million from sales of surplus land and property sites between April and September 2017. The size of the central Government estate has continued to fall: 2017-18 saw a reduction of 100,000 square metres, contributing to a reduction of 400,000 square metres since 2014-15. Vacant space rates within the estate are 1.5%, less than a fifth of the private sector.

Cabinet Office

Office of Government Property (continued)



Size of the central Government estate

The OGP has been working with Departments to develop the new Government Estates Strategy (GES), to be published in summer 2018. The GES will transform how Government uses land and property from the opportunistic realisation of savings to considering land and buildings as a platform for the delivery of the Government's wider objectives. As a key part of the GES, in February 2018 the Places for Growth Programme was created to deliver the Government's commitment to relocate public bodies and some departmental activities outside London and the South East of England.

Commercial

The Government Commercial Function (GCF), headed by the Government Chief Commercial Officer, aims to be the best commercial function in the UK, delivering value for money for government. In 2017-18, central teams in GCF are forecasting savings of £1.2 billion in conjunction with departmental teams. The GCF has helped to hire a total of 108 candidates into the Government Commercial Organisation (GCO). The GCO employs around 260 of the most senior commercial specialists who are then loaned into departments across government.

The Commercial Assessment & Development Centre has now assessed more than 1,200 people since its foundation in March 2016. The Knowledge Hub, an online networking and knowledge sharing platform for the GCF now has more than 1,770 users across 147 public bodies. In September 2017 the GCF Northern Hub was launched, a network of staff who hold regional events to increase engagement in the GCF from staff around the country. The GCF Southern Hub was launched in April 2018.

This year, the Crown Commercial Service (CCS) has developed a joint planning exercise with departments called 'Framework Finder'. In the last year this has identified £762 million of expenditure which can transition from central government departments to CCS. Following an NAO review in December 2016 and a hearing of the Public Accounts Committee (PAC), CCS has continued to adopt their recommendations for centralising procurement of common goods and services.

Commercial Models

The Commercial Models Team (CMT) assists departments and other public sector organisations to deliver better services at lower cost and devise and implement commercial models for collaborating across the public sector and between the private and public sectors.

The team worked with the Ministry of Housing, Communities & Local Government and HM Treasury to transform the way the Local Government Pension Scheme invests its £260 billion of assets. The government has received ambitious proposals from Local Government Pension Scheme administering authorities in England and Wales to consolidate their assets into a small number of pools to take advantage of their scale. These pools are expected to deliver annual savings in investment costs of at least £200-300 million. We will also work with administering authorities to establish a new Local Government Pension Scheme infrastructure investment platform, in line with their proposals, in order to boost their capacity and capability to invest in infrastructure.

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

This year, Public Bodies Reform (PBR) has continued work on identifying of savings through reviews of arm's length bodies. Under PBR guidance, 30 reviews were completed during 2017-18 looking at the efficiency, effectiveness and simplification of ALBs, covering around £660 million of expenditure. Departments have been empowered to develop strong relationships with their ALBs through our *Code of Good Practice*, and in 2017-18 departments have assessed themselves against these benchmarks. PBR also provided guidance on the creation, reform or abolition of ALBs.

Following the Regulatory Futures review, published in January 2017, the Cabinet Office is working closely with regulatory bodies and their sponsor Departments to implement the recommendations. The review estimated potential savings of £500 million. The PBR team has also collaborated with the Office of Government Property on locating more public servants, including ALB staff, outside London.

Government Communication Service

The Government Communication profession has driven savings of over £45 million on the cross-government communication budget. Pauses in activity around the General Election affected the normal campaign cycle. As a result, campaign fulfilment (green rating) was 66.8%, compared to a benchmark of 75%.

Annual Report and Accounts 2017-18

The team has also worked with leading industry trade bodies to create new viewability standards for digital advertising and has implemented a number of cutting edge technical advances through the Engage programme, placing data into the heart of operations. Among these innovations are a digital mapping tool, combining over 20 data sets, to provide enhanced localised insights for campaign optimisation, and a cross-Whitehall collaborative research hub.



Alex Aiken, Government Communications Executive Director, at the Department for Work & Pensions Leeds office

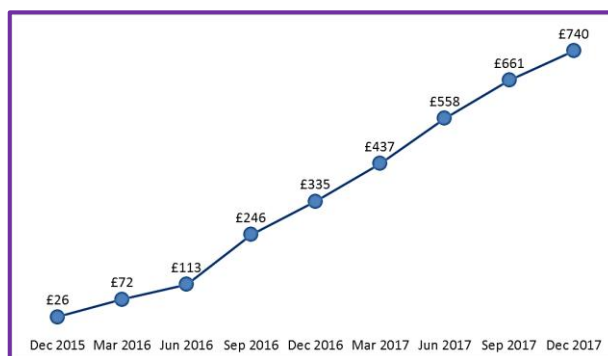
Cabinet Office Communications achieved over 1,970,000 voter registrations in the year to September, far outstripping the full year target of 650,000. The profession continued to exceed diversity objectives this year, with 82% of applicants to the summer diversity internship programme coming from BAME backgrounds and 48% from lower socio-economic backgrounds.

Fraud Error, Debt and Grants (FEDG)

FEDG helps departments deliver significant savings in each of its areas of competence, through the Counter Fraud Centre of Expertise, the Debt Function and the Grants Efficiency Function.

This year, the structure of the Counter Fraud Profession was finalised, including membership criteria and categories, ready for launch in 2018-19. The National Fraud Initiative detected and prevented fraud worth over £300 million between 2016 and 2018, a record level of performance. FEDG has also built up the Counter Fraud Data Alliance, to share known fraud data across sectors to find and reduce fraud loss, and delivered seven innovative data sharing and analytics pilots.

In 2017-18 FEDG developed a Debt Centre of Excellence to provide leadership, best practice, and knowledge sharing for government debt management as well as a Debt Standard to assess levels of excellence, and identify gaps in government debt management capability. The Debt Market Integrator (DMI) is a collection platform involving six departments. The DMI is on track against its target to collect £900 million over the five years to 2020.



Debt Market Integrator – Gross cumulative recoveries (£m)*

* Unaudited management information from departments who use the DMI

2017-18 saw increased use of the Government Grant Information System (GGIS). GGIS was set up in 2016-17 as the single repository of grants data in government, providing insight and supporting fraud and error detection. Compared to 2016-17, departments have documented an additional £14 billion of general grant awards on GGIS. As a result, 91% of general grant awards are now captured on GGIS.

Civil Service Human Resources (CSHR)

During 2017-18 CSHR has continued to deliver the Civil Service Workforce Plan. The Diversity & Inclusion strategy was published in October 2017, following on from the Civil Service Diversity & Inclusion Awards and the publication of the Race Disparity Audit.

Through 2017-18 CSHR continued its efforts on early talent management by embedding all recommendations from the Bridge Report. The manifesto commitment to deliver 30,000 Civil Service apprenticeship new starts in England by April 2020 drives our work in this area. In the first three quarters of 2017-18, 10,000 starts were achieved, against a target of 30,000 for the year. Departments expect a high level of starts in the final quarter which will be captured in the next reporting period.

The Workforce Plan also sets out the action to “Streamline the exits process and make changes to the Civil Service Compensation Scheme”. In 2017-18 exit reforms were completed, although work continues following a judicial review loss, and a proactive industrial relations strategy that supports smoother trade union interactions was developed.

During the latter half of the year, focus has been on preparing for a range of 2018-19 deliverables under the Attract and Retain programme. For example, the Civil Service Careers website has been in use by early adopter departments since February 2018, and was publicly launched in May 2018.

Cabinet Office people

This year staff engagement on the people survey was 65%, in line with 2016-17, and the highest it has ever been in the Cabinet Office. The results show that staff have a real interest in their work and feel equipped with the right skills to deliver effectively. Diversity and Inclusion was the focus of renewed induction training and senior staff reflected on its place in business planning at the SCS leadership development event in November 2017.

Cabinet Office

Cabinet Office people (continued)

The Cabinet Office Diversity and Inclusion Strategy was refreshed this year, focusing on leadership and line management, data and networks, and representation, with the goal of making the Civil Service the most inclusive UK employer by 2020. The Cabinet Office also agreed rolling targets for ethnic minority backgrounds for new entrants to the Senior Civil Service.

Following an extensive campaign to improve the Department's diversity declaration rates, 72% of staff recorded against at least one measure (other than gender). Of those who recorded their ethnicity, the proportion who identified as from an ethnic minority remained at 19% (above the UK benchmark of 12%). The proportion of disabled staff among of those reporting their status increased to 11% from 8% in 2016-17.



Interns on the July 2017 Summer Diversity Internship Programme at 10 Downing Street

New social mobility and faith & belief networks were established. The networks delivered events for Black History Month, LGBT history month and International Women's Day; led a successful Diversity Day event during National Inclusion Week; and met regularly with the Permanent Secretary and their Champions.

Sustainable development

Compliance with environmental legislation

The Cabinet Office is committed to reducing the environmental impacts associated with day-to-day operations. The *Cabinet Office Environmental Policy*, roles and responsibilities have been updated in line with the *Government's Sustainable Development Policy*. We also strive to embed the targets and indicators of the 17 Sustainable Development Goals into operational service delivery. In March 2018, the Cabinet Office was recertified to the ISO 14001 (2015) international standard, which provides a framework for effective environmental management.

Greening Government Commitments (GGC)

The Cabinet Office continues to reduce its carbon footprint through the implementation of an ambitious and extensive estate rationalisation project and a series of efficiency measures. The rationalisation programme and the installation of water-saving appliances have successfully reduced water consumption. Staff travel has increased due to an increased need for more personal meetings and negotiations, as the Government prepares for EU Exit. In order to reduce 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.

Sustainable procurement

The Department continues to work with all suppliers in accordance with the Government Buying Standards (GBS) and in alignment with the GGC. All food is procured in line with GBS requirements. Working with our FM provider we have reviewed plastics within our supply chain, and worked to reduce plastic waste and prevent it where possible.

Employee engagement

In late March 2018 a sustainability campaign was launched to make the Cabinet Office one of the highest-ranking Whitehall departments for efficient recycling, waste and water management. On 24 March 2018, the Cabinet Office took part in the World Wildlife Foundation's Earth Hour by switching off our lights. Sustainability performance data is shared with staff on a monthly basis; staff are encouraged to "think sustainably" and consider whether short-term cost savings are sacrificing long-term, sustainable benefits.

Future Developments

During 2018-19 we shall ensure that Sustainable Development (SD), Climate Change Agreements (CCA) and Responsible Procurement (RP) are embedded within overall governance, decision-making and assurance processes. Working with the newly created Cabinet Office Portfolio Office we shall ensure that SD, CCA and RP feature in performance and project management, including the monitoring of impact assessments, and the effective use of sound evidence in policy making.

Sustainable development (continued)

Greening Government Commitments Data						
	Baseline	2014-15	2015-16	2016-17	2017-18	Reduction
Emissions (tonnes of CO₂e)						
Scope 1 ¹	1,088	576	447	388	435	60%
Scope 2 ²	9,166	5,720	4,642	4,223	4,025	56%
Scope 3 ³	1,373	1,020	854	991	282	79%
Emissions total	11,627	7,316	5,943	5,602	4,742	59%
Emissions per FTE		2.0	2.2	1.9	1.5	
Domestic business travel flights						
Flights total	2,306	2,034	1,254	1,311	1,488	35%
Waste generated						
Waste generated (tonnes)	1,226	511	418	351	376	69%
Waste generated per FTE		0.15	0.16	0.12	0.12	
Paper consumption						
Paper use A4e (reams)	56,396	8,124	19,723	20,353	15,800	72%
Paper use per FTE		2.42	7.38	7.10	5.1	
Water consumption						
Water consumption (m ³)	52,388	41,639	26,102	28,493	28,383	46%
Water consumption (m ³ /FTE)	12.0	13.2	8.4	9.9	9.1	24%
Total Water Expenditure (£k)		97.7	39.0	75.9	75.6	

¹ Direct emissions from sources owned or controlled

² Indirect emissions from consumption of purchased electricity or sources of energy generated upstream

³ Other Indirect emissions occurring as a consequence of the Cabinet Office's operations but not directly owned or controlled by the Cabinet Office



John Manzone

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

17 July 2018

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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 arm's length public bodies. This is designated by order made under the GRAA by Statutory Instrument 2017/310 & Statutory Instrument 2017/1256 (amendment) (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at Note 23 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 Principal 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 Principal Accounting Officer of the Cabinet Office. John Manzoni has held this post since 29 August 2015.

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

These appointments do not detract from the Head of Department's overall responsibility as Principal Accounting Officer for the department's accounts.

The Principal 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, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or non-departmental or other arm's length public body for which the Accounting Officer is responsible, are set out in *Managing Public Money* published by the 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 3 to the accounts. During the reporting year no payment was made to the auditors for non-audit work (2016-17: £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.

Annual Report and Accounts 2017-18

Governance statement

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

Governance framework

The Cabinet Office Board maintains a view on the strategic vision of the department and its delivery against that, bringing together its ministerial and executive leaders along with non-executives from outside government. Owing to the general election and changes in ministers and non-executives, the usual pattern of quarterly meetings was disrupted and the Board met once in March 2018. It focused its attention on how to strengthen the department's risk management practices, the department's role in EU Exit work, both internally and in supporting Whitehall, and reviewed the progress in setting up the new Government Property Agency. It continues to be supported by the Cabinet Office Audit and Risk Committee (COARC). The Risk Review Board regularly reviews the Department's top strategic and operational risks and advises the Executive Committee.

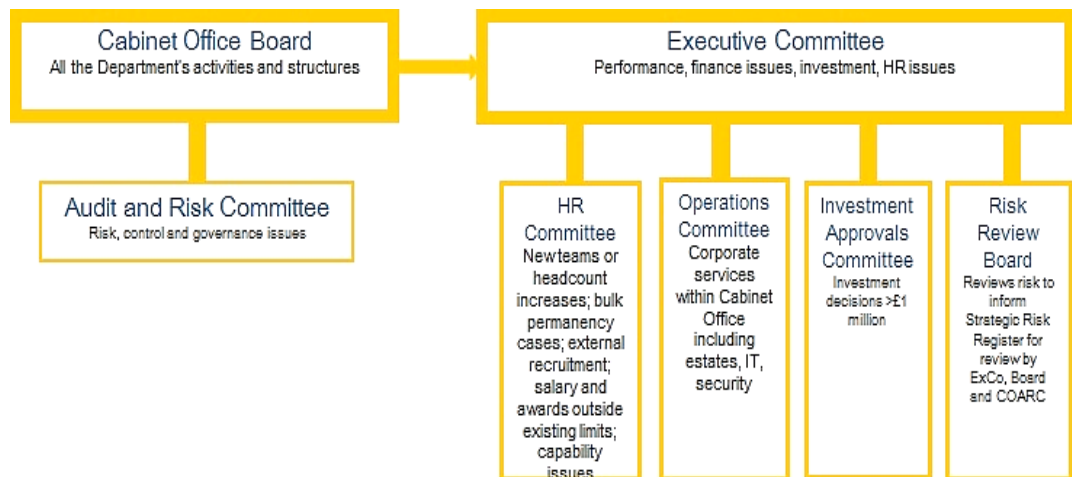
The membership of the Board has undergone several changes in 2017-18. David Lidington now chairs the Board joined by fellow Cabinet Office ministers Oliver Dowden and Chloe Smith. On the non-executive side, Sir John Parker was appointed lead board member in November 2017 although, unfortunately, he had to step down in May 2018. Existing board member Catherine Brown became interim chair of COARC following the departure of the chair, Amy Stirling, in November 2017. Sir Ian Cheshire continued in his role as member of the Board and COARC in addition to his lead role for non-executives across government. Sir Ian was interim lead CO non-executive director until Sir John's appointment in November 2017, and resumed this role in May 2018. Meanwhile, Paul Kirby left the Board in January 2018.

Building on steps taken following a review of governance by the then lead non-executive in 2016, we are conducting a further governance audit to ensure our structures and practices remain fit for purpose and in line with the principles of good governance. We will also be recruiting additional non-executives for the Board and COARC to enhance external oversight and expertise.

The Executive Committee of the Cabinet Office, chaired by the Permanent Secretary, met monthly throughout the year to scrutinise delivery, performance and risk 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. For the Department's major programmes, a new Cabinet Office Portfolio Office now provides the Executive Committee with greater visibility of its portfolio. I have taken assurance from regular reviews of progress on major projects by the Infrastructure and Projects Authority.

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 on an interim basis by Catherine Brown, following Amy Stirling's departure in November 2017. During 2017-18 COARC had four main meetings, with additional meetings to review draft financial statements and an extraordinary meeting to review action taken in response to the insolvency of Carillion. 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 Investment Approvals Committee, chaired by the Finance Director, 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 £5 million. 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.



Cabinet Office

Governance framework (continued)

The Human Resources Committee (renamed People Committee) is a sub-committee of the Executive Committee and is responsible for providing strategic governance to HR processes and policies, and reviewing departmental workforce planning and composition. The committee was chaired during the year by Sue Gray, Director General Private Office Group, and met monthly. The committee was made up primarily of director generals and directors from across the department. In 2017-18 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 use of extended pay ranges, a revised performance management process; a departmental recruitment strategy; and a strategic workforce plan for the next five years.

In recognition of the growing size of the Cabinet Office and its changing responsibilities, a new Operations Committee was established in July 2017. The committee reports directly to Executive Committee and is responsible for providing corporate leadership and strategic oversight of internal corporate services and assuring delivery across business operations.

Board Membership and Attendance

	Name	Date of in-year appointment/ departure	No. of meetings attended	Role
Ministerial Members	The Rt Hon. Ben Gummer MP	Departed 9 Jun 2017	0	Minister for the Cabinet Office and Paymaster General
	Chris Skidmore MP	Departed 9 Jan 2018	0	Minister for the Constitution
	The Rt Hon Damian Green MP	Appointed 11 Jun 2017 Departed 20 Dec 2017	0	First Secretary of State, and Minister for the Cabinet Office
	The Rt Hon David Lidington CBE MP	Appointed 9 Jan 2018	1	Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office
	Chloe Smith MP	Appointed 10 Jan 2018	1	Parliamentary Secretary (Minister for the Constitution)
	Oliver Dowden CBE MP	Appointed 10 Jan 2018	1	Parliamentary Secretary (Minister for Implementation)
Non-executive Members	Sir Ian Cheshire	n/a	1	Government Lead Non-Executive Board Member
	Catherine Brown	n/a	1	Non-Executive Member
	Paul Kirby CB	Departed 18 Jan 2018	0	Non-Executive Member
	Sir John Parker	Appointed 15 Nov 2017	1	Lead Non-Executive Member

	Name	Date of in-year appointment / departure	No. of meetings attended	Role
Officials	John Manzoni	n/a	1	Chief Executive of the Civil Service and Cabinet Office Permanent Secretary
	Sir Jeremy Heywood	n/a	1	Head of the Civil Service and Cabinet Secretary
	Elizabeth Gardiner	n/a	1	First Parliamentary Counsel
	Guy Lester	n/a	1	Finance Director
	Tracey Waltho	Appointed 1 Apr 2017	1	Director General, Civil Service Group

Returning Officers' expenses

As part of the Cabinet Office, the Elections Division is subject to the Department's internal control system. During 2017-18, 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. The ECU was also responsible for making advance payments to returning officers in relation to the 2017 UK parliamentary general election. Returning Officers have six months from the date of the poll in which to submit their expenses claims for a national poll. 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 2017-18, 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. The Cabinet Office Annual Report and Accounts include Returning Officers' Expenses for England and Wales.

