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# Cabinet Office

Annual Report and Accounts

2014-15

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# Cabinet Office

## Annual Report and Accounts 2014-15

(For the year ended 31 March 2015)

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Accounts Act 2000*

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

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# Performance Report

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## Foreword



**Richard Heaton CB**

Permanent Secretary for the Cabinet Office, First Parliamentary Counsel and Principal Accounting Officer<sup>1</sup>

In this final year of the 2010/15 coalition government, the Cabinet Office continued to deliver exceptional results in a wide range of areas: improving cross-governmental working, expert support and intelligence to the Prime Minister, and much more.

During the year, John Manzoni took up the new post of Chief Executive of the Civil Service, with a focus on making government more effective and efficient, particularly improving delivery. Under his leadership we have pushed ahead with the building of strong professional functions across the service, which will develop capability and help transform how government works and deliver real savings for the taxpayer.

We played our part in ensuring a legal, fair and decisive Scottish referendum. And we successfully put in place a new system of individual electoral registration ahead of the general election.

We continued to encourage innovation and creativity in the community, social and voluntary sectors as well as within government: expanding the social investment market, applying new techniques to policy-making, and promoting social action.

The Cabinet Office is home to some of the best public servants in Britain, and I am confident that we will continue to serve ministers well during the new Parliament. I would like to thank all my colleagues who worked so professionally and enthusiastically throughout last year.

<sup>1</sup> Richard Heaton held the posts of Permanent Secretary and Principal Accounting Officer until 31 August 2015. From 1 September 2015, John Manzoni assumed these responsibilities.



## Who we are and what we do

### Who we are

We are privileged to be tasked with some of the most important issues facing the country: from making government more efficient to supporting the voluntary sector through challenging times; from tackling the growing menace of cybercrime to overseeing UK honours and awards.

The Cabinet Office supports the Prime Minister, and ensures the effective running of government. In 2014-2015 we also supported the Deputy Prime Minister

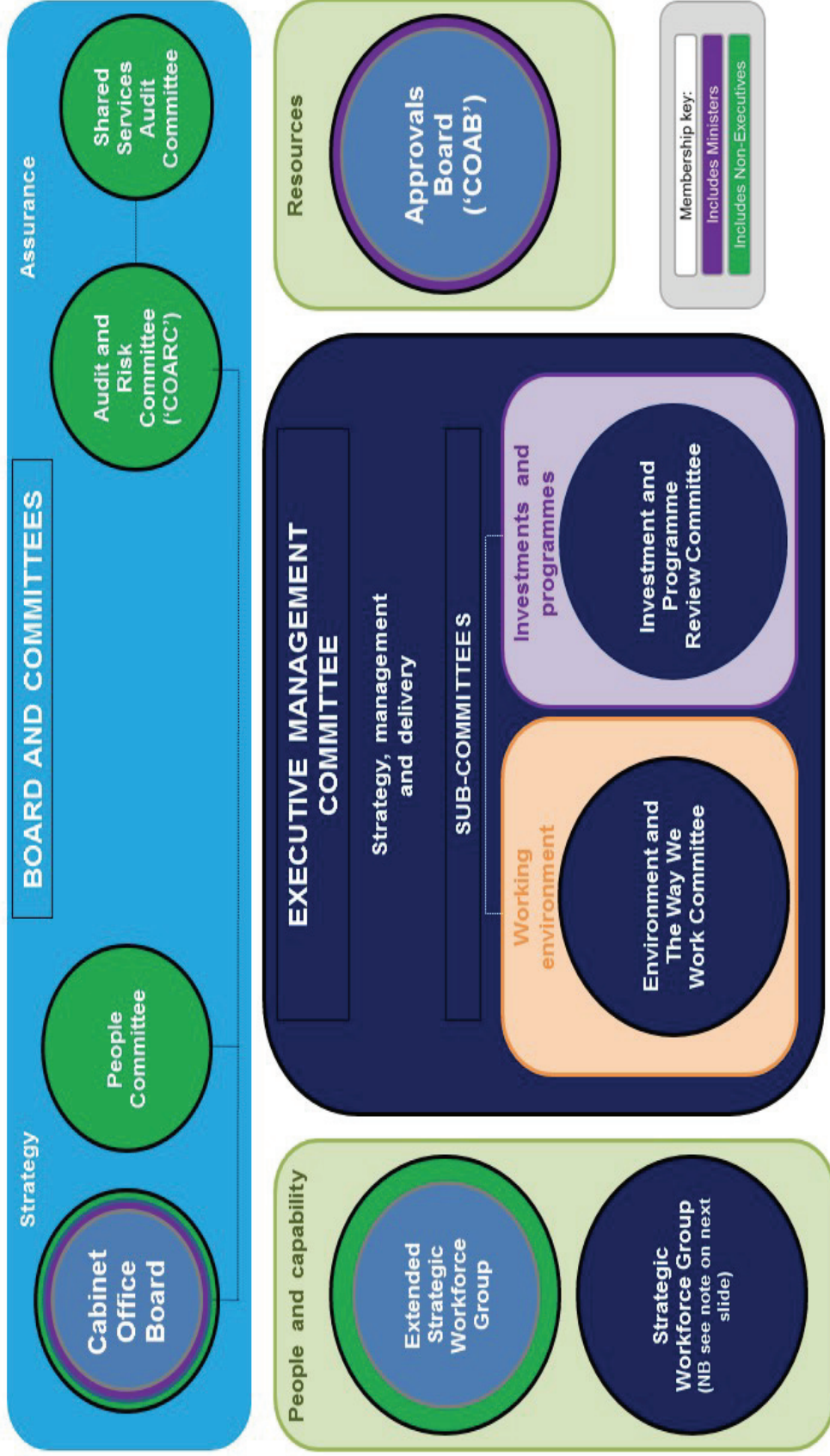
We are also the corporate headquarters for government, in partnership with HM Treasury, and we take the lead in certain critical policy areas.

The Cabinet Office is supported by 21 agencies and public bodies. We work together to help government deliver exceptional public services and help the UK become a stronger and fairer society.

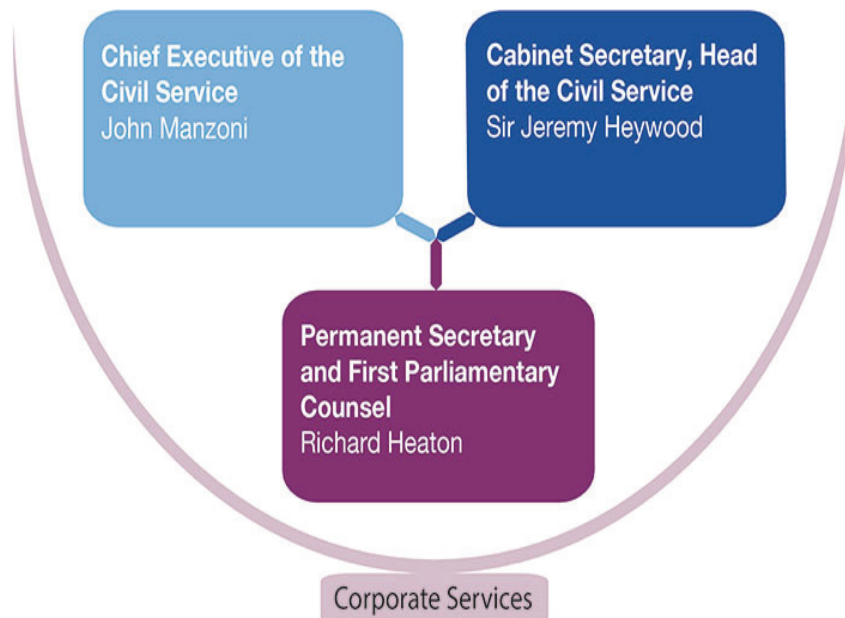
### What we do

- We support collective government and help to ensure the effective development, coordination and implementation of policy.
- We support the National Security Council and the Joint Intelligence Organisation, coordinating the Government's response to crisis and managing the UK's cyber security.
- We lead reforms to make government more effective and efficient, particularly through the development of cross-cutting corporate functions which are building capability at the centre and across government, helping to improve decision-making and the management of major projects, and drive efficiency.
- We promote the release of government data and make the way government works more transparent.
- We lead on Civil Service reform, driving culture change, building an open inclusive and fair organisation, improving capability and effectiveness.
- We promote social action and the National Citizen Service, and grow the social investment market.
- We undertake political and constitutional reform.

## How we are structured (as of 31 March 2015)



## Our leaders and their responsibilities



**Richard Heaton CB**  
Permanent Secretary  
for the Cabinet  
Office

Until 31 August 2015, Richard Heaton was our Permanent Secretary and head of the Cabinet Office. He was responsible for the leadership and governance of the department and was the Cabinet Office's Accounting Officer.

Richard was also First Parliamentary Counsel and, in this capacity, oversaw the Government in Parliament Group which includes Parliamentary Counsel and the business managers in each House of Parliament.

In April 2014 Richard also became the Civil Service Race Champion.

In 2014-2015, Richard led the following teams:

- Government Innovation Group
- Government and Cabinet Office Communications
- Government in Parliament
- Corporate Services (comprised of Finance, Human Resources, Knowledge and Information Management, Corporate Strategy, Digital and Technology and Cabinet Office Legal)



**John Manzoni**  
Chief Executive of  
the Civil Service

The Chief Executive of the Civil Service has executive control over the key functions that make government as a whole work more effectively and improve Whitehall's ability to deliver. He works with permanent secretaries across government to put in place reforms to build capability, improve implementation, deliver efficiencies and improve effectiveness, deliver better services for the public and at lower cost for taxpayers. This includes:

- the digital transformation of public services and the way government works
- getting a better deal for taxpayers from commercial decisions and supplier management
- ensuring we have the best people with the right skills throughout the Civil Service
- making better use of the government estate (property)
- managing major projects better to deliver on time and on budget
- greater use of shared services across departments

The Chief Executive sits on the Civil Service Board and attends Cabinet. The Chief Executive supports the Cabinet Secretary and Head of the Civil Service in performance-managing the other Whitehall permanent secretaries. In 2014-2015, John Manzoni led the following teams:

- Civil Service Group
- Civil Service HR
- Government Digital Service
- Major Projects Authority
- Commercial
- Government Property Unit
- Fraud, Error and Debt
- Transformation

On 1 September 2015, John Manzoni was appointed Permanent Secretary for the Cabinet Office and Principal Accounting Officer.



**Sir Jeremy Heywood**  
Cabinet Secretary  
and Head of the Civil  
Service

Sir Jeremy Heywood is the Head of the Civil Service, Cabinet Secretary and the Prime Minister's most senior policy adviser, and he acts as Secretary to the Cabinet, responsible to all ministers. He was appointed Head of the Civil Service from September 2014, in succession to Sir Bob Kerslake.

In 2014-2015, Sir Jeremy led the following teams:

- Prime Minister's Office
- Deputy Prime Minister's Office
- Economic and Domestic Affairs Secretariat
- Implementation Group
- European and Global Issues Secretariat
- National Security Secretariat
- Civil Contingencies Secretariat
- Joint Intelligence Organisation
- Propriety and Ethics
- Church Appointments

## Our Non-Executive Board Members



### Lord Browne of Madingley

#### Government Lead Non-Executive and Lead Non-Executive Board Member for the Cabinet Office until 30 January 2015

Lord Browne of Madingley, FRS FREng holds degrees from Cambridge University and Stanford University, and numerous honorary degrees and fellowships.

He joined BP in 1966, became a member of the board in 1991 and was Group Chief Executive from 1995 until 2007. He has served on the boards of Intel, DaimlerChrysler AG, Goldman Sachs and SmithKline Beecham.

He is presently a Partner of Riverstone Holdings LLC, the Chairman of the Trustees of both Tate and the Queen Elizabeth Prize for Engineering and Chairman of the International Advisory Board of the Blavatnik School of Government at Oxford University. He is a member of a variety of other advisory boards.



### Ian Davis

#### Cabinet Office Lead Non-Executive Board Member from 2 February 2015 and Member of the Audit and Risk Committee and the People Committee

Ian Davis is the Chairman of Rolls-Royce plc. He is also an independent Non-Executive Director of BP plc, Johnson & Johnson Inc. and Majid Al Futtaim Holding. In the social sector he is a Non-Executive Director of Teach for All and the Big Society Trust.

He is Senior Partner Emeritus of McKinsey & Company. He was a partner at McKinsey for 31 years until 2010 and served as Chairman and Managing Director between 2003 and 2009.



### Rona Fairhead CBE

#### Non-Executive Board Member and Chair of the Audit and Risk Committee until 31 August 2014

Rona Fairhead stepped down from the Cabinet Office Board on 31 August 2014 after being announced as the preferred candidate to chair the BBC Trust. She was appointed as Chairman of the BBC Trust in October 2014.

Rona was Chairman and CEO of the Financial Times Group from 2006 – 2013, having previously been Group Finance Director of its parent company, Pearson plc. Prior to joining Pearson, Rona held a variety of senior positions in financial and global businesses including ICI plc, where she served as Executive Vice President of Strategy and Group Financial Control, and at Bombardier Inc, where she was General Manager of UK Aerospace Services.

She is currently on the Board of HSBC Holdings plc and PepsiCo Inc. and is Non-Executive Chairman of HSBC Northern America Holdings Inc. She was also a non-executive director of The Economist Group to July 2014.

Rona is a UK Trade & Investment Business Ambassador.



### Dame Barbara Stocking DBE

#### Non-Executive Board Member, Chair of the People Committee and Member of the Audit and Risk Committee until 6 March 2015

Dame Barbara Stocking has been President of Murray Edwards College, Cambridge, since July 2013. For the previous 12 years, Dame Barbara was Chief Executive of Oxfam GB, a major international non-governmental organisation whose mission is ‘to work with others to overcome poverty and suffering’.

In her earlier career, Dame Barbara was a member of the top management team of the NHS, as Regional Director for the South East of England and then as the founding Director of the NHS Modernisation Agency. Dame Barbara was awarded a CBE for services to health in 2000, and in 2008 was made a DBE for humanitarian services.



### Amy Stirling

#### Non-Executive Board Member, Chair of the Audit and Risk Committee and Member of the People Committee from 28 November 2014

Amy Stirling is a chartered accountant and an independent Non-Executive Director and Audit Committee chair of Pets at Home Group Plc and an independent Non-Executive Director of RIT Capital Partners Plc.

She is also a Trustee of The Prince’s Trust and a Director of Prince’s Trust International.

Amy served as the Chief Financial Officer of TalkTalk Telecom Group Plc from 2010 – 2013 having been with the business since its start up as part of the Carphone Warehouse Group, which she joined in 2000.

## Independent Non-Executive Membership

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

The Non-Executive Board Members exercise their role through influence and advice, supporting as well as challenging the executive. They advise on performance (including agreeing key performance indicators), operational issues (including the operational/delivery implications of policy proposals) and effective management of the Department. They also provide support, guidance and challenge on the progress and implementation of the operational business plan, and in relation to recruiting, appraising and ensuring appropriate succession planning of senior executives. They form the Cabinet Office Audit and Risk Committee and, from November 2014, the People Committee. To share best practice and to ensure that departments learn from the successes and failures of comparable organisations, they regularly meet with other non-executives across government.

## Changes to our Non-Executive Board members

Lord Browne resigned from the role of Government Lead Non-Executive and Cabinet Office Lead Non-Executive on 30 January 2015. Ian Davis succeeded him as Cabinet Office Lead Non-Executive with effect from 2 February 2015. Sir Ian Cheshire succeeded Lord Browne as Government Lead Non-Executive and a Cabinet Office Non-Executive Board Member with effect from 2 April 2015.

Rona Fairhead resigned from the role of Non-Executive Board Member and Chair of the Audit and Risk Committee on 31 August 2014. Amy Stirling was appointed to this role on 28 November 2014.

Dame Barbara Stocking resigned from the role of Non-Executive Board Member and Chair of the People Committee on 6 March 2015.

## Our Ministers

The following Ministers had responsibility for the department during 2014 – 2015:



**The Rt Hon. David Cameron MP**  
First Lord of the Treasury, Minister for the Civil Service, Prime Minister (*Paid by HM Treasury*)



**The Rt Hon. Nick Clegg MP**  
Deputy Prime Minister and Lord President of the Council



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



**The Rt Hon. Oliver Letwin MP**  
Minister for Government Policy *from May 2010*. Chancellor of the Duchy of Lancaster *from 15 July 2014*



**The Rt Hon. David Laws MP**  
Minister of State jointly with the Department for Education (*Paid by the Department for Education*)



**Rob Wilson MP**  
Parliamentary Secretary (Minister for Civil Society) *from 28 September 2014*



**The Rt Hon. Grant Shapps MP**  
Minister without Portfolio (Minister of State) and Co-Chairman of the Conservative Party (*Unpaid*)



**Jo Johnson MP**  
Assistant Whip, Parliamentary Secretary and Minister of State for the Cabinet Office *from 15 July 2014*



**The Rt Hon. Greg Clark MP**  
Minister for Universities, Science and Cities *from 15 July 2014* Minister of State (Cities and Constitution)



**Sam Gyimah MP**  
Parliamentary Under Secretary of State for Childcare and Education and Parliamentary Secretary (Minister for the Constitution) *from 15 July 2014* (*Paid by the Department for Education*)



**The Rt Hon Baroness Stowell of Beeston MBE PC**  
Leader of the House of Lords and Lord Privy Seal *from 15 July 2014*



**The Rt Hon William Hague MP**  
First Secretary of State and Leader of the House of Commons *from 15 July 2014*



**The Rt Hon Kenneth Clarke CH QC MP**  
Minister without Portfolio *until 15 July 2014*



**The Rt Hon John Hayes MP**  
Minister without Portfolio *until 14 July 2014*



**The Rt Hon Lord Hill of Oareford CBE**  
Leader of the House of Lords and Chancellor of the Duchy of Lancaster *until 15 July 2014*



**Nick Hurd MP**  
Parliamentary Secretary (Minister for Civil Society) *until 15 July 2014*



**The Rt Hon Andrew Lansley CBE MP**  
Leader of the House of Commons and Lord Privy Seal *until 15 July 2014*



**Brooks Newmark MP**  
Parliamentary Secretary (Minister for Civil Society) *from 15 July 2014 until 27 September 2014*



# Our Performance

## Cabinet Office's priorities

The Cabinet Office publishes its commitments on No. 10's Transparency website [No. 10 Transparency](#).

GOV.UK also provides news and updates on progress of work undertaken by the Cabinet Office, including details of announcements of achievements on the [Cabinet Office Website](#)

Progress on the key actions during 2014-15 are summarised below.

### Drive efficiency and effectiveness in government

The Cabinet Office continued its strong progress to improve efficiency and effectiveness across Whitehall through its functional model. This is delivering savings for the taxpayer through better leadership and management of major projects; reducing the size of the Government estate; and improving the way Government buys goods and services. By moving more services online it has delivered services for less cost while also making them easier and better to use. The Cabinet Office coordinated action to reform the Civil Service, accelerating the pace and delivering real change improving the Service's capability and strengthening its performance.

.....  
There are now 20,274  
datasets published on  
data.gov.uk, an increase  
of 26% since the start of  
2014-15.  
.....

### Promote UK growth

The Cabinet Office promotes UK growth through a number of avenues: leading the drive to improve government efficiency and effectiveness; reforming government procurement; transforming public services; introducing new commercial models across the public sector; releasing surplus state-owned property; being a world leader in social investment; and exploiting open data. Work to advance these areas is ongoing.

### At all times, provide effective and professional support for government business

The Cabinet Office has at all times supported the Government's business effectively and professionally, including: through the advice and support it provided to the Prime Minister, the Deputy Prime Minister and Cabinet; through its leading role in supporting the development, coordination and implementation of domestic, economic, security, European and global policies; and through its support for ministers in delivering their legislative programme and other parliamentary business.

### Increase transparency in the public sector

The Cabinet Office leads work on increasing transparency in the public sector by releasing data from departments and engaging with users of that data to explain its potential and to understand their needs. This helps the public hold government to account and enables users of public services to choose between suppliers in a better way.

## Build the Big Society

The Cabinet Office leads work across government to support civil society in three ways: 1) to make it easier to set up and run a charity or voluntary organisation; 2) to get more resources into the charitable or voluntary sector; and 3) to make it easier for the sector to work with the state. To achieve these objectives the Cabinet Office took forward a number of programmes. These included a range of social action initiatives and funding programmes to encourage people to give more of their time and money, and support for the development of social finance and enterprises to solve social problems and boost economic growth.

## Reform of the political and constitutional system

.....  
 Introduced Individual  
 Electoral Registration  
 during 2014-15, allowing  
 people to go online in  
 order to register to vote.  
 .....

Since 2010, the Cabinet Office has been taking forward the Government's political and constitutional reform agenda. The Cabinet Office played a key role, together with the Scotland Office and the Scottish Government, in working on the legal, fair and decisive referendum on Scottish independence, and in delivering activity following that poll. The Cabinet Office also led on the legislation and funding in place for the European Parliamentary elections in June 2014. We introduced a new system of individual electoral registration and made registering to vote in the run up to the 2015 general election more accessible and more secure. This Parliamentary session the Cabinet Office took the Recall of MPs Act through to Royal Assent to increase democratic accountability. The Cabinet Office also completed the establishment of the Register of Consultant Lobbyists which was launched in March 2015, led on legislation to fast track women bishops into the House of Lords and commenced changes to the rules on Royal Succession.

## Promote social mobility

During 2014-15 the Cabinet Office worked across government to improve social mobility and create a fairer, more open and more mobile society. The Government's social mobility strategy entitled *Opening Doors, Breaking Barriers: A Strategy for Social Mobility* sets out the Government's vision for a socially mobile country, and how it can become a reality.

.....  
 UK cyber security sector  
 is worth over £6 billion  
 and employs around  
 40,000 people  
 .....

## Maintain a secure and resilient UK and help to shape a stable world

The Cabinet Office's aim is to serve the Government's national security priorities, including: supporting the effective operation of the National Security Council; preparing for and managing the coordination of the Government's response to crises; planning and managing a transformative cyber security programme for the UK; and developing a better framework for the management of national security and intelligence material in courts.

## Performance on business plan objectives 2014-15

Between 2010 and 2015, the Cabinet Office was given a set of objectives by the Coalition Government. These were wide ranging: from social mobility to making public services more accessible to the public. The section below sets out the range of Business Plan objectives and how we have delivered these.

### 2.1 (i): Support Whitehall departments in delivering £20bn of savings per year by 2014-15.

End Date: March 2015 – Partially Achieved

Compared to spend at the beginning of the previous parliament the Minister for the Cabinet Office announced on 13 August that government departments have saved £18.6 billion for FY2014-15 through efficiency and reform, and by reducing losses to fraud, error and uncollected debt.

<https://www.gov.uk/government/news/government-saves-186-billion-for-hard-working-taxpayers-in-2014-to-2015>

### 2.2 (ii): Support public sector spin outs including 50 mutuals in local authority control and further spin-outs in central government.

End Date: April 2014 – Completed

The Cabinet Office Mutuals Programme provided a comprehensive package of support to local authority services and existing public service mutuals. Over 100 individual local authority services benefited from a support package as they pursued spinning out and/or growing as a public service mutual.

The vast majority of Mutuals Support Programme contracts (which help a service to spin out as a mutual) require suppliers to develop key lessons learnt and template documents that can be shared with other services. This knowledge sharing resource is readily available to potential spin outs and we estimate that it has received hundreds of visitors.

In addition, the Mutuals Programme has worked with the Department of Health, Department of Communities and Local Government, and the Office for Civil Society (part of the Cabinet Office) to deliver 3 unique programmes. These have supported, in total, 21 local authority services, Foundation Trusts and NHS Trusts to explore the mutual model. These programmes are:

- Delivering Differently;
- Delivering Differently for Young People; and,
- Mutuals in Health.

Challenges:

There is continuing demand and interest amongst local authority services in spin outs and the mutual model. There is also an emerging trend amongst local authorities for exploring whether they can spin out entire, integrated service areas rather than individual services. One of our future challenges therefore is how we can best support local authorities to this end.

**2.2 (v): With the Department of Communities and Local Government source professional support for 10 pioneering local authorities to consider and implement new delivery models (including VCSE, mutuals, joint ventures etc.) for their services and disseminate learning through the Delivering Differently programme.**

End Date: March 2015 - Partially Achieved

In late 2014 Cabinet Office and the Department of Communities and Local Government sourced professional support for 10 local authorities. Ranging across a number of different sectors, this support has afforded these authorities the chance to consider how to implement a mutual model for service provision.

As of March 2015, all 10 of these authorities had or were about to complete their support contracts. This left each in a state of readiness should they wish to proceed to implementation.

Challenges:

There were two main challenges in achieving this objective. The first was timescale. Aspects of the support contracts took longer than anticipated to deliver, while some projects encountered local political issues that delayed delivery. Allocation of a greater period of time to ensure that the options appraisal can be completed has been a core part of Cabinet Office's learning through the process.

A second, more minor, challenge relates to the objective of identifying and disseminating best practice and lessons learned. Due to the diversity of the projects (ranging from domestic violence abuse support services through to the management of local heritage assets) it has proved difficult to identify lessons learned that are readily applicable across all the projects and therefore a wide range of local authority services more generally. This analytical work remains on-going.

**2.3 (ii): Publish Open Public Services 2014, the annual account of progress and next steps in reforming public services.**

End Date: April 2014 – Completed early

The 2014 Open Public Services Update was published on 14 March 2014. As with previous updates, the 2014 report outlined progress across government on the Open Public Services White Paper (2012):

<https://www.gov.uk/government/publications/open-public-services-2014-progress-report>.

**2.5 (i): Further extend project bank accounts to ensure rapid payment to supply chain members and support to small and medium-sized enterprises.**

End Date: April 2014 – Completed

In July 2014 it was announced that the cumulative target of £4bn spend on Project Bank Accounts (PBAs) had been exceeded, confirming £5.2bn had been achieved to the end of FY 2013-14.

**2.5 (ii): Develop and launch the Government Construction Pipeline website.**

End Date: April 2014 – Completed early

The forward pipeline of funded Government construction projects is published on GOV.UK on a six-monthly basis, having first been published in November 2011. This data is downloadable in an open format on the following website:

<https://www.gov.uk/government/publications/government-construction-pipeline>

### 2.5 (iii): Publish the forward pipeline of funded Government construction projects.

End Date: April 2014 – Completed

The forward pipeline of funded Government construction projects is published on GOV.UK on a six-monthly basis, following an undertaking to regularly publish this information made within the Government Construction Strategy 2011.

Including the initial publication in November 2011, the pipeline has been published eight times so far, the latest being in December 2014. The pipeline has grown in detail and value over the life of the current parliament (growing from £36.2bn in November 2011 to £127.8bn in December 2014), providing greater visibility of Government planned and actual expenditure.

### 2.6 (i): Move more than 250 departmental, agency and arm's length bodies to GOV.UK while continuing to develop and improve the site.

End Date: April 2014 – Completed late

The original target of completion by April 2014 was missed as a result of some websites being more complex to migrate than first envisaged. Moving 321 agency and government sites to [GOV.UK](http://GOV.UK) was achieved by the end of December 2014. The outcome is that almost all government information is now available in a single trusted place, making it clearer, simpler and faster for people to deal with government.

Challenges:

The size and complexity of the work meant the timeframe proved too short to meet the deadline and so it took longer than envisaged to complete the work.

### 2.6 (v): Work with Departments to deliver the first wave of 25 exemplar digital public services.

End Date: March 2015 – Partially delivered

By the end of March 2015, a total of 20 exemplar digital services were available for public use, with the remaining five services publically accessible although still in development.

(<https://www.gov.uk/transformation>)

### 2.9 (vii): Implement the reformed Civil Service pension scheme.

End Date: March 2015 - Completed

A new Civil Service Pension scheme was introduced, as planned, on 1 April 2015. This is the most significant pension scheme reform in a generation, affecting the majority of the workforce.

The changes are part of the Government's wider programme to reform public service pensions and reduce public spending.

Challenges:

Complex changes were required to: Civil Service Pensions legislation; the pension administrator's IT system and supporting business processes; and scheme employers' HR / payroll arrangements. The reforms also required a significant communications and engagement campaign to support the diverse scheme members and employers through the changes.

2.11 (iii): With BIS, launch a second phase of Red Tape reviews to look at areas such as infrastructure, key stages in the growth of companies, and business activities where negotiating the system is overly complex.

End Date: October 2014 – Completed early

This was met by the Challenger Business programme, which was launched as a result of evidence gathered as part of the Red Tape Challenge. This Programme looked at a range of disruptive business models including those covering housing, healthcare, energy, the space industry, fintech (technology developments for the financial services sector such as payment apps and crowdfunding) and the sharing economy (leveraging IT to empower individuals or corporations to share resources e.g. Airbnb, which allows individuals to rent out their own home online).

2.11 (iv): Ensure, with BIS, that significant Red Tape Challenge measures with deregulatory impact are implemented during this Parliament.

End Date: October 2014 – Completed early

The outcome is that the savings figure for businesses for measures implemented is now £1,050 million per year. Depending on the successful completion of planned reforms and the Deregulation Bill, we may reach £1.2 billion of savings by May 2015.

The Deregulation Bill received Royal Assent on 26<sup>th</sup> March 2015, becoming the Deregulation Act 2015.

2.17 (i): Reduce the running costs on the central government estate by £600million per annum.

End Date: March 2015 – Completed

As indicated in *The State of the Estate in 2013-14* publication laid before Parliament on 23 March 2015, £625million was saved in 2013-14 from sales and reducing the annual running cost of the estate.

<https://www.gov.uk/government/publications/state-of-the-estate-2014>

2.17 (ii) Generate proceeds from the sale of freehold properties of £1.25bn.

End Date: March 2015 - Completed

As indicated in *The State of the Estate in 2013-14* publication laid before Parliament on 23 March 2015, £1.4billion was generated in capital receipts from freehold disposals in total since 2010.

<https://www.gov.uk/government/publications/state-of-the-estate-2014>

2.17 (iii): Through the Space for Growth scheme make empty and under-used Government office space available to small businesses so that they can start up and grow.

End Date: March 2015 - Completed

To date, over 80 sites have been made available, supporting over 200 SMEs, charities and social enterprises, with a further 1,000 organisations (equating to over 5,000 individuals) supported by wider activities run from those sites such as conferences, meetings and events, counselling sessions and remote office services. Over 6,000 work-spaces have been booked with a forecast 30,000 user days in total. Around 500 people work from one of the sites every week and over 200 jobs, apprenticeships or internships have been created from data collated so far.

**Challenges:**

Numbers of buildings within the programme fluctuate due to on-going disposal of government property and identification/assessment of new sites. As the Government estate continues to shrink, the potential for suitable Space for Growth sites in the future will lessen.

**3.2 (ii): Increase the number of datasets available via data.gov.uk by 20%.**

End Date: March 2015 – Completed

From a baseline of 9,468 datasets published in June 2013, there are now 20,274 datasets published on data.gov.uk. This is an increase of 26% since the beginning of 2014-15 and a 114% increase on the baseline from June 2013.

Since October 2013 departments have been listing on data.gov.uk all datasets they own, even if they are not intending to publish them. There are currently a further 4,098 datasets listed but unpublished on data.gov.uk.

**Challenges:**

Challenges relate to encouraging departments to publish data that they have not yet published, particularly where there is a demand for the data from the external community. There also needs to be more of a focus on the quality of the data, making sure of consistency across datasets to enable comparison. To address this the current iteration of the National Information Infrastructure specifies a minimum threshold for quality and metadata standards for those datasets considered most important by data owners.

**4.3 (ii): Bring new IER system into force in England and Wales.**

End Date: July 2014 – Completed early

Original deadline was July and launch of individual electoral registration and online application took place on 10th June 2014. The main outcomes were a more accessible system and a more secure electoral register. To date 7 million people have applied to register to vote, 70% through digital means and over 90% have been satisfied with the experience. Almost 9 in 10 electors were automatically transitioned to the new system without doing anything.

**Challenges:**

The main challenge will be supporting electoral registration over the general election period, when record numbers are expected to apply to register to vote ahead of the deadline of 20 April. We will also need to support the annual canvass in autumn 2015 to make sure that the December 2015 register is as complete and accurate as possible.

**4.3 (iii): Bring new IER system into force in Scotland**

End Date: October 2014 – Completed early

Original deadline was October 2014 and individual electoral registration went live on 19 September 2014.

**4.5 (ii): Work with the Scotland Office and Scottish Government to facilitate a legal, fair and decisive referendum on Scotland's constitutional future.**

End Date: September 2014 – Completed

A legal, fair and decisive referendum was held on 18 September 2014.

#### 4.6 (iii): Expand the City Deals model beyond England by delivering the Glasgow City Deal, in partnership with the Scottish Government.

End Date: August 2014 - Completed

The Glasgow and Clyde Valley City Deal was signed on 20 August 2014. The Government is open to discussions with other places in the UK that can demonstrate strong governance and delivery capability, on how devolution of powers can maximise their economic growth.

Over its lifetime local leaders in Glasgow and the Clyde Valley estimate this City Deal will:

- Support an overall increase in the economy of around 29,000 jobs in the city region.
- Work with 19,000 unemployed residents and support over 5,500 back into sustained employment.
- Secure £1 billion of Scottish Government and UK Government capital funding to support the proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 million of investment from Glasgow and Clyde Valley local authorities.
- Lever in an estimated £3.3 billion of private sector investment into the proposed infrastructure investment programme.
- Spread the benefits of economic growth across Glasgow and Clyde Valley, ensuring deprived areas benefit from this growth.

Outputs related to these outcomes are monitored on a quarterly basis.

#### 4.6 (iv): With DCLG and BIS, support Local Enterprise Partnerships to develop Local Growth Deals that are focused on economic growth

End Date: March 2015 – Completed

The Cities and Local Growth Unit (DCLG, Cabinet Office and BIS) has successfully negotiated 39 Growth Deals with Local Enterprise Partnerships (LEPs) in July 2014, and an expansion of those deals in January 2015.

See <https://www.gov.uk/government/collections/local-growth-deals>.

The funding will help to train young people, create thousands of new jobs, build thousands of new homes and start hundreds of infrastructure project, including transport improvements and superfast broadband networks. LEPs are well advanced in their preparations for delivering these deals, ahead of the first payment of Local Growth Funding in April 2015.

#### 4.7 (i): With BIS, publish the Carr Review

End Date: January 2015 – Completed early

The Carr Review was an independent review carried out by Bruce Carr QC, who was commissioned by the Secretary of State for Business, Innovation and Skills and the Minister for the Cabinet Office to review the law that governed industrial disputes. The original deadline was January 2015 and the Review published its report on 15 October 2014.

(<https://www.gov.uk/government/publications/carr-review-of-the-law-on-industrial-disputes>)

#### 5.1 (i): 5,000 Community Organisers trained.

End Date: March 2015 – Completed early

As of February 2015 the number of Community Organisers has now reached 5,500, including 541 Senior Community Organisers.



## 5.2 (ii): Deliver a nationwide programme of commercial skills master classes for the voluntary, community and social enterprise (VCSE) sector, in partnership with VCSE and commercial organisations.

End Date: April 2014 – Completed

The 24, two-day master-classes on commercial skills for the VCSE sector gave 481 organisations the opportunity to increase their knowledge, understanding and insight into the way commercial organisations operate in relation to commissioning, open public service markets and working in commercial supply chains.

Participants' responses to the classes were very positive. 90% of attendees felt they developed a 'good understanding of the challenges of public service contracts' and 77% of participants felt that they now have 'confidence to successfully negotiate and enter into sub-contracts'.

## 5.3 (iv): Provide up to 90,000 places on the National Citizen Service during 2014.

End Date: December 2014 - Completed

57,609 participants took part in the 2014 programme with a 91.3% completion rate. This was against a minimum number set for the NCS Trust of 60,000 filled places, and a target of 80,000 filled places.

Evaluation of the 2013 programme shows that NCS continues to have a positive impact on the young people that participate:

- 92% of participants said that NCS helped them develop useful skills for the future;
- 89% of parents said their child has become more responsible;
- 84% of participants said they felt more positive about people from different backgrounds;
- 76% felt more confident about getting a job in the future.

This same evaluation has also shown that for every £1 invested in the programme up to £6.10 is returned in benefits. These evaluations are done using the most robust methods available and are in line with the Treasury Green Book principles.

Challenges:

There remains a challenge to increase the number of participants year-on-year by 50% without it having a detrimental impact on the quality of the programme and the benefit to participants.

## 5.3 (vii): Introduce the Friends and Family Test in the National Citizen Service

End Date: March 2015 – Completed early

Original deadline was March 2015 and since August 2014 the Friends and Family Test has been included as part of the questionnaire survey that attendees complete at the end of their NCS programme.

As a result the Friends and Family Test has provided a way of objectively judging the quality of NCS

5.5 (i): Publish a draft Protection of Charities Bill including measures to maintain public trust and confidence in the effective regulation of charities

End Date: March 2015 – Completed early

The Draft Protection of Charities Bill was published on 22 October 2014 and has undergone pre-legislative Parliamentary scrutiny by the Joint Committee on the Draft Protection of Charities Bill. The Joint Committee's report on the bill was published on 25 February 2015 and the Government's response to the Joint Committee was published on 26 March 2015.

<https://www.gov.uk/government/news/government-response-to-the-joint-committee-on-the-draft-protection-of-charities-bill>

## Spending summary for 2014-15

The Cabinet Office publishes financial information quarterly through the Government Interrogating Spending Tool (GIST). The data can be found here: [www.gist.cabinetoffice.gov.uk/](http://www.gist.cabinetoffice.gov.uk/)

In the table below, spending data corresponds to the totals in Financial Highlights within the Financial Review which explains the year on year variances.

	2014-15	2013-14	variance
	£millions	£millions	£millions
<b>Spend by budget type</b>			
DEL voted and non-voted	687.3	449.1	238.2
AME	(0.4)	(4.5)	4.1
Other outside DEL /AME *	(7.7)	(48.3)	40.6
<b>Total Spend</b>	<b>679.2</b>	<b>396.3</b>	<b>282.9</b>
<b>Spend by type of internal operation</b>			
Running the Estate	35.2	22.0	13.2
Running IT	75.7	39.0	36.7
Corporate Services	21.7	16.6	5.1
Policy and Policy Implementation	457.8	367.0	90.8
Parliamentary elections in England and Wales	96.5	-	96.5
Other *	(7.7)	(48.3)	40.6
<b>Total Spend</b>	<b>679.2</b>	<b>396.3</b>	<b>282.9</b>
<b>Spend by type of expenditure</b>			
Procurement costs	136.8	140.8	(4.0)
People costs	179.2	169.0	10.2
Grants	274.4	134.8	139.6
Parliamentary elections in England and Wales	96.5	-	96.5
Other *	(7.7)	(48.3)	40.6
<b>Total Spend</b>	<b>679.2</b>	<b>396.3</b>	<b>282.9</b>

Other \* represents income outside the scope of budgets and includes income from associates and forfeited deposits for Parliamentary elections in England and Wales

# Sustainable Development

## Introduction

Sustainable development means encouraging economic growth while protecting the environment and improving quality of life – all without affecting the ability of future generations to do the same. Sustainable development recognises that the three ‘pillars’ of the economy, society and the environment are interconnected.

The Cabinet Office strives to embed the principles of sustainable development in all of its operations and activities, both domestically and on a wider scale as part of its responsibilities to support collective government and help ensure the effective development, coordination and implementation of policies.

Key domestic initiatives include working to achieve and, where possible, exceed the Government’s challenging Greening Government Commitments (GGC) and associated locally set targets and ensuring that day to day operations are both undertaken and monitored to ensure their sustainability and compliance with environmental legislation. This is achieved through the implementation of an Environmental Management System certified in accordance with ISO 14001.

On a wider scale, initiatives put in place by the Cabinet Office on matters such as transparency, social mobility and national security continue to contribute to a sustainable and secure future for all and help to incorporate sustainability considerations into policy and decision-making processes.

## Domestic Initiatives

### ISO 14001

**Key Point:** The Cabinet Office’s Environmental Management System (EMS) was recertified to ISO 14001 for its estate operations

In March 2015, the Cabinet Office achieved recertification of its EMS to ISO14001, the international standard for Environmental Management, for its core central London estate. By using the basic principles of ‘Plan, Do, Check, Act’ the department takes steps to identify, reduce and manage its environmental impacts.

The standard requires that the Department maintains legal compliance, trains key staff, undertakes annual management reviews by senior management and internal audits on a regular basis. These are carried out in conjunction with the Estates, Project and Energy teams in order to ensure compliance with the standard, considering the best available technology as well as value for money. To maintain compliance, the EMS is externally audited annually and recertified every three years.

The EMS plays a vital role assisting the department to drive down its environmental impact and improve performance against the GGC.

## Greening Government Commitments (GGC)

The Greening Government Commitments (GGC) are centrally set targets which all government departments must work towards in order to reduce their environmental impact. These cover: greenhouse gas emissions (both estate use and business-related transport); waste generation; water consumption; and ensuring that departments procure more sustainable and efficient products and also engage with suppliers to understand and reduce the impacts of their supply chains. The targets are shown in the table at the end of this chapter.

The Department has been very successful in reducing its carbon footprint which has fallen by **39%** from the 2009/10 baseline. This has been achieved through a combination of good housekeeping, investment in energy reduction measures with a large input from refurbishment projects, and the implementation of an ambitious and extensive estate rationalisation project that is ongoing.

Our waste output continues to fall and is now 58% below 2009-10 levels. This has mainly resulted from the recycling policy employed throughout the estate and from improved streaming and waste separation at the processing plant. On paper consumption (part of the overall waste output target) we have continued to participate in the ‘Closed Loop’ paper scheme which is yielding further environmental benefits in conjunction with other contractual arrangements, driving consumption down by 86% against the 2009-10 baseline.

A reduction in water consumption of 21% against 2009-10 has been achieved, mainly due to the estate rationalisation programme and the installation of water saving appliances. The Cabinet Office has a headline consumption per full time employee equivalent (FTE) member of staff of 12.4m<sup>3</sup> which is partly attributable to the large number of visitors the department has to its estate. A programme of works is being implemented to reduce consumption further.

The only target that the Department has failed to meet is that concerning domestic air travel (25% reduction over 2009/10 baseline). Domestic flight 'consumption' is however already low with only 13% of travel mileage and 15% of travel expenditure being incurred on domestic air travel. The Department achieved a 12% reduction in flights in 2014-15 compared with a significant increase in its size, meaning a reduction in the ratio of flights to staff.

The most effective way to reduce domestic flights taken by staff is to reduce the need for staff to travel. The Cabinet Office currently offers a range of alternatives to meeting face-to-face, including: video conferencing facilities, conference-call enabled telephony and use of ICT products which allow for remote collaborative working, and this will be developed further.

## Sustainable ICT

During 2014-15 the department changed its provision of ICT and via the Cabinet Office Technology Transformation Programme we've made three changes that have reduced the Department's 'footprint':

- Moved to cloud services
- Switched to modern thin laptops
- Introduced a completely mobile IT solution

**Move to Cloud Services** - The Cabinet Office has migrated all of its key ICT services from dedicated physical servers to cloud services. Studies show that there are substantial reductions in an organisation's carbon footprint from moving to the cloud and that resources are used more efficiently. Our main cloud service provider, Google, claims its data centres use 50% less energy than typical data centres and is itself committed to renewable energy projects.

**Using modern devices** - The decision to choose modern thin laptops has contributed to the overall decrease in energy consumption across the estate. The Cabinet Office is anticipating a reduction of up to 50% in the energy consumption by using the new devices. The new devices also have around 2-3 times the battery life of the previous models meaning less time plugged in and charging.

**A Completely Mobile Solution** - The use of cloud services, portable devices, video conferencing and an 'always on' virtual private network means Cabinet Office staff can work securely with 4G or WIFI access. This is a major enabler for the department's TW3 programme.

## The Way We Work (TW3)

**Key Point:** *Making agile working easier as well as decreasing the carbon footprint, has other beneficial sustainable development advantages.*

The Way We Work (TW3) is a pan departmental programme, led by the Government Property Unit within the Cabinet Office, which is designed to help realise the Civil Service Reform Plan's aim of 'creating a decent working environment for all staff, with modern workplaces enabling flexible working, substantially improving IT tools and streamlining security requirements to be less burdensome for staff'.

Cabinet Office is fully committed to the principles of TW3; including:

- Maximising flexible working options not having one work station per person;
- Introduction of new ICT to enable more flexible working, including remote working from other places not on the Cabinet Office estate;

- Provision of increased video and voice conferencing facilities;
- Extending Wi-Fi capacity in its buildings;
- Where possible re-designing work space to maximise efficiency and flexible working;
- The roll out of the new 'Civil Service One' pass design aimed at providing quicker access into other departments' buildings;
- Changing the organisational culture from desk-based to activity-based working.

Much has already been done to implement these principles with a major impact on our sustainable development 'footprint'; by making agile working more simple and available there is a decreased demand for desks, leading to a reduction in our greenhouse gas emissions, water consumption and waste output. The need to travel and the footprint it creates will be further reduced, both from home to office and between different work locations due to the increased provision of video and voice conferencing facilities.

## People

The Civil Service has a long tradition of supporting staff to volunteer, with many civil servants giving their time in aid of a variety of charities and community groups; our Charity of the Year Partnership is with the Samaritans. The Department offers up to five days' special leave for each member of staff to undertake volunteering. Staff can organise their own volunteering activity or can visit [www.do-it.org.uk](http://www.do-it.org.uk) for ideas and information about volunteering.

## Sustainable Procurement

**Key Point:** 37% (provisional) of procurement expenditure is spent on SMEs

As part of the Cabinet Office's sustainable procurement strategy, the Environmental Policy Statement is sent out as part of the procurement package sent to interested contract bidders to enable them to understand and comply with our sustainability requirements.

The Department continues to work to deliver the aspiration that 25% of contracts by value should be awarded to small and medium-sized enterprises (SMEs). For the period 2014-15, the provisional figure of procurement expenditure with SMEs is at **37%**. This includes spend undertaken both directly with SME prime contractors, and indirectly, through larger prime suppliers' supply chains.

## Sustainable Food

The Cabinet Office engages with its key catering suppliers to encourage the procurement of food that meets British production standards. All fresh meat, milk, cream and eggs supplied on the Department's central contract are produced to Red Tractor standard (or equivalent) and are from UK producers. All fish supplied were sustainably sourced with 89% being Marine Stewardship Council certified.

Completely compostable catering disposables are used on all sites. Further details of the Cabinet Office's food procurement and annual statistics are available at: [Cabinet Office Food Sustainability](#).

## Sustainable Construction

The Cabinet Office seeks to apply the Building Research Establishment Environmental Assessment Method (BREEAM) on all relevant refurbishment and is working to ensure that sustainability is embedded in all relevant projects. The Department endeavours to recycle all construction waste, where possible, and this is monitored internally to ensure compliance. For larger projects over £300k, Site Waste Management Plans are put in place before the project starts and are managed throughout.

## Appraisal and Evaluation of New Policies, Programmes and Projects

To ensure that the impact upon the environment is always considered, the Cabinet Office refers to the [HM Treasury Green Book](#) in its policy, programme and project development processes. This ensures that questions are always asked as to whether the project or policy is the best way to achieve the objective in question and whether it is the best use of resources. The document also provides detailed information on how to assess and mitigate any negative outcomes that may impact on sustainability.

To ensure the needs and interests of rural people, communities and businesses are considered, the Cabinet Office refers to Defra's [Rural Proofing guidance](#) in the development and implementation of all policies and programmes.

## Climate Week & Earth Hour

Every year the Cabinet Office takes part in two external environmental initiatives; Climate Week and Earth Hour.

Climate Week is five days of activities and communications in the Cabinet Office to raise awareness of sustainability issues, whilst Earth Hour is a co-ordinated, international initiative run by the WWF to turn off all estate lights at a particular time for one hour. By participating the department aims to raise the profile of sustainability and environmental issues to both staff and the public.

## Pan- governmental Work and Responsibilities

The Cabinet Office strives to embed and encourage the principles of sustainable development to help ensure the effective development, coordination and implementation of policies. These include:

### Business Planning

The Implementation Unit in the Cabinet Office supported Defra to embed sustainable development into the departmental business planning process, a key step in delivering the Coalition Government's commitment to mainstreaming sustainable development. Sustainable development has been included within the guidance for departmental business plans as a mandatory component of all plans.

### Transparency

The Cabinet Office leads on the cross-government transparency agenda. Transparency is not just about access to data. People need to be able to use that data, share it, and combine it with other data for use in their own applications. Used in this way, open data can create value by providing an opportunity for businesses to take the data and produce goods and services from it. Information on government transparency can be found at: [Improving the transparency and accountability of government and its services](#).

All government owned data is listed on [data.gov.uk](#), the government's catalogue of open data.

### Big Society Capital

Big Society Capital (BSC), the world's first ever social investment institution, was established by the Cabinet Office and launched as an independent organisation in April 2012. Its aim is to grow the social investment market. BSC invests in bodies that provide finance and other support to social sector organisations – making it easier for social entrepreneurs to access the capital they need and to become sustainable. BSC has up to £600 million in capital to invest: £400 million from the Reclaim Fund Ltd which collects

dormant bank and building society account monies from UK banks and building societies, and £200 million invested by four large retail banks. Nearly £150 million in investment has been committed so far to a wide range of organisations.

BSC's most recent annual report is available at: [Social Investment from Ambition to Capital](#).

Since BSC was set up, a number of other initiatives have been launched to promote sustainable development through the use of social investment. These include a Tax Relief for individuals investing in social sector organisations (Social Investment Tax Relief), and Access - the Foundation for Social Investment, whose purpose is to help charities and social enterprises grow sustainably through taking on social finance.

Comprehensive information about these programmes, and others, can be found at: [Growing the social investment market](#).

## Adapting to Climate Change

**Key Point:** *The Cabinet Office has an important role to play in ensuring national adaptation to the risks and opportunities presented by climate change*

The risks posed by climate change are too great to ignore. It is essential that policies and future plans consider these potential impacts from the very start. The Cabinet Office has an important role to play in ensuring national adaptation to the risks and opportunities presented by climate change. To this end, the Department has taken a number of steps to ensure that these considerations are reflected in its relevant planning, policies and strategies. For example:

Some of the major impacts of climate change have been identified as key threats in the National Risk Register of Civil Emergencies (2015). This provides an assessment of the likelihood and potential impact in both the short and long term of a range of different emergencies related to climate change. The document is available at: [NRR 2015](#)

The security implications of climate change have been considered and analysed in the [National Security Strategy](#) document.

The Cabinet Office works closely with Defra on the [National Adaptation Programme](#), which was set up as a response to the UK Climate Change Risk Assessment (2012) and which sets out what the government, businesses and society are doing to become more climate ready.

## Other key programmes

The Cabinet Office is working on a number of other key programmes that will also make a significant contribution toward mainstreaming sustainability:

- The work of the Office for Civil Society including [Promoting social action: encouraging and enabling people to play a more active part in society](#).
- Funding National Citizen Service, a Government-backed initiative that brings together young people aged 15 to 17 from different backgrounds to help them develop greater confidence and self-awareness: [Take part - National Citizen Service](#)
- Making public services digital by default to improve their accessibility and openness, primarily through the launch of the [GOV.UK](#) website.



## Sustainable Development Data Tables

Reduce greenhouse gas emissions by 25% from a 2009-10 baseline from the whole estate and domestic business related transport

Baseline emissions (tonnes of CO2e)	2012-13 emissions (tonnes of CO2e)	2013-14 emissions (tonnes of CO2e)	2014-15 emissions (tonnes of CO2e)	2014-15 % change from baseline
<b>11733</b>	8356	7272	7171	-39%

Cut domestic business travel flights by 20% by 2015 from a 2009-10

Baseline flights	2012-13 flights	2013-14 flights	2014-15 flights	2014-15 % change from baseline
<b>2306</b>	Incomplete figures	2390	2034	-12%

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

Baseline waste arisings (tonnes)	2012-13 waste arisings (tonnes)	2013-14 waste arisings (tonnes)	2014-15 waste arisings (tonnes)	2014-15 % change from baseline
<b>1226</b>	688	444	511	-58%

Cut our paper by 10% in 2011-12 from a 2009-10 baseline

Baseline paper usage (reams of A4e)	2012-13 paper usage (reams of A4e)	2013-14 paper usage (reams of A4e)	2014-15 paper usage (reams of A4e)	2014-15 % change from baseline
<b>56396</b>	26311	20171	8124	-86%

Reduce water consumption from a 2009-10 baseline

Baseline water consumption (m3)	2012-13 water consumption (m3)	2013-14 water consumption (m3)	2014-15 water consumption (m3)	2014-15 % change from baseline
<b>52388</b>	44761	45123	41639	-21%

Report on percentage of offices meeting best/good/poor practice water-use benchmarks

	Poor (>6m3 per FTE)	Good (4m3 to 6m3 per FTE)	Best (<4m3 per FTE)
2012-13	81%	12%	7%
2013-14	92%	0%	8%
2014-15	44%	12%	44%

## Consumption per Full Time Employee (FTE) equivalent member of staff

	2012-13	2013-14	2014-15
GHG Emissions (tonnes)	2.59	2.50	2.14
Waste (tonnes)	0.21	0.15	0.15
Paper (reams of A4e)	8.17	6.93	2.42
Water (m3)	13.90	15.50	12.43

## Carbon and energy usage

	2012-13			2013-14			2014-15		
	Consumption (kWh)	Emissions (tonnes of CO2e)	Expenditure (£k)	Consumption (kWh)	Emissions (tonnes of CO2e)	Expenditure (£k)	Consumption (kWh)	Emissions (tonnes of CO2e)	Expenditure (£k)
Gas	4136459	766	148	3131616	576	98	2775125	513	68
Electricity	12130313	6021	840	11191391	5412	1234	10279272	5381	1008
Heating	4070368	1081	584	2723958	724	445	2405144	639	335

## Greenhouse gas emissions

	2012-13	2013-14	2014-15
	Emissions (tonnes of CO2e)	Emissions (tonnes of CO2e)	Emissions (tonnes of CO2e)
Scope 1	783	638	576
Scope 2	6661	5709	5589
Scope 3	911	924	1006

## Waste

	2012-13		2013-14		2014-15		Disposal cost
	Arisings (tonnes)	Percentage of total arising	Arisings (tonnes)	Percentage of total arisings	Arisings (tonnes)	Percentage of total arisings	
Landfill	17	2%	24	5%	23	4%	Not separately identifiable
Recycled	410	60%	247	56%	337	66%	
Energy From Waste	261	38%	143	32%	104	20%	
Waste To Compost	0	0%	30	7%	45	9%	
Total	688	100%	444	100%	508	100%	

## Water consumption

	2012-13	2013-14	2014-15
Total Consumption (m3)	44761	45123	41639
Consumption (m3)/ FTE	13.9	15.5	12.4
Total Expenditure (£k)	68.00	95.00	97.70

## Paper consumption/ Units purchased (Reams)

Paper size	2012-13	2013-14	2014-15
A3	594	111	289
A4	25120	19949	7546
Total A4e	26308	20171	8124

## Travel

	2012-13			2013-14			2014-15		
	Mileage	Emissions (tonnes of CO2e)	Expenditure (£k)	Mileage	Emissions (tonnes of CO2e)	Expenditure (£k)	Mileage	Emissions (tonnes of CO2e)	Expenditure (£k)
Air travel domestic	493685	143	249	495915	137	267	455965	114	266
Air travel short haul	618668	196	202	529529	147	173	410942	105	137
Air travel long haul	3082116	1119	984	3299691	918	1264	3396434	823	1314
UK rail travel	3194782	290	1263	3682169	290	935	5386015	411	2536
Taxi travel	51179	12	102	61103	14	108	112049	20	184
Hire car	47323	16	23	105596	32	21	160837	31	19
Operational activities	54783	17	-	40141	12	-	70411	13	-

## Financial Review

Parliament gives statutory authority for the use of resources and funds through the Supply Estimates in order that the Cabinet Office may meet its expenditure and, in turn, the Department is accountable to Parliament for the use of those resources and funds as reported in the Statement of Parliamentary Supply.

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Outturn 2014-15

Comparison between 2014-15 outturn against Estimate and against prior year for:

Net Resource Outturn, Net Capital Outturn, Net Cash Requirement

Resource Departmental Expenditure Limit (RDEL)

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## Performance against Parliamentary Control Totals and non-voted budget

### Financial Highlights

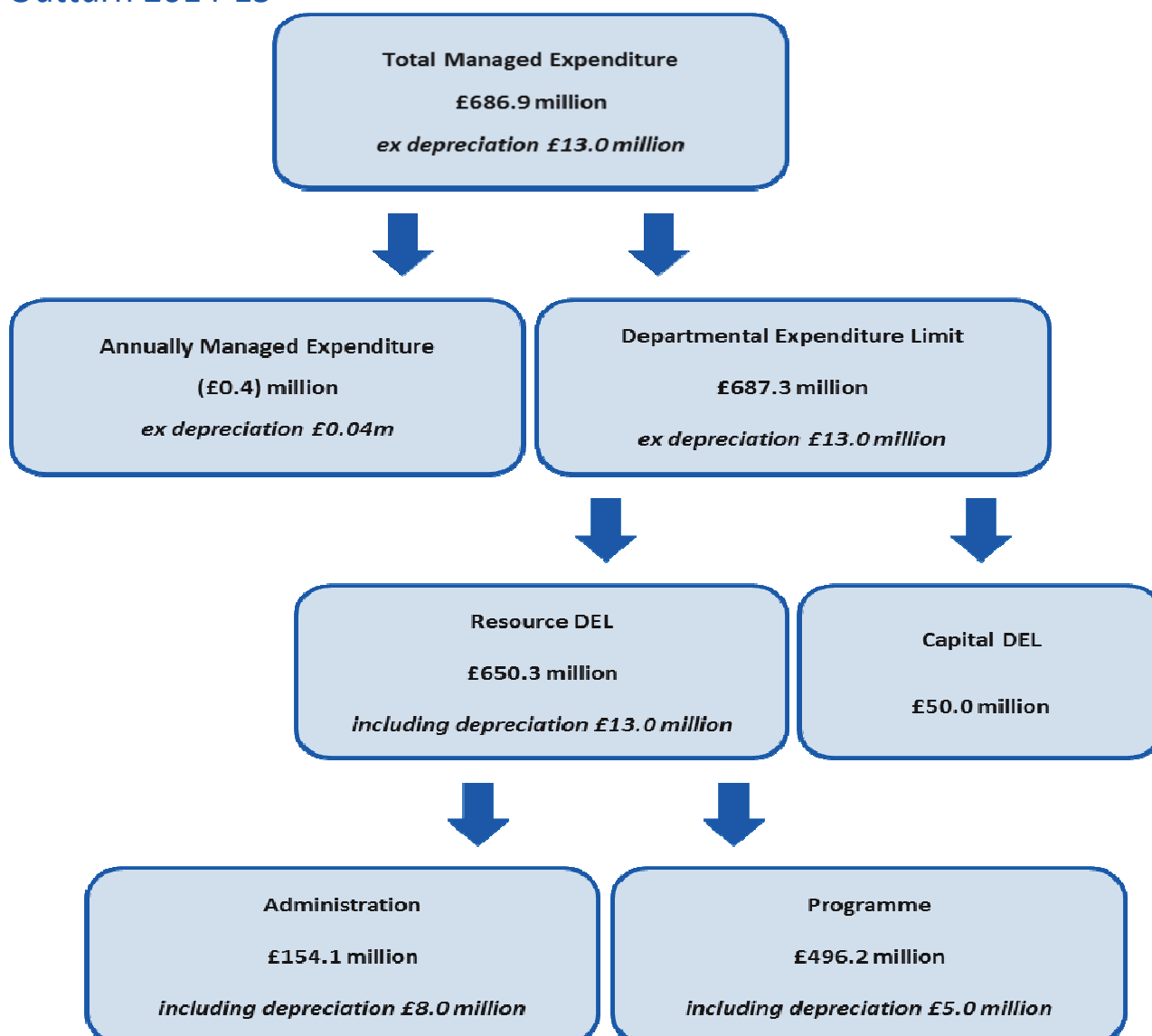
Savings against resource budget of £27.700 million (4.1%) mainly reflect contingencies built into the ring-fenced budget for the Electoral Registration Transformation Programme but not required (£11.332 million), the costs of conduct of the poll for Parliamentary Elections being less than forecast (£2.498 million) and property impairments being less than anticipated (£4.478 million).

An increase in resource expenditure from 2013-14 to 2014-15 of £234.139 million (56.3%) is largely attributable to European Parliamentary Elections held in 2014 at a cost of £95.759 million, increased activity in Office for Civil Society 'Youth ' programmes (£55.105 million), the introduction of Individual Electoral Registration (£33.683 million) and Government Digital Service programmes (£22.447 million).

An increase in capital expenditure from 2013-14 to 2014-15 of £7.167 million (16.7%) is driven by capital grants, including those to emergency service organisations funded from fines levied on banks in the wake of the London Interbank Offered Rate (LIBOR) scandal, and by IT spend on developing the Single Operating Platform for Government and a new IT system for the Cabinet Office.

A detailed comparison and commentary is set out on the following pages.

### Outturn 2014-15



**Total Managed Expenditure (TME)** - a measure defined by the Treasury to cover all public expenditure (not just central government departments) comprising AME and DEL.

**Annually Managed Expenditure (AME)** is less predictable and controllable than expenditure in DEL. It includes provisions for early departures, dilapidations, onerous contracts, revaluation of assets and depreciation on donated assets. Total AME is the sum of resource and capital AME less depreciation in AME.