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. A risk management policy is in place and guidance is available setting out how the policy should be implemented within business units.

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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 collects current business area risk registers regularly, and use this to inform and update the Strategic Risk Register. A Risk Review Board 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.

During 2017-18 the approach to assessing risk in the Cabinet Office was enhanced to capture better cross-government risks for which Cabinet Office may share accountability with other departments through its association with a cross-government policy, function or service. This approach was endorsed by 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 self-assessments with supporting evidence. At the mid-year point of 2017-18 over 86% of returns from across the department showed compliance was at the full or substantial assurance level. This increased slightly to 87% in the end-of-year update.

Throughout 2017-18 the Department tracked the progress made in implementing 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 to ensure oversight of progress. As the end of the period, of the 60 live GIAA recommendations, 39 were either completed or on track for completion and 3 have been superseded. Of the 26 live NAO recommendations, 24 were completed or on track for completion and 7 of the 8 PAC recommendations were on track for completion.

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.

Audits on corporate topics covered migration to the Single Operating Platform; cyber security; complaints and whistleblowing; corporate service resourcing; expenses; hospitality; business continuity management, investment appraisal, finance business partners and finance key controls. Audit and assurance work on delivery included audits of National Security Secretariat; Civil Service Resourcing; Government Digital Service: operation of the Government Commercial

Organisation and commercial standards and progress on the global finance processes for government.

The Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements. The Internal Audit reviews conducted during the year contribute to that opinion: the Internal Audit review opinion for 2017-18 is 'Limited'. Particular areas that Internal Audit drew to management's attention were:

- the need for enhanced governance, including Board level governance (noting that the Board had met only once during the year), greater clarity of responsibilities, and clearer governance of programmes and projects and cross-government functions;
- the need for greater understanding and mitigation of risk in some business areas, and greater consistency in escalation of risk; and
- the need to enhance controls over a number of financial processes, including debt management, fixed assets and expenses.

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 its meetings. In their Audit Completion Statement for 2016-17, the NAO noted a number of significant risks, summarised under the following themes:

- engagement and communication with business units: it was noted that in some instances better communication with business units could have avoided instances of expenditure being incurred without the required Treasury approval being in place;
- working with others, for example in cost recovery: the NAO's report suggested that more effective engagement with OGDs is needed to improve the accuracy and rate of income recovery; and
- meeting future challenges: improved organisational knowledge and record management is needed to meet future challenges such as set up of the Government Property Agency.

The laying of the 2016-17 Cabinet Office Annual Report and Accounts was delayed from the original planned date of 20 July 2017 until 13 September 2017, because of issues with the verification of accounting records which delayed the completion of the NAO's audit work.

All these issues are being addressed through a programme of measures being implemented by management. A governance review has been initiated to assess Cabinet Office's governance arrangements in the context of the Whitehall-wide *Corporate Governance Code*.

Cabinet Office

Risk management and control (continued)

A finance transformation programme has been undertaken to ensure alignment of the Department's financial processes with best practice. The main workstreams of this programme include:

- people: optimising the structure of the Finance function, with a renewed focus on talent management and improved training and development;
- finance systems and process: aligning finance processes to best practice cross-government *Global Design Principles*; and
- payroll process: alignment to the *Global Design Principles* and collaboration with SSCL to improve processes.

Over the last year, the NAO has published three reports which relate to the department in full or in part. The NAO's report *Progress on the Government estate strategy* considered that while the Government is now getting better value for money from estates, the Government Property Unit (GPU) has progress to make in creating an integrated estate. The new Government Property Agency (GPA) was launched in April 2018, which is expected to accelerate progress towards an integrated estate through the New Property Model and the Hubs programmes. The Office of Government Property (formerly GPU) has continued working with local government and departments in management of their surplus estate.

In light of the malware cyber-attack in 2017 *Protecting information across government* set out the need for an approach through which the centre of government provides clear principles and guidance for departments to increase their capacity to manage risk of cyber-attack. The Government Security Group (GSG) has been created within the Cabinet Office to coordinate cross-government response to security threats at home and abroad.

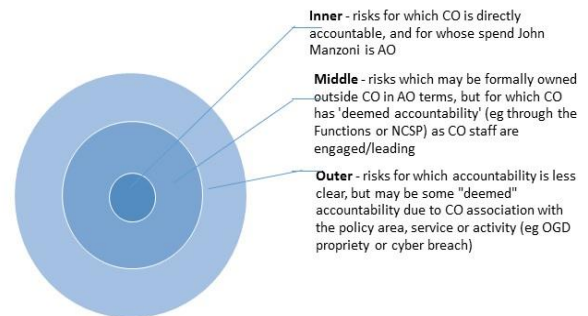
In July, the NAO published their report focusing on the *Business Appointment Rules* for applications that are dealt with directly by departments rather than by the Advisory Committee on Business Appointments (ACOBA). The summary of the findings was that the business appointment rules were legally binding as part of civil servants' terms and conditions, but that there was a lack of central monitoring of compliance with the rules, and inconsistency between departments in their processing of applications. In response to the Public Administration and Constitutional Affairs Committee's (PACAC) most recent report on the role of ACOBA, ACOBA has agreed to make a number of changes to departmental guidance and processes. These include clarifications within the civil service management code and the issuing of updated guidance for departments. A full list of NAO reports can be read on the following link: nao.org.uk.

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

Significant 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. The Cabinet Office has a number of cross-government responsibilities and operates functions that provide services to other government departments along with playing a role in supporting departments to deliver their Brexit-related programmes. Due to this, the Cabinet Office is exposed to risks that may be formally managed and owned within other departments but for which Cabinet Office may have some degree of 'deemed accountability' through its association with the function, service or policy area.

In consultation with the Board and Audit and Risk Committee, during quarter four of the period, the Cabinet Office refined its risk classification system to capture these deemed risks better. Where risks were previously categorised as internal, external, strategic and project, a new risk classification system has been implemented which is conceptualised as concentric circles of risk with differing proportions of deemed accountability relative to direct accountability.



Inner ring risks

Inner ring risks are defined as those for which the Cabinet Office is directly and wholly accountable. These include risks associated with projects and programmes directly managed by SROs within the Cabinet Office and for which I, as the Principal Accounting Officer of the Cabinet Office, am ultimately accountable.

Additional work arising from the UK's exit from the EU and new ministerial priorities continues to place significant pressures on the department, resulting in an increasing risk against availability of the right skills and capability to deliver strategic priorities. The Cabinet Office undertook a robust business planning exercise and refresh of its SDP and produced a workforce plan for 2018-19. Quarterly workforce planning is routine and reporting to Executive Committee and HR / People Committee and a Talent Strategy will be developed during 2018-19.

Terrorist incidents in March and April of 2017 highlighted the importance of the Cabinet Office policy on business continuity. A revised *Cabinet Office Business Continuity and Disaster Recovery Plan* was published in February 2017 which required all business units to have a local plan for business continuity, allocate a business continuity manager and ensure that all their staff are aware of their unit's plan. A three stage plan to upgrade our preparedness and ability to manage such incidents has now been completed.

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Government Digital Service (GDS) is responsible for a number of digital programmes expected to deliver significant benefits to users of government services, government departments themselves and to the wider digital economy.

GDS's GOV.UK Verify programme moved forward during the year, verifying more than two million accounts created. It continues to experience lower than forecast adoption of the service across government departments. Strategies to increase adoption of the service are being commissioned. Retrospective approval was given by HM Treasury for the Common Technology Services programme. In order to ensure future approvals are gained in a timely manner, GDS has strengthened its governance arrangements with the introduction of an Investment Board, and a move to portfolio management across the delivery and support group.

The Cabinet Office is responsible for managing the Civil Service and Others Pension Scheme (CSOPS) 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. Cabinet Office has appointed Capita to undertake RMSPS administration from October 2018. The CSOPS is administered by MyCSP. After some earlier difficulties the service has now stabilised. The Cabinet Office has reported throughout the year to the Civil Service Pension Board on the improvements to member services.

During the year, MyCSP has been working to rectify the weaknesses revealed by a review of their internal controls, Cabinet Office has maintained close oversight of this work. Last year Cabinet Office reported to the Pensions Regulator several breaches identified by the review. Recently the Pensions Regulator has confirmed that it does not intend to take enforcement action against the scheme, but will continue to monitor progress periodically. More details can be found in the Civil Superannuation Annual Report and Accounts.

Following the implementation of the Single Operating System in May 2017, some systems issues with how VAT is treated were identified. This area was investigated as part of an HMRC Audit, which is due to be concluded in August 2018, which has identified a number of areas where improvements are required.

The Department continues to develop ways to manage the financial risks associated with the GPA. This has included agreeing a corporate finance model with HM Treasury, effective due diligence of assets transferring into the Agency and robust control and oversight of the Agency through a sponsor team within Cabinet Office. Over £190 million of net assets were transferred into GPA for the opening balance sheet. By year 10, GPA forecasts over 1,000 holdings will be transferred in from 25 departments and 54 ALBS, with a combined value of over £900 million.

Middle ring risks

Middle ring risks are defined as those risks for which formal exposure and accountability may be external to the Cabinet Office, but for which the Cabinet Office has 'deemed' accountability as Cabinet Office employed staff are closely

engaged. Such risks are likely to include those associated with the Cabinet Office led cross-government functions where the Cabinet Office is responsible for the development of standards but for which Accounting Officers of individual departments are responsible for implementing.

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 Government Security Group (GSG) has been created within the department delivering part of the National Cyber Security Strategy. GSG has led the creation of minimum security and compliance standards for departments to implement with its support. More widely, the Cabinet Office continues to coordinate cross-government crisis response.

The Cabinet Office continues to deliver its own EU exit programmes, while also providing cross-government functional support to enable other government departments to deliver their EU Exit projects.

The Public Accounts Committee's report published in February, 'Exiting the European Union', observed that the Cabinet Office has a key role in ensuring departments have the people and skills needed. The Cabinet Office has established a new directorate that will facilitate this further through the establishment of a Functional Support Team. Civil Service HR works collectively with departments to implement strategic workforce planning recommendations and principles to improve capability across the Civil Service to deliver key priorities, including EU Exit.

UK Governance Group (UKGG) works across government to ensure risks associated with the impact of EU Exit on Devolved Administrations (DAs) are sufficiently prioritised and understood across the UK Government. Building on the success of the first phase of 'deep dives' with the DAs, UKGG is planning a further round of centrally coordinated departmental engagements with the Department for Exiting the EU to build the devolution capability in UK Government departments around EU Exit.

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 international auditing and assurance standards, 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.

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Middle ring risks (continued)

This qualified opinion was based on exceptions relating to 17 controls. It should be noted these 17 controls represent only a small fraction of the overall controls in place. It is also encouraging to note the significant decrease in exceptions since the previous year where PwC identified 51 exceptions.

GSS with the support of customers and GIAA continues to work with PwC and SSCL to improve controls. SSCL have begun to address the issues in the following manner:

- where a control weakness was identified remedial action is either planned, taken place or mitigation controls are in place;
- where PwC has identified that evidence is missing or not retained, SSCL is addressing this by ensuring evidence is retained, procedures are up to date and additional management checks are implemented where required; and
- SSCL will review and implement any recommended control improvements in order to strengthen the control environment.

Outer ring risks

Outer ring risks are defined as those where exposure and accountability are less clear than for inner and middle ring, but for which there may be some degree of 'deemed' accountability for the Cabinet Office, because the Cabinet Office is associated with the policy area, service or activity. These may include risks relating to cross-Government funds allocated by the Cabinet Office but for whose spending the accounting officers of recipient entities are responsible.

On 15 January 2018, construction company Carillion plc filed for compulsory liquidation. The direct exposure of the Cabinet Office was limited as the Cabinet Office had few contracts with Carillion. The majority of the direct exposure to these risks was with other government departments contracting with the entity.

The Official Receiver was appointed by the court as liquidator. To ensure critical public services were maintained the Cabinet Office provided the Official Receiver with an indemnity against claims, and £150 million of liquidity, which enabled him to continue delivering services to public sector customers until they were able to establish alternative arrangements. The funding was voted through Supplementary Estimates laid before Parliament on 7 February 2018.

Whistleblowing

Cabinet Office HR developed and launched a 'Speak Up!' communications campaign in April 2017 to promote Whistleblowing and assure staff that it is safe to raise a concern. The campaign was refreshed in September 2017 in line with Whistleblowing Awareness Day, and again in February 2018 with a more strategic focus. Three measures of success were agreed:

- staff know where to go to raise a concern;
- staff know action will be taken when they raise a concern; and
- staff feel that speaking up will have no detriment to them.

In February 2018 the Government Internal Audit Agency undertook an internal audit focused on 'Culture, Complaints and Whistleblowing'. Cabinet Office was awarded a rating of 'Moderate', indicating positive progress and making a number of recommendations for further improvements.

During 2017-18, three whistleblowing cases were reported to Nominated Officers.

Fraud

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.

Data losses

The Cabinet Office continue to manage actively risks around data breaches and data losses. General Data Protection Regulation (GDPR) champions have been established to ensure compliance with the new regulations. A new security breaches policy has been approved by the Executive Committee which introduces measures to highlight the individual responsibility of staff for protecting data.

During the period there have been three incidents of loss of sensitive data which were reported to the Information Commissioner's Office.

Conclusion

While there has been further bedding down of governance arrangements and controls, there is still more to be done, on which work is in hand. Given the Cabinet Office's position at the heart of government and the complexity and range of its work, there will continue to be areas of risk for the Department to manage. The enhanced governance arrangements in place have in general allowed me to assure myself of Departmental performance, 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 2017-18 relate to their performance during 2016-17, 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](#) 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.

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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 2017-18 financial year:

Ministers¹

The Rt Hon. David Lidington CBE MP
Chancellor of the Duchy of Lancaster *from 9 January 2018*
and Minister for the Cabinet Office

Leader of the House of Commons *until 10 June 2017*
and Lord President of the Council

The Rt Hon. Damian Green MP
First Secretary of State and *from 11 June 2017*
Minister for the Cabinet Office *until 20 December 2017*

The Rt Hon. Ben Gummer MP
Minister for the Cabinet Office *until 9 June 2017*
and Paymaster General

Chloe Smith MP
Parliamentary Secretary (Minister *from 10 January 2018*
for the Constitution)

Chris Skidmore MP
Parliamentary Secretary (Minister *until 9 January 2018*
for the Constitution)

Oliver Dowden CBE MP
Parliamentary Secretary (Minister *from 10 January 2018*
for Implementation)

The Rt Hon. Caroline Nokes MP
Minister for Government Resilience *from 14 June 2017*
and Efficiency *until 9 January 2018*

The Rt Hon. Andrea Leadsom MP
Leader of the House of Commons *from 11 June 2017*
and Lord President of the Council

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

Michael Ellis MP
Deputy Leader of the House *until 9 January 2018*
of Commons

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

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

Tracey Waltho
Director General, Civil Service *from 1 April 2017*
Group

Non-Executive Board Members

Sir Ian Cheshire
Government Lead Non-Executive
Interim Lead Non-Executive *until 14 November 2017*
for the Cabinet Office
Member of the Audit and *from 27 November 2017*
Risk Committee

Sir John Parker GBE
Lead Non-Executive Board *from 15 November 2017*
Member

Catherine Brown
Non-Executive Board Member
Interim Chair of the Audit and *from 28 November 2017*
Risk Committee

Paul Kirby CB
Non-Executive Board Member *until 18 January 2018*

Amy Stirling
Chair of the Audit and Risk *until 27 November 2017*
Committee

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

Single total figure of remuneration								
Ministers	Salary		Benefits in kind		Pension benefits ¹		Total	
	(to nearest £)		(to nearest £100)		(to nearest £1,000)		(to nearest £1,000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
The Rt Hon. David Lidington CBE MP								
Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office	15,425 ²	–	–	–	5,000	–	20,000	–
Leader of the House of Commons and Lord President of the Council	13,126 ³	46,737 ⁴	–	–	3,000	13,000	16,000	59,000
The Rt Hon. Damian Green MP	31,756 ⁵	–	–	–	5,000	–	37,000	–
The Rt Hon. Ben Gummer MP	6,072 ⁶	21,545 ⁷	–	–	1,000	6,000	7,000	27,000
Chloe Smith MP	3,993 ⁸	–	–	–	1,000	–	5,000	–
Chris Skidmore MP	17,323 ⁹	15,879 ¹⁰	–	–	4,000	4,000	21,000	20,000
Oliver Dowden CBE MP	5,052 ¹¹	–	–	–	2,000	–	7,000	–
The Rt Hon. Caroline Nokes MP	13,052 ¹²	–	–	–	3,000	–	16,000	–
The Rt Hon. Andrea Leadsom MP	23,760 ¹³	–	–	–	8,000	–	31,000	–
The Rt Hon. Baroness Evans of Bowes Park	104,858 ¹⁴	71,680 ¹⁵	–	–	28,000	19,000	133,000	90,000
Michael Ellis MP	13,263 ¹⁶	–	–	–	6,000	–	19,000	–

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 9 January 2018 to 31 March 2018. The full-year equivalent is £67,505

³ The figure quoted is for the period 1 April 2017 to 10 June 2017. The full-year equivalent is £67,505

⁴ 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

⁵ The figure quoted is for the period 1 July 2017 to 20 December 2017. The full-year equivalent is £67,505

⁶ The figure quoted is for the period 1 April 2017 to 9 June 2017. The full-year equivalent is £31,680

⁷ 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

⁸ The figure quoted is for the period 1 February 2018 to 31 March 2018 plus arrears for the period 10 January 2018 to 31 January 2018. The full-year equivalent is £22,375

⁹ The figure quoted is for the period 1 April 2017 to 9 January 2018. The full-year equivalent is £22,375

¹⁰ The figure quoted is for the period 16 July 2016 to 31 March 2017. The full-year equivalent is £22,375

¹¹ The figure quoted is for the period 10 January 2018 to 31 March 2018. The full-year equivalent is £22,375

¹² The figure quoted is for the period 1 July 2017 to 31 January 2018. The full-year equivalent is £22,375

¹³ The figure quoted is for the period 1 July 2017 to 31 March 2018. The full-year equivalent is £31,680

¹⁴ The figure quoted includes Lord Office Holders' Allowance of £3,820, which is the reduced rate for Lord's ministers whose main home is within Greater London

¹⁵ 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 Lord Office Holders' Allowance of £2,689. The full-year equivalent salary is £101,038. The full-year equivalent Lord Office Holders' Allowance is £3,760, which was the reduced rate for Lord's ministers whose main home is within Greater London until 31 March 2017

¹⁶ The figure quoted is for the period 1 July 2017 to 31 January 2018 plus arrears for the period 14 June 2017 to 30 June 2017. The full-year equivalent is £22,375. Prior to the 1 July 2017, Michael Ellis MP was unpaid for his services as Deputy Leader of the House of Commons

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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)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sir Jeremy Heywood KCB, CVO	195 – 200	195 – 200	15 - 20	15 - 20 ²	26,100 ³	24,200	1,000	44,000	240 – 245	280 – 285 ⁴
John Manzoni	230 – 235	230 – 235	–	–	–	–	90,000	89,000	320 – 325	320 – 325
Elizabeth Gardiner CB	175 – 180	175 – 180	–	–	–	–	61,000	66,000 ⁵	235 – 240	240 – 245 ⁶
Guy Lester	90 – 95	90 – 95	–	–	–	–	8,000	19,000	95 – 100	105 – 110
Tracey Waltho	115 – 120	–	–	–	–	–	134,000	–	250 – 255	–

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 This figure has been restated. It was previously shown as zero. The non-consolidated payment that should have been paid to Sir Jeremy during the 2016-17 financial year was not paid to him until October 2017

³ See the below 1.7 Benefits in kind

⁴ This range has been restated. It has been increased by £15,000 from £265,000 - £270,000 to £280,000 - £285,000. The original range was wrong because of a delayed non-consolidated payment. See Note 2 for more detail

⁵ This figure has been restated. It has been reduced from £77,000 to £66,000. This is because the original calculation was based on incorrect data

⁶ This range has been restated. It has been reduced by £10,000 from £250,000 - £255,000 to £240,000 - £245,000. The original range was wrong because an incorrect pension benefit figure was used to calculate it at the end of the 2016-17 financial year. See Note 5 for more detail

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 (£76,011 from 1 April 2017) 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 and HM Treasury.