**Departmental Expenditure Limit (DEL)** - includes expenditure that is generally controlled within departments and is managed with fixed multi-year limits set via a spending review conducted by the Treasury. DEL budget is split into resource administration, resource programme and capital. Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

**Resource DEL Administration** controls administration expenditure other than the costs of direct front-line services.

**Resource DEL Programmes** controls expenditure directly associated with frontline activities.

**Capital DEL** controls spending on investments, assets and capital grants.

## Net Resource Outturn, Net Capital Outturn and Net Cash Requirement

£000	Outturn 2014-15	Estimate 2014-15	Saving/ (excess) 2014-15	%	Outturn 2013-14	Year on Year increase/ (decrease)	%
<b>Net Resource Outturn</b>	<b>649,934</b>	<b>677,634</b>	<b>27,700</b>	<b>4.1</b>	<b>415,795</b>	<b>234,139</b>	<b>56.3</b>
of which:							
Resource DEL	650,303	672,692	22,389	3.3	419,875	230,428	54.9
Resource AME	(369)	4,942	5,311	107.5	(4,080)	3,711	91.0
<b>Net Capital Outturn</b>	<b>50,040</b>	<b>51,328</b>	<b>1,288</b>	<b>2.5</b>	<b>42,873</b>	<b>7,167</b>	<b>16.7</b>
<b>Net Cash Requirement</b>	<b>575,173</b>	<b>631,530</b>	<b>56,357</b>	<b>8.9</b>	<b>471,621</b>	<b>103,552</b>	<b>22.0</b>

### Net Resource Outturn

Net resource outturn for this period was £649.934 million, a saving of £27.700 million (4.1%) attributable to underspends in resource DEL and resource AME. Compared to prior year, outturn has increased by £234.139 million (56.3%). See next section for explanations.

### Net Capital Outturn

Net capital outturn for this period was £50.040 million, a saving of £1.288 million (2.5%). Compared to prior year, outturn has increased by £7.167 million (16.7%). See next section for explanations.

### Net Cash Requirement Outturn

The Cabinet Office required cash amounting to £575.173 million to finance its activities; £56.357 million (8.9%) less than the sum approved by Parliament. The saving is attributable to underspends in net resource and capital outturn (adjusted to remove non-cash items) and movements in working capital. Compared to prior year, the net cash requirement has increased by £103.552 million (22.0%) due to increases in net resource and capital outturn offset by a reduction in movements in working capital, both described above. See Note SOPS 4 Reconciliation of Net Resource Outturn to Net Cash Requirement.

## Resource DEL (RDEL)

£000	Outturn 2014-15	Estimate 2014-15	Saving/ (excess) 2014-15	%	Outturn 2013-14	Year on Year increase/ (decrease)	%
<b>Resource DEL</b>	<b>650,303</b>	<b>672,692</b>	<b>22,389</b>	<b>3.3</b>	<b>419,875</b>	<b>230,428</b>	<b>54.9</b>
Of which:							
Administration	154,086	174,942	20,856	11.9	153,325	761	0.5
Programme	496,217	497,750	1,533	0.3	266,550	229,667	86.2
Of which:							
Ring-fenced depreciation, amortisation, impairment and provision for doubtful debts	12,994	15,000	2,006	13.4	13,670	(676)	(4.9)
Policy ring-fence Boundary Review	405	480	75	15.6	382	23	6.0
Policy ring-fence Individual Electoral Registration	50,223	61,480	11,257	18.3	14,896	35,327	237.2
Non ring-fenced expenditure	487,622	493,725	6,103	1.2	389,101	98,521	25.3
<b>Total voted</b>	<b>551,244</b>	<b>570,685</b>	<b>19,441</b>	<b>3.4</b>	<b>418,049</b>	<b>133,195</b>	<b>31.9</b>
And							
Programme: UK MEPs	2,552	3,000	448	14.9	1,826	726	39.8
Programme: Parliamentary Elections in England and Wales	96,509	99,007	2,498	2.5	-	96,509	n/a
Administration: Charges to Consultant Lobbyists	(2)	-	2	-	-	(2)	n/a
<b>Total non-voted ring-fenced</b>	<b>99,059</b>	<b>102,007</b>	<b>2,948</b>	<b>2.9</b>	<b>1,826</b>	<b>97,233</b>	<b>n/a<sup>1</sup></b>
<b>Total</b>	<b>650,303</b>	<b>672,692</b>	<b>22,389</b>	<b>3.3</b>	<b>419,875</b>	<b>230,428</b>	<b>54.9</b>

<sup>1</sup>n/a – insufficient expenditure in previous year.

Resource DEL outturn for 2014-15 was £650.303 million, a saving of £22.389 million (3.3%) against the budget of £672.692 million approved by Parliament. Compared to prior year, outturn has increased by £230.428 million (54.9%). Resource DEL is broken down by Operating Segment in Note to Accounts SOPS 2.1.

## Resource DEL outturn against budget

A saving of £22.389 million in outturn against budget comprises savings of £16.286 million against ring-fenced budgets and savings of £6.103 million against non ring-fenced budgets.

The savings against ring-fenced budgets are mainly attributable to the activities of Political and Constitutional Reform and Parliamentary elections in England and Wales, and also depreciation as described below.

### Political and Constitutional Reform: underspend of £11.332 million ring-fenced.

Within the Electoral Registration Transformation Programme Budget the under spend was attributable to contingencies built into the programme as part of the extensive planning for the transition to the new system of individual voter registration, which took place in this financial year. The impact of different risk scenarios was costed; the under spend reflects the fact that in large part this funding was not required, as the transition proceeded to plan.

### Parliamentary elections in England and Wales: underspend of £2.498 million ring-fenced.

An underspend of £2.498 million is due to the level of Returning Officers' expenses for the conduct of the poll being less than forecast at Supplementary Estimate.

### Depreciation: underspend of £2.006 million ring-fenced.

Impairment losses relating to construction work and information technology assets were low compared to the cover for uncertainty assumed in the 2014-15 Supplementary Estimate.

The savings against non ring-fenced budgets represent a variance of 1.2% against budgets and are mainly attributable to the activities of Corporate Services Group, Pensions and Support to the Cabinet, the PM and the Deputy PM.

## Year on year increase in Resource DEL

A year on year increase in spend of £230.428 million is largely attributable to activities undertaken in the following business units (£126.252 million) and to Consolidated Fund Standing Services (£97.235 million). All spend is shown excluding depreciation in this section.

### Government Innovation Group: year on year increase of £54.452 million

The year on year variance relates to increased activity on 'Youth' programmes in general. The National Citizen Service (NCS) is a flagship youth programme for 16 and 17 year olds. Young people taking part in the programme increased from 39,566 in 2013 to 56,741 in 2014. Whilst there are other programmes contributing to the variance, increased take up on NCS alone led to a £42 million increase.

### Political and Constitutional Reform: year on year increase of £33.436 million

The year on year variance relates to the increased activities that took place under the Electoral Registration Transformation Programme. This most notably included allowing for the introduction of Individual Electoral Registration during the financial year and its implementation at the 2015 UK Parliamentary election. The introduction of Individual Electoral Registration will provide an opportunity to improve accuracy and completeness of the electoral register and improve the citizen experience of registering by enabling online applications.

### Efficiency and Reform: year on year increase of £18.578 million

The year on year variance largely relates to increases in spend under the auspices of the Government Digital Service Programme. This most notably includes building the Department's new in house IT System (which replaces a service which was previously outsourced), the transition of other Government Departments' websites onto GOV.UK, continuing work under the exemplar work-stream and the introduction of Verify (a new system which allows people to verify their identities online).



### Corporate Services Group: year on year increase of £12.940 million

The year on year increase can be attributed to; a decrease in costs as the Knowledge and Information Team, who were part of Corporate Services Group in 2013-14, transferred to the operating segment 'Support to the Cabinet, The PM and the DPM' from 1 April 2014; a net decrease on Estates spend as a result of on-going estate rationalisation, offset against an increase in facilities management services and utilities costs; a reduction in ICT spend due to the ending of the Flex contract with Fujitsu; a net reduction in Pension costs as the Pensions area was separated from the Corporate Services Group to become an independent segment; and a one-off receipt for the transfer of shares in Axelos to Capita Business Services Limited in 2013-14.

### National Security: year on year increase of £6.846 million

£5.500 million of this relates to increased activity between CERT-UK's set up during 2013-14, launched in March 2014, and its first fully operational year of 2014-15. Increased expenditure is attributed to an increase in staffing and staff related costs, annual ICT related costs - including integration and development of CiSP (Cyber Security Information Sharing Platform) and an increase in business costs (lease and business rates, office maintenance costs, travel and expenses).

### Consolidated Fund Standing Services: year on year increase of £97.235 million

Some charges are authorised by Parliament in statute as payable directly from the Consolidated Fund without the need for further annual authorisation through the Estimate process. These charges are known as Consolidated Fund Standing Services.

#### Parliamentary elections in England and Wales

An increase in expenditure on Parliamentary elections in England and Wales of £96.509 million comprises £95.759 million in respect of European Parliamentary Elections that were held on 22 May 2014 and £0.750 million in respect of UK Parliamentary by-elections for Clacton, Heywood and Middleton and Rochester and Strood. This covers the cost of the poll itself and Royal Mail, as 'Universal Service Provider' for the delivery of candidates' election mailings.

#### UK Members of the European Parliament (MEPs)

An increase in salary and pension costs of the UK Members of the European Parliament of £0.726 million is due to resettlement payments, additional pension contributions and retirements.

## Resource AME (RAME)

£000	Outturn	Estimate	Saving/ (Excess)	%	Outturn	Year on Year increase/ (decrease)	%
	2014-15	2014-15	2014-15		2013-14		
<b>Resource AME</b>	<b>(369)</b>	<b>4,942</b>	<b>5,311</b>	<b>107.5</b>	<b>(4,080)</b>	<b>3,711</b>	<b>91.0</b>
of which:							
New provisions and borrowing costs	(793)	-	793	100.0	(2,770)	1,977	71.4
Depreciation on donated assets: Civil Service Club	41	50	9	18.0	99	(58)	(58.6)
Impairment on donated assets	-	-	-	-	355	(355)	n/a
Devaluation of PPE and intangible assets	2,229	6,707	4,478	66.8	(137)	2,366	n/a <sup>1</sup>
Impairment of loans	61	442	381	86.2	109	(48)	(44.0)
Write off of bad debts	-	-	-	-	(292)	292	n/a
Investment properties: gain on changes in fair value	(32)	-	32	100.0	(23)	(9)	(39.1)
Utilisation of provisions	(1,875)	(2,257)	(382)	16.9	(1,421)	(454)	(31.9)

<sup>1</sup>n/a – insufficient expenditure in previous year.

Resource AME budget for 2014-15 was £4.942 million, and actual outturn was £0.369 million negative, a saving of £5.311 million (107.5%) against the budget approved by Parliament. Compared to prior year, outturn has increased by £3.711 million (91.0%).

## Resource AME outturn against budget

A saving of £5.311 million in outturn against budget is mainly attributable to higher property valuation assessments than those assumed for the Supplementary Estimate 2014-15.

## Year on year increase in Resource AME

A year on year increase of £3.711 million is attributable to devaluation of assets and to provisions.

### Devaluation of PPE and Intangible Assets: year on year increase of £2.366 million

The change from 2013-14 reflects the latest valuation estimates for Whitehall properties as at 31 March 2015.

### Provisions: year on year increase of £1.977 million

There is a year on year increase in provisions and borrowing costs of £1.977 million due to an unusually high level of write backs in 2013-14 not repeated in 2014-15. 2013-14 write backs included dilapidations in respect of Hercules House due to the early surrender of the lease and onerous contracts, in particular County Farm due to the change in expectation regarding the timing of the demolition of the buildings on site.

## Capital DEL (CDEL)

£000	Outturn 2014-15	Estimate 2014-15	Saving/ (excess) 2014-15	%	Outturn 2013-14	Year on Year increase/ (decrease)	%
<b>Capital DEL</b>	<b>50,040</b>	<b>51,328</b>	<b>1,288</b>	<b>2.5</b>	<b>42,873</b>	<b>7,167</b>	<b>16.7</b>
Of which:							
Policy ring-fence							
Individual Electoral Registration	3,617	4,000	383	9.6	6,568	(2,951)	(44.9)
Non ring-fenced expenditure	46,423	47,328	905	1.9	36,305	10,118	27.9

Capital DEL budget for 2014-15 was £51.328 million, and actual outturn was £50.040 million, a saving of £1.288 million (2.5%) against the budget approved by Parliament. Compared with prior year, there has been an increase in Capital DEL expenditure of £7.167million (16.7%). Capital DEL is broken down by Operating Segment in Note to Accounts SOPS 2.2.

## Year on year increase in Capital DEL

A year on year increase in Capital DEL is mainly attributable to the activities of the following business units.

### Political and Constitutional Reform: year on year decrease of £2.951 million ring-fenced

The majority of CDEL in 2013-14 related to the delivery of the IT and Digital services which supported the business change to move to Individual Electoral Registration (IER). There were also a number of capital grants paid to local authorities to support new hardware requirements as a result of IER. In 2014-15 CDEL spend on the building of the IT and Digital Services significantly decreased as the programme went live in June and ongoing costs transferred to RDEL once the asset became operational. There continued to be capital grants issued to local authorities to support the emerging hardware requirements. The overall decrease was caused by the capital grants issued totalling less than the decrease in the IT and Digital Services spend.

### Efficiency and Reform Group: year on year increase of £12.189 million

In 2014-15 £7.200 million was spent on the development of the Single Operating Platform for Government (2013-14: £NIL). The objective is to reduce the cost to HMG of running multiple Oracle solutions for different Departments by consolidating solutions and achieving a better competitive deal for Oracle licensing, hosting and support that is applicable across the Government. In 2014-15, £4.300 million was also spent on developing a new IT system for the Cabinet Office. The overall goal was to create a new system based on flexibility, user needs and choice but in a way that represents value for money. As such, one of the prerequisites of the project was to ensure that costs were lower than the previous IT system, which was provided by an external supplier.

### Corporate Services Group: year on year decrease of £9.492 million

The reduction of capital year-on-year spend is primarily due to the peak of capital works during 2013-14, which subsequently decreased in 2014-15.

### Government Innovation Group: year on year increase of £8.396 million

The increase in Government Innovation Group's capital expenditure was partly due to increased investment in the Endowment Match Challenge, but mainly due to new capital grants to emergency service organisations funded from fines levied on banks in the wake of the London Interbank Offered Rate (LIBOR) scandal.

## Public Expenditure Data

### Financial Trends

Trends over the period 2010-11 to 2015-16 are revealed in the charts as follows:

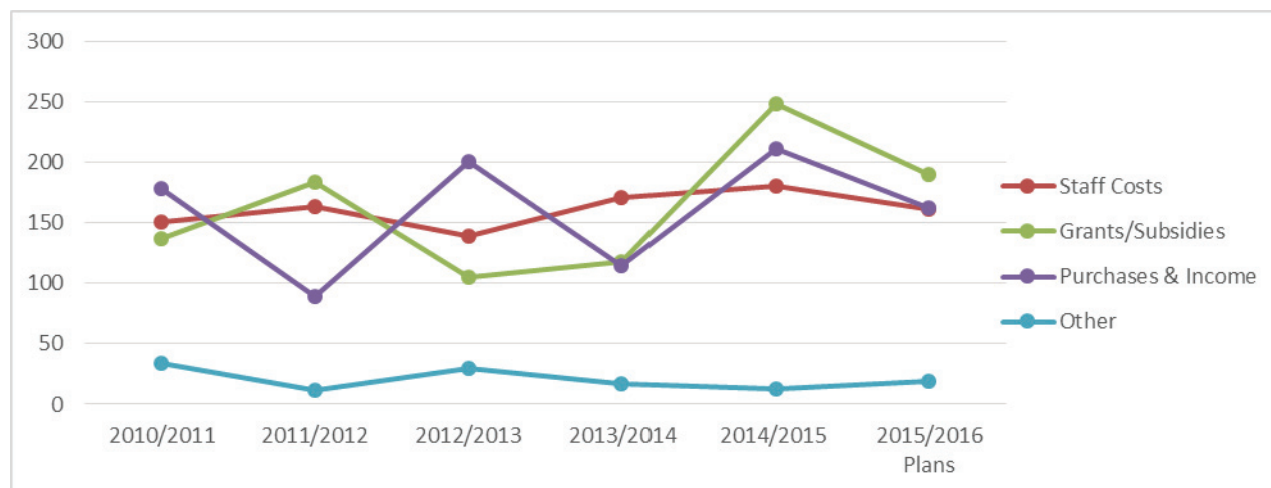
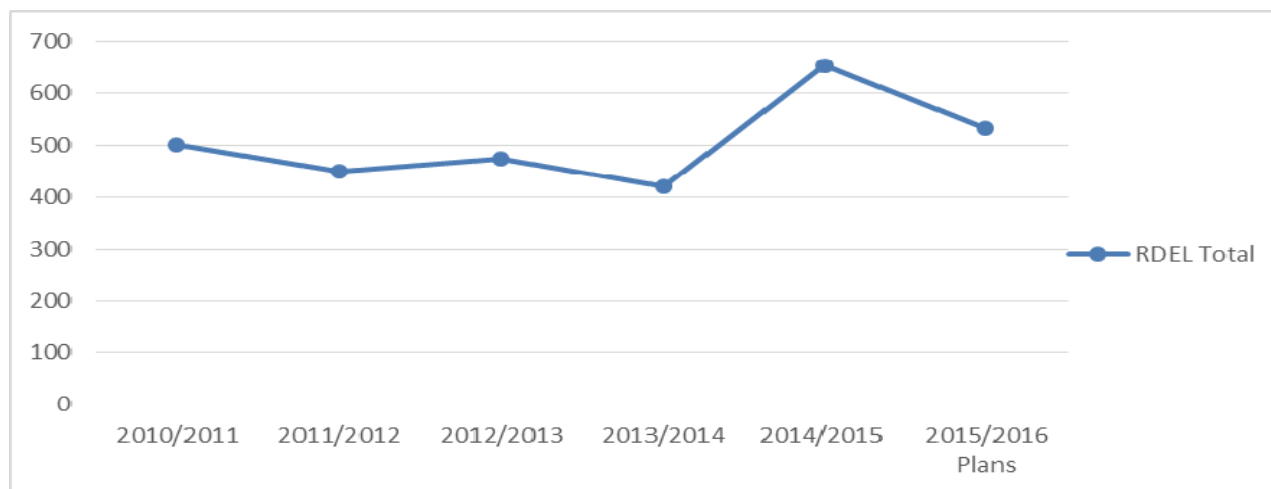
Resource Departmental Expenditure (RDEL) has been between £400 to £500 million from 2010-11 to 2013-14 and peaked at £650.303 million in 2014-15 and is forecast to fall to £532.000 million in 2015-16. Driving factors behind the 2014-15 peak are explained in summary in the Financial Highlights and in detail in the previous section. The fall in costs in 2015-16 is set mainly to occur within the Chief Executive's Group.

Resource Annually Managed Expenditure (RAME) covers provisions and property revaluations and as such is expected to be volatile. 2012-13 saw a dip into negative RAME of £32.003 million resulting from a gain in change in fair value of Admiralty Arch. The forecast for 2015-16 stands at £5.000 million.

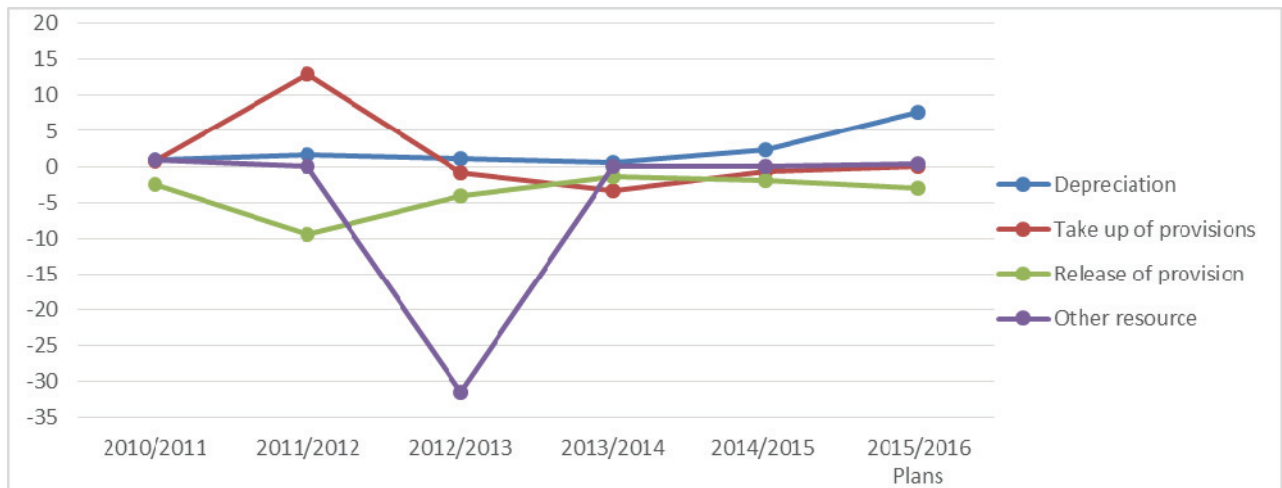
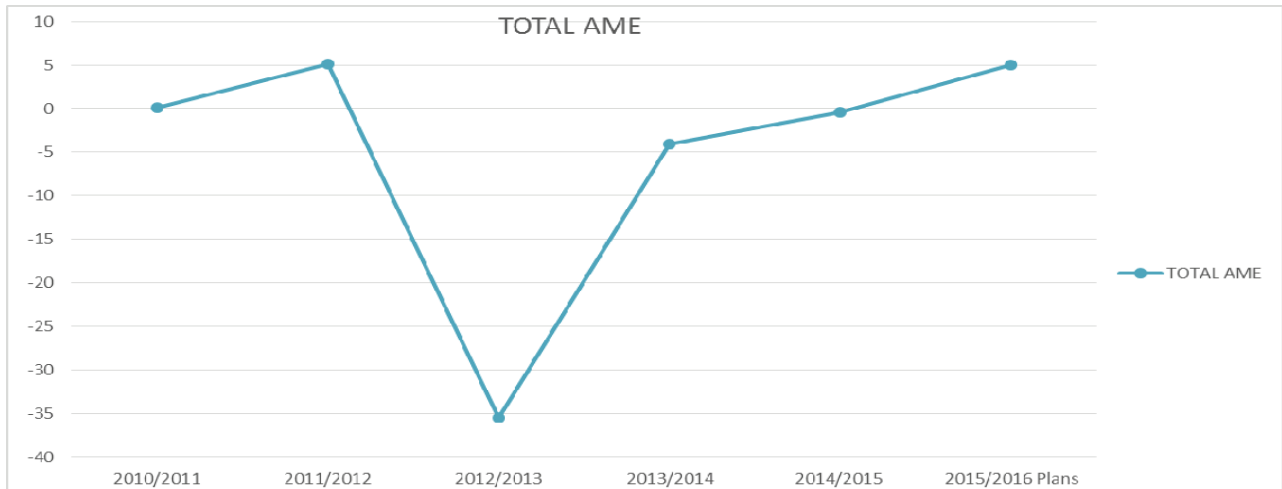
Capital Departmental Expenditure Limit (CDEL) rose steadily from £15.054 million to a peak of £50.040 million in 2014-15 and is forecast to fall back to £16.030 million in 2015-16. The financial years 2013-14 and 2014-15 saw investment in the Cabinet Office estate and IT and increased capital grant expenditure for Office for Civil Society programmes and for Electoral Registration Transformation Programme grants to local authorities.

A detailed comparison and commentary is set out on the following pages.

### Resource DEL expenditure 2010-11 to 2015-16 (£millions)



## Resource AME expenditure 2010-11 to 2015-16 (£millions)



## Capital DEL expenditure 2010-11 to 2015-16 (£millions)

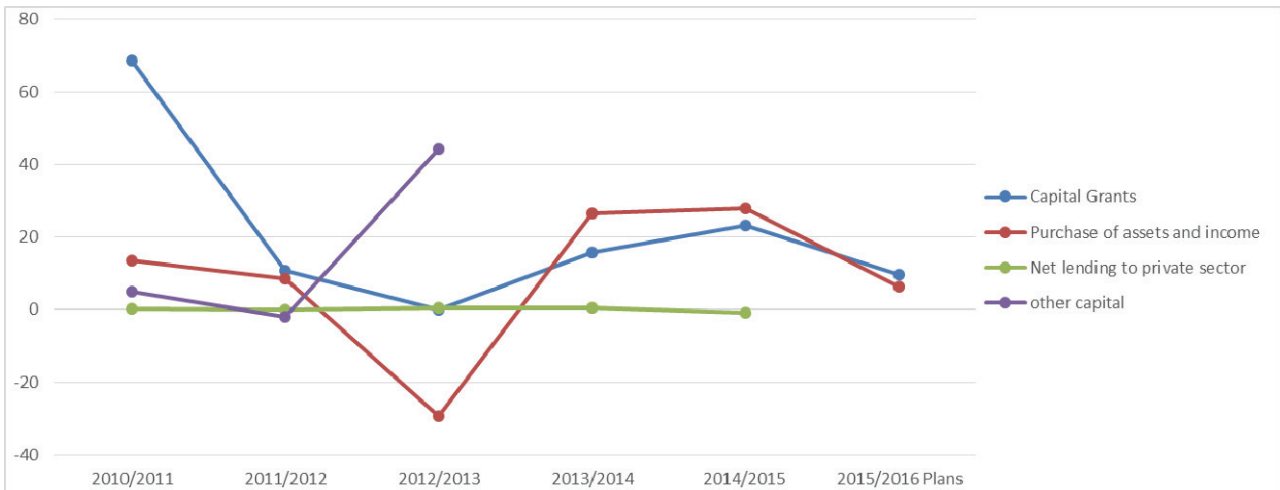
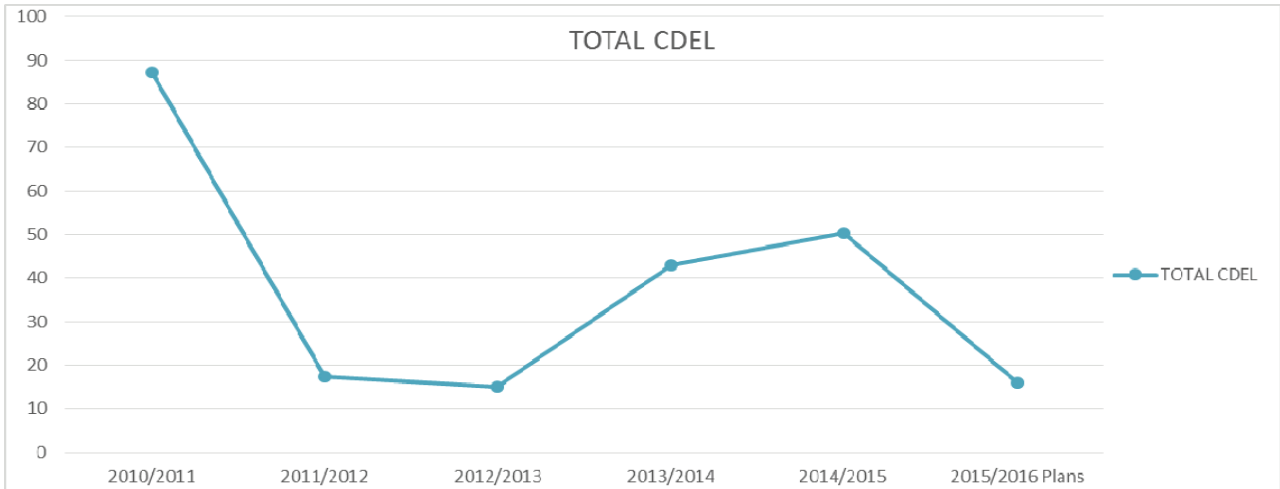


Table 1 Cabinet Office total departmental spending 2010-11 to 2015-16

£000	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Provisional Outturn <sup>7</sup>	Plans <sup>4</sup>
<b>Resource DEL</b>						
Support to the Cabinet, the PM & the Deputy PM	-	65,978	121,108	57,691	63,935	85,716
Permanent Secretary's Group	-	-	-	-	-	273,718
Chief Executive's Group	-	-	-	-	-	49,655
Independent Business Units	-	-	-	-	-	476
Arm's Length Bodies (NET)	-	1,313	1,442	1,794	2,028	2,003
Political & Constitutional Reform	6,414	10,830	9,958	20,629	55,389	-
National Security	-	52,011	44,472	29,076	36,548	-
Efficiency and Reform	178,910	252,992	210,665	94,417	117,223	-
Government Innovation Group	-	-	5,285	170,092	225,378	-
Civil Service Capability	-	-	-	6,098	8,582	-
Pensions	-	-	-	4,917	5,023	-
Hosted Functions	2,175	1,286	1,340	1,152	1,265	-
Consolidated Fund Standing Services (CFSS)	104,397	1,849	1,831	1,826	99,061	120,600
Corporate Services Group	208,460	62,546	77,727	32,183	41,624	-
<b>Total Resource DEL</b>	<b>500,356</b>	<b>448,805</b>	<b>473,828</b>	<b>419,875</b>	<b>656,056</b>	<b>532,168</b>
<i>Of which:</i>						
Staff costs	150,867	163,777	138,680	170,309	180,339	161,184 <sup>5</sup>
Purchase of goods and services	252,216	217,245	291,335	298,105	342,714	320,175
Income from sales of goods and services	(73,576)	(127,805)	(91,190)	(183,910)	(129,363)	(158,127)
Current grants to local government (net)	613	92	962	8,363	34,836	148
Current grants to persons and non-profit bodies (net)	136,142	177,105	103,908	109,921	214,543	189,956
Subsidies to private sector companies	-	6,282	-	-	-	-
Rentals	20,122	17,863	31,581	12,857	9,340	13,091
Depreciation <sup>1</sup>	10,565	8,122	11,241	13,866	13,082	15,266
Other resource	3,407	(13,876)	(12,689)	(9,636)	(9,435)	(9,525)
<b>Resource AME</b>						
Corporate Services Group (AME)	67	5,119	(35,479)	(4,080)	(369)	-
Cabinet Office AME	-	-	-	-	-	5,000
<b>Total Resource AME</b>	<b>67</b>	<b>5,119</b>	<b>(35,479)</b>	<b>(4,080)</b>	<b>(369)</b>	<b>5,000</b>
<i>Of which:</i>						
Staff costs	-	2	-	-	-	-
Rentals	-	-	-	1	-	-
Depreciation <sup>1</sup>	895	1,587	988	565	2,269	7,642
Take up of provisions	757	13,022	(840)	(3,305)	(787)	6
Release of provision	(2,543)	(9,445)	(4,062)	(1,424)	(1,876)	(3,090)
Other resource	958	(47)	(31,565)	83	25	442
<b>Total Resource Budget</b>	<b>500,423</b>	<b>453,924</b>	<b>438,349</b>	<b>415,795</b>	<b>655,687</b>	<b>537,168</b>
<i>Of which:</i>						
Depreciation <sup>1</sup>	11,460	9,709	12,229	14,431	15,351	22,908

Table 1 Cabinet Office total departmental spending 2010-11 to 2015-16 (continued)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
£000	Outturn	Outturn	Outturn	Outturn	Provisional Outturn <sup>7</sup>	Plans <sup>4</sup>
<b>Capital DEL</b>						
Support to the Cabinet, the PM & the Deputy PM	-	1,604	1,798	1,476	2,068	30 <sup>6</sup>
Permanent Secretary's Group	-	-	-	-	-	16,000 <sup>6</sup>
Political & Constitutional Reform	-	-	2,290	6,567	3,617	-
National Security	-	(1,832)	(40)	975	(57)	-
Efficiency and Reform	75,742	12,335	4,431	4,504	16,693	-
Government Innovation Group	-	-	-	12,080	20,476	-
Civil Service Capability	-	-	-	43	47	-
Corporate Services Group	11,505	5,334	6,575	17,228	7,736	-
<b>Total Capital DEL</b>	<b>87,247</b>	<b>17,441</b>	<b>15,054</b>	<b>42,873</b>	<b>50,580</b>	<b>16,030</b>
<i>Of which:</i>						
Capital support for local government (net)	7,102	-	(20)	4,914	3,390	-
Capital grants to persons & non-profit bodies (net)	38,206	-	(8,084)	(3)	(2,615)	-
Capital grants to private sector companies (net)	23,208	10,840	7,963	10,887	22,476	9,700
Purchase of assets	13,507	8,552	14,887	26,528	28,127	6,330
Income from sales of assets	-	(134)	(44,261)	(2)	-	-
Net lending to the private sector and abroad	224	58	424	549	(798)	-
Other capital	5,000	(1,875)	44,145	-	-	-
<b>Total Capital Budget</b>	<b>87,247</b>	<b>17,441</b>	<b>15,054</b>	<b>42,873</b>	<b>50,580</b>	<b>16,030</b>
<b>Total departmental spending<sup>3</sup></b>	<b>576,210</b>	<b>461,656</b>	<b>441,174</b>	<b>444,237</b>	<b>690,916</b>	<b>530,290</b>
<i>Of which:</i>						
Total DEL	577,038	458,124	477,641	448,882	691,285	525,290
Total AME	(828)	3,532	(36,467)	(4,645)	(369)	5,000

<sup>1</sup> Includes impairments<sup>2</sup> Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items<sup>3</sup> 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.<sup>4</sup> A new reporting structure has been adopted for 2015-16. See page 56 for more detail.<sup>5</sup> These budget numbers are based on the SR2013 settlement and will be revised at Supplementary Estimate 2015-16.<sup>6</sup> Budgets will be re-allocated across segments according to business need at Supplementary Estimate 2015-16.<sup>7</sup> Outturn 2014-15 is provisional; see Table 2 for reconciliation to final outturn as reported in the financial statements.