1.8 Non-consolidated payments

Non-consolidated payments are based on performance levels attained and are made as part of the appraisal process. They are not accrued or provided for at 31 March, because the appraisal process is not completed until the summer. As a result, the payments reported in 2017-18 relate to performance in 2016-17 and the comparative payments reported for 2016-17 relate to performance in 2015-16. This is consistent with the approach adopted in previous years.

1.9 Fair pay disclosure

	2017-18	2016-17 restated
Band of highest paid Board member's total remuneration (£000)	240 – 245	235 – 240
Median remuneration (£)	32,703	48,000
Remuneration ratio	7.42	4.95

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 2016-17 have been restated. This is because a non-consolidated payment that should have been paid to Sir Jeremy Heywood during the 2016-17 financial year was not paid to him until October 2017. If it had been paid on time, he would have been the highest paid Board member and his total remuneration would have been used to calculate the remuneration ratio instead of that of John Manzoni.

The banded remuneration of the highest paid Board member in the Cabinet Office in the financial year 2017-18 was £240,000 – £245,000 (2016-17: £235,000 – £240,000). This was 7.42 times (2016-17: 4.95 times) the median remuneration of the workforce, which was £32,703 (2016-17: £48,000). The remuneration of agency and other temporary staff employed by the Cabinet Office was excluded when calculating the median remuneration.

In 2017-18, one (2016-17: one) employee received remuneration in excess of the highest paid Board member. The remuneration of Cabinet Office employees ranged from £16,600 to £307,500 (2016-17: £17,145 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 higher in 2017-18 than it was in 2016-17. The main reason for this was a large fall in the value of the Department's median remuneration. This was caused by Civil Service Resourcing moving from HMRC to the Cabinet Office, resulting in over 1,000 Fast Streamers being transferred on to the Department's payroll during the course of the year.

1.10 Fees paid to Non-Executive Board Members

£	Annual fee entitlement	Fees paid 2017-18	Fees paid 2016-17
Non-Executive Board Members			
Sir Ian Cheshire Government Lead Non-Executive and Cabinet Office Non-Executive Board Member	20,000	Waived	Waived
Interim Lead Non-Executive for the Cabinet Office <i>until 14 November 2017</i>	5,000	Waived	Waived
Sir John Parker GBE	20,000	Waived	–
Catherine Brown Non-Executive Board Member	15,000	15,000	15,000
Interim Chair of the Audit and Risk Committee <i>from 28 November 2017</i>	5,000	–	–
Paul Kirby	15,000	–	Waived
Amy Stirling Non-Executive Board Member <i>until 5 September 2016</i>	15,000	–	6,250 ¹
Chair of the Audit and Risk Committee <i>until 27 November 2017</i>	5,000	Waived	2,083 ¹

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 until 27 November 2017. She decided to waive all fees from 1 September 2016 onwards and these figures represent the fees paid for the period 1 April 2016 to 30 August 2016

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1.11 Pension benefits of ministers

Ministers	Accrued pension at age 65 as at 31 March 2018 £000	Real increase in pension at age 65 £000	CETV at 31 March 2018 ¹ £000	CETV at 31 March 2017 ² £000	Real increase in CETV £000
The Rt Hon. David Lidington CBE MP: Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office	5 – 10	0 – 2.5	139	133	4
Leader of the House of Commons and Lord President of the Council	5 – 10	0 – 2.5	117	112	2
The Rt Hon. Damian Green MP	5 – 10	0 – 2.5	107	99	3
The Rt Hon. Ben Gummer MP	0 – 5	0 – 2.5	8	8	<1
Chloe Smith MP	0 – 5	0 – 2.5	24	23	<1
Chris Skidmore MP	0 – 5	0 – 2.5	5	2	<1
Oliver Dowden CBE MP	0 – 5	0 – 2.5	1	–	<1
The Rt Hon. Caroline Nokes MP	0 – 5	0 – 2.5	6	4	1
The Rt Hon. Andrea Leadsom MP	0 – 5	0 – 2.5	39	31	4
The Rt Hon. Baroness Evans of Bowes Park	0 – 5	0 – 2.5	45	25	8
Michael Ellis MP	0 – 5	0 – 2.5	8	3	3

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.

¹The end date for calculations is 31 March 2018 unless the minister left the Department during the year, in which case it is the day they left

²The start date for calculations is 31 March 2017 unless the minister was appointed to the Department during the year, in which case it is the day they joined

1.12 Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and its rules, the *Rules of the Parliamentary Contributory Pension Fund (The Ministers' Etc Pension Scheme 2015)*, 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 MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MPs' final salary pension scheme.

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

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

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 2018 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2018 ¹	CETV at 31 March 2017 ²	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sir Jeremy Heywood KCB, CVO	80 – 85 plus lump sum of 245 – 250	0 – 2.5 plus lump sum of 2.5 – 5	1,748	1,622	(1) ³	–
John Manzoni	20 – 25	5 – 7.5	319	233	59	–
Elizabeth Gardiner CB	60 – 65 plus lump sum of 150 – 155	2.5 – 5 plus lump sum of (2.5) – 0 ⁴	1,105	1,007 ⁵	28	–
Guy Lester	55 – 60	0 – 2.5	987	916	5	–
Tracey Waltho	30 – 35 plus lump sum of 80 – 85	5 – 7.5 plus lump sum of 10 – 12.5	487	381	75	–

¹ The end date for calculations is 31 March 2018 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 2017 unless the Board member joined the Department's Board during the year, in which case it is the day they joined

³ Taking account of inflation, the CETV funded by the employer has decreased in real terms

⁴ Taking account of inflation, the lump sum of Elizabeth Gardiner CB has decreased in real terms

⁵ This figure has been restated. It has been reduced from 1,015 to 1,007. This is because the original calculation was based on incorrect data

1.16 Civil Service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by 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. 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 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and 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. 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) 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).

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1.16 Civil Service pensions (continued)

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 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 the period 1 April 2017 to 31 March 2018.

Minister ¹	Severance Payment (to nearest £)
The Rt Hon. Ben Gummer MP	7,920
The Rt Hon. Damian Green MP	16,876
Chris Skidmore MP	5,594

No other compensation payments for loss of office were made to Cabinet Office Board members or ministers during the 2017-18 financial year.

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

1.20 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	Permanently employed staff	Others	Special advisers	Ministers	2017-18	2016-17 restated ¹
Wages, salaries and fees	214,493	-	2,574	248	217,315	119,407
Social security costs	23,925	-	417	27	24,369	13,771
Apprenticeship levy	964	-	-	-	964	-
Other pension costs	43,185	-	574	-	43,759	24,555
Untaken annual leave	4,780	-	-	-	4,780	3,194
Agency/temporary	-	47,907	-	-	47,907	43,843
Termination benefits – contractual	662	-	309	30	1,001	2,029
Termination benefits – non-contractual ²	-	-	-	-	-	483
Sub total	288,009	47,907	3,874	305	340,095	207,282
Inward secondments	-	3,131	-	-	3,131	6,078
Total	288,009	51,038	3,874	305	343,226	213,360
Less: Recoveries in respect of outward secondments	-	(1,553)	-	-	(1,553)	(4,760)
Total staff costs	288,009	49,485	3,874	305	341,673	208,600
Staff engaged on capital projects	(5,696)	(5,122)	-	-	(10,818)	(11,834)
Total net staff costs	282,313	44,363	3,874	305	330,855	196,766

¹ Restated due to ministerial severance now being disclosed against termination benefits

² See Note 1.2 Special Payments in Parliamentary accountability disclosures

During the year, costs of £43,759,017 were incurred in respect of pensions (2016-17: £24,555,172). Of this amount, £43,591,730 (2016-17: £24,403,630) was borne by the core department, £152,121 (2016-17: £135,756) was borne by the Civil Service Commission and £15,166 (2016-17: £15,786) 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 2017 to 31 March 2018, employers' contributions of £42,493,796 were payable to the PCSPS (2016-17: £23,419,165) 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 2017-18 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 2017 to 31 March 2018, employers' contributions of £506,371 (2016-17: £283,754 restated) 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 £17,814 (2016-17: £10,916), 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 2018 were £42,478 (31 March 2017: £28,918). Contributions prepaid as at the same date were £nil (31 March 2017: £nil).

Special Advisers' pension costs incurred during the period 1 April 2017 to 31 March 2018 were £573,749 (2016-17: £689,795).

One individual (2016-17: one individual - restated) retired early on ill-health grounds during the period 1 April 2017 to 31 March 2018; the resulting additional accrued pension liabilities amounted to £nil (2016-17: £419).

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

Exit packages for permanently employed staff included in Staff costs – see Note 2.1

£ Exit package cost band	Departmental group					
	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<£10,000	-	-	1	2	1	2
£10,000 – £25,000	-	-	10	5	10	5
£25,001 – £50,000	-	-	8	19	8	19
£50,001 – £100,000	-	-	5	23	5	23
£100,001 - £150,000	-	-	1	-	1	-
Total number of exit packages	-	-	25	49	25	49
Total cost	-	-	971,247	2,470,323	971,247	2,470,323

The total cost of the exit packages of £971,247 (2016-17: £2,470,323) is included in the staff costs table in Note 2.1 and Note 3 to the accounts. Ministerial severance can be found at Note 1.19.

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 2017-18, as part of the transformation of the Civil Service Learning (CSL) function some restructuring activity was undertaken in the last quarter, which resulted in a voluntary exit scheme being offered to CSL staff. The obligating event making the offer binding is when the individual accepts the MyCSP valuation of the payment to be made. Five CSL staff accepted the offers.

In a separate scheme Civil Service Resourcing (CSR) had one voluntary redundancy case. This individual's role ceased to exist following the migration of CSR Expert Services into Cabinet Office from HMRC and there was no long term role available to them in HMRC.

In 2017-18, there were also a number of individuals that left the department due to early retirement.

All departmental Special Advisers had to resign their posts either on 30 March 2017, at the commencement of Purdah, or by 8 June 2017, 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. Any Special Advisers returning to their posts after the election are required to repay their severance payments.

The figure quoted in table 2.1 represents 14 separate severance payments made to Special Advisers totalling £308,842. In addition to this, there were 31 other severance payments made to Special Advisers totalling £419,498, which were repaid to the Cabinet Office due to the Special Adviser returning to work for HM Government.

In 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, but 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.

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	2017-18 Total	2016-17 ² Total
Maintain the integrity of the Union, coordinate the security of the realm and ensure a flourishing democracy	451	-	63	-	-	514	405
Ensure the delivery of the Government's programme and the Prime Minister's priorities	394	-	4	3	28	429	485
Improve the efficiency and responsiveness of government	2,987	-	149	3	9	3,148	1,327
Ensure the effective running of the department and contribute to the government's cross cutting priorities	197	-	47	-	-	244	259
Arm's Length Bodies ³	18	11	-	-	-	29	25
Staff engaged on capital projects	97	-	39	-	-	136	207
Total	4,144	11	302	6	37	4,500	2,708
<i>Of which:</i>							
Core Department	4,126	-	302	6	37	4,471	2,683
Other designated bodies ³	18	11	-	-	-	29	25
Total	4,144	11	302	6	37	4,500	2,708

The above headcount has been prepared on a basis which is compliant with the requirements of the Office for National Statistics; this excludes fee paid staff and non-departmental employees. The average number of persons employed in 2017-18 was significantly higher than it was in 2016-17. The main reason for this was Civil Service Resourcing moving from HMRC to the Cabinet Office, resulting in over 1,000 Fast Streamers and over 500 staff being transferred on to the Department's payroll during the course of the year, and the onboarding of over 260 commercial specialists into the new Government Commercial Organisation.

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

² The figures for 2016-17 have been reclassified to the new operating segments introduced during 2017-18

³ The costs of the Civil Service Commission and The Registrar of Consultant Lobbyists are reported in this line

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 2018. The total includes 47 staff (2016-17: 42) 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	2017-18	2016-17
Permanent Secretary	6	7
SCS 3	18	12
SCS 2	79	51
SCS 1	233	150
Total	336	220

The significant rise in SCS staff within the Cabinet Office is partly the result of Civil Service Resourcing moving from HMRC to the Cabinet Office with effect from 1 April 2017 and partly due to the recruitment of a large number of senior commercial specialists into the Government Commercial Organisation (GCO).

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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 2017 to 31 March 2018

No.	Men		Women		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Board members	3	3	2	1	5	4
Senior civil servants	225	161	184	139	409	300
All staff	2,956	1,657	3,182	1,642	6,138	3,299

%	Men		Women	
	2017-18	2016-17	2017-18	2016-17
Board members	60.00	75.00	40.00	25.00
Senior civil servants	55.01	53.67	44.99	46.33
All staff	48.16	50.23	51.84	49.77

2.6 Reporting of high-paid, off-payroll appointments

Table 1

For all off-payroll engagements as of 31 March 2018, of more than £245 per day and that last longer than six months.

	2017-18 No.
No. of existing engagements as of 31 March 2018	110
<i>Of which:</i>	
No. that have existed for less than one year at time of reporting	62
No. that have existed for between one and two years at time of reporting	33
No. that have existed for between two and three years at time of reporting	9
No. that have existed for between three and four years at time of reporting	4
No. that have been existed for four or more years at time of reporting	2

Table 2

For all new off-payroll engagements, or those that have reached six months in duration between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months.

	2017-18 No.
No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	62
<i>Of which:</i>	
No. assessed as subject to IR35 ¹	9
No. assessed as not subject to IR35 ¹	53
No. engaged directly (via Personal Services Contract contracted to department) and are on the departmental payroll	–
No. of engagements reassessed for consistency / assurance purposes during the year	–
No. of engagements that saw a change to IR35 status following the consistency review	–

Table 3

For any off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018.

	2017-18 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	24

¹IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used

2.7 Sickness and absence

The sickness absence figure for the rolling 12 months to 31 March 2018 stands at 1.70 (2.02 for the rolling 12 months to 31 March 2017) average working days lost per member of staff.

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 3 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 rolling targets to encourage applications to the Senior Civil Service from candidates with disabilities. This contributes to the wider Civil Service target of being the most inclusive employer in the UK by 2020.

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. To maintain and promote a diverse and inclusive workforce, the Cabinet Office has a workplace adjustments procedure to support any alterations to the working environment required by disabled persons. This procedure is incorporated into the induction process for new members of staff.

The Cabinet Office promotes a number of cross-government talent schemes to disabled staff. This includes 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 £10.191 million in 2016-17 to £23.988 million in 2017-18 and expenditure on temporary staff increased from £43.843 million in 2016-17 to £47.907 million in 2017-18; see Note 3 to the accounts.

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.

There are a number of reasons for the large increase in expenditure on consultancy. Consultancy services were used to help set-up the Grants Efficiency Accelerator Programme, whose aim is to improve the efficiency of grants administration, increase the effectiveness of government grant funding and to reduce losses from grant related fraud and error. They were also used to support the set-up of the inquiry into the Grenfell Tower fire and to help the recently created Geospatial Commission examine how to give UK-based small businesses access to Ordnance Survey's MasterMap data.

The Commercial Capability Programme, which is responsible for the transformation and development of the commercial profession within government, also used consultancy services to help increase the scope of the programme to include commercial specialists in arm's length bodies, contract managers in non-core commercial roles and middle managers in central government departments.

The increase in expenditure on temporary staff can largely be attributed to the Verify Programme. GOV.UK Verify is an identity assurance system developed by the Government Digital Service. The system is intended to provide a single trusted login across all UK government digital services. This enables complex and risky transactions, such as financial transactions or where personal data is being shared, to go online. The increased use of temporary staff by the programme during the 2017-18 financial year was the result of a need for more digital specialists to further develop the system to facilitate its increased use across government and by the public.

2.10 Health and safety

The Cabinet Office recognises its obligations under the Health and Safety at Work etc. Act 1974, for ensuring, so far as is reasonably practicable, the health, safety and welfare of its employees and others that may be affected by its operations and/or activities. 27 accidents and 2 near miss incidents were reported during the 2017-18 financial year.

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2.11 Trade Union Facility Time

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

Table 1 – Relevant Union Officials

Total number of employees who were relevant union officials between 1 April 2017 and 31 March 2018.

	2017-18 No.
Employees who were relevant union officials during the relevant period	4
Full-time equivalent employee number	4

Table 2 – Percentage of time spent on facility time

For employees who were relevant union officials employed between 1 April 2017 and 31 March 2018, percentage of their working hours on spent on facility time.

	2017-18 No.
0%	4
1% – 50%	–
51% – 99%	–
100%	–

Table 3 – Percentage of pay bill spent on facility time

For employees who were relevant union officials employed between 1 April 2017 and 31 March 2018, percentage of pay bill spent on facility time.

	2017-18
The total cost of facility time (£000)	–
The total annual pay bill for Cabinet Office (£000) ¹	292,188
The percentage of the total pay bill spent on facility time (%)	–

¹See Note 2.1 and exclude 'Others'

Table 4 – Paid trade union activities

For employees who were relevant union officials employed between 1 April 2017 and 31 March 2018, percentage of time spent on paid trade union activities.

	2017-18
Time spent on paid trade union activities as a percentage of total paid facility time hours (%)	–

Parliamentary accountability and audit report

Overview

This section presents key documents which contribute to the Department's accountability to Parliament and explains its purpose.

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 Parliamentary accountability disclosures Notes 1. Regularity of expenditure; 2. Remote Contingent Liabilities; 3. Fees and Charges; and 4. Entities outside the departmental boundary.

Cabinet Office's Purpose

The Cabinet Office is at the centre of government. Its Purpose is achieved through the following objectives.

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

1. Deliver a fair and enduring constitutional settlement for all parts of the United Kingdom;
2. Coordinate, deliver and implement the National Security Strategy and respond to National Security threats at home and abroad;
3. Coordinate and develop international policy across government;
4. Help make Parliament more effective and reform the electoral process; and
5. Increase devolution capability and engagement.

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

1. Drive policy innovation across government;
2. Draw up and facilitate the delivery of the government's legislative programme;
3. Support the effective operation of the Cabinet and Cabinet Committees; and

4. Establish, monitor and implement the government's strategic priorities.

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

1. Strengthen digital, technology and the management and use of data across government;
2. Ensure government continues to work in an open and transparent way;
3. Oversee communications for the government at large;
4. Ensure the Civil Service attracts and retains the best people and offers career paths to get the best from its people;
5. Ensure the best people fill public appointments and that they act in the right way;
6. Create an efficient and effective government estate;
7. Make the Civil Service more effective and efficient and improve the performance of the Cabinet Office;
8. Deliver improved cross-government commercial capability, advice and services;
9. Support departments in improving project delivery in government, establishing the UK's long-term infrastructure priorities, securing private sector investment;
10. Supporting an effective UK exit from the EU, and managing its implications for maintaining the integrity of the Union;
11. Reform, improve and ensure accountability of public bodies;
12. Ensure Fraud, Error, Debt and Grants are effectively managed across government;
13. Deliver effective new Commercial Models;
14. Deliver and enhance shared services across government; and
15. Deliver the Civil Service and Royal Mail Pensions Scheme.

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

1. Build a sustainable organisation with a flexible workforce of skilled and professional people, with exemplary leadership;
2. Deliver an effective financial control environment and provide financial information that supports decision making;
3. Ensure the Cabinet Office is provided with high quality digital and technology systems;
4. Ensure the delivery of effective Cabinet Office security;
5. Ensure the Cabinet Office continues to operate in an open and transparent way;
6. Create a diverse and inclusive Cabinet Office;
7. Increase the number of apprenticeships;
8. Increase spending with small and medium-sized businesses;
9. Improved sustainability and monitor progress; and
10. Promote the Reserves Challenge.

The descriptions of the key themes above supersede those in the Notes to SOPS. SOPS1.1 and SOPS1.2 segments reflect the reporting structure in place in the *Main Estimate 2017-18*.

Cabinet Office

Statement of Parliamentary Supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the *Government Financial Reporting Manual (FReM)* 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 2017-18

£000				2017-18			2016-17		
SOPS Note	Estimate			Outturn			Voted outturn compared with Estimate:	Outturn	
	Voted	Non-voted	Total	Voted	Non-voted	Total	saving/(excess)	Total	
Departmental Expenditure Limit									
- Resource	1.1	554,010	125,802	679,812	551,952	118,697	670,649	2,058	451,220
- Capital	1.2	123,347	-	123,347	117,734	-	117,734	5,613	47,569
Annually Managed Expenditure									
- Resource	1.1	22,700	-	22,700	13,848	-	13,848	8,852	(4,786)
- Capital	1.2	-	-	-	-	-	-	-	-
Total budget		700,057	125,802	825,859	683,534	118,697	802,231	16,523	494,003
Non-budget									
- Resource	1.1	-	-	-	-	-	-	-	-
Total		700,057	125,802	825,859	683,534	118,697	802,231	16,523	494,003
Total resource		576,710	125,802	702,512	565,800	118,697	684,497	10,910	446,434
Total capital		123,347	-	123,347	117,734	-	117,734	5,613	47,569
Total		700,057	125,802	825,859	683,534	118,697	802,231	16,523	494,003

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.

Net cash requirement 2017-18

£000				2017-18	2016-17
SOPS Note	Estimate	Outturn	Outturn compared with Estimate:	Outturn	
			saving/(excess)		
3	686,566	682,241	4,325	417,879	

Administration costs 2017-18

£000				2017-18	2016-17
SOPS Note	Estimate	Outturn	Outturn compared with Estimate:	Outturn	
			saving/(excess)		
1.1	193,324	185,850	7,474	195,868	

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											2017-18	2016-17
Outturn							Estimate				Outturn	
Spending in	Administration			Programme								
Departmental Expenditure Limit	Gross	Income	Net	Gross	Income	Net	Net total	Net total	Net total compared to Estimate: saving/ (excess)	Comparison adjusted for virements	Total	
Voted DEL												
A: Maintain the integrity of the Union, security and democracy	30,287	(637)	29,650	77,427	(15,619)	61,808	91,458	74,518	(16,940)	-	92,849	
B: Ensure the delivery of the Governments' programme and the PM's priorities	53,259	(11,187)	42,072	12,421	(38)	12,383	54,455	59,206	4,751	1,473	45,806	
C: Improve the efficiency of government	264,574	(217,923)	46,651	206,432	(65,225)	141,207	187,858	179,481	(8,377)	-	189,628	
D: Ensure the effective running of the department	84,789	(19,140)	65,649	150,576	(74)	150,502	216,151	237,956	21,805	542	71,267	
E: ALBs	1,828	-	1,828	202	-	202	2,030	2,849	819	43	1,947	
Total Voted	434,737	(248,887)	185,850	447,058	(80,956)	366,102	551,952	554,010	2,058	2,058	401,497	
Non-voted DEL												
Returning Officers' expenses, England and Wales												
F: Elections	-	-	-	116,790	-	116,790	116,790	123,175	6,385	6,385	47,706	
<i>Of which:</i>												
- 2017 UK General	-	-	-	117,053	-	117,053	117,053	119,675	2,622	2,541	-	
- 2015 UK General	-	-	-	80	-	80	80	-	(80)	-	(4,205)	
- UK Parliamentary by-elections	-	-	-	111	-	111	111	1,000	889	889	1,747	
- 2014 European	-	-	-	-	-	-	-	-	-	-	(117)	
- 2016 PCC	-	-	-	(455)	-	(455)	(455)	2,500	2,955	2,955	50,280	
- Bank charges	-	-	-	1	-	1	1	-	(1)	-	1	
G: UK MEPs	-	-	-	2,038	-	2,038	2,038	2,750	712	712	2,145	
H: CFER	-	-	-	-	(131)	(131)	(131)	(123)	8	8	(128)	
Total DEL	434,737	(248,887)	185,850	565,886	(81,087)	484,799	670,649	679,812	9,163	9,163	451,220	
Voted AME												
I: AME	-	-	-	13,848	-	13,848	13,848	22,700	8,852	8,852	(4,786)	
Total	434,737	(248,887)	185,850	579,734	(81,087)	498,647	684,497	702,512	18,015	18,015	446,434	

Cabinet Office

Explanations between Estimate and 2017-18 resource outturn before adjustment for virements

A: Maintain the integrity of the Union, coordinate the security of the realm and ensure a flourishing democracy – £16.940 million overspend

This apparent overspend is mainly attributable to £10.155 million of depreciation costs, mostly for the Cross Government Secure IT system as the budget for depreciation was held in section D.

The remainder is largely attributed to expenditure necessarily brought forward and incurred for the set-up of the April 2018 Commonwealth Heads of Government Meeting in London and Windsor, budgeted for in section B.

B: Ensure the delivery of the Governments' programme and the Prime Minister's priorities – £4.751 million underspend

This underspend is mainly attributable to delays in receiving the expected claims for legal costs for the Grenfell Tower enquiry.

C: Improve the efficiency and responsiveness of government – £8.377 million overspend

This apparent overspend is mainly attributable to £10.331 million of depreciation costs, mostly relating to Government Digital Service's assets as the budget for depreciation was held in section D.

D: Ensure the effective running of the department and contribute to the government's cross-cutting priorities – £21.805 million underspend

This apparent underspend is mainly attributable to £20.485 million of depreciation costs, mostly relating to the Cross Government Secure IT system and the Government Digital Service. See sections A and C above.

F: Elections – £6.385 million underspend

This underspend relates to both the 2017 UK Parliamentary general election and the 2016 Police and Crime Commissioner election. It reflects the difference between the Cabinet Office's estimate of the costs of conducting each of the polls and the actual figures that are now available following submission and settlement of Returning Officers' expenses claims and payment of invoices for the delivery of candidate mailings at the UK Parliamentary election.

There were no by-elections held in 2017-18 and therefore the estimated costs for parliamentary and Police and Crime Commissioner by-elections have also significantly contributed to the underspend.

Administration budget – £7.474 million underspend

Underspend against budget represents depreciation.

I: AME – £8.852 million underspend

The underspend reflects lower than expected rates per square foot to inform new dilapidation provisions on leasehold properties and a lower than expected impairment charge on non-current assets.

Explanations of resource variances between 2017-18 and 2016-17 outturn

A: Maintain the integrity of the Union, coordinate the security of the realm and ensure a flourishing democracy – £1.391 million decrease

The decrease was mainly attributable to an increase in the income following completion of the cross-government secure IT roll out across central civil government.

B: Ensure the delivery of the Governments' programme and the Prime Minister's priorities – £8.649 million increase

The increase was mainly attributable to the new Geospatial Commission established to maximise the value of all UK government data linked to location and the Grenfell Tower fire enquiry.

C: Improve the efficiency and responsiveness of government – £1.770 million decrease

The decrease was due to an underspend in Infrastructure and Project Authority responsible for improving the way government projects in a variety of sectors such as railways, schools, hospitals and housing, to defence and IT are delivered.

D: Ensure the effective running of the department and contribute to the government's cross-cutting priorities – £144.884 million increase

The increase was due to the provision of £150 million working capital to the Official Receiver to contribute to costs reasonably incurred in maintaining public services and agreed functions in relation to the liquidation of Carillion plc and certain other companies in its group.

F: Elections – £69.084 million increase

The increase reflects a UK general election held in June 2017 at a cost of £117.053 million compared to Police and Crime Commissioner elections held in May 2016 at a cost of £50.280 million.

I: AME – £18.634 million increase

The increase may be attributed largely to the establishment in 2017-18 of dilapidation provisions for new leasehold properties at 10 Whitechapel High Street (£0.760 million), 10 South Colonnade (£14.015 million) and Windsor House, 42-50 Victoria Street (£2.286 million). In 2016-17 voluntary exit provisions were utilised (£3.894 million). See Note 16.

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SOPS1.2 Analysis of net capital outturn by section

£000	2017-18			2016-17			
	Outturn		Estimate	Estimate		Outturn	
Spending in Departmental Expenditure Limit	Gross	Income	Net	Net total	Net total compared to Estimate: saving/(excess)	Comparison adjusted for virements	Total
Voted DEL							
A: Maintain the integrity of the Union, security and democracy	25,198	-	25,198	26,105	907	907	19,214
B: Ensure the delivery of the Governments' programme and the PM's priorities	1,802	(78)	1,724	1,738	14	14	2,125
C: Improve the efficiency of government	95,297	(9,005)	86,292	85,310	(982)	-	17,903
D: Ensure the effective running of the department	4,520	-	4,520	10,194	5,674	4,692	8,327
Total DEL	126,817	(9,083)	117,734	123,347	5,613	5,613	47,569

Explanations between Estimate and 2017-18 capital outturn before adjustment for virements

D: Ensure the effective running of the department and contribute to the government's cross cutting priorities – £5.674 million underspend

This underspend is mainly attributable to budget movements relating to 10 South Colonnade and contributes to an overall 'shadow' Government Property Agency underspend which sits in the Improve the efficiency of government segment.

Explanations of capital variances between 2017-18 and 2016-17 outturn

A: Maintain the integrity of the Union, coordinate the security of the realm and ensure a flourishing democracy – £5.984 million increase

The increase was mainly attributable to an increase in IT expenditure following completion of the cross-government secure IT roll out across central government.

C: Improve the efficiency and responsiveness of government – £68.389 million increase

The increase was mainly due to the cost to re-fit the Government property hub at 10 South Colonnade London. Other increases include a contribution towards Westminster Council's improved security street furniture around Parliament and Whitehall, the cost of upgrading GOV.UK and improvements to the Civil Service Resourcing website.

D: Ensure the effective running of the department and contribute to the government's cross cutting priorities – £3.807 million decrease

The decrease was mainly attributable to the completion of the 70 Whitehall refurbishment project in 2016-17.

Cabinet Office

SOPS2. Reconciliation of net outturn

SOPS2.1 Reconciliation of net resource outturn to net operating expenditure

£000			2017-18	2016-17
	Note	Estimate	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply				
Budget	SOPS1.1	702,512	684,497	446,434
Non-budget		-	-	-
		702,512	684,497	446,434
Add:				
Capital Grants	3	-	2,127	-
Dividends received from associates	10	-	8,775	1,720
Less:				
Capital grant and grant in kind income	4	(9,126)	(9,052)	(1,625)
UK members of the European Parliament salaries and pension	SOPS3	(2,750)	(2,038)	(2,145)
Share of associates' profit	4, 10	-	(13,874)	(8,448)
Returning Officers' expenses, England and Wales				
Forfeited deposits payable to the Consolidated Fund	SOPS4	(727)	(728)	(53)
Net expenditure in Consolidated Statement of Comprehensive Net Expenditure		689,909	669,707	435,883

SOPS2.2 Reconciliation of net capital outturn to accounts

£000			2017-18	2016-17
	Note	Estimate	Outturn	Outturn
Total capital outturn in Statement of Parliamentary Supply	SOPS1.2	123,347	117,334	47,569
Comprises:				
Property, plant and equipment				
- Additions	5	132,473	103,305	33,948
- Donations	5	-	48	11
- Disposals	5	-	(31)	-
Intangible assets				
- Additions	7	-	19,234	13,621
- Allowances purchased	7	-	60	-
- Transfers from other government departments	7	-	2,043	1,614
Capital grant expenditure	3	-	2,127	-
Capital grant income	4	(9,126)	(6,961)	-
Capital grant income – donated assets	4	-	(48)	(11)
Capital grant in kind income – transfers from other government departments	4	-	(2,043)	(1,614)
		123,347	117,734	47,569

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SOPS3. Reconciliation of net resource outturn to net cash requirement

£000		2017-18		
	Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/ (excess)
Resource outturn	SOPS1.1	702,512	684,497	18,015
Capital outturn	SOPS1.2	123,347	117,734	5,613
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	3	(42,412)	(21,205)	(21,207)
Amortisation	3	-	(7,078)	7,078
Impairment – property, plant and equipment	3	-	(2)	2
Revaluation – property, plant and equipment	3	-	889	(889)
Bad debt write-off	3	-	(2,230)	2,230
Property, plant and equipment – write off	3	-	(557)	557
Intangible assets – write off	3	-	(321)	321
New provisions and adjustments to previous provisions	3	(17,142)	(15,406)	(1,736)
Impairment for trade receivables	3	-	(5,158)	5,158
Audit fee	3	(450)	(450)	-
Carbon dioxide emissions allowance surrendered	3	-	(46)	46
Notional Expenditure Digital Apprenticeship Service	3	-	(16)	16
Notional Income Digital Apprenticeship Service	4	-	16	(16)
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital	SOPS1.1	(2,849)	(2,030)	(819)
Add cash grant-in-aid		2,849	2,445	404
<i>Adjustment to reflect movements in working balances:</i>				
Increase in inventories		-	(29)	29
Decrease in trade receivables		-	134,847	(134,847)
Increase in trade payables		45,000	(84,844)	129,844
Use of provisions	16	1,513	710	803
Increase in non-current payables		-	(837)	837
Net Total		812,368	800,929	11,439
Removal of non-voted budget items:				
Salary and pension costs of the UK members of European Parliament	SOPS2	(2,750)	(2,038)	(712)
Returning Officers' expenses, England and Wales				
- 2017 UK Parliamentary general election	3, SOPS1.1	(119,675)	(117,053)	(2,622)
- 2015 UK Parliamentary general election	3, SOPS1.1	-	(80)	80
- UK Parliamentary by-elections	3, SOPS1.1	(1,000)	(111)	(889)
- 2016 Police and Crime Commissioner elections	3, SOPS1.1	(2,500)	455	(2,955)
- Bank charges	3, SOPS1.1	-	(1)	1
Registrar of Consultant Lobbyists				
- Cash surrendered to the Consolidated Fund	15, SOPS4	-	(130)	130
- Cash surrenderable to the Consolidated Fund – registration fees	15, SOPS4	-	137	(137)
- Cash surrenderable to the Consolidated Fund – civil penalties	15, SOPS4	-	2	(2)
- Non-voted resource income	SOPS1.1	123	131	(8)
Net cash requirement		686,566	682,241	4,325

Net cash requirement is under budget by £4.326 million due to underspends on voted resource (£2.058 million) and capital (£5.614 million) as explained in Note SOPS1 offset by movement in working capital.

Cabinet Office

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 2017-18		Outturn 2016-17	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Returning Officers' expenses England and Wales					
Forfeited deposits					
- 2017 UK Parliamentary general election	4	728	<i>728</i>	-	-
- UK Parliamentary by-elections	4	-	-	28	<i>28</i>
- 2016 Police and Crime Commissioner elections	4	-	-	25	<i>25</i>
Registrar of Consultant Lobbyists					
Registration fees from consultant lobbyists	4, 15	131	<i>137</i>	128	<i>129</i>
Civil penalties applied to consultant lobbyists	15	-	<i>2</i>	-	<i>1</i>
Total amount payable to the Consolidated Fund		859	<i>867</i>	181	<i>183</i>

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 £1,500 (2016-17: £900).

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 2017-18 were as follows: 2015 UK Parliamentary general election: £nil (2016-17: £3 million), Police and Crime Commissioner elections: £nil (2016-17: £1 million), see Note 15 to the accounts.

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Long-term expenditure trends

This section is not subject to audit.

Trends over financial years 2013-14 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.

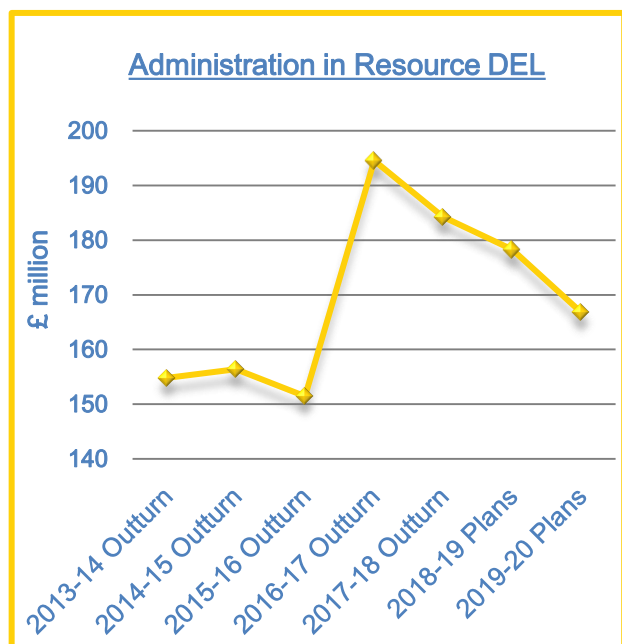
Resource Departmental Expenditure Limit (RDEL)

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

Administration budget

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

Chart 1 Total Resource Departmental Administration Expenditure 2013-14 to 2019-20



In 2013-14 a decrease in net administration costs resulted from the sale of shares in AXELOS Limited, an associate, to its immediate parent, Capita Business Services Limited (£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

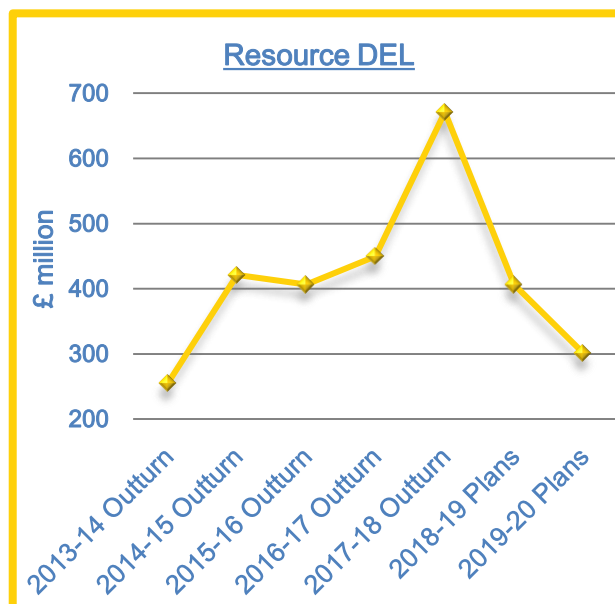
Programme budget includes the Modern Electoral Registration Programme, National Security Secretariat, Government Digital Service, Office of Government Property, Infrastructure and Projects Authority, Government Commercial Organisation, Geospatial Commission (from 1st February 2018) and Government Property Agency (from 1st April 2018).