## Table 2 Cabinet Office Outturn Year 2014-15

Table 2 'Outturn Year' supplements Table 1 by providing comparators for budgetary control limits for the reporting year just ended.

£000	2014-15		2014-15		2014-15		2014-15	
	Original Plans		Final Plans		Provisional Outturn		Final Outturn <sup>2</sup>	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<b>Voted expenditure</b>	<b>530,727</b>	<b>20,500</b>	<b>570,685</b>	<b>51,328</b>	<b>556,995<sup>1</sup></b>	<b>50,580</b>	<b>551,242<sup>1</sup></b>	<b>50,040</b>
<i>Of which:</i>								
Support to the Cabinet, the PM & the Deputy PM	83,497	2,000	61,936	2,000	63,935	2,068	63,260	1,528
Political & Constitutional Reform	70,092	-	65,936	4,000	55,389	3,617	55,143	3,617
National Security	20,100	-	33,175	210	36,548	(57)	36,365	(57)
Efficiency and Reform	48,081	-	99,895	18,457	117,223	16,693	113,354	16,693
Arm's Length Bodies (NET)	-	-	-	-	2,028 <sup>1</sup>	-	2,028 <sup>1</sup>	-
Government Innovation Group	225,508	10,000	226,941	20,950	225,378	20,476	224,727	20,476
Hosted Functions	1,150	-	1,150	-	1,265	-	1,265	-
Corporate Services Group	67,020	8,500	65,950	5,641	41,624	7,736	41,796	7,736
Civil Service Capability	7,392	-	7,392	-	8,582	47	8,596	47
Pensions	6,000	-	6,087	-	5,023	-	4,708	-
eNDPBs (NET)	1,887	-	2,067	-	-	-	-	-
The Registrar of Consultant Lobbyists	-	-	156	70	-	-	-	-
<b>Non-voted expenditure</b>	<b>121,100</b>	<b>-</b>	<b>102,007</b>	<b>-</b>	<b>99,061<sup>1</sup></b>	<b>-</b>	<b>99,061<sup>1</sup></b>	<b>-</b>
<i>Of which:</i>								
Consolidated Fund Standing Services (CFSS)	121,100	-	102,007	-	99,061	-	99,061	-
<b>Total Spending in DEL</b>	<b>651,827</b>	<b>20,500</b>	<b>672,692</b>	<b>51,328</b>	<b>656,056</b>	<b>50,580</b>	<b>650,303</b>	<b>50,040</b>
<b>Spending in Annually Managed Expenditure (AME)</b>								
<b>Voted expenditure</b>	<b>4,942</b>	<b>-</b>	<b>4,942</b>	<b>-</b>	<b>(369)</b>	<b>-</b>	<b>(369)</b>	<b>-</b>
<i>Of which:</i>								
Corporate Services Group (AME)	4,942	-	4,942	-	(369)	-	(369)	-
<b>Total Spending in AME</b>	<b>4,942</b>	<b>-</b>	<b>4,942</b>	<b>-</b>	<b>(369)</b>	<b>-</b>	<b>(369)</b>	<b>-</b>
<b>Total</b>	<b>656,769</b>	<b>20,500</b>	<b>677,634</b>	<b>51,328</b>	<b>655,687</b>	<b>50,580</b>	<b>649,934</b>	<b>50,040</b>
<i>Of which:</i>								
Voted expenditure	535,669	20,500	575,627	51,328	556,626 <sup>1</sup>	50,580	550,873 <sup>1</sup>	50,040
Non-voted expenditure	121,100	-	102,007	-	99,061 <sup>1</sup>	-	99,061 <sup>1</sup>	-

<sup>1</sup> £0.002m of non-voted income has been net against the expenditure for the Registrar of Consultant Lobbyists as arm's length bodies are shown as a net figure here for presentation purposes. This does not align with SOPS2 where the expenditure is shown as voted and the income as non-voted. See SOPS2 for further detail.

<sup>2</sup> Final Outturn reported in the Financial Statements is lower than the provisional outturn reported on HM Treasury's public expenditure database. Spending in resource DEL has decreased by £5.753 million and spending in capital DEL has decreased by £0.540 million. The reduction represents a revision to accruals; see Governance Statement 'post-recess certification' for further explanation.

Table 3 Cabinet Office Capital Employed

£000	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
<b>Assets and Liabilities on the Statement of Financial Position at year end</b>						
<b>Non-current assets</b>						
<b>Property, plant and equipment</b>						
<i>of which:</i>						
Land and buildings	147,661	125,060	99,817	111,650	129,259	136,282
Dwellings	24,709	24,771	32,396	30,361	34,905	33,391
Information technology	4,656	4,583	1,837	3,279	16,665	14,626
Plant and machinery	1,720	1,530	938	355	476	317
Furniture and fittings	313	535	523	1,839	1,008	514
Art and antiques	12,231	10,584	9,733	9,884	9,328	9,328
Assets under construction (AUC)	8,093	8,794	16,849	20,867	10,978	6,600
<b>Total Property, plant and equipment</b>	<b>199,383</b>	<b>175,857</b>	<b>162,093</b>	<b>178,235</b>	<b>202,619</b>	<b>201,058</b>
Investment properties	-	-	62,265	2,288	2,320	2,320
Intangible assets	3,832	4,406	6,190	4,600	6,102	3,283
<b>Sub total</b>	<b>203,215</b>	<b>180,263</b>	<b>230,548</b>	<b>185,123</b>	<b>211,041</b>	<b>206,661</b>
Investment in associates	-	-	5,882	53,695	56,204	67,272
Other financial assets	1,228	1,403	1,404	2,128	2,308	2,308
Other non-current assets	411	354	-	16,450	11,050	1,650
<b>Total non-current assets</b>	<b>204,854</b>	<b>182,020</b>	<b>237,834</b>	<b>257,396</b>	<b>280,603</b>	<b>277,891</b>
<b>Current assets</b>						
Assets held for sale	-	44,145	-	60,000	60,000	-
Returning Officers' expenses	-	-	-	1,505	37,441	-
Deferred consideration	-	-	-	9,400	9,400	9,400
Other current assets	131,056	99,275	62,276	64,370	105,975	68,975
<b>Total current assets</b>	<b>131,056</b>	<b>143,420</b>	<b>62,276</b>	<b>135,275</b>	<b>212,816</b>	<b>78,375</b>
<b>Current Liabilities</b>						
Returning Officers' expenses	-	-	-	(1,505)	(37,441)	-
Trade and other payables	(177,395)	(169,779)	(95,600)	(98,979)	(147,755)	(110,755)
Provisions	-	(4,288)	(1,884)	(4,693)	(2,729)	(3,108)
<b>Total current liabilities</b>	<b>(177,395)</b>	<b>(174,067)</b>	<b>(97,484)</b>	<b>(105,177)</b>	<b>(187,925)</b>	<b>(113,863)</b>
<b>Non-current liabilities</b>						
Provisions	(6,240)	(13,036)	(10,829)	(3,830)	(3,126)	(18)
<b>Total capital employed</b>	<b>152,275</b>	<b>138,337</b>	<b>191,797</b>	<b>283,664</b>	<b>302,368</b>	<b>242,385</b>
<i>of which:</i>						
<b>Core Department</b>	<b>152,275</b>	<b>138,501</b>	<b>191,864</b>	<b>283,889</b>	<b>302,613</b>	<b>242,643</b>
<b>Arm's Length Bodies</b>	<b>-</b>	<b>(164)</b>	<b>(67)</b>	<b>(225)</b>	<b>(245)</b>	<b>(258)</b>

Table 4 Cabinet Office Administration budget 2010-11 to 2015-16

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Provisional Outturn <sup>2</sup>	Plans
<b>Resource DEL</b>						
Support to the Cabinet, the PM & the Deputy PM	-	63,500	56,466	53,789	56,913	52,599
Permanent Secretary's Group	-	-	-	-	-	67,730
Chief Executive's Group	-	-	-	-	-	28,405
Independent Business Units	-	-	-	-	-	476
Arm's Length Bodies (NET)	-	1,313	1,442	1,794	2,028	1,855
Political & Constitutional Reform	4,163	3,699	3,740	4,012	3,435	-
National Security	-	17,523	15,597	15,276	13,970	-
Efficiency and Reform	24,647	48,992	39,331	34,487	17,805	-
Government Innovation Group	-	-	-	6,509	4,669	-
Transactional Shared Services	-	-	-	565	-	-
Civil Service Capability	-	-	-	-	7,762	-
Pensions	-	-	-	-	5,023	-
Hosted Functions	2,175	1,144	1,360	1,102	1,271	-
Corporate Services Group	170,529	50,568	75,389	35,791	41,594	-
<b>Total administration budget</b>	<b>201,514</b>	<b>186,739</b>	<b>193,325</b>	<b>153,325</b>	<b>154,470</b>	<b>151,065</b>
<i>Of which:</i>						
Staff costs	145,583	125,653	105,924	115,919	113,501	101,445 <sup>1</sup>
Purchase of goods and services	97,902	111,803	140,243	199,627	153,615	139,087
Income from sales of goods and services	(72,070)	(62,061)	(83,432)	(178,094)	(119,609)	(110,799)
Current grants to local government (net)	(1)	-	-	-	-	-
Current grants to persons and non-profit bodies (net)	-	-	-	(1)	-	-
Rentals	20,122	17,505	31,743	12,314	8,245	13,091
Depreciation	10,015	5,688	8,563	10,313	8,162	15,266
Other resource	(37)	(11,849)	(9,716)	(6,753)	(9,444)	(7,025)

<sup>1</sup>These budget numbers are based on SR2013 settlement and will be revised at Supplementary Estimate 2015-16

<sup>2</sup>Outturn 2014-15 is provisional; see Table 2 for reconciliation to final outturn as reported in the financial statements

## Table 5a Staff numbers for the Cabinet Office

	2012-13	2013-14	2014-15
	Actual	Actual	Actual
Permanent Staff	1,663	1,668	1,605
Casuals <sup>1</sup>	244	425	591
Special Advisers	48	56	58
Non-Payroll Staff <sup>2</sup>	101	292	230
<b>Total Cabinet Office</b>	<b>2,056</b>	<b>2,441</b>	<b>2,484</b>

## Table 5b Staff numbers for the Cabinet Office

Grade	Pay Band	Actual
Permanent Secretary	£142,000 - £230,000	6
SCS 3	£104,000 - £208,100	20
SCS 2	£85,000 - £162,500	53
SCS 1	£62,000 - £117,800	159
<b>Total<sup>3</sup></b>		<b>238</b>

These tables show the actual number of staff within the Cabinet Office as at the 31<sup>st</sup> of March each year. In contrast, Note 3 to the Accounts shows headcount expressed as the average number of full-time equivalent persons employed during 2014-15 and includes ministers and commissioners.

The above figures are full-time equivalents rounded to the nearest full number.

<sup>1</sup> The casuals category includes staff employed on fixed term appointments.

<sup>2</sup> The non-payroll staff category includes consultants and contingent labour (i.e. interim managers, specialist contractors and agency staff).

<sup>3</sup> Total includes 42 staff 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).

**Table 6 Total identifiable expenditure on services by country and region, 2009-10 to 2013-14**

Cabinet Office	National Statistics					£ million
	2009-10	2010-11	2011-12	2012-13	2013-14	
	North East	22	22	17	13	15
North West	60	59	45	37	41	
Yorkshire and the Humber	45	44	34	22	32	
East Midlands	39	38	29	20	27	
West Midlands	48	47	36	27	33	
East	50	49	38	27	35	
London	69	68	53	40	49	
South East	73	72	56	40	52	
South West	45	44	34	21	33	
<b>Total England</b>	<b>451</b>	<b>442</b>	<b>342</b>	<b>247</b>	<b>316</b>	
Scotland	45	44	34	30	30	
Wales	26	26	20	12	19	
Northern Ireland	15	15	12	7	11	
<b>UK identifiable expenditure</b>	<b>537</b>	<b>527</b>	<b>408</b>	<b>296</b>	<b>376</b>	
Outside UK	-	-	0	-6	1	
<b>Total identifiable expenditure</b>	<b>537</b>	<b>527</b>	<b>408</b>	<b>290</b>	<b>377</b>	
Non-identifiable expenditure	44	34	66	63	60	
<b>Total expenditure on services</b>	<b>581</b>	<b>561</b>	<b>474</b>	<b>353</b>	<b>438</b>	

**Table 7 Total identifiable expenditure on services by country and region, per head 2009-10 to 2013-14**

Cabinet Office	National Statistics					£ Head
	2009-10	2010-11	2011-12	2012-13	2013-14	
	North East	9	8	6	5	6
North West	9	8	6	5	6	
Yorkshire and the Humber	9	8	6	4	6	
East Midlands	9	8	6	4	6	
West Midlands	9	8	6	5	6	
East	9	8	6	5	6	
London	9	8	6	5	6	
South East	9	8	6	5	6	
South West	9	8	7	4	6	
<b>England</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>6</b>	
Scotland	9	8	6	6	6	
Wales	9	8	7	4	6	
Northern Ireland	9	8	7	4	6	
<b>UK identifiable expenditure per head</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>6</b>	

Table 8 Expenditure on services by sub-function, 2013-14

Cabinet Office	National Statistics													£ million			
	North East	North West	Yorkshire and the Humber	Midlands East	Midlands West	East of England	London	South East	South West	England	Scotland	Wales	Northern Ireland	Outside UK	Identifiable	Not identifiable	Grand Total
<b>1. General public services</b>																	
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	13	35	28	24	29	31	43	45	29	277	26	17	10	1	60		391
1.6 General public services n.e.c.	1	2	1	1	1	2	2	2	1	14	1	1	0	-	-		17
<b>Total general public services</b>	<b>14</b>	<b>37</b>	<b>29</b>	<b>25</b>	<b>31</b>	<b>32</b>	<b>45</b>	<b>48</b>	<b>30</b>	<b>291</b>	<b>27</b>	<b>17</b>	<b>10</b>	<b>1</b>	<b>60</b>		<b>408</b>
<b>3. Public order and safety</b>																	
3.6 Public order and safety n.e.c.	1	3	2	2	3	3	4	4	2	25	2	1	1	-	-		30
<b>Total public order and safety</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>25</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>		<b>30</b>
<b>Total Cabinet Office expenditure on services</b>	<b>15</b>	<b>41</b>	<b>32</b>	<b>27</b>	<b>33</b>	<b>35</b>	<b>49</b>	<b>52</b>	<b>33</b>	<b>316</b>	<b>30</b>	<b>19</b>	<b>11</b>	<b>1</b>	<b>60</b>		<b>438</b>

## Commentary on Public Expenditure Data Tables

The aim of the published expenditure data tables is to present spending plans and comparable outturn data and to provide an explanation of the Cabinet Office's budgetary spending. The tables analyse spending in terms of the main spending control aggregates: the Departmental Expenditure Limit (DEL), showing resource DEL (RDEL) and capital DEL (CDEL) consumption and departmental Annually Managed Expenditure (AME). Budgets are negotiated with HM Treasury by means of Spending Reviews (SR) and the most recent are the Spending Review 2010 (SR2010) covering financial years 2011-12, 2012-13, 2013-14 and 2014-15 and Spending Round 2013 covering financial year 2015-16.

### Reporting structure

In Main Estimate 2015-16 Cabinet Office changed its reporting structure to reflect a change in its organisational structure, broken down as follows:

- Cabinet Secretary, Head of the Civil Service
- Chief Executive of the Civil Service
- Permanent Secretary and First Parliamentary Counsel

This has resulted in fewer operating segments as follows:

- Support to the Cabinet, the PM & the DPM includes previous operating segments for Political & Constitutional Reform and National Security
- Permanent Secretary's Group includes previous operating segments for Government Innovation Group and Corporate Services Group
- Chief Executive's Group includes previous operating segments for Efficiency and Reform, Civil Service Capability and Pensions
- Independent Business Units includes Hosted Functions
- Arm's Length Bodies includes the Civil Service Commission and the Registrar of Consultant Lobbyists
- Consolidated Fund Standing Services includes Parliamentary elections in England and Wales and the costs of UK Members of the European Parliament

## Table 1 Total Departmental Spending

### Resource DEL (RDEL)

The 2010 Spending Review Settlement provided for a real reduction in non-ring fenced RDEL of 35% on the Cabinet Office 2011-12 baseline after excluding all changes in departmental responsibilities. The 2013 Spending Round Settlement provided for a real reduction in non-ring fenced RDEL of 10% in 2015-16 against the Cabinet Office 2014-15 baseline. Additional spending cuts of £2.100 million against administration budget and £10.000 million against resource programmes have been applied for 2015-16.

### Staff costs

There is a decrease in 2015-16 pay costs in response to the Government's deficit reduction plans. The increase from 2013-14 to 2014-15 in permanent staff costs is due to increased responsibilities within the Efficiency & Reform Group (ERG) and Government Innovation Group's (GIG) operating segments, which led to the creation of new teams. Outturn may be reconciled to staff costs at Note 4 to the Accounts by adding the salaries and pensions of the UK Members of the European Parliament and by adding utilisation of early departures costs (whereby cash disbursement is a charge against RDEL and release of the provision is a benefit to RAME); both are reported in the previous section Performance against Parliamentary Control Totals. See Note SOPS3.

## Efficiency & Reform Group

Within ERG a number of new projects and teams have been established, including Crown Hosting, Debt Market Integrator, Shared Services Centre 2, Single Operating Platform, Civil Service HR, ERG HR Team, Commercial Reform Team and the Complex Transactions Team. Also within ERG, Government Digital Service (GDS) staff numbers and associated costs increased to take into account the additional activities that GDS has taken forward. This most notably related to continuing to develop and improve GOV.UK, to rationalise and bring over 300 ALB websites to GOV.UK and taking forward a number of exemplar projects with other Government Departments on transactional services which were aimed at improving the level of customer satisfaction, increasing the uptake of online services, saving money from service and IT delivery contracts; and building capability within each department.

## Government Innovation Group

Within the Government Innovation Group operating segment, new teams were created during 2013-14, such as Data Sharing Public Sector Partnership & Contestable Policy.

## Purchase of goods and services and income from sales of goods and services

### Political and Constitutional Reform

The SR2010 settlement included funding for the boundary review and in 2014-15 and 2015-16 the introduction of Individual Electoral Registration and elections to the European Parliament.

In 2009-10 the 2009 European Parliamentary elections were budgeted at £95.300 million, in 2010-11 the 2010 UK Parliamentary Elections for England and Wales were budgeted at £102.200 million and in 2014-15 the costs of 2014 European Parliamentary elections for England and Wales amounted to £96.509 million; see Note 5 to the Accounts.

The costs of 2015 UK Parliamentary elections for England, Wales and Scotland are forecast at £120.600 million.

## Current grants

The SR2010 settlement included funding for the voluntary sector and for the Electoral Registration Transformation Programme. See Note 5 to the Accounts, which describes the purpose of the grant programmes.

### Political and Constitutional Reform

Resource grants of £33.595 million were disbursed to local government in order to support the Electoral Registration Transformation Programme in 2014-15.

## Government Innovation Group

The Government Innovation Group is charged with implementing the Government's commitment to the Big Society and the SR2010 settlement provided for the Community First Fund, support for volunteering, capacity building, community organisers and support for mutuals. The pilot phase of the National Citizen Service was implemented during 2011-12 and 2012-13. Key programmes in 2014-15 include the National Citizen Service (£129.579 million), Access: The Foundation for Social Investment (£36.000 million), Social Action (£23.052 million), Community First (£9.459 million) and Advice Services Fund (£16.554 million).

In 2015-16 SR2013 provided £140.000 million for the National Citizen Service and £56.000 million for other civil society programmes. In addition £10.400 million, funded from the use of London Interbank Offered Rate (LIBOR) fines is provided for the Uniformed Youth and Blue Lights programmes. The Uniformed Youth programme aims to create 15,000 new places in uniformed youth organisations in deprived areas across the UK. The Blue Lights programme aims to support the mental and physical health of emergency services personnel.



## Rentals

Rentals include offices at 1 Horse Guards Road and a PFI service charge in respect of Sunningdale Park; see Note 4 to the Accounts. During 2012-13 the Cabinet Office paid lease surrender premiums totalling £16.350 million to secure early exit from leasehold properties at 1 Palace Street and 67 Tufton Street in order to realise future value for money savings. The Cabinet Office assumed responsibility for the lease of 1 Palace Street from the Department for International Development which moved to cheaper premises at 22-26 Whitehall gifted to them by the Cabinet Office. By incurring a charge of £13.650 million, the Cabinet Office secured early exit from the lease in December 2013 with the prospect of achieving overall savings of £62.500 million, which included the avoidance of future rental payments to September 2020.

## Depreciation and impairment

Depreciation is a ring-fenced budget and may not be re-deployed. It includes depreciation and impairment caused by loss or damage to assets resulting from normal business operations, abandonment of assets under construction or over-specification of assets. Depreciation arises mainly on owned buildings, and amortisation arises mainly on websites. See Notes 4 and 5 to the Accounts.

## Other resource

This includes income from dividends from the Crown Commercial Service trading fund, and associates. In 2014-15 a profit on disposal of 11% of a shareholding in associate, MyCSP Limited, amounted to £5.961 million. See Note 6 to the Accounts.

## Resource AME (RAME)

Resource AME comprises the take up of new provisions and the release of provisions at the point of cash utilisation for both dilapidations on leasehold properties and onerous contracts on vacant leasehold properties, staff early departures, depreciation on donated assets and impairments against property assets and loans and investment properties gains/loss on changes in fair value.

## Other resource

During 2012-13 Admiralty Arch became vacant and was recognised as an investment property at fair value of £60 million resulting in a gain on change in fair value of £32.003 million. See Note 8 to the Accounts.

## Capital DEL (CDEL)

The 2010 Spending Review Settlement provided for a real reduction of 28% on the Department's 2011-12 baseline. The Public Expenditure Committee agreed the following should be funded within this capital settlement: Cabinet Office Estate Rationalisation, Constitutional Reform – Individual Electoral Registration, Social Action and Community First. Spending Round 2013 allowed £14.600 million for the upkeep of estates and crisis facilities and future ICT. Additional spending cuts of £5.300 million have been applied against 2015-16 capital programmes.

## Capital grants

### Government Innovation Group

Expenditure from 2007-08 to 2010-11 represents capital grants mainly to Futurebuilders England Limited to deliver the Futurebuilders programme which came to an end on 31 March 2011. During 2012-13 Futurebuilders England Limited returned capital income of £8.000 million to the Cabinet Office representing the repayment of loans by investees. During 2014-15 £2.600 million was returned to the Cabinet Office; see Notes 6 and 24 to the Accounts.

Since 2011-12 capital grants have been made to the Community First Endowment Match Challenge programme and in 2014-15 these amounted to £13.936 million (2013-14: £10.881 million). In 2014-15 £8.123 million capital grants were made to the Programme and Strategy Office; see Note 5 to the Accounts. In 2015-16 £3.000 million is expected to be spent on grants to improve outcomes for children, young people and families and £6.700 million funding is provided to support various Air Ambulance Trusts in England with the purchase of new aircraft, upgraded facilities and running costs.

### Political and Constitutional Reform

During 2014-15 capital expenditure of £3.390 million was incurred on Individual Electoral Registration (2013-14: £4.914 million). SR2010 brought forward the introduction of Individual Electoral Registration. Individual Electoral Registration requires each member of a household to register, and be responsible for, their own entry on the register which is subsequently checked against other sources of public data to ensure that the electoral register is trusted and secure. Individual Electoral Registration should improve accuracy of the register, allow people to register in different ways and will allow the government to take steps to address the completeness of the register; see Note 5 to the Accounts.

### Purchase of Assets

#### Corporate Services Group

In 2013-14 capital spend of £26.528 million related to investment in the Cabinet Office's London estate. In 2014-15 capital spend of £10.734 million has been incurred on the London estate and £14.661 million on Cabinet Office IT; see Notes 7 and 9 to the Accounts.

#### Other capital and income from sale of assets

In 2012-13 the Minister for the Cabinet Office transferred all rights and obligations under the freehold and associated agreements for 22-26 Whitehall, to the Secretary of State for International Development (DFID). The fair value of property at the date of transfer was £44.145 million.

## Table 3 Capital Employed for the Cabinet Office

### Property, plant and equipment, investment properties and intangible assets

Overall the carrying value of the Cabinet Office's property, plant and equipment, investment properties and intangible assets increased by £25.918 million during the year 2014-15. This was the result of £27.571 million of additions, £11.411 million of upward revaluations, £2.099 million of impairment and £10.980 million of depreciation/amortisation. The 2015-16 forecast assumes depreciation will remain at similar levels to 2014-15 and capital additions reflect the capital budget within the 2013 Spending Round.

### Investments in associates

This represents the Cabinet Office's share of its associates' net assets based on their forecast profits. The department holds the following equity shareholdings; see Note 16 to the accounts:

Associate	Equity shareholding %
MyCSP Limited	24
Shared Services Connected Limited	25
AXELOS Limited	49
Behavioural Insights Limited	35
Integrated Debt Services Limited	25
Crown Hosting Data Centres Limited	25.1

### Assets held for sale

The Department has sold Admiralty Arch on a long lease subject to the developer meeting certain conditions. The disposal was completed within the 2015-16 financial year. See Notes 19 and 30 to the Accounts.

### Parliamentary elections in England and Wales - Returning Officers' Expenses

Claims from Returning Officers relating to UK Parliamentary By-elections and 2014 European Parliamentary Elections are expected to be settled during 2015-16 and claims relating to 2015 UK General Election are expected to be settled by 31 March 2016.

### Deferred Consideration

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

### Cash and Supply creditor to the Consolidated Fund – included in other current assets and other payables

The cash and supply creditor balances at 31 March 2015 totalled £55.559 million following a decision to draw down almost all of the net cash requirement voted in the Estimate. The money stayed within the Government Banking Service and there was no cost to the Exchequer.

### Non-current liabilities provisions

There are no new significant provisions anticipated for 2015-16. Existing provisions will be utilised as shown within the analysis of expected timing of cash flows as set out at Note 23 to the Accounts.

It is assumed that all other balances at 31 March 2016 will remain at levels similar to 31 March 2015.

## Table 4 Administration budget

Administration budgets are controlled to ensure that as much money as practicable is available for front-line services and programmes. The 2010 Spending Review Settlement provided for a real reduction of 33% in the administration budget excluding depreciation over four years on the 2010-11 baseline. The 2013 Spending Round Settlement provided for a real reduction of 10% in the administration budget excluding depreciation on the 2014-15 baseline. Additional spending cuts have been applied in 2015-16.

The decrease in 2013-14 net administration costs is explained by a £38.200 million transfer of shares in Axelos Limited, an associate, to its immediate parent, Capita Business Services Limited. Outturn for 2014-15 and plans for 2015-16 are a similar overall level to 2013-14, reflecting the fact there is no great change in activities year on year.

## Table 5 Staff numbers

These tables show the actual number of staff within the Cabinet Office as at 31 March each year. In contrast, Note 3 to the Accounts shows headcount expressed as the average number of full-time equivalent persons employed during 2014-15 and includes ministers and commissioners.

### Permanent Staff

There was little change in the number of permanent staff between the end of the 2012-13 and 2013-14 financial years. Responsibility for the Civil Service HR unit and the Functional Leadership team transferred from the Department for Communities and Local Government (DCLG) to the Cabinet Office during 2013-14 as the result of a machinery of government change. This change resulted in 33 staff joining the Cabinet Office from DCLG. This gain in staff was offset by 6 staff in the Efficiency and Reform Group's SWIRL unit and 15 staff in the Government Innovation Group's Behavioural Insights Team being transferred to private sector organisations under TUPE arrangements.

The reduction in the number of permanent staff between the end of the 2013-14 and 2014-15 financial years is largely the result of the transfer of 81 Cabinet Office staff to the Crown Commercial Service in April 2014. See Note 29.1 to the Accounts.

### Casuals

One of the reasons for the rapid increase in casual staff between the end of the 2012-13 and 2013-14 financial years was the hiring of casual staff by the Efficiency and Reform Group to support the creation of the Crown Commercial Service. See Note 29.1 to the Accounts.