Election expenditure in England and Wales covers the 2014 European Parliamentary election in 2014-15 (£96.509 million), 2015 UK Parliamentary general election in 2015-16 (£100.184 million), Police and Crime Commissioner elections in 2016-17 (£50.280 million) and 2017 UK general election in 2017-18 (£116.895 million).

In 2017-18 to ensure the Official Receiver has sufficient liquidity to maintain public service continuity when managing Carillion plc in liquidation, the Government provided working capital (£150 million) and is underwriting centrally the costs and liabilities of the Official Receiver. The Official Receiver will seek to recoup his operating costs through liquidation of assets and from customers of those services. This financing arrangement does not represent the cost to the taxpayer of the failure of the company.

Plans for 2018-19 and 2019-20 represent funding approved to date from Spending Review 2015, Autumn Budget measures, Reserve funding and transfers from other government departments. This may be augmented during the Supplementary Estimate process.

Chart 2 Total Resource Departmental Expenditure 2013-14 to 2019-20

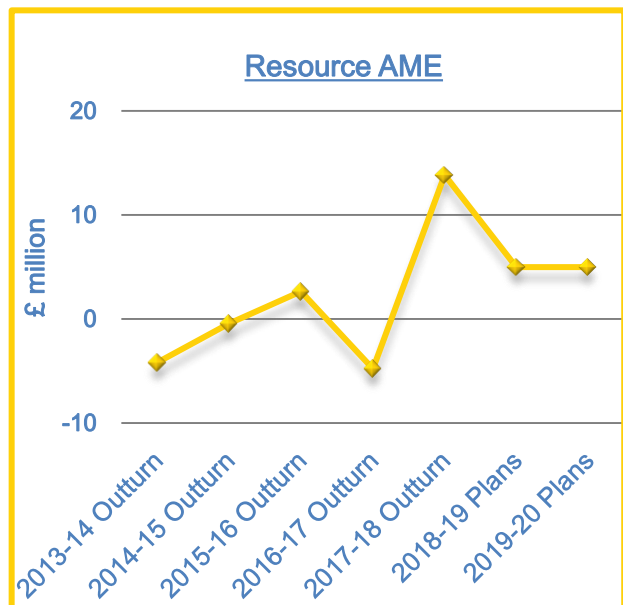


Cabinet Office

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.

Chart 3 Total Resource Annually Managed Expenditure 2013-14 to 2019-20



In 2015-16 a provision was established for a voluntary exit scheme (£4.209 million) and in 2016-17 this provision was utilised resulting in negative RAME.

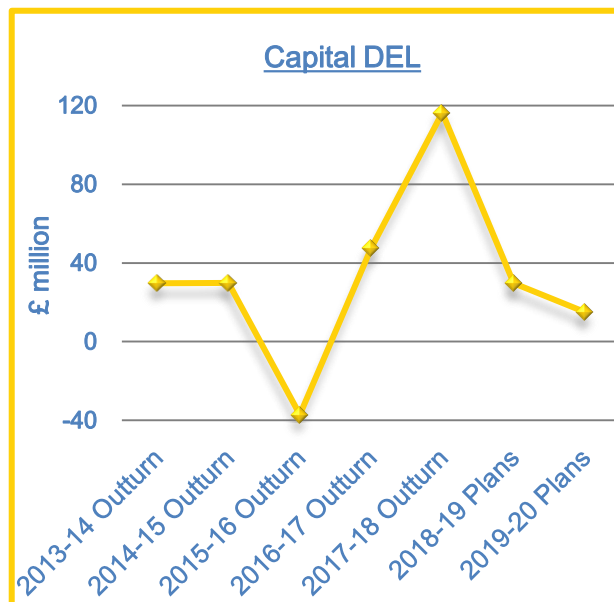
In 2017-18 dilapidation provisions were established for new leasehold properties at 10 Whitechapel High Street (£0.760 million) 10 South Colonnade (£14.015 million) and Windsor House, 42-50 Victoria Street (£2.286 million).

Future years' plans reflect 2015 Spending Review provision for the risk of property impairments due to falls in market value.

Capital Departmental Expenditure Limit (CDEL)

CDEL includes investment in the Cabinet Office estate and IT and in cross-government efficiency programmes.

Chart 4 Total Capital Departmental Expenditure 2013-14 to 2019-20



During 2013-14 and 2014-15 the Department increased investment in its estate and IT and increased capital grant expenditure for Electoral Registration Transformation Programme grants to local authorities.

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

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.

In 2017-18 an increase in capital spend reflected the fit-out costs of the leasehold property at 10, South Colonnade, London E14. This is the first project, led by the Government Property Agency, in the Government Hubs Programme and which 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.

Long-term expenditure tables

Table 1 – Cabinet Office total departmental spending 2013-14 to 2019-20¹

£000	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Plans	2019-20 Plans
Resource DEL							
Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy	45,859	79,888	67,652	90,984	91,458	70,392	61,061
Support the design and implementation of HM Government's policies and the Prime Minister's priorities	55,086	59,916	38,198	46,338	54,455	107,934	78,651
Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	113,553	139,023	126,758	189,628	187,858	115,750	102,847
Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities	37,100	41,799	70,088	71,267	216,151	63,022	56,108
Government Property Agency - Executive agency	-	-	-	-	-	37,979	-
Arm's length bodies (net)	1,794	2,031	1,972	1,947	2,030	2,715	2,485
Elections ²	-	96,509	99,509	47,706	116,790	6,500	-
UK members of the European Parliament ²	1,826	2,550	2,433	2,145	2,038	2,500	-
Cabinet Office CFER	-	(309)	(82)	(128)	(131)	(130)	-
Total resource DEL	255,218	421,407	406,528	449,887	670,649	406,662	301,152
<i>Of which:</i>							
Staff costs ³	168,296	177,672	166,290	198,207	332,893	-	-
Purchase of goods and services	241,447	322,582	316,661	285,852	391,528	639,533	486,048
Income from sales of goods and services	(182,932)	(128,705)	(126,628)	(111,478)	(74,927)	(307,949)	(210,158)
Current grants to local government (net)	8,255	34,402	29,875	33,885	38,316	-	-
Current grants to persons and non-profit bodies (net)	3,140	2,515	3,004	3,319	2,146	34,400	1,318
Current grants abroad (net)	-	-	-	-	1,531	(1,896)	-
Rentals	12,857	9,006	12,662	18,382	29,973	12,026	10,944
Depreciation ⁴	13,866	12,584	18,637	22,101	34,323	50,000	15,000
Other resource ⁵	(9,711)	(8,649)	(13,973)	(381)	(85,134)	(19,452)	(2,000)
Resource AME							
Cabinet Office AME	(4,189)	(430)	2,646	(4,786)	13,848	4,000	5,000
Government Property Agency - Executive agency - (AME)	-	-	-	-	-	1,000	-
Total resource AME	(4,189)	(430)	2,646	(4,786)	13,848	5,000	5,000
<i>Of which:</i>							
Rentals	1	-	-	-	-	-	-
Depreciation ⁴	565	2,269	2,974	(118)	(846)	5,000	5,000
Take-up of provisions	(3,305)	(787)	5,057	(128)	15,404	-	-
Release of provision	(1,424)	(1,876)	(1,164)	(4,484)	(710)	-	-
Other resource	(26)	(36)	(4,221)	(56)	-	-	-
Total resource budget	251,029	420,977	409,174	445,101	684,497	411,662	306,152
<i>Of which:</i>							
Depreciation ⁴	14,431	14,853	21,611	21,983	33,477	55,000	20,000

Cabinet Office

Table 1 – Cabinet Office total departmental spending 2013-14 to 2019-20¹ (continued)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
£000	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Capital DEL							
Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy	6,972	3,729	7,854	19,214	25,198	6,242	4,449
Support the design and implementation of HM Government's policies and the Prime Minister's priorities	1,476	1,528	2,684	2,125	1,724	600	200
Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	4,074	16,859	10,398	17,903	86,292	19,250	9,203
Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities	17,228	7,736	(58,064)	8,327	4,520	1,808	1,148
Government Property Agency - Executive agency	-	-	-	-	-	1,757	-
Total capital DEL	29,750	29,852	(37,128)	47,569	117,734	29,657	15,000
Of which:							
Capital support for local government (net)	4,914	3,390	-	-	2,127	-	-
Capital grants to persons and non-profit bodies (net)	(3)	(16)	-	(1,625)	(9,052)	(2,069)	-
Purchase of assets	25,958	27,758	26,527	49,194	124,690	31,726	15,000
Income from sales of assets	(2)	-	(64,285)	-	(31)	-	-
Net lending to the private sector and abroad	(1,117)	(1,280)	630	-	-	-	-
Other capital	-	-	-	-	-	-	-
Of which:							
Capital AME	-	-	-	-	-	-	-
Total capital budget	29,750	29,852	(37,128)	47,569	117,734	29,657	15,000
Total departmental spending⁶	266,348	435,976	350,435	470,687	768,754	386,319	301,152
Of which:							
Total DEL	271,102	438,675	350,763	475,355	754,060	386,319	301,152
Total AME	(4,754)	(2,699)	(328)	(4,668)	14,694	-	-

¹ Prior year departmental spending has been restated for machinery of government transfers of function

² 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

³ In line with HM Treasury guidance, the Department is not publishing future staffing and pay plans. These are included in 'Purchase of goods and services'

⁴ Includes impairments

⁵ In 2017-18 the Cabinet Office adopted HM Treasury's standard account codes. Income, not classified as income from goods and services is now shown in other resource. This aligns with HM Treasury OSCAR reporting. Other resource for 2017-18 includes income: payment from Barclays plc £48.051 million see Note 4 to the Accounts, Fees and Charges £149.144 million see Note 3 to the Parliamentary accountability disclosures; Expenditure: Grants to the Official Receiver £150 million, see Note 3 to the Accounts

⁶ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME

Annual Report and Accounts 2017-18

Table 2 – Cabinet Office administration budget 2013-14 to 2019-20¹

£000	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Plans	2019-20 Plans
Resource DEL							
Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy	15,967	13,751	15,472	37,970	29,650	38,131	29,516
Support the design and implementation of HM Government's policies and the Prime Minister's priorities	53,197	56,336	38,858	41,180	42,072	32,582	39,393
Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	47,472	42,816	44,384	47,627	46,651	39,022	35,220
Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities	36,356	41,770	50,942	66,033	65,649	42,780	60,342
Government Property Agency - Executive agency	-	-	-	-	-	23,257	-
Arm's length bodies (net)	1,794	2,028	1,797	1,725	1,828	2,489	2,369
Cabinet Office CFER	-	(309)	-	-	-	-	-
Total administration budget	154,786	156,392	151,453	194,535	185,850	178,261	166,840
<i>Of which:</i>							
Staff costs ²	118,843	117,370	110,567	125,561	239,028	-	-
Purchase of goods and services	198,235	150,884	122,716	144,240	164,798	440,607	309,563
Income from sales of goods and services	(178,094)	(118,533)	(101,546)	(102,164)	(56,027)	(288,050)	(168,667)
Current grants to persons and non-profit bodies (net)	(1)	-	-	-	-	-	-
Rentals	12,314	8,245	11,902	14,360	14,000	12,026	10,944
Depreciation ³	10,313	8,034	14,740	12,550	12,391	26,000	15,000
Other resource ⁴	(6,824)	(9,608)	(6,926)	(12)	(188,340)	(12,322)	-

¹ Prior year departmental spending has been restated for machinery of government transfers of function

² In line with HM Treasury guidance, the Department is not publishing future staffing and pay plans. These are included in 'Purchase of goods and services'

³ Includes impairments

⁴ In 2017-18 the Cabinet Office adopted HM Treasury's standard account codes. Income, not classified as income from goods and services is now shown in other resource. This aligns with HM Treasury OSCAR reporting. Other resource for 2017-18 includes Fees and Charges income £149.144 million, see Note 3 to the Parliamentary accountability disclosures

Parliamentary accountability disclosures

The following sections are subject to audit.

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.

	2017-18	2016-17
	Departmental group	Departmental group
Total number of losses	167	136
Total value of losses (£000)	1,752	354

1.1.1 Details of closed cases over £300,000

£000	2017-18
Asset Write Offs	Departmental group
Abandonment of building construction project enabling works at 70 Whitehall, London	377
Abandonment of a Government as a Platform intangible asset at the development stage	321

1.2 Special payments

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

	2017-18	2016-17
	Departmental group	Departmental group
Total number of special payments	74	34
Total value of special payments (£000)	37	755

1.2.1 Non-contractual payments included in 1.2

	Cabinet Office	Other departments	2016-17 Total	Cabinet Office	Other departments	2017-18 Total
Total number	16	10	26	-	-	-
Total value (£)	483,194 ¹	216,579	699,773	-	-	-
Maximum value (£)			67,986			-
Median value (£)			19,536			-
Minimum value (£)			10,031			-

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

In 2017-18 there were no non-contractual special payments.

In 2016-17, of the 34 special payment 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.

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 before the next European Parliamentary general election due in 2019. This indemnity will expire at the point when the UK exits the European Union. As the UK is set to leave the European Union on 29 March 2019, there will be no need to provide an indemnity for future European Parliamentary elections.

This 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 the employees. As the UK is set to leave the European Union on 29 March 2019, there will be no need to provide an indemnity for future European parliamentary elections (including the 2019 EP general election).

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.

Cabinet Office

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	2017-18	2016-17
	Departmental group	Departmental group
Full cost of service to other government departments		
Digital and Technology Team	9,247	4,268
CSHR Expert Services	112,374	16,771
Government Commercial	32,960	-
Total service cost	154,581	21,039
Less: income received		
Digital and Technology Team	(9,465)	(4,268)
CSHR Expert Services	(112,092)	(16,051)
Government Commercial	(27,587)	-
Total income	149,144	20,319
Net deficit	5,437	720

Digital and Technology Team

The Cabinet Office's Digital and Technology Team (DATT) offers a managed IT service to the Crown Commercial Service, the Department for Digital, 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. DATT does not intend to make any surplus for these managed services so is recharging at cost price. The total income received by DATT includes £9.465 million from fees and charges and £0.837 million for one-off projects (see Note 4 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 (Civil Service Learning, Civil Service Resourcing, Civil Service Employee Policy and Organisation and Design) hosted by the Cabinet Office with the costs being recharged to other government departments. Civil Service Resourcing transferred into the Department in 2017-18.

Prior year comparatives are for the first three services and not Civil Service Resourcing as this service was previously hosted in another government department.

Government Commercial Organisation

The Government Commercial Organisation (GCO) is a professional organisation of commercial specialists housed in the Cabinet Office. It employs commercial specialists across central government (at Grade 6 and above) who are deployed into departments to carry out the departments' commercial activities.

A 5% operational charge is levied annually as a percentage of the full employment cost for each GCO Specialist deployed in a Department to fund the operational costs incurred in the running of the GCO.

The total cost spent by GCO in 2017-18 of £32.960 million is covered by total income received of £27.587 million from fees and charges and £5.373 million of budget received by Cabinet Office for setting up the service.

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 11 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



John Manzoni

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

17 July 2018

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

Opinion on financial statements

I certify that I have audited the financial statements of the Cabinet Office and of its Departmental Group for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2017. The financial statements comprise: the Department's Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. 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 that report as having been audited.

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 2018 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 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 2018 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016.

I am independent of the Cabinet Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

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.

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

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Cabinet Office's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

Auditor's responsibilities for the audit of the financial statements (continued)

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Cabinet Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Annual Report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the Cabinet Office and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; 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 Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria, London, SW1W 9SP

19 July 2018

FINANCIAL STATEMENTS

Cabinet Office

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2018

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

£000		2017-18	2016-17
	Note	Departmental group	Departmental group
Income	4	(246,760)	(112,561)
Income – Fast Stream	4	(72,392)	–
Income – grants	4	(12,275)	(1,695)
Income – associates	4	(13,874)	(8,448)
Total income	4	(345,301)	(122,704)
Staff costs	3	330,855	196,766
Returning Officers' Expenses, England and Wales	3	116,790	47,706
Purchase of goods and services	3	284,029	230,469
Rentals under operating leases	3	34,458	21,686
Grants	3	194,120	37,204
Depreciation, impairment and property gains	3	35,708	24,319
Provisions and other non-cash costs	3	15,872	435
Other	3	3,207	–
Total operating expenditure	3	1,015,039	558,585
Net operating expenditure		669,738	435,881
Finance income		(31)	–
Finance expenditure		–	2
Net expenditure for the year		669,707	435,883
Other comprehensive income			
Items that will not be reclassified to net operating expenditure:			
Net gain on revaluation of:			
Property, plant and equipment	3, 5	(19,271)	(2,012)
Intangible assets	7	(246)	(100)
Total other comprehensive income		(19,517)	(2,112)
Comprehensive net expenditure for the year		650,190	433,771

Notes 1 to 24 form part of these accounts.

Consolidated Statement of Financial Position

as at 31 March 2018

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		2017-18	2016-17
	Note	Departmental group	Departmental group
Non-current assets			
Property, plant and equipment	5	313,595	212,415
Intangible assets	7	32,869	18,193
Investments in associates	10	69,147	64,048
Other financial assets	11	350	350
Total non-current assets		415,961	295,006
Current assets			
Assets classified as held for sale	12	16,812	16,812
Inventories		534	563
Trade and other receivables	14	270,648	109,443
Cash and cash equivalents	13	29,937	30,333
Total current assets		317,931	157,151
Total assets		733,892	452,157
Current liabilities			
Trade and other payables	15	(265,923)	(150,216)
Provisions	16	(882)	(2,904)
Total current liabilities		(266,805)	(153,120)
Total assets less current liabilities		467,087	299,037
Non-current liabilities			
Trade and other payables	15	(837)	-
Provisions	16	(18,948)	(2,230)
Total non-current liabilities		(19,785)	(2,230)
Total assets less total liabilities		447,302	296,807
Taxpayers' equity and other reserves			
General fund		371,128	230,722
Revaluation reserve		76,174	66,085
Total equity		447,302	296,807



John Manzonei

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

17 July 2018

Consolidated Statement of Cash Flows

for the year ended 31 March 2018

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		2017-18	2016-17
	Note	Departmental group	Departmental group
Cash flows from operating activities			
Net operating expenditure	CSOCNE	(669,738)	(435,881)
Adjustments for non-cash expenditure	3	51,580	24,754
Adjustments for non-cash income	4	(15,981)	(10,073)
Remove dividend income	4	(2,000)	(2,000)
(Increase)/decrease in trade and other receivables	14	(161,205)	2,928
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure or related to non-cash costs</i>			
Movement in amounts relating to provision for doubtful debt	3	(5,158)	191
Amounts relating to bad debt write-off	3	(2,230)	(2,340)
Decrease/(increase) in inventories		29	(8)
Increase/(decrease) in trade and other payables	15	116,544	(12,317)
<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	15	14,241	13,378
Cash surrenderable to the Consolidated Fund	15	(8)	30
Movement in capital accruals relating to investing activities		(29,426)	(5,660)
Returning Officers' expenses, England and Wales			
Excess cash surrenderable to the Consolidated Fund			
- 2015 UK Parliamentary general election	15	3,000	(500)
- 2014 European Parliamentary election	15	-	681
- 2016 Police and Crime Commissioner elections	15	1,000	(1,000)
Use of provisions	16	(710)	(4,484)
Net cash outflow from operating activities		(700,062)	(432,301)
Cash flows from investing activities			
Purchase of non-financial assets			
- Purchase of property, plant and equipment (PPE)	5	(103,305)	(33,948)
- Purchase of intangible assets	7	(19,294)	(13,621)
Proceeds from non-financial assets			
- Proceeds from disposal of PPE	5	31	-
Dividends received from Crown Commercial Service	4	2,000	2,000
Dividends received from associates	10	8,775	1,720
Movement in capital accruals		29,426	5,660
Net cash outflow from investing activities		(82,367)	(38,189)

Consolidated Statement of Cash Flows (continued)

£000		2017-18	2016-17
	Note	Departmental group	Departmental group
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year	CSOCTE	668,000	404,501
From the Consolidated Fund (Non-supply) – current year	CSOCTE	118,859	51,663
Interest income	CSOCNE	31	–
Interest expense	CSOCNE	–	(2)
Net financing		786,890	456,162
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		4,461	(14,328)
Payments of amounts due to the Consolidated Fund – consultant lobbyists' registration fees	15	(129)	(158)
Returning Officers' expenses, England and Wales			
Forfeited deposits surrendered to the Consolidated Fund			
- 2017 UK Parliamentary general election	4	(728)	–
- UK Parliamentary by-elections	4	–	(28)
- 2016 Police and Crime Commissioner elections	4	–	(25)
Excess cash surrendered to the Consolidated Fund			
- 2015 UK Parliamentary general election	15	(3,000)	(2,500)
- 2015 UK Parliamentary general election – consolidation adjustment		–	(1,340)
- 2014 European Parliamentary election	15	–	(681)
- 2016 Police and Crime Commissioner elections	15	(1,000)	–
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	(396)	(19,060)
Cash and cash equivalents at the beginning of the period	13	30,333	49,393
Cash and cash equivalents at the end of the period	13	29,937	30,333

Notes 1 to 24 form part of these accounts.

Cabinet Office

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2018

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 2016		199,330	66,664	265,994
Net Parliamentary Funding – drawn down	CSOCF	404,501	–	404,501
Net Parliamentary Funding – deemed		30,283	–	30,283
Supply payable adjustment	15	(16,905)	–	(16,905)
Cash surrenderable to the Consolidated Fund – Consultant Lobbyists registration fees	15	(129)	–	(129)
Net Expenditure for the year	CSOCNE	(435,883)	–	(435,883)
Registrar of Consultant Lobbyists – consolidation adjustment		1	–	1
Returning Officers' Expenses, England and Wales				
Consolidated Fund Standing Services – non-supply – drawn down				
- 2016 Police and Crime Commissioners	CSOCF	51,663	–	51,663
Forfeited deposits surrenderable to the Consolidated Fund				
- UK Parliamentary by-elections	4	(28)	–	(28)
- 2016 Police and Crime Commissioners	4	(25)	–	(25)
Excess cash surrenderable to the Consolidated Fund				
- 2015 UK Parliamentary elections	15	(3,000)	–	(3,000)
- 2015 UK Parliamentary elections Consolidation adjustment		(1,340)	–	(1,340)
- 2016 Police and Crime Commissioners	15	(1,000)	–	(1,000)
Non-cash adjustments				
Non-cash charges – auditors' remuneration	3	563	–	563
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	3, 5	–	2,012	2,012
Net gain on revaluation of intangible assets	7	–	100	100
Transfers between reserves		2,691	(2,691)	–
Balance at 31 March 2017		230,722	66,085	296,807
Net Parliamentary Funding – drawn down	CSOCF	668,000	–	668,000
Net Parliamentary Funding – deemed	15	16,905	–	16,905
Supply payable adjustment	15	(2,664)	–	(2,664)
Cash surrenderable to the Consolidated Fund – Consultant Lobbyists registration fees	15	(137)	–	(137)
Net Expenditure for the year	CSOCNE	(669,707)	–	(669,707)
Returning Officers' Expenses, England and Wales				
Consolidated Fund Standing Services – non supply - drawn down				
- 2017 UK Parliamentary elections	CSOCF	118,859	–	118,859
Forfeited deposits surrenderable to the Consolidated Fund				
- 2017 UK Parliamentary elections	4	(728)	–	(728)
Non-cash adjustments				
Non-cash charges – auditors' remuneration	3	450	–	450
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	3, 5	–	19,271	19,271
Net gain on revaluation of intangible assets	7	–	246	246
Transfers between reserves		9,428	(9,428)	–
Balance at 31 March 2018		371,128	76,174	447,302

Notes 1 to 24 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 2017-18 *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 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 departmental group are eliminated. A list of all those entities within the departmental boundary is given at Note 23.

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 2018-19 in the *Central Government Main Supply Estimates 2018-19 (HC 957)*.

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 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 Consolidated Statement of Financial Position (CSOFP) and amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

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 20.

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 CSOFP. See Note 19.2.

Impairment of assets

The Department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. See Note 8.

Impairments of non-current property assets that are due to a clear consumption of economic benefit are recognised in the Consolidated Statement of Comprehensive Net Expenditure (CSOCNE) rather than set against an available revaluation reserve.

The financial performance of associate companies is assessed annually for indication of any impairment.

1.5 Judgements and key sources of estimation uncertainty (continued)

Impairments of trade and other receivables stem from doubtful debt provisions and bad debt write offs. A provision is taken against public and private sector debt by reference to payment history against settlement terms. Debts are written off in cases where the Cabinet Office is unable to collect or where debt is deemed uneconomic to collect. See Note 1.18.

Development costs

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

Untaken annual leave

Annual leave untaken at year-end is accrued. Employees' leave years are determined by the anniversary of their joining the Cabinet Office and so the average number of days leave not taken for each grade is assessed from exercises performed at mid-year and at year-end and multiplied by the average salary and staff in post at year-end.

Staff engaged on capital projects

The capitalisation of staff and contractor costs is based on time spent directly attributable to capital projects. Staff may be full-time dedicated to a project or their time part-apportioned to a project.

Provisions

Provisions are based on the best estimate of the amount required to settle the obligation following an assessment of risks and uncertainties, terms of legal agreements, and where appropriate, independent professional valuation reports. HM Treasury discount rates for general provisions and post-employment benefits are applied where appropriate, except for dilapidations where a rate per square foot based on professional advice is used. See Notes 1.23 and Note 16.

1.6 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 Principal Accounting Officer and the Board.

1.7 Employee benefits

Short-term benefits

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

Annual leave earned but not taken by year-end is recognised on an accruals basis.

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

Termination benefits

Termination benefits include lump sum payments and payments in lieu of notice. The Department makes provision for termination benefits in cases of compulsory redundancy on announcement of a detailed plan. The Department makes a provision for voluntary redundancies 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.

1.8 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.

1.9 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 which is not materially different than on an accruals basis.

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.

1.10 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.

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Operating income recognised in CSOCNE

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.

Income payable to the Consolidated Fund and recognised in CSOCNE

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 CSOCNE.

Non-operating income recognised in CSOCNE

Non-operating income relates to associates, capital grants in kind and the notional Digital Apprenticeship Service grant.

Sale of intellectual property to associate, AXELOS Limited and equity accounting for a share of the results of all associates are disclosed at Notes 4 and 10.

Capital grant in kind is the mechanism for deemed funding of non-current assets and this offsets donated assets and assets transfers from other government departments for nil consideration; see Notes 4 and 5 and 7.

The notional Digital Apprenticeship Service grant offsets the notional grant expenditure which represents apprenticeship training received and funded from the levy paid. See Notes 3 and 4.

Non-operating income recognised in CSOFP

Non-operating income relates to the sale of capital assets. See Note 5.

1.11 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 from/to HM Revenue and Customs in respect of VAT is included within receivables and payables in the CSOFP, respectively.

1.12 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 using professional valuations prepared in accordance with current Royal Institution of Chartered Surveyors Valuation Standards. Each property is revalued on a rotational basis on a five year cycle. In the intervening years, if material, changes in fair value are determined by reference to current prices on an active market for similar property.

Other operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. 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 CSOCNE, in which case the increase is recognised in the CSOCNE. A revaluation deficit is recognised in the CSOCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit are taken to the CSOCNE.

1.13 Depreciation and impairment on property, plant and equipment

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

Asset lives are normally in the following ranges:

Freehold buildings, including dwellings	17 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	3 to 14 years

1.13 Depreciation and impairment on property, plant and equipment (continued)

Assets in the course of construction are not depreciated until the assets are available for use. No depreciation is provided on freehold land and items for collections 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.

1.14 Donated assets

The value of donated assets is recognised as capital grant-in-kind 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 CSOCNE, in which case the increase is recognised in the CSOCNE. A revaluation deficit is recognised in the CSOCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Gifts of ornaments and jewellery received by past and present Prime Ministers and their spouses are treated as donated assets within art and antiques and capitalised at their fair value on receipt. They are subject to professional valuation 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 5.

1.15 Intangible assets

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

Intangible assets are measured on initial recognition at cost. The capitalisation threshold for expenditure on intangible assets is £5,000. Following initial recognition, where an active market exists, intangible assets are carried at fair value in the CSOFP. Where no active market exists, the Department uses published indices to assess the depreciated replacement cost. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Development expenditure is recognised as an intangible asset 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. Research costs are expensed as incurred. 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.

1.16 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.

1.17 Operating Leases

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

1.18 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. Financial assets are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

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. See Note 1.5.

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.

1.19 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.

1.20 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.

1.21 Cash and cash equivalents

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

1.22 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.

1.22 Financial liabilities (continued)

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 for Returning Officers' expenses (Continued)

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.

1.23 Provisions

A provision is recognised when the Department has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. See Note 16.

For dilapidations, a provision is made for estimated costs based on a rate per square foot which is updated annually on professional advice.

For onerous contract provisions, if the effect is material, expected future cash flows are discounted using real rates set by HM Treasury with effect from 31 March 2018:

Short-term rate	between 0 and 5 years	-2.42%	2016-17: -2.70%
Medium-term rate	between 5 and 10 years	-1.85%	2016-17: -1.95%
Long-term rate	over 10 years	-1.56%	2016-17: -0.80%

For early departure costs, the Department establishes a provision for the estimated payments discounted by the Treasury rate for post-employment benefits of 0.10% (2016-17: 0.24%) in real terms effective from 31 March 2018. Where discounting is used, the increase in the provision due to borrowing costs is recognised as a finance cost.

1.24 Contingent liabilities and contingent assets

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

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or 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.

1.25 Impending application of newly issued accounting standards not yet effective

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

IFRS 9 Financial Instruments

IFRS 9, replacing IAS 39, aims to simplify financial instrument accounting and more closely align accounting and practices with how instruments are used in the business. 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 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes: a single approach to classification and measurement; a new forward-looking 'expected loss' impairment model; and a revised approach to hedge accounting. The application of this standard is retrospective (without restatement).

Impact

The Department will recognise impairment of debt calculated on an expected losses basis instead of on an incurred losses basis.

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An adaptation to the *Government Financial Reporting Manual* excludes balances with central government departments and their executive agencies from this new requirement. Most of the Department's debt is with central government departments.

The Department changed its impairment policy during 2017-18 and, as a result, is effectively making provision on an expected losses basis and intends to continue with this policy in 2018-19; see Note 1.5.

The Department expects implementing IFRS9 will have an immaterial effect.

IFRS 12 Disclosure of interests in other entities

This amendment clarifies the scope of the standard.

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 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18). The application of this standard is retrospective (without restatement).

Impact

Most of the Department's revenue represents cost recovery from other government departments.

An initial assessment on whether the wording of existing contracts aligns with expected point of income recognition under IFRS 15 suggests there will be no material impact on revenue recognition.

The wording of the Government Property Agency's new contracts has factored in the requirements of the new standard.

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.

Impact

The new standard is likely to impact the majority of leases held by Cabinet Office. The Department has commitments under operating leases of £347.883 million, see Note 19.2.

The quantity of leases held by the departmental group is set to increase significantly as the Government Property Agency will in future take on responsibility for leases currently held by other government departments.

The new standard will require these to be recognised as right of use assets and lease liabilities and its implementation will have a material effect on the accounts.

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.

Cabinet Office

2. Statement of Net Outturn by Operating Segment

2.1 Resource

£000	Gross resource expenditure	Gross resource income	2017-18 Net resource outturn	2016-17 Net resource outturn restated
Operating segment				
Maintain the integrity of the Union, coordinate the security of the realm and ensure a flourishing democracy	218,417	(16,387)	202,030	141,201
Ensure the delivery of the Governments' programme and the Prime Minister's priorities	63,150	(11,225)	51,925	42,788
Improve the efficiency and responsiveness of government	460,438	(283,148)	177,290	182,447
Ensure the effective running of the department and contribute to the government's cross cutting priorities	223,844	(19,214)	204,630	62,120
Subtotal	965,849	(329,974)	635,875	428,556
Ring-fenced depreciation, amortisation, impairment and provision for doubtful debt	34,324	-	34,324	22,101
Audit fee for Core Department	450	-	450	563
Total	1,000,623	(329,974)	670,649	451,220

2.2 Capital

£000	Gross capital expenditure	Gross capital income	2017-18 Net capital outturn	2016-17 Net capital outturn restated
Operating segment				
Maintain the integrity of the Union, coordinate the security of the realm and ensure a flourishing democracy	25,198	-	25,198	19,214
Ensure the delivery of the Governments' programme and the Prime Minister's priorities	1,802	(79)	1,723	2,125
Improve the efficiency and responsiveness of government	95,297	(9,005)	86,292	17,903
Ensure the effective running of the department and contribute to the government's cross cutting priorities	4,520	-	4,520	8,327
Total	126,817	(9,084)	117,733	47,569

This segmental analysis aligns with the Cabinet Office's structure in 2017-18. The composition of the reportable segments changed slightly in 2017-18 and 2016-17 has been restated accordingly. Descriptions of the activities carried out under each operating segments are located in the Parliamentary accountability and audit report within the Accountability report.

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 Principal 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 SOPS2.1. Capital Departmental Expenditure Limit is reconciled to the accounts at Note SOPS2.2.

Machinery of government transfers of function

The following transfers of function took place during the financial year. Prior year comparatives have not been restated since the transfers are immaterial.

Anti-Corruption Unit

Responsibility for the Joint Anti-Corruption Unit transferred to the Home Office in order to support delivery of the commitments of the UK's cross-government Anti-Corruption Strategy. The Strategy provides a framework to guide UK government efforts against corruption both domestically and internationally for the period to 2022. Full-time equivalent staff numbers decreased by 8. The impact on budgets was a decrease in Resource DEL and net cash requirement of £0.490 million.

Europe Unit

A new Europe Unit has been established in the Cabinet Office to help coordinate Brexit-related activity within government following the transfer of 2 units from the Department for Exiting the European Union. Full time equivalent staff numbers increased by 9. The impact on budgets was an increase in Resource DEL and net cash requirement of £0.965 million.

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3. Expenditure

£000		2017-18	2016-17
	Note	Departmental group	Departmental group
Staff costs			
Wages, salaries and fees		217,315	119,407
Social security costs		24,369	13,771
Apprenticeship levy		964	-
Other pension costs		43,759	24,555
Untaken annual leave		4,780	3,194
Agency/temporary		47,907	43,843
Termination benefits – contractual		1,001	2,029
Termination benefits – non-contractual ¹		-	483
Inward secondments		3,131	6,078
Recoveries in respect of outward secondments		(1,553)	(4,760)
Staff engaged on capital projects		(10,818)	(11,834)
Total staff costs¹		330,855	196,766
Returning Officers' expenses, England and Wales (includes conduct of the poll and Royal Mail costs)			
2017 UK Parliamentary general election		117,053	-
2015 UK Parliamentary general election ²		80	(4,205)
UK Parliamentary by-elections			
- Oldham West and Royton		(6)	-
- Ogmore		(2)	154
- Sheffield Brightside and Hillsborough		(10)	154
- Tooting		(10)	268
- Batley and Spen		-	260
- Witney		(1)	219
- Richmond Park		45	289
- Sleaford and North Hykeham		(23)	351
- Copeland		13	218
- Stoke-on-Trent Central		47	163
- Manchester Gorton		58	-
- Accrual released to cover costs of UK by-elections		-	(329)
2014 European Parliamentary election		-	(117)
2016 Police and Crime Commissioner elections		(455)	50,280
Bank charges		1	1
Total Returning Officers' expenses, England and Wales		116,790	47,706
Goods and services			
IT costs		67,176	73,133
Pensions administration – PCSPS and CSOPS ³		38,080	39,534
Pensions administration – Royal Mail Statutory Pension Scheme		5,061	5,172
Other staff-related costs		36,128	10,697
Accommodation and utilities		31,660	28,038
Professional services		26,990	13,603
Supplies and services		24,629	28,294
Consultancy		23,988	10,191
Travel, subsistence and hospitality		16,260	8,857
Business rates		9,293	4,374
Individual electoral registration costs		2,750	3,965
Lord Lieutenants' expenses		1,203	1,377
Public Duty Cost Allowance	3.1	611	557
PFI service charges	20.2	132	1,539
George Cross civilian annuities		32	14
Auditors' remuneration and expenses – arm's length bodies ⁷		18	19
Civil Service Commissioners' fees and expenses		18	18
Grant fund management fees and services		-	1,087
Total goods and services		284,029	230,469
Rentals under operating leases		34,458	21,686
EU funding to Department for International Development			
- Disaster relief transportation costs		3,207	-

Cabinet Office

3. Expenditure (continued)

£000		2017-18	2016-17
	Note	Departmental group	Departmental group
Grants⁴			
Resource grants to central government bodies ⁵		150,000	-
Resource grants to local authorities		38,316	33,885
Resource grants abroad		1,531	-
Resource grants to private sector and non-profit bodies		1,057	2,049
Capital grants to local authorities		2,127	-
Grant-in-aid to the Chequers Trust		879	888
Grant-in-aid to Civil Service welfare bodies		210	382
Total grants⁶		194,120	37,204
Depreciation, impairment and property gains			
Depreciation	5	21,205	16,167
Amortisation	7	7,078	2,673
Impairment – property, plant and equipment	5, 8	2	2,925
Impairment – intangible assets	7, 8	-	569
Impairment – trade receivables	14	5,158	(191)
Revaluation of property, plant and equipment assets	5, 8	(889)	(161)
Write off – bad debt		2,230	2,340
Write off – property, plant and equipment	5, 8	557	-
Write off – intangible assets	7, 8	321	-
Investment properties – gains on change in fair value	6	-	(56)
Carbon dioxide emissions allowances surrendered	7	46	53
Total depreciation, impairment and property gains		35,708	24,319
Provisions and other non-cash costs			
Provisions provided for in year	16	15,405	(136)
Borrowing costs	16	1	8
Auditors' remuneration and expenses – Core Department ⁷		450	563
Notional Digital Apprenticeship service grant	4	16	-
Total provisions and other non-cash costs		15,872	435
Total expenditure		1,015,039	558,585

¹ Further analysis is located in Note 2 of the Remuneration and staff report and Note 1.2 (Special payments) of the Parliamentary accountability disclosures

² Additional payments made to reimburse costs that were necessarily incurred for the delivery of the poll and were agreed on the basis of additional information provided

³ Principal Civil Service Pension Scheme and Civil Service and Others Pension Scheme

⁴ Grant-in-aid to arm's length bodies has been eliminated on consolidation; Registrar of Consultant Lobbyists, £0.207 million (2016-17: £0.260 million), Civil Service Commission, £2.238 million (2016-17: £2.179 million)

⁵ To ensure the Official Receiver has sufficient liquidity to maintain public service continuity when managing Carillion plc in liquidation, the Government is providing working capital and underwriting centrally the costs and liabilities of the Official Receiver who will seek to recoup his operating costs through liquidation of assets and from customers of those services. This process is ongoing; there is no current anticipation that additional liquidity will be provided by government. The National Audit Office's report of 7 June 2018 into the collapse of Carillion reported the then forecast cost to Cabinet Office of the insolvency (up to December 2018) of £148 million

⁶ 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

⁷ 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 (2016-17: £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 £0.250 million (2016-17: £0.353 million), Civil Service Pensions £0.160 million (2016-17: £0.160 million) and Royal Mail Pensions £0.040 million (2016-17: £0.050 million)

3.1. 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.