The Cabinet Office has sought to increase the flexibility of its workforce over the last few years through the greater use of fixed term appointments.

Another reason for the rapid increase in casual staff over the last couple of years, is the Government Digital Service hiring staff with specialist skills to work on projects and programmes supporting the Government's digital transformation agenda. This included managing the transition of websites belonging to government departments, agencies and other arm's lengths bodies on to GOV.UK; making 25 major services provided by government digital by default and making the use of online government services safer by developing a new way for users to prove who they are online.

### Non-Payroll Staff

The rapid increase in the number of non-payroll staff between the end of the 2012-13 and 2013-14 financial years was also largely the result of the Government Digital Service (GDS) hiring interim staff with specialist skills to work on projects and programmes supporting the Government's digital transformation agenda.

The fall in the number of non-payroll staff between the end of the 2013-14 and 2014-15 financial years is partly the result of some of the projects and programmes supporting the Government's digital transformation agenda coming to an end and partly because some of the interim staff hired to work on them have gone on to become Civil Servants. The latter has happened because there has been a realisation that the Civil Service has an ongoing need for staff with digital skills.

## Tables 6 to 8 Country and Regional Analysis tables

The Country and Regional Analysis table is an analysis of public expenditure by country, region and function. Data in this release are National Statistics for all years. This is purely a statistical exercise and plays no part in resource allocation.

Most public spending is planned to benefit categories of individuals and enterprises irrespective of location. The regional analyses presented show where the individuals and enterprises that benefited from public spending were located. It does not mean that all such spending was planned to benefit a particular region, because only a minority of public spending is planned on a regional basis. Public expenditure is planned and controlled on a departmental basis.

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

Tables 6, 7 and 8 show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in the [November 2014 release](#). The figures were largely taken from the Online System for Central Accounting and Reporting (OSCAR) during the summer of 2014 and the regional distributions were completed by the following autumn (taking on board any revisions to departmental totals). Totals may not sum due to rounding.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.

TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of [PESA 2014](#).

The data feature both identifiable and non-identifiable spending:

- a. Identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions.
- b. Expenditure that is incurred for the benefit of the UK as a whole and cannot be disseminated by individual country or region is considered to be non-identifiable.

Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in Table 8 are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in Chapter A of the CRA November 2014 release. These are not the same as the strategic priorities shown elsewhere in the report.



**John Manzoni**

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

11 September 2015

# The Accountability Report



## Performance report by Ian Davis, The Cabinet Office Lead Non-Executive Board Member

The Cabinet Office has achieved a huge amount over the past five years, successfully supporting the establishment of a coalition government and contributing to its stability, reforming public services and the Civil Service, reducing waste and inefficiency within government, supporting and helping to develop the role of civil society, implementing constitutional reforms, driving greater transparency and protecting national security.

During 2014-15, the Board has reviewed and provided strategic steers on and other input to a number of the Department's activities, including preparations for the Scottish referendum and preparedness for the General Election.

### Board effectiveness

The Board met four times during the 2014-15 financial year. Following recommendations made in last year's Board effectiveness evaluation, Board meetings have become more strategic through prioritising in-depth discussions of key areas of responsibility over receiving updates on a wide range of activity. Strategic people issues have been given particular focus through the creation of a new People Committee, which was chaired by Barbara Stocking. The Audit and Risk Committee continued to provide valuable support to the Board and the Department's Accounting Officers.

### Non-executive membership

There have been a number of changes to the non-executive membership of the Cabinet Office Board during the course of the year as new challenges presented themselves. Lord Browne's role as both the Government and the Cabinet Office's Lead Non-Executive was split following his departure at the end of January 2015: I became the Cabinet Office Lead Non-Executive and Sir Ian Cheshire took up the role of Government Lead Non-Executive in April, joining the Cabinet Office Board at the same time. Rona Fairhead resigned at the end of August and Amy Stirling was appointed a Non-Executive Board Member and chair of the Audit and Risk Committee in November 2014. Dame Barbara Stocking resigned at the beginning of March 2015.

# Directors' report



## Corporate Information/ Our People

### Monitoring spending on consultancy and temporary staff

Measures to control spending were introduced after the freeze on consultancy and interim managers and other temporary staff announced by the Chancellor of the Exchequer in May 2010. These measures have had a significant impact on the Cabinet Office's use of external resources since 2009-10, despite variations in classification and the Cabinet Office gaining extra business functions from other departments following the formation of the Coalition Government.

Expenditure on consultancy staff is disclosed at Notes 4 and 5 to the Accounts and has fallen from £28.135 million in 2013-14 to £14.908 million in 2014-15.

Expenditure on temporary staff is disclosed at Note 3 to the Accounts and has increased slightly from £30.622 million in 2013-14 to £32.343 million in 2014-15.

The reasons for these changes in the levels of non-payroll staff are explained in the commentary to Table 5 in the Financial Review.

### Reporting of high-paid off-payroll appointments

Table 1: For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last longer than six months

	Cabinet Office
No. of existing engagements as of 31 March 2015	227
Of which:	
No. that have existed for less than one year at time of reporting	86
No. that have existed for between one and two years at time of reporting	67
No. that have existed for between two and three years at time of reporting	70
No. that have existed for between three and four years at time of reporting	4
No. that have existed for four or more years at time of reporting	-

All existing off-payroll engagements, as outlined above, have been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax. Where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration between 1 April 2014 and 31 March 2015, for more than £220 per day and that last longer than six months

	Cabinet Office
No. of new engagements or those that reached six months in duration between 1 April 2014 and 31 March 2015	54
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and national insurance obligations	54
No. for whom assurance has been requested	54
Of which.	
No. for whom assurance has been received	50
No. for whom assurance has not been received <sup>1</sup>	4
No. that have been terminated as a result of assurance not being received	-

<sup>1</sup> Enquiries in these cases are almost complete. If adequate assurance is not provided the engagements will be terminated (if the individual has not already left) and details will be passed to HM Revenue and Customs.

## Recruitment practice

All Civil Service recruitment within the Cabinet Office is carried out in accordance with relevant employment legislation and the Recruitment Principles issued by the Civil Service Commission.

In 2014-15, the number of vacancies filled was 331. There was a need this year for expertise to be brought in from government departments, other parts of the public sector and, in some cases, the private sector to work on departmental priorities. The Cabinet Office resourcing model comprises of a relatively high ratio of staff on loan from other departments. Staff bring expertise into the Cabinet Office, develop their skills and return to their home departments with the benefit of experience of working in central government. Vacancies arise as staff return to their departments.

No. of vacancies filled	Senior civil servant or equivalent		Non-senior civil servant		Total	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Internal	37	34	240	107	277	141
External	20	17	183	209	203	226
<b>Total</b>	<b>57</b>	<b>51</b>	<b>423</b>	<b>316</b>	<b>480</b>	<b>367</b>

The Department continued to offer young people the opportunity to enhance their employability through the Apprenticeships programme, through intern and work experience opportunities. In 2014-15, 20 apprentices and 15 Fast-track apprentices joined the Department; and 50 opportunities for undergraduate and graduate internships were filled. In addition, 10 work-experience opportunities were successfully filled as part of the social mobility-oriented Whitehall Internship Programme, 17 bids have been made for 2015-16.

## Public appointments and re-appointments

As at 31 March 2015, the Cabinet Office sponsored nine non-departmental public bodies (NDPBs), two executive NDPBs and seven advisory NDPBs. In addition, the Cabinet Office oversees the public appointments for the Charity Commission and the UK Statistics Authority, both of which are Non-Ministerial Government Departments and the appointment of the independent statutory office holder, the Registrar of Consultant Lobbyists.

Between 1 April 2014 and 31 March 2015, 19 appointments were made, of which 9 were new. Of these, three appointments were to the Big Lottery Fund, two to the Advisory Committee on Business Appointments and one to each the Senior Salaries Review Body, the Charity Commission for England and Wales, the Committee on Standards in Public Life and the Registrar of Consultant Lobbyists. During this period, five out of the nine new appointments were given to women. Re-appointments were made to the Boundary Commission for England, the Charity Commission for England and Wales, the Security Vetting Appeals Panel and the UK Statistics Authority.

For comparison, in 2013-14 there were 18 appointments, of which 15 were new. These included appointments to the Charity Commission, the House of Lords Appointments Commission and the UK Statistics Authority. Re-appointments were made to the Boundary Commission for England and Wales and the Charity Commission for England and Wales.

## Employee Consultation

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

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

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

The Cabinet Office Employee Relations Strategy embeds monthly trade union/human resources (HR) meetings, quarterly meetings with the HR Director and annual meetings with the Permanent Secretary.

There are also staff networks which represent particular groups of employees, including Black and Minority Ethnic (BME) staff; women; people with disabilities; staff with dyslexia; lesbian, gay, bisexual or transgender employees; and carers.

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

## Sickness and Absence

The sickness absence figure for the rolling 12 months to 31 March 2015 stands at 1.97 (1.8 for the rolling 12 months to 31 March 2014) average working days lost.

## Diversity and inclusion policy

The Cabinet Office is committed to:

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

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

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

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

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

During 2012, the Cabinet Office introduced three equality objectives in line with the requirement of the Public Sector Equality Duty. Equality data about the workforce population can be found on the [Cabinet Office website](#), together with updates on progress.

In 2014 as part of the Civil Service Reform agenda, the Talent Action Plan introduced a series of new measures to ensure the Civil Service is among the most female-friendly employers in the country, and the most talented people succeed and reach the top positions, regardless of gender, ethnicity, sexuality or disability.

The Cabinet Office ensures that:

- all-male shortlists for senior recruitment and all-male selection panels are only allowed in exceptional circumstances;
- a board-level diversity champion has the power to drive change;
- all Permanent Secretaries and Directors-General will mentor one or more junior employees who is different from them by virtue of gender, ethnicity, disability or sexual orientation;
- women are provided with more tailored support before, during and after maternity leave.

## Employment, training and advancement of disabled persons

The Cabinet Office supports the employment, training and advancement of disabled persons. This is done in several ways. First, the Cabinet Office takes part in the 'Two Ticks' guaranteed interview scheme, which encourages candidates with a disability to apply. If a candidate declares a disability and meets the minimum standards required for the job, he or she is offered an interview.

The Cabinet Office uses management information to monitor how the policies and procedures affect staff, and takes necessary action to mitigate any negative effects that may occur. The Cabinet Office is also a corporate member of the Business Disability Forum, which helps to measure and improve on performance for disabled employees and stakeholders.

## Pensions

Present and past employees of the Cabinet Office are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The scheme allows employees to make pension provision for retirement if they wish. A new pension scheme, alpha, was introduced on 1 April 2015. The majority of PCSPS members will join the new scheme on this date. More information about both schemes can be found on the [Civil Service Pensions website](#).

The financial status of the Civil Service pension schemes is reported in the Cabinet Office Civil Superannuation Accounts. Copies of these accounts can also be found on the [Civil Service Pensions website](#).

The accounting policy adopted for pension costs is set out at note 1.9 to the accounts.

The pension benefits of Cabinet Office board members are outlined in the Remuneration Report.

## Capabilities, learning and development

The Cabinet Office has continued to focus on building capability in the four Civil Service priority areas: commercial, digital, leading and managing change, and project delivery. The Senior Capability Working Group and Capability Champions that were introduced in the early part of 2014 have made good progress in identifying corporate solutions to reduce capability gaps within the department and meet the objectives set out in the Capabilities Plan 2014 Annual Refresh.

To ensure that momentum to strengthen capability is being maintained, the Cabinet Office monitors the progression of individual business units against their agreed action plans quarterly.

During 2014, the Cabinet Office identified core Whitehall skills as a departmental priority and has adopted the same approach as with other capabilities by assigning a Capability Champion and identifying corporate solutions for development.

Building capability will remain at the forefront of Cabinet Office priorities in the year ahead, with the department continuing its efforts to maximise the development opportunities available to staff.

## 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. In the financial year 2014-15, 14 accidents were reported. One of these was reportable to the Health and Safety Executive as required under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

## Policy on social and community issues

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

In line with this, the Cabinet Office runs a Charity of the Year initiative. Each year, the department holds a staff vote to select a charity to support. This year, staff decided to support the Samaritans. As well as raising in excess of £15,000 for the charity, the Cabinet Office also utilised the skills of its staff to help the Samaritans with a number of strategic projects.

The Cabinet Office has a very active and growing Health & Well-Being Committee, led by a director level champion, who drives the work forward. They are striving to help staff make good choices about healthy eating, fitness and mental well-being. Great inroads have already been made in drawing attention to mental health in the department, with the Time to Change pledge being signed.

The Cabinet Office includes the Office for Civil Society (OCS). It works across government to translate into practical policies the vision of a stronger civil society and communities that are empowered to act on issues that are important to them. It is responsible for delivering a number of key Big Society programmes, as well as the Civil Society Compact. Many programmes within the OCS play a hugely important role in encouraging social action. These include the Centre for Social Action, the Government's commitment to the volunteering legacy of the London 2012 Olympic and Paralympic Games, and the Community Organisers programme.

The OCS is leading on work to encourage the stronger involvement of civil society in the delivery of public services. It is, for example, helping to relieve the pressure on the NHS by supporting the increased use of volunteers to help vulnerable individuals in the community to return home when they no longer need hospital care.

## Other Reporting Requirements

### Estates management strategy

The Cabinet Office owns five freehold properties in London: the interconnected 70 Whitehall and 10–12 Downing Street, Admiralty Arch, Admiralty House and 36 Whitehall. In addition, the Cabinet Office is responsible for the freehold of the Civil Service Club building in Great Scotland Yard. Outside London, it owns the freehold of the Emergency Planning College at Easingwold, Yorkshire, and of the site on which the Hannington radio mast sits. Both of these were inherited from the Home Office following earlier 'machinery of government' changes. The Cabinet Office is also responsible for the Sunningdale Park site, which is the subject of a private finance initiative contract.

The Cabinet Office takes a proactive approach to the management of its estate, in order to provide the necessary accommodation to meet current and future business needs. The strategy is to consolidate as far as possible in the interconnected 70 Whitehall and 10–12 Downing Street (by investing, where possible, to increase their capacity and provide modernised, more flexible accommodation) and to co-locate with HM Treasury at 1 Horse Guards Road. Leasehold properties will be disposed of, and the Cabinet Office is working with the Government Property Unit to achieve the reuse of the non-core freehold buildings that will no longer be required by the Cabinet Office. Following open planning and modernisation of the infrastructure, 36 Whitehall, which is currently vacant, will be reused as office space. Parts of the Sunningdale Park site are now categorised as an investment property, since it is no longer owner occupied and is being held for capital appreciation; see note 8 to the accounts. Admiralty Arch is classified as an asset held for sale; see note 19 to the accounts.

In 2014-15 the Cabinet Office reduced the space it leases at its base in Norwich. Further phases of the modernisation of 70 Whitehall were also completed. This is increasing the intensity of use of the building and contributing to the vacation of space held by the Cabinet Office in the Scotland Office's Dover House.

## Payment of suppliers

Terms of contract are usually payment within 30 days of receipt of a valid invoice. During the year, the Department paid 98.0% of invoices within 30 days (2013-14: 98.6%).

On 8 October 2008, the then Prime Minister committed government organisations to speeding up the payments process, paying suppliers wherever possible within ten days. This commitment is a target rather than a change to standard terms and conditions and is not contractual. During the year, the Cabinet Office paid 93.1% of invoices within ten days (2013-14: 93.4%).

During 2010-11, the then Prime Minister committed government organisations to further speeding up the payments process. The commitment was to pay suppliers, wherever possible, within five days. Again, this is a target rather than a change to the standard terms and conditions and is not contractual. During the year, the Cabinet Office paid 84.2% of invoices within five days (2013-14: 78.9%).

The amount owed to trade creditors at 31 March, compared with the amount invoiced by suppliers during the year, expressed as number of days, was 12 days (2013-14: 12 days). The Department did not incur any charges relating to the late payment of invoices during the year (2013-14: £131,950).

## Better regulation

During 2014-15 the Cabinet Office was responsible for two regulatory changes that are in scope of the 'one-in, two out' (OITO) rule. Both of these measures were confirmed by the independent Regulatory Policy Committee (RPC) as being deregulatory and having no cost to business, and on that basis the Cabinet Office has maintained a zero balance for 'one in, one out' and 'one in, two out'. Details of the new Cabinet Office regulation subject to OITO are published on the GOV.UK website at: [Cabinet Office Statement of New Regulation](#) (see SNR7)

Statements of new regulation for all departments are published at: [One-in, two-out: statement of new regulation](#)

The RPC provides an external and independent challenge to the evidence and analysis presented in impact assessments supporting the development of new regulatory measures proposed by the Government.

During the year, the Cabinet Office published 5 consultations in its own right, and collaborated with other departments on six further consultations. All Cabinet Office consultations are available on the GOV.UK website.

## Cabinet Office consultations

[Reforms to public procurement](#) – Cabinet Office

[Transposing the 2014 EU Procurement Directives](#) – Cabinet Office

[Charities: audit and independent examination](#) – Cabinet Office

[Changing existing regulations for an emergency alert system](#) – Cabinet Office

[Statutory register of consultant lobbyists](#) – Cabinet Office

## Parliamentary Questions

The Government has committed to providing departmental Parliamentary Question statistics to the Procedure Committee of the House of Commons on a sessional basis. Cabinet Office statistics for the 2014-15 session are expected to be available on the Committee's website in due course.

## Correspondence with Members of Parliament and Peers

The target set for reply is 15 working days. Between 1 January 2014 and 31 December 2014 the Cabinet Office received 2,714 letters from MPs and Peers, and replied to 71% within 15 working days.

## Complaints from the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman received six complaints about the Cabinet Office in 2013-14 and did not accept any complaints for investigation, as set out in the table below.

Department	Complaints received	Complaints assessed	Complaints resolved through intervention	Complaints accepted for investigation	Investigations upheld or partly upheld	Investigations not upheld
Cabinet Office	6	2	0	0	0	0

## Freedom of Information requests

Statistics on Freedom of Information implementation in central government are published quarterly by the Ministry of Justice here: [Government FOI statistics](#)

## Reporting of personal data-related incidents

The table below gives a summary of the protected personal data related incidents reported to the Information Commissioner's Office (ICO) during the 2014-15 financial year.

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
9 February 2015	One envelope containing the medical records of 5 serving civil servants being considered for premature retirement on health grounds was lost whilst in transit (via a secure courier) between a contractor and their medical adviser.	Personal information (including medical records)	5	Both the individuals concerned and the ICO were informed of the loss. Investigations and a review have been mounted.

## Transparency

Cabinet Office continues to publish data in line with open data standards, seeking to improve data quality where possible. As part of wider work to improve the efficiency and effectiveness of government's spend, we have published a government wide grants register for the first time. Providing an overview of grant schemes administered by government departments, the 2013-14 register include details of over £140 billion of grant schemes. Until the Grants Efficiency Programme began there was no central record of all government grant schemes. The 2013-14 register, published this January, was the first time that information on government grant schemes has been made available all in one place. As we continue to require departments to provide this data, the accuracy is improving. We are now also working with HMT to cross-check and reconcile the grants register with grants data.



We have also improved the quality of data published on the New Year and Queen's birthday Honours, publishing it as open data from 2008 onwards.

The December 2014 government-funded construction pipeline includes approximately £127 billion of investment to 2020 and beyond. Over the last two years the government has worked with industry to improve the pipeline and this is published on a dedicated portal: [www.uk-cip.org.uk](http://www.uk-cip.org.uk)

The first meeting of the Cabinet Office Transparency Board was held on 12 June 2014. It was established, in lieu of a Sector Board, to provide leadership and strategic direction for transparency and open data in CO, protect what information we need to protect from release and ensure we meet government commitments on openness and transparency.

As well as a retrospective view, ensuring that existing data is published in line with open data principles, work has been undertaken to ensure Cabinet Office is considering open data and transparency principles throughout the policy making process. To this end, a set of data principles has been developed to implement better data management across the department. These are due to be implemented in 2015-16 alongside a continually updated data inventory to help us prioritise release of new data.

### Advertising and publicity costs

The Cabinet Office spent £6.215 million on publicity production costs and advertising media in the financial year 2014 - 2015.

## 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 Government Resources and Accounts Act 2000.

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Notes 4 and 5 to the Accounts. During the reporting year no payment was made to the auditors for non-audit work (2013-14: £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.

A handwritten signature in black ink, appearing to read 'J. Manzoni', is written over a horizontal line. The signature is stylized and includes a period at the end.

**John Manzoni**

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

11 September 2015

## 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 designated by order made under the GRAA by Statutory Instrument 2014/0531 & Statutory Instrument 2014/3314 (amendment) (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at Note 29 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the departmental group and of the net resource outturn, application of resources, changes in taxpayers' equity and cash flows of the departmental group for the financial year.

In preparing the accounts, the Accounting Officer of the Department is required to comply with the requirements of the Government Financial Reporting Manual 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 Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Cabinet Office. Richard Heaton held this post until 31 August 2015 and from 1 September 2015, John Manzoni, assumed this responsibility.

On 13 October 2014, Richard Heaton, as Principal Accounting Officer of the Cabinet Office, appointed John Manzoni as an additional Accounting Officer to be accountable for those parts of the Department's accounts relating to the former Efficiency and Reform Group, Civil Service Group and Civil Service Human Resources (including the Pension Executive supporting the Civil Service and Royal Mail pension schemes). This appointment did not detract from the Head of Department's overall responsibility as Accounting Officer for the Department's accounts.

As Principal Accounting Officer of the Cabinet Office, Richard Heaton also appointed Clare Salters, Chief Executive of its sponsored non-departmental public body, the Civil Service Commission, as Accounting Officer of that body and appointed the Registrar of Consultant Lobbyists, Alison White, as Accounting Officer of this new corporation sole.

The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officer of the Civil Service Commission and the Accounting Officer of The Registrar of Consultant Lobbyists are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored body. These appointments do not detract from the Head of Department's overall responsibility as Accounting Officer for the Department's accounts.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department, 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 HM Treasury.

# Governance statement

# Governance statement

## Introduction

As Principal Accounting Officer, I have the responsibility for maintaining a sound system of internal controls.

I assumed this role on 1 September 2015 from Richard Heaton who held the position during the financial year 2014-15. From 13 October 2014, I assisted him in my capacity as Additional Accounting Officer. Prior to his departure, Richard provided me with assurances sufficient to enable me to present and sign this Governance Statement as representing a fair and accurate assessment of governance arrangements within the Department during the financial year.

The Cabinet Office's Governance Statement covers the core department and sets out the governance structures, the internal control and risk management procedures that have operated within the Cabinet Office during the financial year 2014-15 and up to the date of approval of the Annual Report and Accounts, and is in accordance with the HM Treasury guidance. Each of the Cabinet Office's agencies and Non Departmental Public Bodies produces their own Governance Statements, which are published in their Annual Report and Accounts. My relationship with their Accounting Officers is set out in their respective Framework Arrangements, Financial Memoranda and designatory letters.

The systems in place as outlined in this statement are designed to manage risk and not to eliminate all risks of failure to achieve policies, aims and objectives.

## Ministerial responsibilities

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

## The Cabinet Office Board - our Board members

Members of the Cabinet Office Board during the reporting year 2014-15 were:

### Chair



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

### Ministers



**Nick Hurd MP**  
Minister for Civil Society and Parliamentary Under-Secretary of State *until 14 July 2014*



**Rob Wilson MP**  
Parliamentary Secretary (Minister for Civil Society) *from 28 September 2014*

### Executive Membership



**Sir Jeremy Heywood KCB, CVO**  
Cabinet Secretary and Head of the Civil Service



**Richard Heaton CB**  
Permanent Secretary for the Cabinet Office, First Parliamentary Counsel and Principal Accounting Officer



**John Manzoni**  
Chief Executive of the Civil Service and Additional Accounting Officer *from 13 October 2014*



**Bruce Mann**  
Finance Director, Board Secretary



**Philip Rycroft CB**  
Director General, Deputy Prime Minister's Office



**Sue Gray**  
Director General, Propriety and Ethics and Head of Private Office Group



**Melanie Dawes CB**  
Director General, Economic & Domestic Affairs Secretariat *until February 2015*

No photo available

**Antonia Romeo**

Director General, Economic & Domestic Affairs Secretariat *from February 2015*

## The Cabinet Office Board - responsibilities

The Cabinet Office Board is responsible for:

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

## The Cabinet Office Board performance and effectiveness review

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

A Board effectiveness evaluation, led by Lord Browne, was conducted on his behalf by Internal Audit, peer reviewed by Sara Weller, Lead Non-Executive of the Department for Communities and Local Government, and the findings discussed at the Board meeting in June 2014. The evaluation identified plenty of good practice, including: support for the involvement of Non-Executives in government boards generally and in the Cabinet Office specifically; recognition that the Department had an outstanding set of Non-Executives, who had extensive understanding of the Department, combined with deep and varied business experience; the huge commitment shown by Executives and Non-Executives to the goals of the Cabinet Office and helping the Department to deliver the government’s agenda successfully; and the high levels of mutual respect and trust existing between the Non-Executives and the Executives. The Audit and Risk Committee received universal support and was felt to tackle important issues in a highly collaborative yet challenging way.

The Board agreed that further improvements could be achieved by: increasing the strategic focus of Board meetings; holding discussions of strategic people issues two or three times a year; considering whether it was still necessary to hold eight meetings a year, now that the Board was operating better as a team and Non-Executives had got to grips with the Department’s broad agenda; and providing Non-Executive Board Members with updates on key matters between Board meetings.

In response to the evaluation findings, the number of Board meetings was reduced, with two of the slots planned for Board meetings used for discussions of strategic people issues by a new People Committee, chaired by Dame Barbara Stocking. The remaining meetings included a 45-minute slot for discussion of strategic issues and were shorter in length. The template for Board papers has been revised. Information of interest to Non-Executive Board Members is being circulated and Board papers are being circulated out of committee between meetings. The Cabinet Office Lead Non-Executive continues to be involved in developing agendas for each meeting, enabling the Board to focus its discussions on areas where the Non-Executive Board Members can add value. The Minister for the Cabinet Office also holds regular meetings with the Non-Executive Board Members.

During the year, the Board's agenda included regular updates from the Chairs of the Audit and Risk Committee and the new People Committee. A regular horizon-scanning slot provided an opportunity for Board members to be updated on recent developments and the priorities of key Board members and stakeholders.

The Board reviewed the Permanent Secretary's plans to identify and address areas of potential departmental improvement and supported the actions being taken to address the areas identified. The Board also discussed plans for further improving Civil Service HR services, Next Generation Shared Services, preparations for the Scottish referendum, the Crown Commercial Service's progress towards transforming spending on common goods and services, and the Civil Service Pensions reform programme, including risks associated with each of these programmes. The Board also reviewed preparedness for the forthcoming Election and an update on the Red Tape Challenge. Following the appointment of John Manzoni, the Board discussed his strategic priorities as Chief Executive of the Civil Service.

The Board discussed the Department's performance, including selected highlights of the Quarterly Data Summary, through the year. As part of its programme of scrutinising new projects with a value of more than £5 million, the Board reviewed progress of the GREAT campaign.

The role of the Board going forward, its membership, and relationship with other committees is currently being reviewed, and further evaluation of the Board's effectiveness will be factored into this work.

### Board attendance

The Board met four times this year. The Corporate Governance Code requires that Board members' attendances are published in the Cabinet Office Annual Report and Accounts. Board meetings were attended by all members except for the following:

### Board Attendance Table

Meeting	Apologies
02 May 2014	Nick Hurd, Lord Browne, Ian Davis, Barbara Stocking, Sir Jeremy Heywood
06 June 2014	Nick Hurd, Lord Browne, Sue Gray, Sir Jeremy Heywood, Philip Rycroft
30 January 2015	Lord Browne, Melanie Dawes, Sue Gray
27 March 2015	Amy Stirling, John Manzoni, Philip Rycroft



## Register of Public Interest

### Board Members

The Cabinet Office maintains a register of Cabinet Office Board members' interests, with details of company directorships and other significant interests held by Board members. Copies of the register are available on request. Copies are laid in the House of Commons library from time to time.

### House of Commons

The register of House of Commons members' financial interests can be found at:

[http://www.publications.parliament.uk/register of HOC members' interest](http://www.publications.parliament.uk/register_of_HOC_members'_interest)

### House of Lords

The register of House of Lords members' interests can be found at:

<http://www.parliament.uk/register-of-lords-interests>

Senior management remuneration is disclosed within the Remuneration Report.

## Compliance with the Corporate Governance Code

Departments are expected to apply the principles set out in *Corporate Governance in Central Government Departments: Code of good practice 2011*, unless good governance can be achieved by other means. They are also required to identify and explain areas where they have departed from the Code. The Cabinet Office is fully compliant with the principles of the Code.

### Cabinet Office Audit and Risk Committee

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

COARC was chaired by Rona Fairhead until 31 August 2014. Dame Barbara Stocking then chaired the Committee until Amy Stirling was appointed Non-Executive Member and Chair of COARC on 28 November.

### COARC Meeting Attendance

COARC met six times this year. Its meetings were attended by all members except for the following.

Meeting	Apologies
06 July 2014	None
18 July 2014	None
25 September 2014	Ian Davis, Non-Executive Board Member
20 November 2014	None
21 January 2015	None
04 March 2015	None

## Work of the Audit and Risk Committee (COARC)

The Cabinet Office Audit and Risk Committee's remit covers the Consolidated Cabinet Office Accounts; Registrar of Consultant Lobbyists, Civil Service Commission, the Returning Officers' Expenses for England and Wales, and the Principal Civil Service Pension Scheme and Royal Mail Statutory Pension Scheme accounts. Separate Accounts are published for each of these, and each is audited separately, but all have the same Principal Accounting Officer.

During the year the Committee's work was divided between audit and assurance work, and risk review.

The Committee's audit and assurance work included reviewing the Consolidated Cabinet Office Accounts; Registrar of Consultant Lobbyists, Civil Service Commission, the Returning Officers' Expenses for England and Wales, and the Principal Civil Service Pension Scheme and Royal Mail Statutory Pension Scheme accounts, providing assurance to the Accounting Officer that the accounts could properly be signed by him.

The Committee's risk work programme included reviews of the Department's strategic risk assessment and of a number of the Department's strategic and operational risks. It also undertook rigorous scrutiny of new activities that the Department is undertaking to ensure that there was a good understanding of potential risks, and that suitable mitigations were in place.

The Chair of the Audit and Risk Committee held regular discussions with the Head of Internal Audit and the Deputy Finance Director to discuss key areas of governance in relation to the Committee's agenda. The Committee regularly reviews the internal audit work programme and receives assurance that the Department is responding effectively to internal audit recommendations.