£	2017-18	2016-17
The Rt Hon. Sir John Major	115,000	115,000
The Rt Hon. Tony Blair	115,000	114,838
The Rt Hon. Gordon Brown	114,920	115,000
The Rt Hon. David Cameron ¹	111,544	50,227
The Rt Hon. Nick Clegg	115,000	114,982
Pension costs	39,524	28,020
Total	610,988	538,067²

¹ From 14 July 2016

² The figure shown in Note 3 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

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4. Income

£000		2017-18	2016-17
	Note	Departmental group	Departmental group
Royalties		31	22
Dividends	11	2,000	2,000
Rental income		4,485	3,282
Income from grants			
EU grant income – Department for International Development – Disaster relief transportation costs		3,207	–
Government Digital Service grants		–	70
Pensions			
Central management of Civil Service pension arrangements		42,414	43,305
Royal Mail Statutory Pension Scheme		140	117
Income payable to the Consolidated Fund			
Registration fees from consultant lobbyists	SOPS4	131	128
Associates			
Sale of intellectual property to AXELOS Limited		9,400	–
Framework fees in respect of Integrated Debt Services Limited		200	200
Framework management fee in respect of Crown Hosting Data Centres Limited		–	138
Framework authority fee in respect of Crown Hosting Data Centres Limited		–	1,301
Civil Service HR			
HR Expert Services – Fast Stream		72,392	–
Other HR Expert Services		39,700	20,783
Other Civil Service HR		5,424	2,055
Office of Government Property			
Income from Barclays plc for 10 South Colonnade		48,051	–
Capital grants from other government departments for the fit out of 10 South Colonnade		6,961	–
Income from other Public bodies for the fit out of 10 South Colonnade		6,524	–
Contributions from other government departments towards national Hubs		1,983	–
Other Office of Government Property		194	719
Sales of services			
Government Commercial Organisation		27,587	21
Cross-government secure IT		11,849	–
Digital and Technology Team		10,302	4,390
Office of the Parliamentary Counsel		7,786	4,190
Government Digital Service		7,051	3,406
Government Communications		6,650	4,546
Infrastructure and Projects Authority		1,695	1,690
Civil Service Local		1,103	–
National Fraud Initiative		904	1,884
Other			
Cost recoveries		5,449	9,564
Supplier Rebates		3,954	6,045
Non-rental income on freehold properties		1,025	2,722
Returning Officers' expenses, England and Wales			
Forfeited Deposits			
- 2017 UK Parliamentary general election	SOPS4	728	–
- UK Parliamentary by-elections	SOPS4	–	28
- 2016 Police and Crime Commissioners' elections	SOPS4	–	25
Subtotal Income		329,320	112,631
Non-cash income			
Capital grant-in-kind			
- On donated assets	5	48	11
- Transfer of assets in from other government departments	7	2,043	1,614
Resource grant			
- Notional Digital Apprenticeship Service grant	3	16	–
Income from associates	10	13,874	8,448
Total Non-cash income		15,981	10,073
Total income		345,301	122,704

Cabinet Office

4. Income (continued)

Income from grants

The Cabinet Office received grant income from the European Union to fund the Department for International Development's work towards providing relief in the form of transportation costs in disaster hit areas.

Pensions

The Cabinet Office is responsible for the management 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 it incurs for scheme management.

The Cabinet Office is directly responsible for meeting the administration costs of the Royal Mail Statutory Pension Scheme. A nugatory amount of income arises from charges to members for certain specific pension administration services.

Income from Associates

The 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.

Civil Service HR, Expert Services

Expert Services is made up of four key areas to support the Civil Service's strategic priorities.

[CS Employee Policy](#) develop and maintain a consistent, modern employee policy framework and workplace offer across government to enable a highly performing, capable and engaged workforce. [Civil Service Learning](#) develop high quality learning which supports and equips learners to deliver excellent public services across government. Civil Service Learning also provides the Civil Service Leadership Academy, which is a new initiative to strengthen leadership capability across the Civil Service.

[Civil Service Organisational Design and Development](#) delivers expert advice, guidance and consulting on system wide patterns of behaviour impacting Civil Service effectiveness and engagement. Finally, [Civil Service Resourcing](#) provide professional resourcing and talent management services for the Civil Service.

Civil Service HR, Fast Stream

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.

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. See the fees and charges note in the Parliamentary Accountability Disclosures of the Accountability Report.

Office of Government Property

Income was received by the Office of Government Property (OGP) from Barclays Bank following the assignment of the lease at 10 South Colonnade to the Cabinet Office. This was formed of three distinct aspects, each set out separately in an agreement between the two parties; an inducement payment for taking the lease over; contributions in respect of floor boxes and carpets; and contributions in respect of works being undertaken by the Cabinet Office to the ground, first and second floors of the building.

In addition, OGP received contributions through income and capital grants for the fit out of 10 South Colonnade from the other Government Departments who will be occupying the building.

Government Commercial Organisation

The Government Commercial Organisation (GCO) is a professional organisation of commercial specialists housed in the Cabinet Office. It employs commercial specialists across central government (at Grade 6 and above) who are deployed into departments to carry out the departments' commercial activities.

A 5% operational charge is levied annually as a percentage of the full employment cost for each GCO Specialist deployed in a Department to fund the operational costs incurred in the running of the GCO. See the fees and charges note in the Parliamentary Accountability Disclosures of the Accountability Report.

Cross-government secure IT

Cross-government secure IT income is to cover the onboarding and ongoing costs of government departments operating on a common secure IT platform. This platform can allow the sharing of information between different government departments at certain clarification levels.

Digital and Technology Team

The Digital and Technology Team (DATT), in addition to providing all IT Services for the Cabinet Office, provides a fully managed IT service to the Crown Commercial Service, the Department for Exiting the European Union and the Department for Digital, Culture, Media & Sport. See the fees and charges note in the Parliamentary Accountability Disclosures of the Accountability Report.

The Office of the Parliamentary Counsel

The Office of the Parliamentary Counsel (OPC) is responsible for drafting all government primary legislation. The office operates a full cost recovery system across other government departments.

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Government Digital Service

Government Digital Service (GDS) receives income from various sources including GOV.UK Verify, GOV.UK Notify and the GDS Academy. 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. GOV.UK Notify enables service teams across government to send text messages, emails or letters to their users. The GDS Academy teaches civil servants the digital skills they need to transform public service. GDS also receives income to cover the costs of change support provided by the strategic support team which advises on the exiting of large IT contracts.

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-term staffing requirements.

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 Local

Civil Service Local (CS Local) is a cross departmental team which is part of the Cabinet Office but based in locations around Scotland, England and Wales. The key purpose of CS Local is to bring together departments and agencies within each locality to deliver actions and opportunities that will bring the vision for a Brilliant Civil Service to life and give all Civil Servants an opportunity to be part of it. The team is funded by contributions from other government Departments.

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.

Cabinet Office

5. Property, plant and equipment

Consolidated 2017-18

£000	Land	Buildings	Dwellings	Information technology	Plant and machinery	Furniture and fittings	Art and antiques	Payments on account and assets under construction	2017-18 Total
Cost or valuation									
At 1 April 2017	43,594	96,282	43,931	58,379	512	4,085	9,041	9,278	265,102
Additions	-	9,151	-	29,320	287	2,598	-	61,949	103,305
Donations	-	-	-	-	-	-	48	-	48
Disposals ¹	-	-	-	-	-	-	(31)	-	(31)
Disposals - write off	-	(243)	-	(18)	-	(65)	-	(319)	(645)
Impairments ²	-	-	-	-	-	-	(2)	-	(2)
Reclassifications – assets under construction	-	7,704	168	1,475	(35)	(1,525)	(3,125)	(5,200)	(538)
Transfer to assets held for sale	-	-	-	-	-	-	-	-	-
Revaluations ²	21,765	7,003	(11,957)	930	14	123	(54)	-	17,824
At 31 March 2018	65,359	119,897	32,142	90,086	778	5,216	5,877	65,708	385,063
Depreciation									
At 1 April 2017	-	20,250	12,074	19,178	124	1,061	-	-	52,687
Charged in year	-	3,844	907	16,104	68	282	-	-	21,205
Disposals ¹	-	-	-	-	-	-	-	-	-
Disposals - write off	-	(45)	-	(12)	-	(31)	-	-	(88)
Impairment ²	-	-	-	-	-	-	-	-	-
Reclassifications	-	115	(95)	-	(20)	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-	-	-	-
Revaluations ²	-	544	(3,297)	365	3	49	-	-	(2,336)
At 31 March 2018	-	24,708	9,589	35,635	175	1,361	-	-	71,468
Carrying amount at 31 March 2018	65,359	95,189	22,553	54,451	603	3,855	5,877	65,708	313,595
Carrying amount at 31 March 2017	43,594	76,032	31,857	39,201	388	3,024	9,041	9,278	212,415
Asset financing:									
Owned	65,359	95,189	22,553	54,451	603	3,855	5,877	65,708	313,595
Carrying amount at 31 March 2018	65,359	95,189	22,553	54,451	603	3,855	5,877	65,708	313,595
Of the total:									
Department	65,359	95,189	22,553	54,451	603	3,855	5,877	65,708	313,595
Other designated bodies	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2018	65,359	95,189	22,553	54,451	603	3,855	5,877	65,708	313,595

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

5. Property, plant and equipment (continued)

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	2016-17 Total
Cost or valuation									
At 1 April 2016	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	-	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	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
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 12

Cabinet Office

5. Property, plant and equipment (continued)

Valuation

Land and buildings

The Valuation Office Agency (VOA) valued 10-12 Downing Street and 70 Whitehall on the basis of fair value as at 31 March 2018. Montague Evans (ME) valued Admiralty House, 36 Whitehall, and Hannington Mast on the basis of fair value as at 31 March 2018. VOA and ME have 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 (PPE) of £65.708 million (2016-17: £9.278 million) include: fit out costs of a new Government Property Agency Hub at 10 South Colonnade of £61.889 million (2016-17: no spend) which has yet to be completed; Cabinet Office IT Hardware and cross-Government IT projects costs of £2.155 million (2016-17: £2.866 million) which have yet to come into use; and building improvements at Cabinet Office London properties of £1.664 million (2016-17: £6.412 million) which have yet to be completed.

Leasehold improvements

Leasehold improvements of £11.002 million (2016-17: £5.202 million) relate to the following buildings:

Building £000	2017-18	2016-17
10 South Colonnade, London	3,916	1,550
10 Victoria Street, London	2,856	1,420
35 Great Smith Street, London	1,266	414
Other	2,964	1,818
Total	11,002	5,202

Impairment

Impairment of £0.002 million (2016-17: £2.925 million) relates to the loss in value of art and antiques. The 2016-17 comparative includes write-off of building improvements and IT projects.

6. Investment properties

£000	Note	Total
Balance at 1 April 2016		2,320
Additions		-
Disposals		-
Impairment		-
Revaluation	3	56
Transfer to assets classified as held for sale	12	(2,376)
Balance at 31 March 2017		-
Additions		-
Disposals		-
Impairment		-
Revaluation	3	-
Transfer to assets classified as held for sale	12	-
Balance at 31 March 2018		-

Sunningdale Park

As at 31 March 2018 the Department had freehold ownership of the site at Sunningdale Park as an asset held for sale. See Note 12. Before 31 March 2017 office buildings on the site were recognised as an investment property at fair value, which equated to market value for existing use of £2.376 million. The property was reclassified as an asset held for sale on 31 March 2017. See Note 20.

Investment properties

Properties held to earn rentals, capital appreciation or both are recognised as investment properties at fair value. Fair value of investment properties was based on professional valuations every three years for Sunningdale Park. Changes arising from valuations are recognised directly in the CSOCNE. The Department does not depreciate its investment properties.

7. Intangible assets

Consolidated 2017-18

£000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	2017-18 Total
Cost or valuation						
At 1 April 2017	181	13,577	379	5,268	2,885	22,290
Additions	205	12,989	-	2,800	3,240	19,234
Donations	-	-	-	-	-	-
Transfer in from other government departments	-	2,043	-	-	-	2,043
Allowances purchased	-	-	60	-	-	60
Disposals	-	-	-	-	-	-
Disposals - Write Off	-	(373)	-	-	-	(373)
Impairment	-	-	-	-	-	-
Reclassifications	-	2,384	-	-	(1,846)	538
Revaluations	-	216	-	66	-	282
At 31 March 2018	386	30,836	439	8,134	4,279	44,074
Amortisation						
At 1 April 2017	151	3,234	307	405	-	4,097
Charged in year	29	5,359	-	1,690	-	7,078
Allowances surrendered	-	-	46	-	-	46
Disposals	-	-	-	-	-	-
Disposals - Write Off	-	(52)	-	-	-	(52)
Impairment	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Revaluations	-	32	-	4	-	36
At 31 March 2018	180	8,573	353	2,099	-	11,205
Carrying amount at 31 March 2018	206	22,263	86	6,035	4,279	32,869
Carrying amount at 31 March 2017	30	10,343	72	4,863	2,885	18,193
Asset financing:						
Owned	206	22,263	86	6,035	4,279	32,869
Carrying amount at 31 March 2018	206	22,263	86	6,035	4,279	32,869
Of the total:						
Department	206	22,263	86	6,035	4,279	32,869
Other designated bodies	-	-	-	-	-	-
Carrying amount at 31 March 2018	206	22,263	86	6,035	4,279	32,869

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7. Intangible assets (continued)

Consolidated 2016-17

£000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	2016-17 Total
Cost or valuation						
At 1 April 2016	92	3,935	379	6,228	2,487	13,121
Additions	-	9,340	-	3,523	758	13,621
Donations	-	-	-	-	-	-
Transfer in from other government departments	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

7. Intangible assets (continued)

Purchased software licenses

Purchased software licences are valued at purchase cost and are not revalued, since an appropriate index is not available.

IT software and website

IT software and website assets are revalued annually using indices published by the Office for National Statistics.

Assets under construction

Assets under construction of £4.279 million (2016-17: £2.885 million) relate to Cabinet Office IT and cross-Government IT projects which have yet to come into use.

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

There was no impairment of intangible assets during 2017-18 (2016-17: £0.569 million).

Material intangibles

Description	Carrying amount £000	Remaining amortisation period
GOV.UK Verify – Software	7,361	3 years
GOV.UK – Websites	6,502	4 years
Government as a Platform – Software	5,599	3 years
Cross-government Secure IT – Software	4,446	3 years

Government Digital Service is set up to support departments to deliver online services that are designed and built around user needs. This specifically includes working to create the platforms and tools that make it simple for government to build, iterate and retire online services (e.g. GOV.UK, GOV.UK Verify, and Government as a Platform).

Cross-government secure IT has been developed to enable the sharing of information between different government departments at certain clarification levels.

8. Impairments

£000		2017-18	2016-17
	Note	Departmental group	Departmental group
Charged to Statement of Comprehensive Net Expenditure			
Impairment of property, plant and equipment	3	2	2,925
Impairment of intangible assets	3	–	569
Impairment of trade receivables	14	6,566	980
Impairment of trade receivables – write back	14	(1,408)	(1,171)
Devaluation of property, plant and equipment	3	(889)	(161)
Taken through revaluation reserve		17,092	94
Total		21,363	3,236

9. 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 3 (Expenditure) and at Note 14 (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.

Public dividend capital

The Department holds public dividend capital in the Crown Commercial Service. This financial asset is carried at historical cost less any impairment. Information on the Crown Commercial Service, a body outside the departmental boundary, is included at Note 11.

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10. Investments in associates

£000		MyCSP Limited	Shared Services Connected Limited	AXELOS Limited	Behavioural Insights Limited	Integrated Debt Services Limited	Crown Hosting Data Centres Limited	Total
Cost or valuation	Note							
At 1 April 2016		4,413	9,535	42,500	732	140	-	57,320
Acquisitions		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Dividend received		(1,513)	-	-	(207)	-	-	(1,720)
Share of results	4	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
Acquisitions		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Dividend received		(1,808)	-	(5,578)	(139)	(1,250)	-	(8,775)
Share of results	4	2,361	966	7,417	713	2,294	123	13,874
Impairment in value		-	-	-	-	-	-	-
At 31 March 2018		4,543	9,340	51,050	1,378	2,713	123	69,147

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 (MyCSP), 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 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. In September 2014 the Cabinet Office sold 11% of its shareholding in MyCSP Limited to Equiniti Group plc. There has been no change in the Department's ownership during the year to 31 March 2018 and sale of the Department's shareholding is generally not permitted before 30 September 2019 without the approval of the other shareholders. MyCSP's head office is in Liverpool, UK.

MyCSP 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. When applying the equity method of accounting, MyCSP's 2017 financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2017 and 31 March 2018. For additional information, see Notes 4 and 22. MyCSP'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. There has been no change in the Department's ownership during the year to 31 March 2018 and sale of the Department's shareholding is generally not permitted before 1 November 2018 without the approval of the other shareholder. The Department has the benefit of a put option, exercisable between 1 January 2022 and 1 January 2024, giving it the right but not the obligation to sell its 25% shareholding to Sopra Steria at a formula value based on a multiple of adjusted earnings and net cash/borrowings. SSCL's head office is in Hertfordshire, UK.