An Audit and Risk Committee evaluation was conducted on behalf of the Chair by Internal Audit and discussed at the Audit and Risk Committee meeting in September 2014. The evaluation report described the Audit and Risk Committee as a diligent Committee, providing significant levels of focus on the key issues facing the Cabinet Office. It was agreed that the Committee had the appropriate skills and had responded effectively to a growing agenda, and complied with its terms of reference and the Audit and Risk Assurance Committee Handbook. In response to the evaluation findings, the Principal Accounting Officer is now invited to attend and provide an update on his priorities at each meeting and improvements have been made to the forward look of Committee business. The template for Committee papers has been revised and the Secretariat is taking a more proactive role in the quality assurance of papers.

A sub-committee of COARC, the Shared Services Audit and Risk Sub-committee, advises COARC and, through it, the Board and Principal Accounting Officer in connection with the Framework Agreement between the Cabinet Office and the chosen suppliers of the two Independent Shared Service Centres. Government departments have their own contracts for finance and human resources services with suppliers as specified in call-off-agreements under the terms of the Framework Agreement. The Shared Services Audit Committee (SSAC) is chaired by Christine Daws, who is also an independent member of the Audit and Risk Committee.

The Shared Services Audit and Risk Sub-Committee continued to provide independent oversight of the activities undertaken within the Cabinet Office to meet the obligations of the Framework Agreement, reporting back to the Audit and Risk Committee on a regular basis. The Sub-committee provided advice and scrutiny, in particular, on governance and risks and on their mitigation.

## People Committee

The People Committee is a subcommittee of the Cabinet Office Board and was chaired by Dame Barbara Stocking. It advises the Permanent Secretary on people issues including culture, behaviours and diversity and inclusion. It also has a pivotal role in the department's strategy for leadership and management.

## Our Management Team - The Executive Management Committee

### Chair

[Richard Heaton CB](#)

Permanent Secretary *until 31 August 2015*

### Members

[Philip Rycroft](#)

Director General, Deputy Prime Minister's Office

[Stefan Czerniawski](#)

Head of Corporate Strategy

[Sue Gray](#)

Director General, Propriety and Ethics Team and Director of Private Offices Group

[Melanie Dawes](#)

Director General, Economic and Domestic Affairs Secretariat *until February 2015*

[Mark Fisher](#)

Director of Government Innovation Group and Office for Civil Society *from October 2014*

[Paul Maltby](#)

Director, Government Innovation Group

[Bruce Mann](#)

Finance Director (Secretary to the Executive Management Committee) *until April 2015*

[Oliver Robbins](#)

Director General, Civil Service

[Alex Aiken](#)

Executive Director, Government Communications

[Chris Martin](#)

Director General, Prime Minister's Office

[Patrick McGuinness](#)

Deputy National Security Adviser (intelligence, security, resilience)

[Will Cavendish](#)

Executive Director, Implementation Group *until June 2014*

[Hugh Powell](#)

Director General, Foreign Policy *until October 2014*

[Stephen Kelly](#)

Chief Operating Officer, UK Government *until October 2014*

[Helen Stephenson](#)

Director, Government Innovation Group *until October 2014*

[Melanie Steel](#)

Director of Human Resources *until November 2014*

## Executive committees

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

- planning
- budgeting
- performance
- people

- corporate services.

The EMC is chaired by Richard Heaton, Permanent Secretary for the Cabinet Office, First Parliamentary Counsel and Accounting Officer.

The full picture of our governance structure is shown on page 11.

## Changes to Executive Governance Arrangements

In December the Senior Pay and Talent Committee ceased to exist and business considered within the committee moved to the Strategic Workforce Group in its extended form.

On 17 November the People and Performance Committee ceased to exist and business considered within the committee moved to the Strategic Workforce Group in its extended form.

In November the Resourcing Panel ceased to exist and business considered by the panel was transferred to the Business Board.

Following the general election in May 2015, a review of the governance structure is being undertaken.

## Risk management and control

### Risk Assurance

HM Treasury mandate that internal audit must give a year end assurance on the effectiveness of a department's Governance, Risk and Control arrangements. This Internal Audit assurance is one of the key sources of evidence underpinning the Accounting Officer's Governance Statement.

### Work of Internal Audit

The Internal Audit assurance is based on internal audit work performed over the course of the year, combined with knowledge of the governance, risk and control framework gained through attendance at meetings and discussions with senior management. Internal audit services are provided by the Government Internal Audit Agency, which works in accordance with Government Internal Audit Standards. Its work is informed by its analysis of the risks to which the Department is exposed and the annual audit plan is based on that analysis. The plan is discussed and endorsed by COARC and then agreed with the Accounting Officer.

The 2014-15 audit plan has been split into two areas, Delivery and Corporate segments to address the key risks the Cabinet Office faces. The Delivery area covered;

- Service Provision: the work of the Major Projects Authority (MPA) and the Crown Oversight Function and assurance over Civil Service HR expert services;
- Programmes and Projects: assurance over key delivery projects including the Electoral Registration Transformation Programme and the Debt Market Integrator, and the Office for Civil Society (OCS). OCS work provides assurance over key programmes including sponsorship of the National Citizen Service (NCS) Trust.

Corporate segments covered:

- Information Assurance and Technology: including Cyber Security, Digital Marketplace and IT strategy;
- Staff Resource: providing assurance over key strands of work necessary to provide a skilled workforce;
- Capability: talent management and flexible resourcing and deployment;

- Control Environment: with reviews of key financial controls, gifts and hospitality, conflicts of interest and business continuity;
- Governance: covering an evaluation of COARC.

The Head of Internal Audit (HIA) annually provides an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements. The Internal Audit reviews contribute to that opinion. The Internal Audit review opinion for 2014-15 is 'Moderate - some improvements are required to enhance the adequacy and effectiveness of the framework and control.' Particular areas that Internal Audit drew to management's attention were:

- scope for further improvements in the department's risk management processes and procedures, recognising the progress that had been made.
- the need for the department to put in place a formal IT strategy to strengthen risk management over IT.
- the department's cyber security plan had yet to be tested.

Management action on all these issues has been initiated.

### Capacity to handle risk

During the year the Audit and Risk Committee reviewed the three types of risks faced by the Department – strategic risks, risks to programmes and projects, and day-to-day operational risks in business units – and reviewed a number of risks from each category. Further details can be found below.

### Key Strategic Risks

The Cabinet Office has two strategic roles:

- to act, alongside HM Treasury, as the strategic centre of Government, providing leadership to and oversight of the rest of Government
- to deliver specific priorities for the Prime Minister, Deputy Prime Minister and Cabinet Office Ministers

We define strategic risks as events or developments which threaten significant damage to the ability of the department to carry out those two roles, or to deliver its strategic objectives:

In practice, the nature of the department's business means that its ability to carry out its roles, and deliver its strategic objectives, is largely a function of the capability and capacity of its people, and the information and relationships on which they draw to do their work. Hence, relevant strategic risks are those which severely threaten:

- a. The Department's authority and reputation, meaning that it is unable effectively to exercise its leadership role, across Whitehall and more broadly.
- b. The effectiveness of the Department's management of major, totemic functions, policies and programmes, meaning that its ability to deliver the key policy and programme priorities of senior Ministers is severely undermined.
- c. The collective capabilities of staff employed in the Cabinet Office, meaning that they are unable effectively to exercise their leadership, co-ordination and stakeholder management roles. Embedded within that is the ability of the department to attract and retain staff with the required skills.

- d. The ability of staff adequately to access infrastructure and services, meaning that they are unable effectively to carry out their roles.

These strategic risks are reviewed on a regular basis and a number of them were reviewed by COARC in 2014-15. As part of COARC's reviews, the need for improvement in a number of areas was identified:

- regular refreshing of the strategic risk register
- better integration of top-level risks with group-level risks so that there is a single joined up and dynamic risk management process, with clear routes for escalation
- articulation and definition of risk appetite

Work to take these areas forward is being undertaken during 2015-16.

## Risks to programmes and projects

Reviews undertaken covered:

- the Electoral Registration Transformation Programme
- Next Generation Shared Services
- progress in implementing data improvement plans with MyCSP
- Debt Market Integrator programme
- Crown Hosting Service programme
- risks around development and deployment of human resources
- staff operating with integrity

The Cabinet Office Board also reviewed risks associated with a number of major programmes, and management of major strategic risks at each of its meetings.

The Cabinet Office's role at the centre of government means that it has to be both proactive in anticipating risks and issues before they arise, and responsive to them if they crystallise. Many parts of the department are experienced in this way of working, but the widened role of the Cabinet Office over recent years has meant that it has taken on new responsibilities, especially project and programme delivery. The different skills and experience required stretched programme management capacity and capability on a number of the programmes outlined above. Management action has been taken, in line with recommendations made by the Major Projects Authority/Internal Audit, which has resulted in improvements in those programmes, and which will be further embedded during 2015-16.

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

Following the introduction last year of a requirement for all Groups to include two mandatory risks, Business Continuity and Resources, in their Group level risk registers, compliance with this new requirement is being monitored centrally. So far, the central reviews of these risks have indicated that they are being well managed across the organisation. The establishment of the Risk Managers' Network has helped embed these requirements. The frequency of the meetings has been increased from two each year to four to enhance networking opportunities and information exchange between Risk Managers. Regular features of the meetings are practical exercises and discussions on common issues.

## Cross-government responsibilities

As part of the centre of government, the Cabinet Office plays a key leadership role on a number of policy areas across departments. The NAO reviewed several areas where the Cabinet Office is involved, and these are covered later in this statement. Included in the findings of those reviews were that Cabinet Office needed to take a stronger leadership role in relation to its policy of prompt payment of suppliers across government ensuring that suppliers are paid promptly by government departments and agencies, and that there was a lack of central coordination of grant funding, including good information on what grant programmes are operating across government.

Cabinet Office continues actively to take forward prompt payment policy and other reforms to make public procurement more accessible to smaller businesses. Notably, in February 2015, the Crown Commercial Service published [new statutory guidance](#) for contracting authorities and suppliers on paying undisputed invoices in 30 days down the supply chain, clarifying key elements of the prompt payment requirement. The Cabinet Office has also begun to develop better information on the grant programmes operating across government. In January 2015, the Government published the '[Government grants register, 2013 to 2014](#)' which provides a useful overview of the majority of government grants, and expects to publish a register for 2014-15 in the coming months. It is also developing plans for a grants database.

## Statement of Information risk

The Cabinet Office holds personal data primarily relating to:

- employees
- some SCS appointments and their work performance
- staff in other departments which are users of ISSC2
- members of the Royal Mail Statutory Pension Scheme
- members of the Principal Civil Service Pension Scheme
- those who have been nominated for honours, gallantry awards and appointments
- Civil Service Internships
- information on members of the public who have participated in various Cabinet Office sponsored initiatives.

The Department has continued to monitor and assess its information risks to identify and address any weaknesses and ensure continuous improvements of its systems.

In May 2015, the Department completed its latest rolling programme of audits assessing its compliance with the requirements in the Security Policy Framework (SPF). The internal audit team made key recommendations and observed good practice during its independent assurance of our review processes and security outcomes. The recommendations indicate opportunities to enhance the Department's compliance with the SPF particularly, in relation to business continuity management. Work is on-going, as evidenced in the examples observed of our good practice, to implement outstanding recommendations.

During the latter part of 2014-15, the Cabinet Office 'rolled out' its new OFFICIAL IT system, as a successor for the Flex R system. The system's infrastructure has been designed according to Communications Electronic Security Group's (CESG's) best practice and with significant input directly from CESG specialists. Security is layered throughout the architecture to provide defence-in-depth and minimise any single point of failure that could be exploited by a cyber-attacker. Security technologies (e.g. firewalls and monitoring systems) are best of breed and have been subject to CESG evaluation. The new system matches up successfully against CESG's 10 Steps to Cyber Security.

The department continues to use the classified Flex C corporate IT network, which is maintained in line with relevant security accreditation. Again the system matches up successfully against CESG's 10 Steps to Cyber Security.

The Department has continued to operate two Security Working Groups (SWGs). The first monitors the work of ISSC2, and the second MyCSP. The purpose of the SWGs is to ensure that controls deployed are appropriate for the data sensitivity, risks are identified and work continues to adhere fully to the SPF.

One data loss (one envelope containing 5 files of medical records of serving civil servants being considered for premature

retirement on health grounds was lost whilst in transit (via secure courier) between contractor and their medical adviser) took place during 2014-15, which required notification to the Information Commissioner's Office.

## Fraud, error and debt

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

The Cabinet Office contributes fully to the intra-governmental fraud information and intelligence capability. The Counter Fraud Champion and two Alert System Co-ordinators continue to work with a department wide network of contacts to facilitate the quick and comprehensive identification and dissemination of appropriate information.

Cabinet Office is participating in the National Fraud Initiative 2015, having participated in NFI for the first time in 2013.

Cabinet Office officials are contributing to the Grants Efficiency Programme, the Best Practice Network and have helped develop guidance and a toolkit for use by grant-makers across government.

Cabinet Office has undertaken small, random sampling exercises to identify and measure fraud and error losses in high risk payment areas. The areas selected were travel and subsistence, and grants.

An exercise to check for duplicate payments to suppliers is under way to cover the years 2011-12 to 2013-14. The organisation carrying out the exercise receives no fee if it does not identify and recover any such duplicates; if duplicates are identified, the fee is taken from the recoveries.

## Arm's length bodies

The Accounting Officer takes assurance from the Governance Statements produced by the Civil Service Commission, the Crown Commercial Service and the Registrar of Consultant Lobbyists. These are subject to the Department's normal financial control procedures and practices as well as scrutiny by both internal and external audit. There were no significant concerns raised.

## Risk management of Shared Services

The Crown Oversight Function (COF) in Cabinet Office supports the transfer of departmentally managed functions, including HR, finance, procurement and payroll, to two Independent Shared Service Centres (ISSCs), provided by our chosen suppliers, arvato (ISSC1) and Shared Services Connected Ltd (SSCL) (ISSC2).

COF recognises that the principal challenge for the ISSCs is the successful transformation to a Single Operating Platform (SOP) to establish common IT within the ISSC customer base and achieve process optimisation. COF has provided regular updates to the Shared Services Audit Committee on transformation plans and is working closely with customers and suppliers to ensure appropriate plans are prepared and milestone dates are achieved going forward. The introduction of these processes is helping to mitigate risks.

The Shared Services Audit Committee spent a significant amount of time, along with COARC, on reviewing governance, programme management and assurance of the Next Generation Shared Services programme – of which ISSC1 and ISSC2 are part. The Committee also considered the risks to the delivery of this key programme and the possible damage to the Cabinet Office's reputation from the delays, and the relationship with other government departments. As a consequence of issues identified in independent reviews, some changes were made to management of COF, and since year-end the approach to risk management and governance of the shared service projects has been refreshed.



## Risk management in the Finance Shared Services Division in the Department for Communities and Local Government

The Cabinet Office continues to receive financial services from the Elections Claim Unit of the Department for Communities and Local Government (DCLG) under a shared services arrangement. An annual letter of assurance from DCLG confirms that risk management is reviewed regularly and that appropriate systems of internal controls are applied to ensure the integrity of Cabinet Office data that DCLG is processing on behalf of the Cabinet Office.

The letter of assurance for 2014-15 states that: 'My review is informed by internal and external audit opinions and by other ad-hoc reviews (both internal and external). No issues have been raised by the Audit and Risk Committee in relation to the services provided and no significant control issues have been identified.'

It also confirms that, 'specifically for services provided to the Cabinet Office by the Finance Shared Services Division, all key controls are in place'.

### Oversight of local responsibilities

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

Grants were distributed on the basis of the Coalition Government's stated priorities, in particular around the building of the Big Society. This included delivery of commitments such as the National Citizen Service.

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

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

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

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

In July and November 2014, the NAO conducted two reviews of the Big Lottery Fund. They can both be found on the NAO website: <http://www.nao.org.uk/report/investigation-into-grants-from-the-big-lottery-fund-and-the-cabinet-office-to-the-big-society-network-and-the-society-network-foundation/>

In those reviews, they considered a number of aspects of grant payments and made recommendations about improvements to ensure that all grants were made in line with the relevant policies; had been utilised for the purpose that they were made; and that appropriate records were maintained.

There was one Ministerial Direction made on 16 July 2015. This relates to the value for money of a grant of £3 million made to Kids Company. Full details are available at <https://www.gov.uk/government/publications/kids-company-funding-ministerial-direction>. A statement was made by the Cabinet Office on 05 August 2015 following the announced closure of Kids Company, <https://www.gov.uk/government/news/kids-company-statement>. The Charity Commission released statements on 06 August 2015 and 16 August 2015, these can be found at <https://www.gov.uk/government/news/commission-statement-on-keeping-kids-company> and <https://www.gov.uk/government/news/keeping-kids-company-updated-statement-on-case>. The grant originally awarded to Kids Company under the ministerial direction relates to the 2015-16 financial year and will be reported in that set of accounts.

## Review of effectiveness

### COARC Evaluation

Internal Audit conducted an evaluation of COARC in 2014-15. They found that COARC provided significant levels of focus on the key issues facing the Cabinet Office. Compliance with its Terms of Reference and HMT's Good Practice Principles was good. However, they felt that the scale of challenges was likely to increase and that COARC needed to respond to this with additional focus on risk and improved administration of the Committee to enhance its ability to influence emerging issues. Greater engagement between the Secretariat, Chair and Accounting Officer would provide a key contribution to this. These enhancements have been delivered over the course of the year, subject to some further improvements required in Risk Management processes.

### NAO Assurance Reports

Over the period 2014-15 the National Audit Office looked at many aspects of Cabinet Office business. References to 3 reports, two of which relates to grants and one to the prompt payment of suppliers, are set out above. A full list of the reports is set out below, and the reports can be read on the following link: <http://www.nao.org.uk/>

#### Reports:

- Civil Service Learning
- The centre of government
- Investigation into government travel expenditure
- Paying government suppliers on time
- Central government's implementation of the national Compact: a follow-up
- Identity Assurance Programme
- Follow up: grants to the Big Society Network and the Society Network Foundation
- Departmental Overview: the performance of the Cabinet Office 2013-14
- Update on the National Cyber Security Programme
- Transforming government's contract management
- Investigation into grants from the Big Lottery Fund
- The 2013-14 savings reported by the Efficiency and Reform Group
- Government grant services
- The centre of government: an update
- MPA Annual Report

### Post-recess certification

The annual report and accounts have been authorised and certified post the summer parliamentary recess. Government's expectation is that departmental resource accounts are laid pre-recess and HM Treasury have set departments a target of 30 June as the date by which that year's resource accounts should be certified and laid. At the point the accounts were initially prepared, and presented for audit, it was uncertain that the Department's accrual balance as at 31 March 2015 was materially

accurate. In the intervening period the Department has worked to confirm the accuracy of this balance such that I can now sign-off these accounts as materially accurate.

Processes and controls are being reviewed during the 2015-16 financial year to ensure material accuracy can be promptly assured and the 2015-16 accounts laid pre-recess going forwards.

A handwritten signature in black ink, appearing to read 'J. Manzoni', is written over a horizontal line that extends to the left and right of the signature.

**John Manzoni**

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

11 September 2015

# Remuneration Report

## Remuneration of Ministers and Board Members

### 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 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 considering what recommendations to make. These include:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the government's departmental expenditure limits;
- the government's inflation target;
- the 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 2014-15 relate to their performance during 2013-14. The non-consolidated payments to some Board Members during the year ranged from £10,000 to £20,000 and were in line with the government's policy of restricting such payments to the top 25% of performers within the Senior Civil Service.

### 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](http://civilservicecommission.independent.gov.uk)

### Audited Information

The following tables detailing salary and pension entitlements of ministers and senior management have been audited.

### Remuneration (including salary) and Pension Entitlements

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

## Remuneration (Salary, Benefits in Kind and Pensions)

Single total figure of remuneration								
Ministers	Salary		Benefits in Kind		Pension Benefits <sup>1</sup>		Total	
	(to nearest £)		(to nearest £100)		(to nearest £1,000)		(to nearest £1,000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
The Rt Hon. Nick Clegg MP Deputy Prime Minister and Lord President of the Council	67,505	68,169	–	–	18,000	21,000	86,000	89,000
The Rt Hon. Francis Maude MP Minister for the Cabinet Office and Paymaster General	31,680	32,344	–	–	11,000	10,000 <sup>2</sup>	43,000	42,000 <sup>3</sup>
The Rt Hon. Oliver Letwin MP Minister for Government Policy  Chancellor of the Duchy of Lancaster <i>from 15 July 2014</i>	31,680	32,344	–	–	– <sup>4</sup>	–	32,000	32,000
Rob Wilson MP Parliamentary Secretary (Minister for Civil Society)  <i>from 28 September 2014</i>	11,374 <sup>5</sup>	–	–	–	4,000	–	15,000	–
Brooks Newmark MP Parliamentary Secretary (Minister for Civil Society)  <i>from 15 July 2014 until 26 September 2014</i>	4,565 <sup>6</sup>	–	–	–	2,000	–	7,000	–
Nick Hurd MP Parliamentary Secretary (Minister for Civil Society)  <i>until 15 July 2014</i>	6,496 <sup>7</sup>	23,039	–	–	3,000	8,000	9,000	31,000
The Rt Hon. Greg Clark MP Minister for Universities, Science & Cities  <i>from 15 July 2014</i>  Minister of State (Cities and Constitution)  <i>Until 14 July 2014</i>	31,680	13,477 <sup>8</sup>	–	–	11,000	5,000	43,000	18,000
The Rt Hon. Baroness Stowell of Beeston MBE PC Leader of the House of Lords and Lord Privy Seal  <i>from 15 July 2014</i>	55,566 <sup>9</sup>	–	–	–	13,000	–	69,000	–
The Rt Hon. Lord Hill of Oareford CBE Leader of the House of Lords and Chancellor of the Duchy of Lancaster  <i>until 15 July 2014</i>	39,891 <sup>10</sup>	137,404 <sup>11</sup>	400	900	8,000	37,000	48,000	175,000
The Rt Hon. William Hague MP Leader of the House of Commons and First Secretary of State	48,088 <sup>12</sup>	–	–	–	7,000	–	55,000	–

<i>Leader of the House of Commons from 15 July 2014</i>								
<i>First Secretary of State from 12 May 2010</i>								
The Rt Hon. Andrew Lansley CBE MP Leader of the House of Commons and Lord Privy Seal <i>until 15 July 2014</i>	9,197 <sup>13</sup>	32,344	–	–	3,000	9,000	12,000	41,000
The Rt Hon. Kenneth Clarke CH QC MP Minister without Portfolio <i>until 15 July 2014</i>	9,197 <sup>14</sup>	32,344	–	–	– <sup>15</sup>	–	9,000	32,000
The Rt Hon. John Hayes MP Minister without Portfolio <i>until 14 July 2014</i>	10,560 <sup>16</sup>	32,344	–	–	4,000	12,000	15,000	44,000
Jo Johnson MP Minister of State for the Cabinet Office <i>from 15 July 2014</i>	21,749 <sup>17</sup>	–	–	–	8,000	–	30,000	–

Parliament was dissolved on 30 March 2015. From this date every seat in the House of Commons became vacant until after the general election on 7 May 2015.

<sup>1</sup> 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.

<sup>2</sup> This figure has been restated due to a calculation error made at the end of the 2013-14 financial year. It has been reduced by £5,000 from £15,000 to £10,000.

<sup>3</sup> This figure has been restated. It has been reduced by £5,000 from £47,000 to £42,000. The original figure was wrong because an incorrect pension benefit figure had been used to calculate it at the end of the 2013-14 financial year. See note 2 for more detail.

<sup>4</sup> The Rt Hon. Oliver Letwin MP has chosen to opt out of the Ministers' Pension Scheme

<sup>5</sup> Figure quoted is for the period 28 September 2014 to 31 March 2015. The full year equivalent is £22,375.

<sup>6</sup> Figure quoted is for the period 15 July 2014 to 27 September 2014. The full year equivalent is £22,375.

<sup>7</sup> Figure quoted is for the period 1 April 2014 to 15 July 2014. The full year equivalent is £22,375.

<sup>8</sup> Figure quoted is for the period 7 October 2013 to 31 March 2014. The full year equivalent is £32,344.

<sup>9</sup> Figure quoted is for the period 15 July 2014 to 31 March 2015 and includes Lords Office Holders' Allowance of £2,678. The full year equivalent salary is £78,891. The full year Lords Office Holders' Allowance is £3,760, the reduced rate for Lords Ministers whose main home is within Greater London.

<sup>10</sup> Figure quoted is for the period 1 April 2014 to 15 July 2014 and includes Lords Office Holders' Allowance of £10,558. The full year equivalent salary is £101,038. The full year Lords Office Holders' Allowance is £36,366, the rate for Lords Ministers whose main home is outside of Greater London.

<sup>11</sup> Figure quoted includes Lords Office Holders' Allowance of £36,366, the rate for Lords Ministers whose main home is outside of Greater London.

<sup>12</sup> Figure quoted is for the period 15 July 2014 to 31 March 2015. The full year equivalent is £67,505.

<sup>13</sup> Figure quoted is for the period 1 April 2014 to 15 July 2014. The full year equivalent is £31,680.

<sup>14</sup> Figure quoted is for the period 1 April 2014 to 15 July 2014. The full year equivalent is £31,680.

<sup>15</sup> The Rt Hon. Kenneth Clarke CH QC MP no longer has any benefits in the Parliamentary Contributory Pension Fund. They have been transferred to the Consolidated Fund who will pay his benefits when he comes to retire.

<sup>16</sup> Figure quoted is for the period 1 April 2014 to 31 July 2014. The full year equivalent is £31,680.

<sup>17</sup> Figure quoted is for the period 15 July 2014 to 31 March 2015. The full year equivalent is £31,680.

## Remuneration (Salary, Benefits in Kind and Pensions)

Single total figure of remuneration										
Board Members	Salary		Non-consolidated Payments		Benefits in Kind		Pension Benefits <sup>1</sup>		Total	
	(£000)		(£000)		(to nearest £100)		(to nearest £1,000)		(£000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Sir Jeremy Heywood KCB, CVO Cabinet Secretary and Head of the Civil Service	190 – 195	190 - 195	15 - 20	–	13,800 <sup>2</sup>	10,100 <sup>2</sup> restated	43,000	21,000	265-270	220-225 restated
Richard Heaton CB Permanent Secretary, First Parliamentary Counsel and Cabinet Office Principal Accounting Officer	160 - 165	160 - 165	–	–	–	–	52,000	31,000	215-220	190-195
John Manzoni Chief Executive of the Civil Service and Cabinet Office Additional Accounting Officer <i>from 13 October 2014</i>	105 – 110 <sup>3</sup>	–	–	–	–	–	40,000	–	145-150	–
Philip Rycroft CB Director General, Deputy Prime Minister's Office	140 – 145	140 -145	–	–	19,100 <sup>2</sup>	17,300	35,000	35,000 <sup>4</sup>	195-200	190-195 <sup>5</sup>
Sue Gray Director General, Propriety and Ethics Team and Head of Private Offices Group	115 – 120 <sup>6</sup>	115 -120 <sup>7</sup>	10 - 15	–	–	–	26,000	18,000 <sup>8</sup>	155-160	130-135 <sup>9</sup>

Melanie Dawes Director General, Economic and Domestic Affairs Secretariat <i>until 28 February 2015</i>	115 – 120 <sup>10</sup>	125 -130	10 - 15	10 - 15	–	–	27,000	–	160-165	140-145
Antonia Romeo Director General, Economic and Domestic Affairs Secretariat <i>from 1 March 2015</i>	10 – 15 <sup>11</sup>	–	–	–	–	–	4,000	–	10-15	–
Bruce Mann Finance Director	105 – 110	105 -110	–	–	–	–	16,000	(4,000)	120-125	100-105

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

When a civil servant moves from one department to another, the exporting department pays their salary at the current rate of pay up 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.

In his capacity as Head of the Civil Service, Sir Bob Kerslake received an allowance of £20,000 per annum. Sir Bob stepped down from this role at the end of August 2014. The full details of his remuneration for the 2014-15 financial year will be published in the Annual Report and Accounts of the Department for Communities and Local Government, where Sir Bob served as Permanent Secretary until the end of February 2015.

<sup>1</sup> 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 increase or decreases due to a transfer of pension rights.

<sup>2</sup> See page 98, Benefits in Kind. Sir Jeremy Heywood's benefit in kind for 2013-14 has been restated so that it accords with the taxable benefit calculation for company car and fuel benefit charges as prescribed by HM Revenue and Customs. The change reflects the fact that Sir Jeremy's benefit was only for home to office travel (as permitted by the Civil Service Management Code) and not for private use for the remainder of the day. The amount for 2013-14 has been reduced from £75,600. The Department intends to recover the difference from HMRC.

<sup>3</sup> Figure quoted is for the period 13 October 2014 to 31 March 2015. The full year equivalent is in the range £225,000 - £230,000.

<sup>4</sup> This figure has been restated. It has been increased by £35,000 from zero to £35,000. It was calculated incorrectly at the end of the 2013-14 financial year because of incomplete records.

<sup>5</sup> This figure has been restated. The range has been increased by £35,000 from £155,000 - £160,000 to £190,000 - £195,000. The original figure was wrong because an incorrect pension benefit figure had been used to calculate it at the end of the 2013-14 financial year. See note 3 for more detail.

<sup>6</sup> Figure includes Private Secretary Allowance of £6,042.

<sup>7</sup> This figure has been restated. It now includes Private Secretary Allowance of £6,042. The range has been increased by £10,000 from £105,000 - £110,000 to £115,000 - £120,000.

<sup>8</sup> This figure has been restated. It has been increased by £16,000 from £2,000 to £18,000. It was calculated incorrectly at the end of the 2013-14 financial year because the officer's Private Secretary Allowance was not taken into account.

<sup>9</sup> This figure has been restated. The range has been increased by £15,000 from £115,000 - £120,000 to £130,000 - £135,000. The original figure was wrong because incorrect salary and pension benefit figures had been used to calculate it at the end of the 2013-14 financial year. See notes 6 & 7 for more detail.

<sup>10</sup> Figure quoted is for the period 1 April 2014 to 28 February 2015. The full year equivalent is in the range £125,000 - £130,000.

<sup>11</sup> Figure quoted is for the period 1 March 2015 to 31 March 2015. The full year equivalent is in the range £135,000 - £140,000.



## 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 (£66,396 from April 2013, £67,060 from 1 April 2014) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

## Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The disclosed benefits in kind include income tax and National Insurance liability 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 calculation is in accordance with the relevant instructions published by HM Revenue and Customs. Until 31 August 2014, the car was shared with Sir Bob Kerslake in his capacity as Head of the Civil Service.

The Cabinet Office reimburses Philip Rycroft for the costs incurred each week travelling from his home in Scotland to his London office. In 2014-15, this resulted in Philip receiving benefit in kind totalling £19,100 (2013-14: £17,300).

## Non-consolidated payments

Non-consolidated payments are based on performance levels during 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 2014-15 relate to performance in 2013-14 and the comparative payments reported for 2013-14 relate to performance in 2012-13. This is consistent with the approach adopted in previous years.

## Pay Multiples

	2014-15	2013-14 Restated
Band of Highest-Paid Board member's Total Remuneration (£000)	225-230	200-205
Median Remuneration (£)	42,200	42,300
Remuneration Ratio	5.39	4.79

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 banded remuneration of the highest-paid Board member in the Cabinet Office in the financial year 2014-15 was £225,000 – £230,000 (2013-14: £200,000 – £205,000). This was 5.39 times (2013-14: 4.79) the median remuneration of the workforce, which was £42,200 (2013-14: £42,300). The remuneration of agency and other temporary staff employed by the Cabinet Office was excluded when calculating the median remuneration.

In 2014-15, no (2013-14: none) employees received remuneration in excess of the highest-paid Board member. Remuneration of Cabinet Office employees ranged from £16,807 to £230,000 (2013-14: £16,807 to £205,000).

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 is slightly higher in 2014-15 than it was in 2013-14. The main reason for this is Sir Jeremy Heywood (the highest-paid Board member) received a non-consolidated payment in 2014-15, but not in 2013-14.

## Fees Paid to Non-Executive Board Members

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 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 and decide the frequency of any claims that they do make. Claimed fees are included within the wages and salaries costs provided at Note 3 to the accounts.

	Annual Fee Entitlement	Fees Paid 2014-15	Fees Paid 2013-14
Non-Executive Board Members	£	£	£
Lord Browne of Madingley Government Lead Non-Executive and Lead Non-Executive Board Member for the Cabinet Office <i>until 30 January 2015</i>	20,000	Waived	Waived
Ian Davis Non-Executive Board Member and Member of Audit and Risk Committee	15,000	Waived	Waived
Lead Non-Executive for the Cabinet Office <i>from 2 February 2015</i>	5,000 <sup>1</sup>	Waived	-
Rona Fairhead CBE Non-Executive Board Member and Chair of Audit and Risk Committee <i>until 31 August 2014</i>	20,000	Waived	Waived
Dame Barbara Stocking DBE Non-Executive Board Member and Member of Audit and Risk Committee <i>until 6 March 2015</i>	15,000	18,750 <sup>2</sup>	15,000
Acting Chair of the Audit and Risk Committee <i>from 1 September to 27 November 2014</i>	5,000	1,250 <sup>3</sup>	-
Amy Stirling Non-Executive Board Member and Chair of the Audit and Risk Committee <i>from 28 November 2014</i>	20,000	5,000	-

<sup>1</sup> Ian Davis became entitled to an additional fee of £5,000 when he was appointed as a Lead Non-Executive Director for the Cabinet Office on the 2/2/15.

<sup>2</sup> The figure quoted includes Dame Barbara Stocking's fees for the period 16/12/13 – 15/3/14, which was not paid until April 2014.

<sup>3</sup> Dame Barbara Stocking was acting Chair of the Audit and Risk Committee from the 1/9/15 to the 27/11/14 and, as a result, was entitled to a quarter of the Chair's £5,000 per annum fee (£1,250).

## Pension Benefits

Ministers	Accrued pension at age 65 as at 31-03-2015	Real increase in pension at age 65	CETV at 31-03-2015 <sup>1</sup>	CETV at 31-03-2014 <sup>2</sup>	Real increase in CETV
	£000	£000	£000	£000	£000
The Rt Hon. Nick Clegg MP Deputy Prime Minister and Lord President of the Council	5-10	0-2.5	80	61	7
The Rt Hon. Francis Maude MP Minister for the Cabinet Office and Paymaster General	5-10	0-2.5	185	170 <sup>3</sup>	9
The Rt Hon. Oliver Letwin MP <sup>4</sup> Minister for Government Policy, Chancellor of the Duchy of Lancaster <i>from 15 July 2014</i>	–	–	–	–	–
Rob Wilson MP Parliamentary Secretary (Minister for Civil Society) <i>from 28 September 2014</i>	0-5	0-2.5	4	–	2
Brooks Newmark MP Parliamentary Secretary (Minister for Civil Society) <i>From 15 July 2014 until 27 September 2014</i>	0-5	0-2.5	2	–	1
Nick Hurd MP Parliamentary Secretary (Minister for Civil Society) <i>until 15 July 2014</i>	0-5	0-2.5	37	34	2
The Rt Hon. Greg Clark MP Minister of State for Universities, Science & Cities	0-5	0-2.5	52	40	5
The Rt Hon. Baroness Stowell of Beeston MBE PC Leader of the House of Lords and Lord Privy Seal <i>from 15 July 2014</i>	0-5	0-2.5	46	36	5
The Rt Hon. Lord Hill of Oareford CBE Leader of the House of Lords and Chancellor of the Duchy of Lancaster <i>until 15 July 2014</i>	5-10	0-2.5	131	117	5
The Rt Hon. William Hague MP First Secretary of State and Leader of the House of Commons <i>from 15 July 2014</i>	15-20	0-2.5	300	279	3
The Rt Hon. Andrew Lansley CBE MP Leader of the House of Commons and Lord Privy Seal <i>until 15 July 2014</i>	0-5	0-2.5	66	63	2
The Rt Hon. Kenneth Clarke CH QC MP <sup>5</sup> Minister without Portfolio	–	–	–	–	–

<i>until 15 July 2014</i>					
The Rt Hon. John Hayes MP Minister without Portfolio	0-5	0-2.5	62	57	3
<i>until 14 July 2014</i>					
Jo Johnson MP Minister of State for Cabinet Office	0-5	0-2.5	16	9	2
<i>from 15 July 2014</i>					

Parliament was dissolved on 30 March 2015. From this date every seat in the House of Commons became vacant until after the general election on 7 May 2015.

<sup>1</sup> The end date for calculations is 31 March 2015 unless the Minister left the Department during the year.

<sup>2</sup> The start date for calculations is 31 March 2014 unless the Minister was appointed to the Department during the year.

<sup>3</sup> This figure has been restated due to a calculation error made at the end of the 2013-14 financial year. It has been reduced by £5,000 from £175,000 to £170,000.

<sup>4</sup> The Rt Hon. Oliver Letwin MP has chosen to opt out of the Ministers' Pension Scheme.

<sup>5</sup> The Rt Hon. Kenneth Clarke CH QC MP no longer has any benefits in the Parliamentary Contributory Pension Fund. They have been transferred to the Consolidated Fund who will pay his benefits when he comes to retire.

## Ministerial Pensions

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

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

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are revalued annually in line with pensions increase legislation. From 1 April 2014 members paid contributions between 8.4% and 17.9% depending on their level of seniority and chosen accrual rate.

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

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015. The new scheme will be a career average pension scheme, have an accrual rate of 1.775%, revaluation based on the change in prices, a normal pension age equal to the state pension age and a member contribution rate of 11.1%.

### 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.

### Real Increase in the Value of the CETV

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

## Pension Benefits

Board Members	Accrued pension at pension age as at 31-03-15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31-03-2015 <sup>1</sup>	CETV at 31-03-2014 <sup>2</sup>	Real increase In CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sir Jeremy Heywood KCB, CVO Cabinet Secretary and Head of the Civil Service from 14 September 2014	65-70 plus lump sum of 205-210	2.5-5 plus lump sum of 7.5-10	1,315	1,203 <sup>3</sup>	30	–
Richard Heaton CB Permanent Secretary, First Parliamentary Counsel and Cabinet Office Principal Accounting Officer	40-45 plus lump sum of 130-135	2.5-5 plus lump sum of 7.5-10	738	666	35	–
John Manzoni Chief Executive of the Civil Service and Cabinet Office Additional Accounting Officer from 13 October 2014	5-10	0-2.5	74	40	24	–
Phillip Rycroft CB <sup>4</sup> Director General, Deputy Prime Minister's Office	5-10	0 - 2.5	109	68 <sup>5</sup>	26	–
Sue Gray Director General, Propriety and Ethics Team and Head of Private Offices Group	55-60 plus lump sum of 165-170	0-2.5 plus lump sum of 2.5-5	1,161	1,084 <sup>6</sup>	23	–
Melanie Dawes Director General, Economic and Domestic Affairs Secretariat until 28 February 2015	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 2.5-5	663	631	17	–
Antonia Romeo Director General, Economic and Domestic Affairs Secretariat from 1 March 2015	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	286	283	2	–
Bruce Mann Finance Director	45-50 plus lump sum of 145-150	0-2.5 plus lump sum of 2.5-5	1,058	994	15	–

<sup>1</sup> The end date for calculations is 31 March 2015 unless the board member left the Department during the year.

<sup>2</sup> The start date for calculations is 31 March 2014 unless the board member joined the Department's board during the year.

<sup>3</sup> This figure has been restated because Sir Jeremy's Guaranteed Minimum Pension was not taken in to account when calculating it. It has been reduced by £3,000 from £1,206,000 to £1,203,000.

<sup>4</sup> The 2014-15 figures provided for Philip Rycroft differ greatly from the 2013-14 figures. This is because the 2013-14 figures included a preserved award from his previous service and were based on incomplete records.

<sup>5</sup> This figure has been restated. It has been reduced by £593,000 from £661,000 to £68,000. This is because the calculation made at the end of the 13-14 financial year took account of a preserved award from Philip Rycroft's previous service and was based on incomplete records.

<sup>6</sup> This figure has been restated. It has been increased by £7,000 from £1,077,000 to £1,084,000. It was calculated incorrectly at the end of the 2013-14 financial year because Sue Gray's Private Secretary Allowance was not taken into account.

## Civil Service Pensions

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

Employee contributions are salary related and range between 1.5% and 6.85% of pensionable earnings for classic and between 3.5% and 8.85% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on 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 updated in line with pensions increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

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

New career average pension arrangements were introduced from 1 April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme can also be found on the [Civil Service Pensions website](#).

### 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.



## Real Increase in CETV

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

## Compensation for Loss of Office

No compensation payments for loss of office were made to Board members during the reporting year.

A handwritten signature in black ink, appearing to read "Manzoni", with a long horizontal line drawn underneath it.

## John Manzoni

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

11 September 2015

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# Financial Statements

# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Cabinet Office and of its Departmental Group for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2014. The financial statements comprise: the Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

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

## Scope of the audit of the financial statements

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

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

## 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 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Departmental Group's affairs as at 31 March 2015 and of the Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on other matters

In my opinion:

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

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.

Sir Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP

17 September 2015

## Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Cabinet Office to prepare a Statement of Parliamentary Supply and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

### Summary of Resource and Capital Outturn 2014-15

	SoPS Note	Estimate			Outturn			2014-15 £000	2013-14 £000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate: saving / (excess)	Outturn
									Total
<b>Departmental Expenditure Limit</b>									
- Resource	2.1	570,685	102,007	672,692	551,244	99,059	650,303	19,441	419,875
- Capital	2.2	51,328	-	51,328	50,040	-	50,040	1,288	42,873
<b>Annually Managed Expenditure</b>									
- Resource	2.1	4,942	-	4,942	(369)	-	(369)	5,311	(4,080)
- Capital	2.2	-	-	-	-	-	-	-	-
<b>Total Budget</b>		<b>626,955</b>	<b>102,007</b>	<b>728,962</b>	<b>600,915</b>	<b>99,059</b>	<b>699,974</b>	<b>26,040</b>	<b>458,668</b>
<b>Non-Budget</b>		-	-	-	-	-	-	-	-
<b>Total</b>		<b>626,955</b>	<b>102,007</b>	<b>728,962</b>	<b>600,915</b>	<b>99,059</b>	<b>699,974</b>	<b>26,040</b>	<b>458,668</b>

Total Resource		575,627	102,007	677,634	550,875	99,059	649,934	24,752	415,795
Total Capital		51,328	-	51,328	50,040	-	50,040	1,288	42,873
<b>Total</b>		<b>626,955</b>	<b>102,007</b>	<b>728,962</b>	<b>600,915</b>	<b>99,059</b>	<b>699,974</b>	<b>26,040</b>	<b>458,668</b>

### Net Cash Requirement 2014-15

£000	SoPS Note	Estimate	Outturn	2014-15 Outturn compared with Estimate: saving / (excess)	2013-14 Outturn
	4	<b>631,530</b>	<b>575,173</b>	56,357	471,621

### Administration Costs 2014-15

£000	SoPs Note	Estimate	Outturn	2014-15 Outturn compared with Estimate: saving / (excess)	2013-14 Outturn
	2.1	<b>174,942</b>	<b>154,086</b>	20,856	153,325

Figures in the areas outlined in bold 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 the Financial Review section of the Performance Report.

Notes SOPS1 to SOPS5 form part of these accounts.

## Notes to the Accounts (Statement of Parliamentary Supply)

### SOPS1. Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FRoM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

#### SOPS1.1 *Accounting convention*

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA10). ESA10 is in turn consistent with the System of National Accounts (SNA08), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes, have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high-quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

#### SOPS1.2 *Comparison with IFRS-based accounts*

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below. The accounting treatment under IFRS is set out at Note 1 Statement of Accounting Policies accompanying the Accounts. A reconciliation of the Department's outturn as recorded in the SoPS compared to the IFRS-based Statement of Comprehensive Net Expenditure (SoCNE) is provided in SOPS Note 3.1.

#### SOPS1.21 *Private Finance Initiative (PFI) Transactions*

The National Accounts basis for recognising service concession arrangements is broadly similar to UK-GAAP, applying a risk-based test to determine the financial reporting. IFRS-based recognition of service concession arrangements (IFRIC 12) is determined using control tests, which can result in a different on/off balance sheet treatment.

The accounting treatment applied to PFI transactions is set out in Accounting Policy Note 1.20 accompanying the Accounts; and the transactions are recognised in the SoPS as follows.

Non-current asset additions under a PFI contract are recognised as capital expenditure (CDEL). PFI expenditure on service charges and finance lease interest charges is recognised as resource expenditure (RDEL). Where the Department contributes assets to a PFI operator, a prepayment for their fair value is recognised as capital expenditure (CDEL). Amortisation of the prepayment is recognised over the life of the contract as resource expenditure (RDEL). Where, at the end of a PFI contract, a property reverts to the Department, the difference between the expected fair value of the residual element on reversion and any agreed payment on reversion is built up over the life of the contract through recognising part of the unitary charge each year as capital expenditure (CDEL).

#### SOPS1.22 *Capital Grants*

Grant income, expenditure and Grant-in-Kind used for capital purposes are treated as capital (CDEL) items in the Statement of Parliamentary Supply. Under IFRS, as applied by the FRoM, there is no distinction between capital grants and other grants, and they score as an item of expenditure and income in the Consolidated SoCNE. Accounting treatment is set out in Accounting Policy Note 1.11 accompanying the Accounts.

**SOPS1.23**      *Investments in Associates*

The Department recognises in its accounts an investment equal to its share of its associates' net assets as at 31 March. The initial investment and eventual disposal are scored as a charge and benefit to Capital DEL respectively but in other respects, accounting and budgeting treatment are mis-aligned.

The share of opening net assets recognised in the Statement of Financial Position (SoFP) and in the SoCNE is classified to Capital DEL non-budget and non-voted and therefore has no impact on control totals. Dividends received which reduce the investment score to administration in Resource DEL. The share of profit or loss for the year and any impairment in value are outside the scope of budgets. Accounting treatment is set out in Accounting Policy Note 1.22 accompanying the Accounts.

**SOPS1.24**      *Provisions – Administration and Programme expenditure*

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the SoPS across AME and DEL control totals, which do not affect the SoCNE. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the SoPS differ from that reported in the IFRS-based accounts.

**SOPS1.25**      *Consolidated Fund Standing Services*

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

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

**SOPS1.26**      *Grant-in-aid to Arm's Length Bodies*

Grant-in-aid to Arm's Length Bodies is included in the accounts as resource expenditure and in Estimates as part of net cash requirement but is excluded from budgets which instead include the resource and capital expenditure incurred by the bodies. Accounting treatment is set out in Accounting Policy Note 1.11 accompanying the Accounts.

**SOPS1.3**      *Income payable to the Consolidated Fund*

Income which is of a type not anticipated by the Department within its budgets and which therefore has not been described in the income ambit to the Estimate may not be retained for use by the Department and must be paid over to the Treasury's Consolidated Fund.

**SOPS1.31**      *Parliamentary elections in England and Wales*

The forfeited deposits of unsuccessful election candidates are accounted for on an accruals basis and are treated as non-voted receipts surrenderable to the Consolidated Fund.

**SOPS1.32**      *Fees from Consultant Lobbyists*

Fees from Consultant Lobbyists are recognised on an accruals basis at the point of application to register and cash receipts are recognised as excess cash surrenderable to HM Treasury's Consolidated Fund.

HM Treasury has agreed that these charges (which are treated as taxes in National Accounts) may be subject to a netting off arrangement whereby they may be netted off against expenditure in budgetary terms and may be recorded as income in the SoCNE.



## SOPS2. Net Outturn

## SOPS2.1 Analysis of net resource outturn by section

								2014-15	2013-14		
								£000	£000		
	Outturn							Estimate			Outturn
	Administration			Programme				Net Total	Net Total compared to Estimate	Net Total compared to Estimate, adjusted for virements	Total
Gross	Income	Net	Gross	Income	Net	Total					
<b>Spending in Departmental Expenditure Limit</b>											
Voted											
<b>A: Support to the Cabinet, the PM &amp; the Deputy PM</b>	65,845	(9,392)	56,453	6,807	-	6,807	63,260	61,936	(1,324)	1,544	57,691
<b>B: Political &amp; Constitutional Reform</b>	3,476	(38)	3,438	51,705	-	51,705	55,143	65,936	10,793	11,794	20,629
<b>C: National Security</b>	14,550	(643)	13,907	24,523	(2,065)	22,458	36,365	33,175	(3,190)	-	29,076
<b>D: Efficiency &amp; Reform<sup>1</sup></b>	32,977	(14,856)	18,121	102,082	(6,849)	95,233	113,354	99,895	(13,459)	-	94,417
<b>E: Government Innovation Group</b>	6,205	(1,587)	4,618	257,866	(37,757)	220,109	224,727	226,941	2,214	449	170,092
<b>F: Hosted Functions</b>	1,271	-	1,271	1,073	(1,079)	(6)	1,265	1,150	(115)	-	1,152
<b>G: Corporate Services Group<sup>2</sup></b>	67,724	(25,958)	41,766	30	-	30	41,796	65,950	24,154	4,006	32,183
<b>H: Civil Service Capability<sup>1</sup></b>	30,431	(22,655)	7,776	820	-	820	8,596	7,392	(1,204)	-	6,098
<b>I: Pensions<sup>2</sup></b>	64,878	(60,170)	4,708	-	-	-	4,708	6,087	1,379	1,379	4,917
<b>J: ALB – The Registrar of Consultant Lobbyists -NET</b>	232	-	232	-	-	-	232	156	(76)	-	-
<b>K: ALB – Civil Service Commission -NET</b>	1,798	-	1,798	-	-	-	1,798	2,067	269	269	1,794
<b>Total Voted</b>	<b>289,387</b>	<b>(135,299)</b>	<b>154,088</b>	<b>444,906</b>	<b>(47,750)</b>	<b>397,156</b>	<b>551,244</b>	<b>570,685</b>	<b>19,441</b>	<b>19,441</b>	<b>418,049</b>
<b>Non-voted</b>											
<b>J: ALB – The Registrar of Consultant Lobbyists -NET</b>	-	(2)	(2)	-	-	-	(2)	-	2	2	-
<b>L: Consolidated Fund Standing Services</b>	-	-	-	99,061	-	99,061	99,061	102,007	2,946	2,946	1,826
<b>Total DEL</b>	<b>289,387</b>	<b>(135,301)</b>	<b>154,086</b>	<b>543,967</b>	<b>(47,750)</b>	<b>496,217</b>	<b>650,303</b>	<b>672,692</b>	<b>22,389</b>	<b>22,389</b>	<b>419,875</b>
<b>Annually Managed Expenditure Voted</b>											
<b>M: Corporate Services Group (AME)</b>	-	-	-	(369)	-	(369)	(369)	4,942	5,311	5,311	(4,080)
<b>Non-budget</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>289,387</b>	<b>(135,301)</b>	<b>154,086</b>	<b>543,598</b>	<b>(47,750)</b>	<b>495,848</b>	<b>649,934</b>	<b>677,634</b>	<b>27,700</b>	<b>27,700</b>	<b>415,795</b>

## SOPS2.2 Analysis of net capital outturn by section

	2014-15 £000						2013-14 £000
	Outturn			Estimate			Outturn
	Gross	Income	Net	Net	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Net
<b>Spending in Departmental Expenditure Limit Voted</b>							
A: Support to the Cabinet, the PM & the Deputy PM	1,543	(15)	1,528	2,000	472	361	1,476
B: Political & Constitutional Reform	3,617	-	3,617	4,000	383	383	6,567
C: National Security	(57) <sup>3</sup>	-	(57)	210	267	-	975
D: Efficiency & Reform <sup>1</sup>	16,693	-	16,693	18,457	1,764	-	4,504
E: Government Innovation Group	23,346	(2,870)	20,476	20,950	474	474	12,080
G: Corporate Services Group <sup>2</sup>	9,775	(2,039)	7,736	5,641	(2,095)	-	17,228
H: Civil Service Capability <sup>1</sup>	47	-	47	-	(47)	-	43
J: ALB – The Registrar of Consultant Lobbyists –NET	-	-	-	70	70	70	-
<b>Total DEL</b>	<b>54,964</b>	<b>(4,924)</b>	<b>50,040</b>	<b>51,328</b>	<b>1,288</b>	<b>1,288</b>	<b>42,873</b>

<sup>1</sup> In the Cabinet Office 2013-14 Annual Report and Accounts Civil Service Capability was included in the Efficiency and Reform figures.

<sup>2</sup> In the Cabinet Office 2013-14 Annual Report and Accounts Pensions was included in the Corporate Services Group figures.

<sup>3</sup> The National Security outturn includes an adjustment to reflect excess accrued expenditure of £143,500 from 2012-13.

Detailed explanations on variances may be found in the Financial Review section of the Performance Report.

## SOPS3. Reconciliation of outturn to net operating cost and against Administration Budget

### SOPS3.1 Reconciliation of net resource outturn to net operating costs

		2014-15 £000	2013-14 £000
	<b>Note</b>		
<b>Total Resource Outturn in Statement of Parliamentary Supply</b>			
Budget	SOPS2.1	649,934	415,795
Non-Budget		-	-
		<u>649,934</u>	<u>415,795</u>
<b>Add:</b>			
Capital Grants	5	25,866	15,804
Dividends received from associates	16	3,800	470
<b>Less:</b>			
Capital Grant Income	6	(2,615)	(3)
UK Members of the European Parliament	SOPS2.1	(2,552)	(1,826)
Share of associates' profit and gain on opening net assets	6, 16	(7,348)	(48,283)
Forfeited deposits payable to the Consolidated Fund	6	(307)	-
		<u>666,778</u>	<u>381,957</u>
<b>Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>666,778</b>	<b>381,957</b>

### SOPS3.2 Outturn against final Administration Budget and Administration net operating costs

		2014-15 £000	2013-14 £000
	<b>Note</b>		
<b>Estimate – Administration costs limit</b>		<b>174,942</b>	<b>184,809</b>
Outturn – Gross Administration Costs		289,387	334,945
Outturn – Gross Income relating to administration costs		(135,301)	(181,620)
<b>Outturn – Net administration costs</b>	SOPS2.1	<b>154,086</b>	<b>153,325</b>
<b>Reconciliation to operating costs:</b>			
Add: Dividends received from associates	16	3,800	470
Less: Utilisation of provisions	23	(1,875)	(1,421)
		<u>156,011</u>	<u>152,374</u>
<b>Administration Net Operating Costs</b>		<b>156,011</b>	<b>152,374</b>

Detailed explanations of the variances are given in the Financial Review section of the Performance Report.

## SOPS4. Reconciliation of Net Resource Outturn to Net Cash Requirement

2014-15

		Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)
	Note	£000	£000	£000
<b>Resource Outturn</b>	SOPS2.1	<b>677,634</b>	<b>649,934</b>	<b>27,700</b>
<b>Capital Outturn</b>	SOPS2.2	<b>51,328</b>	<b>50,040</b>	<b>1,288</b>
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	4, 5	(21,757)	(8,161)	(13,596)
Amortisation	4, 5	-	(2,819)	2,819
Impairment	4, 5	-	(2,099)	2,099
Devaluation	5	-	(2,229)	2,229
Bad debt write off	4, 5	-	(25)	25
New provisions and adjustments to previous provisions	4, 5	-	834	(834)
Audit fee	4	(495)	(475)	(20)
Loan Impairment	5	(442)	(61)	(381)
Investment property gain on change in fair value	5	-	32	(32)
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital	SOPS2.1	(2,293)	(2,030)	(263)
Remove voted resource and capital – Accrual		-	23	(23)
Elimination adjustment		-	(444)	444
Add cash grant-in-aid		2,293	2,417	(124)
<i>Adjustment to reflect movements in working balances:</i>				
Increase in inventories		-	8	(8)
Increase in trade receivables		-	2,416	(2,416)
Increase in trade payables		25,012	(15,012)	40,024
Use of provisions	23	2,257	1,875	382
		<b>733,537</b>	<b>674,224</b>	<b>59,313</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund Standing Services	SOPS2.1	(102,007)	(99,061)	(2,946)
Cash surrenderable to the Consolidated Fund	22	-	10	(10)
<b>Net cash requirement</b>		<b>631,530</b>	<b>575,173</b>	<b>56,357</b>

Detailed explanations on variances may be found in the Financial Review section of the Performance Report.

## SOPS5. Income payable to the Consolidated Fund

### SOPS 5.1 Analysis of 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).

	Note	Outturn 2014-15		Outturn 2013-14	
		Income	Receipts	Income	Receipts
Non voted receipts surrendered to the Consolidated Fund <sup>1</sup>	6	307	<i>307</i>	-	-
Cash surrenderable to the Consolidated Fund <sup>2</sup>	6, 22	2	<i>10</i>	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>309</b>	<b><i>317</i></b>	-	-

<sup>1</sup> Forfeited deposits in respect of Parliamentary elections in England and Wales

<sup>2</sup> Registration charges from Consultant Lobbyists

#### *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 and by-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 charges from Consultant Lobbyists*

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

1. The Registrar may impose charges for or in connection with the making, updating and maintenance of entries in the register.
2. The charges are to be determined by or in accordance with regulations.
3. 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).
4. 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.
5. The Registrar must pay into the Consolidated Fund any sums received in respect of charges under this section.

## Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

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

		2014-15 £000	2013-14 £000
	Note	Departmental Group	Departmental Group
<b>Administration costs</b>			
Staff costs	3	112,636	114,661
Other costs	4	172,074	216,118
Income	6	(128,699)	(178,405)
<b>Programme expenditure</b>			
Staff costs	3	63,968	52,565
Other costs	5	504,816	233,788
Income	6	(50,669)	(8,487)
Income from associates	6	(7,348)	(48,283)
<b>Net operating costs</b>		<b>666,778</b>	<b>381,957</b>
Total expenditure		853,494	617,132
Total income	6	(186,716)	(235,175)
<b>Net operating costs</b>		<b>666,778</b>	<b>381,957</b>
<b><u>Other comprehensive income</u></b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net gain on:			
- revaluation of property, plant and equipment	7	(13,530)	(1,632)
- revaluation of intangible assets	9	(78)	(77)
Investments in associates:			
- Share of unrecognised gains		-	(2)
<b>Total other comprehensive net income</b>		<b>(13,608)</b>	<b>(1,711)</b>
<b>Total comprehensive net expenditure</b>		<b>653,170</b>	<b>380,246</b>

Notes 1 to 30 form part of these accounts

## Consolidated Statement of Financial Position

as at 31 March 2015

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

		2015 £000	2014 £000
		Departmental Group	Departmental Group
<b>Non-current assets</b>	<b>Note</b>		
Property, plant and equipment	7	202,619	178,235
Investment properties	8	2,320	2,288
Intangible assets	9	6,102	4,600
Investments in associates	16	56,204	53,695
Other financial assets	18	2,308	2,128
Other non-current assets	20	11,050	16,450
<b>Total non-current assets</b>		<b>280,603</b>	<b>257,396</b>
<b>Current assets</b>			
Assets held for sale	19	60,000	60,000
Inventories		476	468
Trade and other receivables	20	85,658	52,161
Cash and cash equivalents	21	66,682	22,646
<b>Total current assets</b>		<b>212,816</b>	<b>135,275</b>
<b>Total assets</b>		<b>493,419</b>	<b>392,671</b>
<b>Current liabilities</b>			
Trade and other payables	22	(185,196)	(100,484)
Provisions	23	(2,729)	(4,693)
<b>Total current liabilities</b>		<b>(187,925)</b>	<b>(105,177)</b>
<b>Non-current assets plus net current assets</b>		<b>305,494</b>	<b>287,494</b>
<b>Non-current liabilities</b>			
Provisions	23	(3,126)	(3,830)
<b>Total non-current liabilities</b>		<b>(3,126)</b>	<b>(3,830)</b>
<b>Total assets less liabilities</b>		<b>302,368</b>	<b>283,664</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		234,545	221,998
Revaluation reserve		67,823	61,666
<b>Total equity</b>		<b>302,368</b>	<b>283,664</b>



**John Manzoni**

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

11 September 2015

Notes 1 to 30 form part of these accounts

## Consolidated Statement of Cash Flows

for the year ended 31 March 2015

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. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

		2014-15 £000	2013-14 £000
		Departmental Group	Departmental Group
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Net operating cost		(666,778)	(381,957)
Adjustments for non-cash transactions	4, 5, 6	13,027	11,662
Remove income from associates	6	(7,348)	(48,283)
Remove dividend income	6	(2,000)	(2,641)
Increase in trade and other receivables	20	(28,097)	(14,171)
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Movement in amounts relating to provision for doubtful debt	20	41	40
Amounts relating to bad debt write off	4, 5	(25)	(164)
Increase in inventories		(8)	(9)
Increase in trade and other payables	22	84,712	4,884
<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	22	(33,753)	(16,380)
Cash surrenderable to the Consolidated Fund	22	(10)	-
Release of deferred income	4, 5	-	8
Movement in capital accruals relating to investing activities		(1,011)	(593)
Amounts relating to Consolidated Fund Standing Services – Elections		-	4
Amounts due to the Consolidated Fund for non voted receipts – Elections		-	86
Use of provisions	23	(1,875)	(1,421)
Adjustment - Civil Service Commission		34	-
<b>Net cash outflow from operating activities</b>		<b>(643,091)</b>	<b>(448,935)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(25,223)	(24,785)
Purchase of intangible assets	9	(2,348)	(1,809)
Loans to other bodies	18	(511)	(938)
Investments in associates	16	(1,000)	-
Movement in capital accruals		1,011	593
Dividends received from Crown Commercial Service	6	2,000	2,641
Dividends received from associates	16	3,800	470
Proceeds of disposal of shares in associates		4,000	-
Proceeds of disposal of intangible assets		-	17
Repayments from other bodies	18	270	389
<b>Net cash outflow from investing activities</b>		<b>(18,001)</b>	<b>(23,422)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		608,926	488,000
From the Consolidated Fund (Non-supply) – current year		96,509	-
<b>Net financing</b>		<b>705,435</b>	<b>488,000</b>
<b>Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>44,343</b>	<b>15,643</b>
Non-voted receipts surrendered to the Consolidated Fund – Elections		(307)	(90)
<b>Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	21	<b>44,036</b>	<b>15,553</b>
<b>Cash and cash equivalents at the beginning of the period</b>	21	<b>22,646</b>	<b>7,093</b>
<b>Cash and cash equivalents at the end of the period</b>	21	<b>66,682</b>	<b>22,646</b>

Notes 1 to 30 form part of these accounts



## Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held by the Cabinet Office, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the changes in asset values that have not been recognised as income or expenditure.