SSCL prepares its accounts on an FRS 101 (IFRS with limited disclosure) basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of SSCL's financial statements is 31 December, the same date as its major shareholder. When applying the equity method of accounting, SSCL's 2017 unaudited financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2017 and 31 March 2018. For additional information, see Notes 4 and 22. SSCL's published accounts may be found at: companieshouse.gov.uk

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AXELOS Limited

The Department has a 49% equity shareholding in AXELOS Limited (AXELOS), which manages and develops intellectual property around best management practice methodologies and frameworks. The Government established AXELOS 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. There has been no change in the Department's ownership during the year to 31 March 2018 and sale of the Department's shareholding is generally not permitted before 1 July 2018 without the approval of the other shareholder. The Department has the benefit of a put option, exercisable between 1 January 2019 and 28 February 2021, giving it the right but not the obligation to sell its 49% shareholding to Capita at a formula value based on a multiple of adjusted earnings and net cash/borrowings. AXELOS's head office is in London, UK.

AXELOS prepares its accounts on an FRS 101 basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of AXELOS' financial statements is 31 December, the same date as its major shareholder. When applying the equity method of accounting, AXELOS' 2017 financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2017 and 31 March 2018. For additional information, see Notes 4 and 22. AXELOS' published accounts may be found at: companieshouse.gov.uk

Behavioural Insights Limited

The Department has a 35% equity shareholding in Behavioural Insights Limited (BIT), which applies insights from behavioural sciences to tackle public policy problems. The Government established BIT 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. There has been no change in the Department's shareholding during the year to 31 March 2018 and sale of the Department's shareholding is generally not permitted without the approval of the other shareholders. The Department has the benefit of a put option, exercisable from 1 April 2017, to sell its 35% shareholding to NESTA at a formula value based on a multiple of adjusted earnings and net cash/borrowings. The Department is also subject to a call option under which the employees have the right to purchase from the Department up to a 9.99% shareholding in BIT over the period to 31 March 2020. Discussions are underway to restructure the option between shareholdings. BIT's head office is in London, UK.

BIT 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 BIT's financial statements is 31 March. For additional information, see Notes 4 and 22. BIT'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 Limited (IDS), which provides a single point of access to a wide range of debt management and collection services for a number of government departments and the wider public sector. The Government established IDS 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. There has been no change in the Department's shareholding during the year to 31 March 2018 and sale of the Department's shareholding is generally not permitted before 16 March 2020 without the approval of the other shareholder. The Department has the benefit of a put option, exercisable between 1 March 2019 and 31 March 2021, giving it the right but not the obligation to sell its 25% shareholding to TDX Group at a formula value based on a multiple of adjusted earnings and net cash/borrowings. IDS's head office is in London, UK.

IDS prepares its accounts on an FRS 102 basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of IDS's financial statements is 31 December, the same date as its major shareholder. When applying the equity method of accounting, IDS's 2017 financial statements have been used and adjustments have been made for the effects of transactions between 31 December 2017 and 31 March 2018. For additional information, see Notes 4 and 22. IDS'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 Limited (CHDC) which provides public sector customers with assured, low-cost, secured, scalable and flexible data centre colocation services, coupled with low-latency connectivity between data centres. The Government established CHDC 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. There has been no change in the Department's shareholding during the year to 31 March 2018 and sale of the Department's shareholding is generally not permitted before 16 March 2019 without the approval of the other shareholder. The Department has the benefit of a put option, exercisable from 16 March 2019, giving it the right but not the obligation to sell its 25.1% shareholding to Ark Data Centres Limited at a formula value based on a multiple of adjusted earnings and net cash/borrowings. CHDC's head office is in Wiltshire, UK.

CHDC 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's financial statements is 30 June, the same date as its major shareholder. When applying the equity method of accounting, CHDC's 2017 financial statements have been used and adjustments have been made for the effects of transactions between 30 June 2017 and 31 March 2018. For additional information, see Notes 4 and 22. CHDC's published accounts may be found at: companieshouse.gov.uk

Cabinet Office

11. Investments in other public sector bodies

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

£000		Total
	Note	Departmental group
Balance at 1 April 2016		350
Additions		-
Impairment	3	-
Balance at 31 March 2017		350
Additions		-
Impairment	3	-
Balance at 31 March 2018		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 (2016-17: £2 million) is receivable for the year ended 31 March 2018; see Note 4. The published accounts can be found at: [GOV.UK – Crown Commercial Service](http://GOV.UK - Crown Commercial Service)

12. Assets classified as held for sale

The Core Department holds an asset classified as held for sale at Sunningdale Park, Berkshire.

£000		Total
	Note	Departmental group
Balance at 1 April 2016		-
Gain on change in fair value	3	-
Disposal		-
Transfer from property plant and equipment	5	14,436
Transfer from investment property	6	2,376
Balance at 31 March 2017		16,812
Gain on change in fair value	3	-
Disposal		-
Transfer from property plant and equipment	5	-
Transfer from investment property	6	-
Balance at 31 March 2018		16,812

Sunningdale Park

The site at Sunningdale is in the Green Belt and includes a listed building and parkland as well as a portion of the site described in the Local Plan as previously developed land. This is the area which houses most of the buildings used for the former Civil Service Training College.

Contracts for sale were exchanged in December 2016, subject to the Purchasers' obtaining planning consent. A full planning application was submitted in February 2018.

The District Valuer has considered the site and has concluded that the market value as at March 2018 is in the order of £31 million as opposed to the carrying value held in Cabinet Office accounts. This reflects the risks if the property was offered in the open market, without the benefit of planning consent. The PFI arrangement is explained at Note 20.

13. Cash and cash equivalents

£000	Note	2017-18	2016-17
		Departmental group	Departmental group
Balance at 1 April		30,333	49,393
Net change in cash and cash equivalent balances		(396)	(19,060)
Balance at 31 March		29,937	30,333
The following balances at 31 March were held at:			
Government Banking Service – supply		2,803	16,935
Commercial banks and cash in hand – supply		–	100
Government Banking Service – non-supply – consolidated fund standing services – elections		27,134	13,298
Balance at 31 March		29,937	30,333
The balance at 31 March is held for use in respect of:			
Amounts payable to the Consolidated Fund:			
Supply not spent at year-end	15	2,664	16,905
Consolidated Fund extra receipts	15	139	130
Returning Officers' expenses, England and Wales			
- 2017 UK Parliamentary general election		23,551	–
- UK Parliamentary by-elections		423	407
- 2016 Police and Crime Commissioner elections		3,160	8,891
- Excess cash surrenderable to the Consolidated Fund	15	–	4,000
Balance at 31 March		29,937	30,333

Cabinet Office

14. Trade receivables, financial and other assets

£000	2017-18	2016-17
	Departmental group	Departmental group
Current – amounts falling due within one year		
VAT	7,374	3,593
Trade receivables	106,325	31,908
Deposits and advances	878	612
Other receivables	3,530	1,934
Amounts due from importing departments in respect of machinery of government transfers	345	5,042
Amounts due from consultant lobbyists for registration fees	3	4
Prepayments	14,877	3,671
Accrued income	61,803	20,912
Returning Officers' expenses, England and Wales		
2017 UK Parliamentary general election		
- Advances to Returning Officers for elections	65,437	-
2015 UK Parliamentary general election		
- Amounts due from Returning Officers	31	73
UK Parliamentary by-elections		
- Advances to Returning Officers for elections	698	1,093
2016 Police and Crime Commissioner elections		
- Advances to Returning Officers for elections	9,311	40,600
- Amounts due from Returning Officers	36	1
Total current assets	270,648	109,443
Total non-current – amounts falling due after more than one year	-	-
Total	270,648	109,443

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		2017-18	2016-17
	Note	Departmental group	Departmental group
At 1 April		1,408	1,599
Provided in the year	3, 8	6,566	980
Provisions utilised in the year ¹	3, 8	(1,408)	(1,171)
At 31 March		6,566	1,408

¹ The Department has a policy of internally reviewing aged debt using specific criteria for write-off. In 2017-18 £2.230 million (2016-17: £2.340 million) was written off (see Note 3) of which £1.408 million (2015-16: £1.171 million) had been provided for with the provision being released to the operating cost

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

£000	2017-18	2016-17
	Departmental group	Departmental group
Neither past due nor impaired	93,768	12,197
Past due but not impaired		
< 30 days	6,712	2,067
30 – 60 days	945	2,287
60 – 90 days	849	3,922
90 – 120 days	448	1,044
> 120 days	10,236	11,873
At 31 March	112,958	33,390

15. Trade payables, financial and other liabilities

£000		2017-18	2016-17
	Note	Departmental group	Departmental group
Current – amounts falling due within one year			
Other taxation and social security		8,366	4,498
Trade payables		37,861	14,602
Refunds due to consultant lobbyists		1	2
Other payables		7,177	3,961
Other payables in respect of machinery of government transfers		728	-
Accruals		90,307	48,383
Accrual for untaken annual leave		7,974	3,194
Deferred income		8,225	1,573
Receipt on account refundable to AXELOS Limited ¹		2,350	2,350
Amounts issued from the Consolidated Fund for supply but not spent at year end	13	2,664	16,905
Amounts due to the Consolidated Fund for consultant lobbyists' registration fees	13, SOPS4	137	129
Amounts due to the Consolidated Fund for civil penalties received from consultant lobbyists	13, SOPS4	2	1
Returning Officers' expenses, England and Wales			
2017 UK Parliamentary general election			
- Accruals and other payables relating to elections		87,340	-
2015 UK Parliamentary general election			
- Accruals and other payables relating to elections		-	42
- Excess cash payable to the Consolidated Fund	13	-	3,000
UK Parliamentary by-elections			
- Accruals and other payables relating to elections		1,121	1,466
2016 Police and Crime Commissioner elections			
- Accruals and other payables relating to elections		11,670	49,110
- Excess cash payable to the Consolidated Fund	13	-	1,000
Total current liabilities		265,923	150,216
Non-current - amounts falling due after more than one year			
Accruals		837	-
Total non-current liabilities		837	-
Total		266,760	150,216

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 2018, the Cabinet Office recognised income of £9.400 million (see Note 4) and 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 2018 (see Note 17). The unpaid balance of £54.050 million is a contingent asset.

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16. 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 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
Provided in the year	4	17,447	-	-	357	17,808
Provisions not required written back	-	(2,366)	(37)	-	-	(2,403)
Provisions utilised in the year	(235)	(436)	(39)	-	-	(710)
Borrowing costs (unwinding of discounts)	1	-	-	-	-	1
Balance at 31 March 2018	248	18,849	126	-	607	19,830
Of which:						
Current liability	155	-	120	-	607	882
Non-current liability	93	18,849	6	-	-	18,948
Balance at 31 March 2018	248	18,849	126	-	607	19,830
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

Analysis of expected timing of discounted flows – 2017-18

£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	155	-	120	-	607	882
Later than one year and not later than five years	93	4,834	2	-	-	4,929
Later than five years	-	14,015	4	-	-	14,019
Balance at 31 March 2018	248	18,849	126	-	607	19,830

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

16. 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. The provision is discounted by HM Treasury's discount rates for post-employment benefits. 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 foot, 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 10 Great George Street, 35 Great Smith Street and Rosebery Court. The expiry dates of these leases range from 2018-19 to 2024-25 with break clause options in 2019-20.

During 2017-18, three new provisions were created for 10 South Colonnade (lease expires in June 2032), 10 Whitechapel High Street (lease expires in November 2026 with a break clause in November 2021) and Windsor House, 42-50 Victoria Street (lease expires in September 2024 with a break option in November 2021).

Onerous contracts

In respect of vacant leasehold properties, 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 and Willow House; Berkeley Court is now fully utilised. The lease expiry dates of the remaining contracts are in 2018-19. 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.

Other provisions – pensions

A provision was established in 2017-18 for a potential shortfall in respect of the transfer of accrued pension benefits. This is in relation to the Civil Service Pension New Fair Deal arrangements. It is expected that payment will be made against this provision during 2018-19.

Other provisions – crane incident

A provision was 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 2018-19.

17. 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 2018, the Cabinet Office recognised income of £9.400 million (see Note 4) and 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 2018 (see Note 15). The unpaid balance of £54.050 million is a contingent asset.

18. Contingent liabilities

Indemnity for the Official Receiver

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

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

Leasehold properties

The Cabinet Office has present obligations under statute of limitations for dilapidation claims in respect of vacated properties, Grosvenor House and Hercules House. The probability of a settlement is however considered low due to the subsequent development of both properties.

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19. Commitments under leases

19.1 Finance leases

There are no obligations under finance leases.

19.2 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. Cabinet Office only has land and buildings as operating leases. The department has no other operating leases.

£000	2017-18	2016-17
Obligations under operating leases for the following periods comprise:	Dept'l group	Dept'l group
Land and buildings		
Not later than one year	46,381	19,559
Later than one year and not later than five years	126,795	52,416
Later than five years	174,707	4,931
Total	347,883	76,906

20. Commitments under Private Finance Initiative (PFI) contracts

20.1 On-balance sheet

Sunningdale Park site

Following the closure of the National School of Government on 31 March 2012, the Cabinet Office retained the site at Sunningdale Park. The site operated under a PFI contract with a term of 30 years from 13 May 2002. The provision within the PFI agreement for the contract to be broken in May 2017 was taken and notice of the termination of the agreement was given to the private sector partner in February 2016.

Sunningdale Park was sold in December 2016 subject to purchasers securing planning permission and Cabinet Office securing vacant possession. Consequently, the asset was reclassified to 'Assets classified as held for sale'; see Note 12.

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. To defray site costs, the existing PFI contract with De Vere has been varied to allow De Vere to manage the majority of the site as a hotel. By 31 March 2018 cumulative revenues exceeded cumulative costs.

20.2 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 £0.132 million (2016-17: £1.539 million), as disclosed at Note 3. The payments to which the Department was committed at 31 March, analysed by the period during which the commitment expires, were as follows:

£000	2017-18	2016-17
	Dept'l group	Dept'l group
Not later than one year	-	290
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	290

21. Capital and other financial commitments

21.1 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 are as follows:

£000	2017-18	2016-17
	Dept'l group	Dept'l group
Property, plant and equipment	22,637	9,202
Intangible assets ¹	3,263	2,527
Total	25,900	11,729

¹Intangible asset commitments represent investment in Next Generation Shared Services

21. Capital and other financial commitments (continued)

21.2 Other financial commitments

The Department has entered into contracts (which are not leases or PFI contracts) for a range of services. The commitments of greatest value relate to information technology 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	2017-18	2016-17 restated
	Dept'l group	Dept'l group
Not later than one year	79,841	77,621
Later than one year and not later than five years	47,247	62,551
Later than five years	-	-
Total	127,088	140,172

22. 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 the Insolvency Service, HM Revenue and Customs, the Foreign and Commonwealth Office, HM Treasury and the Crown Commercial Service. The main customers of the Cabinet Office were HM Revenue and Customs, the Department for Work and Pensions, the Crown Commercial Service, the Ministry of Justice, the Home Office and the Ministry of Defence.

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 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 23. 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 Registrar of Consultant Lobbyists 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.

There were no material transactions between those members of staff in the Elections Division who were involved in the processing of election expense claims and Returning Officers during the year.

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 4 and 10.

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 3 and 4.

Commencing November 2013, the Cabinet Office received payroll, HR, finance and procurement services from SSCL. The Cabinet Office's expenditure with SSCL during the 2017-18 financial year was £6.242 million and it has future commitments with SSCL totalling £7.327 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. A contingent asset with AXELOS is disclosed at Note 17.

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 names and titles of all the ministers who had responsibilities for the Department during the year are provided in the Performance report. No minister, Board member, key manager or other related party has undertaken any material transactions with the Cabinet Office during the year. Compensation due to key management personnel in the year has been disclosed in the Remuneration report.

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23. 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](#)

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
- Parliamentary Boundary Commission for England
- Parliamentary Boundary Commission for Wales
- Security Vetting Appeals Panel
- Senior Salaries Review Body

Expert Committees

Expert Committees provide independent and expert advice to the government and ministers. Expert Committees of the Cabinet Office include:

- Main Honours Committee
- Geospatial Commission (formed on 1 February 2018 and designated an Expert Committee in 2018-19)

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.

Dormant non-trading company

GOVSERV Ltd

GOVSERV Limited is a private limited company incorporated on 10 November 2017. The company was set up as an on-going contingency measure to take over the responsibility for any public sector contract that might not relate to a specific government department. As at the time of compiling this report, no such contracts have materialised and the company is currently dormant and not trading.

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. On 24 March 2017, HM Treasury revoked the bespoke Accounts Direction.

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.

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

A report on the cost of the 2015 UK Parliamentary general election will be published in 2018 and this will be followed by a further report on the cost of the 2016 Police and Crime Commissioner elections in 2019.

24. 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.

Government Property Agency

The Government Property Agency formed as a new executive agency of the Cabinet Office on 1 April 2018 and provides the centralised ownership, control and delivery infrastructure needed to unlock benefits across organisational boundaries. It further positions Government to deliver workforce change and wider business transformation, delivering efficiencies and releasing land and property for productive use, including building new homes. Michael Parsons, Director General Government Property and Chief Executive, Government Property Agency, was appointed as Accounting Officer.

GDS Data Policy and Governance to DCMS

A prime ministerial written statement on 29 March 2018 confirmed that the data policy and governance functions of the Government Digital Service (GDS) transferred from the Cabinet Office to the Department for Digital, Culture, Media and Sport (DCMS). The transfer includes responsibility for data sharing, data ethics, open data and data governance. This change was effective from 1 April 2018.

Geospatial Commission

A prime ministerial written statement on 29 March 2018 confirmed that the strategic geospatial data policy initiatives from Department for Business, Energy and Industrial Strategy and the Department for Environment, Food and Rural Affairs are being consolidated into the Cabinet Office from 1 April 2018 to support the work of the Geospatial Commission. The programmes encompass: Public Sector Mapping Agreement; and Open Source Data Agreement. A budget of £80 million will be transferred with these programmes.

Lewisham East by-election

On Friday 11 May it was announced that a By-election for Lewisham East had been called. The election took place on 14 June 2018.

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 2017-18, the Cabinet Office has made grants totalling £1.240 million (2016-17: £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 £0.500 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 £0.200 million was paid to The Historical Association to support government's policy to increase democratic engagement of young people through the development of a democracy resource for Secondary Schools, supporting teachers in ensuring pupils acquire a broad secure body of knowledge around the struggle for full democratic participation during the nineteenth and early twentieth centuries as well as how to engage with their democratic institutions in present day.

A grant of £0.200 million was paid to the Citizen Foundation (Young Citizens) to support government's policy to increase the democratic engagement of young people by providing a peer-to-peer training programme across England, so that young people aged 13-16 are equipped with the skills and knowledge to teach their peers on the importance of democracy and how it operates, specifically focusing on local democracy and relate this to Westminster decision-making.

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.

A grant of £0.100 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 £0.072 million was paid to the University of Cambridge to fund the 'Cambridge2Cambridge' event which aims to build a new generation of cyber security professionals, thus addressing critical shortages in the field.

A grant of £0.058 million was paid to Nesta to support 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.

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