		General Fund	Revaluation Reserve	Taxpayers' Equity
	Note	£000	£000	£000
<b>Balance at 1 April 2013</b>		<b>130,271</b>	<b>61,526</b>	<b>191,797</b>
Net Parliamentary Funding – drawn down		488,000	-	488,000
Net Parliamentary Funding – deemed		5,426	-	5,426
Supply payable adjustment	22	(21,806)	-	(21,806)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(4)	-	(4)
Comprehensive Net Expenditure for the year		(381,957)	-	(381,957)
Non-cash charges – auditors' remuneration	4	495	-	495
Movements in Reserves:				
Net gain on revaluation of property, plant and equipment	7.2	-	1,632	1,632
Net gain on revaluation of intangible assets	9.2	-	77	77
Amounts relating to Consolidated Fund Standing Services – Elections		4	-	4
Transfers between reserves		1,569	(1,569)	-
<b>Balance at 31 March 2014</b>		<b>221,998</b>	<b>61,666</b>	<b>283,664</b>
Net Parliamentary Funding – drawn down		608,926	-	608,926
Net Parliamentary Funding – deemed	22	21,806	-	21,806
Consolidated Fund Standing Services - non supply		96,509	-	96,509
Cash surrenderable to the Consolidated Fund	22	(10)	-	(10)
Supply payable adjustment	22	(55,559)	-	(55,559)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(307)	-	(307)
Comprehensive Net Expenditure for the year		(666,778)	-	(666,778)
Adjustment - Civil Service Commission		34	-	34
Non-cash charges – auditors' remuneration	4	475	-	475
Movements in Reserves:				
Net gain on revaluation of property, plant and equipment	5, 7.1	-	13,530	13,530
Net gain on revaluation of intangible assets	9.1	-	78	78
Transfers between reserves		7,451	(7,451)	-
<b>Balance at 31 March 2015</b>		<b>234,545</b>	<b>67,823</b>	<b>302,368</b>

Notes 1 to 30 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 2014-15 *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.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

#### 1.2 Basis of preparation

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

#### 1.3 Basis of consolidation

These accounts comprise a consolidation of the core Department and those Arm's Length Bodies which fall within the departmental boundary as defined in the *FReM* and make up the "Departmental Group". Transactions between entities included in the consolidation are eliminated. A list of all those entities within the departmental boundary is given at Note 29.

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 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. Spending Round 2013 set out budgets for 2015-16 and Parliament has authorised spending for 2015-16 in the Main Estimate published within 'Central Government Supply Estimates 2015-16' HC 215.

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 Transfer by Absorption

Transfers of function between public sector bodies (excluding those between central government departments to which merger accounting applies) are accounted for as transfers by absorption.

In accordance with the *FReM*, the carrying value of the assets and liabilities of the combining bodies or functions are not adjusted to fair value on consolidation. There is no recognition of goodwill and no restatement of comparatives in the primary financial statements. The recorded amounts of net assets/liabilities are brought into the financial statements of the transferee and written out of those of the transferor from the date of transfer. The net asset/liability carrying value is recorded against non-operating gain/loss through net expenditure. Any revaluation reserves are transferred in full with the remaining balance transferred to the General Fund.

On 1 April 2013 the following functions transferred from the Cabinet Office to its executive non-departmental public body, the Civil Service Commission: the Advisory Committee on Business Appointments and the House of Lords Appointments Commission, both advisory non-departmental public bodies, and the Office of the Commissioner for Public Appointments. The reason for the

transfer is to improve the transparency of the Civil Service Commission's financial reporting and to remove the need for complex recharges between four units under a single Accounting Officer.

## 1.6 Judgements and key sources of estimation uncertainty

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

Information about the assumptions made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying value amounts of assets and liabilities within the next financial year, is disclosed.

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

### *Public Finance Initiative (PFI) arrangements*

The classification of Public 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 14.

### *Determining whether an arrangement contains a lease*

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

### *Operating lease commitments*

The classification of property, plant and equipment leases as operating or finance lease requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets; and, accordingly, whether the lease requires an asset and liability to be recognised in the SoFP. See Note 13.

### *Impairment of assets*

The Department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairments that are due to a clear consumption of economic benefit are recognised in the Statement of Comprehensive Net Expenditure (SoCNE) rather than set against an available revaluation reserve. The treatment of impairments in accounts therefore corresponds with the treatment in departmental budgets and Estimates. See Notes 7 and 9.

### *Development costs*

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

## 1.7 Operating segments

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

## 1.8 Employee benefits

### *Short-term benefits*

Where an employee has rendered service to the Department during the financial year, the Department recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense. Performance 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 then accrues for termination benefits in cases of both voluntary and compulsory redundancy at the point at which the employee has accepted the offer made by the Department, and where appropriate, reverses the earlier provision.

**1.9 Pensions**

The majority of past and present employees of the core Department and its Arm's Length Body, the Civil Service Commission, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

**1.10 Administration and programme expenditure and income**

The SoCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury.

Administration costs and operating income reflect the costs of running the Department. Income is analysed between that which is allowed to be offset against gross administration costs in determining the outturn against the gross administration budget and that operating income which is not.

Programme costs include payments of grants and grant-in-aid and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

**1.11 Grants**

Grants are unrequited payments made by the Department to outside bodies to reimburse expenditure on agreed items or functions and often only paid on statutory conditions being met. Grants may be resource or capital. The Department recognises grant expenditure at the point of cash disbursement.

Grants-in-aid are financing payments made by the Department to an Arm's Length Body. They are recognised in the accounts of the core department only and eliminated on consolidation. The Department recognises grants-in-aid at the point of cash disbursement.

**1.12 Revenue**

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

*Operating Income recognised in SoCNE*

Operating income is generated by the Department in pursuit of its activities and in managing its affairs. It is stated net of VAT. Operating income principally comprises fees and charges for services provided on a full-cost basis to external customers as well as public re-payment 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.

*Non-operating income recognised in SoFP*

Non-operating income relates to the sale of capital assets and repayment of loan principal. It may be retained to finance related capital spending in cases where it has been described in the income ambit to the Estimate, otherwise it may not be retained and is due to the Consolidated Fund.

### *Consolidated Fund Extra Receipts (CFERs)*

Income which is of a type not anticipated by the Department within its budgets and which therefore has not been described in the income ambit to the Estimate may not be retained for use by the Department and must be paid over to Treasury's Consolidated Fund. Such income is known as Consolidated Fund Extra Receipts and is accounted for on an accruals basis.

## 1.13 Value Added Tax

Most of the activities of the core Department are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. The net amount due to, or from, HM Revenue and Customs in respect of VAT is included within receivables and payables within the SoFP.

Its Arm's Length Bodies, the Civil Service Commission and The Registrar of Consultant Lobbyists, are not registered for VAT purposes.

## 1.14 Property, plant and equipment

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques and properties surplus to requirement.

Cost comprises the amount of cash paid to acquire the asset and includes any costs directly attributable to making the asset capable of operating as intended. The capitalisation threshold for expenditure on property, plant and equipment is £5,000.

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

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

Properties surplus to requirement are valued on the basis of open market value less any directly attributable selling costs where material.

Other operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. Published indices appropriate to the category of asset are normally used to estimate value.

Art and antiques, including some heritage assets, have been inherited by the Department since its earliest existence and are held mainly in 10 Downing Street and 70 Whitehall. They are subject to professional valuation on the basis of insurance value or mid-auction estimate every five years with the revaluation being taken into the revaluation reserve. They are not depreciated or indexed.

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

## 1.15 Depreciation on property, plant and equipment

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

Asset lives are normally in the following ranges:

Freehold buildings including dwellings	25 to 55 years
Leasehold building improvements	over the remaining term of the lease
Plant and equipment	3 to 10 years
Furniture and fittings	5 to 7 years
IT hardware and office equipment	3 to 6 years
Vehicles	3 to 5 years

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

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

### 1.16 Donated Assets

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

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

The Civil Service Club is recognised as a donated asset. Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Majesty the Queen and part of the sum subscribed was, by her wish, applied to some object of general benefit to the Civil and Foreign Services and consequently the Civil Service Club was purchased; see Note 7.

### 1.17 Investment Properties

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

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

### 1.18 Intangible assets and amortisation

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

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

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life 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.

#### *Software licences*

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

#### *Research and development*

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

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

### 1.19 Leases

Assets held under finance leases, which transfer to the Department substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the SoCNE so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and the rentals payable are charged to the SoCNE on a straight-line basis over the lease term.

### 1.20 Private Finance Initiative (PFI) Transactions

PFI transactions are accounted for in accordance with IFRIC 12 and IAS 17, as interpreted for the public sector by the *FReM*.

Where the Department has control over a PFI asset, or where the Department does not have control but the balance of risks and rewards of control is borne by the Department, the asset is recognised as a non-current asset. The Department recognises a liability for the capital value of the contract. That liability does not include interest charges and service elements, which are expensed annually to the Statement of Comprehensive Net Expenditure.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment (Note 1.14) and intangible assets (Note 1.18). Liabilities are measured using the appropriate discount rate.

Where the Department does not have control over the PFI asset and the balance of risks and rewards of control are borne by the PFI operator, the PFI payments are recorded as an expense in the Statement of Comprehensive Net Expenditure.

Where the Department has contributed assets to a PFI operator, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Amortisation is recognised as an expense to the Statement of Comprehensive Net Expenditure. Where at the end of the PFI contract, a property reverts to the Department, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year. The values for both of these elements (the prepayment and the reversionary interest) are recognised as Property, Plant and Equipment. The element of a property covered by a lease granted to a PFI operator, and for which sub-leases are granted to the Department for continued occupation, is recognised as an investment property.

## 1.21 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, except for loans, Public Dividend Capital and other interests in public bodies outside the departmental boundary which are reported at historical cost less any impairment.

Fair value is determined as the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Department considers whether a contract contains an embedded derivative when the entity first becomes party to it. Embedded derivatives are separated from the host contract if the contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract.

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

### *Investments in other bodies*

Loans, Public Dividend Capital and other interests in public bodies outside the departmental boundary are shown at historical cost, less any impairment.

Loans issued by the Cabinet Office to the Bridges Social Entrepreneurs' Fund LP are recognised at the point of the disbursement under the terms set out in the Limited Partnership Agreement. Bridges Social Entrepreneurs' Fund LP is an entity which lies outside the departmental boundary and consequently the loans are reported at historical cost less any impairment. The impairment is assessed as the difference between the cost of the loan issued and the Department's share of the net asset value as reported in the Bridges Social Entrepreneurs' Fund LP accounts. The net asset value equals the sum of the investment value at cost in the initial year and marketable value in subsequent years, adjusted for other net assets.

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

### *Loans and receivables*

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

### *Advances to Returning Officers*

Prior to an election, advances are made to Returning Officers for 75% of the maximum recoverable amount and 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.

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

## 1.22 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. 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 co-terminous but are no greater than 3 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.

### 1.23 Assets classified as held for sale

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

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

### 1.24 Inventories

Inventories of insignia are valued at original cost.

### 1.25 Cash and cash equivalents

Cash in the SoFP comprises cash at bank and in hand. Any overdraft will be recorded as a creditor. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

### 1.26 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### *Other financial liabilities*

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

#### *Elections*

Trade and other payables include an accrual for election expenses, cash received from Returning Officers in respect of unsettled claims and non-voted receipts surrenderable to the Consolidated Fund.

#### *Accruals for elections*

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 Officers' constituency as listed in the Charges Order. 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 within operating cost upon settlement of Royal Mail invoices and upon settlement of each Returning Officer's actual expense claim.

For by-elections held subsequent to the 2010 UK Parliamentary General election, HM Treasury advised that an unused portion of the General Election funding should be retained to cover their costs. Therefore upon establishment of an accrual for a by-election as described above, a commensurate portion of the remaining accrual pertaining to the 2010 UK Parliamentary General election is released which results in a neutral overall impact on operating cost.

*Cash received from Returning Officers in respect of unsettled claims*

Returning Officers may attach a cheque upon submission of their expense claim in cases where they have spent less than the amount originally advanced to them. These cheque receipts are recorded as a liability to the Returning Officers until their claims have been checked, at which point their cheques are recognised as settlement of the invoice raised upon them and offset against the debtor.

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

**1.27 Provisions**

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

If the effect is material, expected future cash flows are discounted using real rates set by HM Treasury which are short-term (0-1 year) -1.50% (2013-14: -1.90%), medium-term (1-5 years) -1.05% (2013-14: -0.65%) and long-term (5+ years) 2.20% (2013-14: 2.20%) with effect from 31 March 2015.

For early departure costs the Department establishes a provision for the estimated payments discounted by the Treasury discount rate of 1.30% (2013-14: 1.80%) in real terms. Where discounting is used, the increase in the provision due to borrowing costs is recognised as a finance cost.

**1.28 Contingent liabilities and contingent assets**

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

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

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

In addition to contingent assets and liabilities disclosed in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under *IAS 37* are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by *IAS 37* are stated at the amounts reported to Parliament.

**1.29 Impending application of newly issued accounting standards not yet effective**

Issued 1 January 2013:

IFRS 13 - *'Fair Value Measurement'*

This will apply prospectively from 1 April 2015 and will provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS.

Issued 1 January 2014:

IAS 36 - *'Impairment of assets' on recoverable amount disclosures* (amendment)

This is expected to apply prospectively from 1 April 2015 in conjunction with IFRS 13. It modifies some of the disclosure and clarifies the scope of certain disclosures.

Not yet effective:

*IAS 1 – Disclosure Initiative* (amendment)

These amendments encourage professional judgement to be used in determining what information to disclose in financial statements and where and in what order information is presented in the financial disclosures. Expected to be applied in 2016-17 following EU adoption and review.

*IAS 27 – Equity Method in Separate Financial Statements* (amendment)

This allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Expected to be applied in 2016-17 following EU adoption and review.

*IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation* (amendment)

This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. Expected to be applied in 2016-17 following EU adoption and review.

*IFRS 15 - Revenue from Contracts with Customers* (IAS 18 replacement – *Revenue Recognition and Liabilities Recognition*)

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. Expected to be applied in 2017-18 following EU adoption and consultation.

*IFRS 10, IFRS 12, IAS 28 – Investment entities: applying the Consolidation Exception* (amendment)

These amendments clarify the requirements when accounting for investment entities. Expected to be applied in 2017-18 following EU adoption and review.

*IFRS 9 – Financial Instruments* (new)

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. Expected to be applied in 2018-19 following EU adoption and consultation.

*IAS 17 replacement - Leases*

The current proposals include the elimination of the current operating lease categorisation for virtually all leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. Subject to consultation when the new Standard is issued.

*IFRS 10 and IAS 28 – Sale or contribution of Assets between an investor and its associates or joint* (amendment)

These amendments prescribe the accounting treatment for the sale or contribution of assets between an investor and its associate or joint venture. The EU has postponed adoption whilst waiting for an Exposure Draft from the IASB.

## 2. Statement of Net Resource Outturn by Operating Segment

Operating Segment	Note					2014-15		2013-14
		Gross outturn	Income	Net Outturn	Percentage split	Corporate Services Net <sup>1</sup>	Resource DEL	Restated <sup>2</sup>
		£000	£000	£000	%	£000	£000	£000
Support to the Cabinet, PM & Deputy PM		69,657	(9,392)	60,265	12.14	4,476	64,741	58,712
Political & Constitutional Reform		54,104	(38)	54,066	10.90	4,016	58,082	21,912
National Security		38,126	(2,706)	35,420	7.14	2,631	38,051	30,350
Efficiency & Reform		131,812	(21,704)	110,108	22.19	8,178	118,286	97,223
Government Innovation Group		263,834	(39,344)	224,490	45.24	16,675	241,165	180,615
Hosted Functions		2,344	(1,078)	1,266	0.25	94	1,360	1,224
Civil Service Capability		31,221	(22,656)	8,565	1.73	636	9,201	6,477
ALB - Registrar of Consultant Lobbyists		232	-	232	0.05	17	249	-
ALB - Civil Service Commission		1,798	-	1,798	0.36	134	1,932	1,906
<b>Subtotal</b>		<b>593,128</b>	<b>(96,918)</b>	<b>496,210</b>	<b>100.00</b>	<b>36,857</b>	<b>533,067</b>	<b>398,419</b>
Pensions		64,878	(60,170)	4,708	-	-	4,708	4,900
Transactional Shared Services		-	-	-	-	-	-	565
<b>Subtotal</b>		<b>658,006</b>	<b>(157,088)</b>	<b>500,918</b>	<b>100.00</b>	<b>36,857</b>	<b>537,775</b>	<b>403,884</b>
Consolidated Fund Standing Services		99,061	-	99,061	-	-	99,061	1,826
ALB – Registrar of Consultant Lobbyists		-	(2)	(2)	-	-	(2)	-
<b>Subtotal</b>		<b>757,067</b>	<b>(157,090)</b>	<b>599,977</b>	<b>100.00</b>	<b>36,857</b>	<b>636,834</b>	<b>405,710</b>
Ring fenced depreciation, amortisation, impairment and provision for doubtful debt		12,994	-	12,994	-	-	12,994	13,670
Audit fee		475	-	475	-	-	475	495
<b>Total Resource DEL</b>	<b>SOPS2.1</b>	<b>770,536</b>	<b>(157,090)</b>	<b>613,446</b>	<b>100.00</b>	<b>36,857</b>	<b>650,303</b>	<b>419,875</b>

<sup>1</sup> Corporate Services income is disclosed at SOPS 2.1 and at Note 6. It mainly includes supplier rebates, dividends from associates and profit on disposal of shareholding in associates.

<sup>2</sup> In 2014-15 there are two additional reportable segments, Civil Service Capability previously included in Efficiency and Reform and Pensions previously in Corporate Services.

The segmental analysis has been prepared to align with the reporting of the Cabinet Office's structure, where units within the Department have been organised into pillars, which are represented by the segments shown above. Financial information is reported through a regular Performance Report, which adopts the segmental analysis shown above. The Performance Report is reviewed by the Cabinet Office Board, chaired by the Minister for the Cabinet Office, and also the Executive Management Committee (EMC), chaired by the Accounting Officer.

The segmental analysis of total net outturn in Resource Departmental Expenditure Limit agrees to SOPS2.1. Overall outturn at SOPS2.1 includes Resource Annually Managed Expenditure and is reconciled to net operating costs at SOPS3.1. Explanations on year on year variance may be found in the Financial Review section of the Performance Report. Corporate Services Group net DEL outturn as reported in SOPS2.1 is allocated across operating segments in proportion to their net expenditure, except for Transactional Shared Services and Pensions.

### Support to the Cabinet, Prime Minister and Deputy Prime Minister

This segment provides support to the Cabinet to drive the coherence, quality and delivery of policy and operations across departments, and provides support to the Prime Minister and Deputy Prime Minister to define and deliver the government's objectives, implement political and constitutional reform, and drive forward from the centre particular cross-departmental priority

## 2. Statement of Net Resource Outturn by Operating Segment (continued)

issues. It includes the Prime Minister's Office, Deputy Prime Minister's Office, Communications Group and a number of smaller units.

Following the UK general election held on 7 May 2015, the new administration decided not to appoint a Deputy Prime Minister. See Note 30.

### Political and Constitutional Reform

This segment covers the work of Political and Constitutional Reform, which provided support to the Deputy Prime Minister and Minister for Political and Constitutional Reform in delivering the wide-ranging political and constitutional reform agenda set out in the coalition's Programme for Government. Political and Constitutional Reform delivers day-to-day policy and operational work on issues relating to the constitutional structure of the UK and electoral law, policy and conduct and also includes the Office of the Privy Council, and supports ministerial sponsorship of the Independent Parliamentary Standards Authority (IPSA) and the Boundary Commissions for England and Wales. The segment also covers the implementation of individual electoral registration to tackle electoral fraud and improve the system of voter registration which came into force in 2014.

### National Security

This segment covers the work of the National Security Secretariat (NSS) which services the National Security Council and is responsible for the national security aspects of defence, foreign affairs, intelligence, security and national resilience issues. NSS advises the Prime Minister and the National Security Council on the Government's response to cross-cutting strategic issues relating to intelligence and leads on intelligence assessment and priorities through the central intelligence machinery. It coordinates the Government's response to civil emergencies, terrorist incidents and international crises. It is also responsible for the Single Intelligence Account, which funds the work of the UK intelligence agencies. It coordinates the work of government units with a defence, security or intelligence remit as well as the security and intelligence agencies.

### Efficiency and Reform

This segment covers the work carried out by the areas previously combined together as the Efficiency and Reform Group (ERG). ERG was created in early 2010-11, to bring together a range of functions previously distributed between departments to lead and drive substantial changes and reforms in Civil Service HR, ICT, commercial and procurement, estates and other support functions. In 2015-16 the segment will be merging with the Civil Service Capability segment to become the Chief Executive's Group.

### Government Innovation Group

The Government Innovation Group develops new approaches to tackle social problems in order that public services can deliver better with less. It is made up of the Office for Civil Society, which now also has lead responsibility for Youth Policy, Transparency, Analysis and Insight, Open Policy Making teams and the Business Partnerships team.

### Hosted Functions

This segment covers the Independent Business Units which are hosted by the Cabinet Office. The Cabinet Office is often tasked to lead with inquiries, reports, and other areas of work which require independence, but which work across a number of Departments. The work covered by this segment includes the Iraq Inquiry, Committee for Standards in Public Life and the Intelligence and Security Committee.

### Civil Service Capability

This segment covers the work of Civil Service Human Resources and Civil Service Group.

Civil Service HR provides a professional HR service across the Civil Service. It sets common standards and approaches, and provides expert HR functions and advice to departments (for example on learning and development, and resourcing). The team began migration to the Cabinet Office in September 2013 but was only brought together as one function in 2014-15. It has been fully up and running since then delivering both business as usual and specific projects, of which the most significant is the pensions transformation programme.

## 2. Statement of Net Resource Outturn by Operating Segment (continued)

Civil Service Group provides cross-government work to deliver the Civil Service Reform Plan. A Progress Report was published in October 2014, and the Group are driving forward the next phase of reform, with a particular focus on leadership and culture. The work of the Group also includes running the Non-Executive Director network and the implementation of the Talent Action Plan (published in September 2014).

In 2015-16 the segment will be merging with the Efficiency and Reform segment to become the Chief Executive's Group.

### Registrar of Consultant Lobbyists

The Office was set up following the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 ("the Act"). 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 will be required to declare the names of their clients and whether or not they subscribe to a relevant code of conduct.

The Registrar has a duty to monitor compliance with the requirement to register and a power to undertake enforcement action in instances of non-compliance. The Registrar will:

- establish and manage the UK register of consultant lobbyists;
- develop and publish detailed guidance to industry on their duties under the Act;
- monitor and enforce the industry's compliance with the Act's legal requirements; and
- publish an annual statement of accounts.

### Civil Service Commission

The Commission in its current form was established by the Constitutional Reform and Governance Act 2010. 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.

The Commission has also agreed with the Government to take on the following functions under section 17 of the 2010 Act:

- regulating internal appointments at SCS Pay Band 3 (Director General) and Permanent Secretary level (the exact functions are described in the "Senior Appointments Protocol");
- working with Departments to help them promote the core values of the Civil Service as outlined in the Civil Service Code; and
- providing secretariat support for three other Independent Offices: the House of Lords Appointments Commission (HOLAC), the Advisory Committee on Business Appointments (ACOBA) and the Office of the Commissioner for Public Appointments (OCPA). This includes supporting the functions of the Commissioner for Public Appointments set out in the Royal Charter on press self-regulation, granted on 30 October 2013. All three of these institutions publish their own Annual Reports.

### Pensions

This segment covers the management of the Principal Civil Service Pension Scheme and Royal Mail Statutory Pension Scheme, including the implementation of a new reformed Civil Service Scheme. The costs of managing the Principal Civil Service Pension Scheme are met through income from employer pension contributions and directly from participating employers.

### Consolidated Fund Standing Services

This includes the salary and pensions costs of the UK Members of the European Parliament and the costs of Parliamentary elections in England and Wales.

### 3. Staff numbers and related costs

#### Staff costs comprise:

£000								2014-15	2013-14
	CO/CSC Permanently employed staff	Registrar permanent staff	Commissioners	Office Holders	Others	Special advisers	Ministers	Total	Total
Wages, salaries and fees	103,929	65	309	78	-	3,926	419	108,726	103,144
Social security costs	9,819	3	29	-	-	425	38	10,314	9,786
Other pension costs	20,148	8	-	-	-	790	-	20,946	20,019
Agency/temporary	-	-	-	-	32,343	-	-	32,343	30,622
Termination benefits	411	-	-	-	-	1,558	-	1,969	791
<b>Sub total</b>	<b>134,307</b>	<b>76</b>	<b>338</b>	<b>78</b>	<b>32,343</b>	<b>6,699</b>	<b>457</b>	<b>174,298</b>	<b>164,362</b>
Inward secondments	-	-	-	-	6,285	-	-	6,285	6,304
<b>Total</b>	<b>134,307</b>	<b>76</b>	<b>338</b>	<b>78</b>	<b>38,628</b>	<b>6,699</b>	<b>457</b>	<b>180,583</b>	<b>170,666</b>
Less:									
Recoveries in respect of outward secondments	-	-	-	-	(2,805)	-	-	(2,805)	(2,658)
<b>Total staff costs</b>	<b>134,307</b>	<b>76</b>	<b>338</b>	<b>78</b>	<b>35,823</b>	<b>6,699</b>	<b>457</b>	<b>177,778</b>	<b>168,008</b>
Staff engaged on Capital projects	(428)	-	-	-	(746)	-	-	(1,174)	(782)
<b>Total net staff costs</b>	<b>133,879</b>	<b>76</b>	<b>338</b>	<b>78</b>	<b>35,077</b>	<b>6,699</b>	<b>457</b>	<b>176,604</b>	<b>167,226</b>

£000	2014-15				2013-14			
Of which:	Charged to Administration budgets	Charged to Programme budgets <sup>1</sup>	Charged to Capital budgets <sup>1</sup>	Total (Post Consolidation)	Charged to Administration budgets	Charged to Programme budgets <sup>2</sup>	Charged to Capital budgets <sup>2</sup>	Total (Post Consolidation)
Core department	111,203	65,142	(1,174)	175,171	113,307	53,347	(782)	165,872
Civil Service Commission	1,325	-	-	1,325	1,354	-	-	1,354
Registrar of Consultant Lobbyists	108	-	-	108	-	-	-	-
<b>Total net costs</b>	<b>112,636</b>	<b>65,142</b>	<b>(1,174)</b>	<b>176,604</b>	<b>114,661</b>	<b>53,347</b>	<b>(782)</b>	<b>167,226</b>

<sup>1</sup> The net amount charged to Programme budgets is £63.968m (<sup>2</sup>2013-14: £52.565m) as shown within the Statement of Comprehensive Net Expenditure

During the year, costs of £20,946,026 were incurred in respect of pensions (2013-14: £20,019,716).

Of this amount, £20,831,053 (2013-14: £19,905,719) was borne by the core department, £106,848 was borne by the Civil Service Commission (2013-14: £113,997) and £8,125 (2013-14 £Nil) was born by the Registrar of Consultant Lobbyists.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Cabinet Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts titled Cabinet Office: Civil Superannuation. ([www.civilservicepensionscheme.org.uk/](http://www.civilservicepensionscheme.org.uk/)).

For 2014-15, employers' contributions of £19,880,445 were payable to the PCSPS (2013-14: £19,034,241) at one of four rates in the range 16.7% to 24.3% of pensionable earnings, based on salary bands. The scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

### 3. Staff numbers and related costs (continued)

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £149,108 (2013-14: £116,216) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings.

In addition, employer contributions of £11,439 (2013-14: £8,750), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death-in-service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £12,875 (2013-14: £11,814). Contributions prepaid at that date were £Nil (2013-14: £Nil).

Special advisers' pension costs incurred during the year were £790,061 (2013-14: £746,513).

During the year one individual (2013-14: three individuals) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £11,374 (2013-14: £28,754).

#### 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.

An analysis of the actual number of staff working in the Department and other entities within the departmental boundary as at the 31 March 2015 is presented in table 5 of the Financial Review.

Operating Segment	Permanently Employed Staff	Commissioners	Others <sup>1</sup>	Ministers	Special Advisers	2014-15	2013-14 Restated
						Total	Total
Support to the Cabinet, the PM & the Deputy PM	689	-	4	8	58	759	672
Political & Constitutional Reform	119	-	10	-	-	129	119
National Security	239	-	-	-	-	239	229
Government Innovation Group	148	-	4	-	-	152	162
Efficiency & Reform	607	-	230	-	-	837	847 <sup>2</sup>
Hosted Functions	21	-	1	-	-	22	11
Corporate Services Group	139	-	2	-	-	141	141 <sup>3</sup>
Civil Service Capability	114	-	-	-	-	114	87 <sup>4</sup>
Pensions	32	-	-	-	-	32	28 <sup>5</sup>
ALBs	15	2	-	-	-	17	19
Staff Engaged on Capital Projects	7	-	13	-	-	20	12
<b>Total</b>	<b>2,130</b>	<b>2</b>	<b>264</b>	<b>8</b>	<b>58</b>	<b>2,462</b>	<b>2,327</b>
<b>Of which:</b>							
Core Department	2,115	-	264	8	58	2,445	2,308
Other Designated Bodies	15	2	-	-	-	17	19
<b>Total</b>	<b>2,130</b>	<b>2</b>	<b>264</b>	<b>8</b>	<b>58</b>	<b>2,462</b>	<b>2,327</b>

<sup>1</sup> The 'Others' category includes agency staff, interim managers, specialist contractors and consultants.

<sup>2</sup> Because of the introduction of new operating segments during 14-15, 87 people have been reclassified as belonging to the Civil Service Capability operating segment.

<sup>3</sup> Because of the introduction of new operating segments during 14-15, 28 people have been reclassified as belonging to the Pensions Administration operating segment.

<sup>4</sup> These people have been transferred from the Efficiency & Reform operating segment. See note 2 above.

<sup>5</sup> These people have been transferred from the Corporate Services Group operating segment. See note 3 above.



## 3.1 Reporting of Civil Service and Other Compensation Schemes – Exit Packages

£ Departmental Group						
Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	3	5	3	5
£25,000 - £50,000	-	-	5	9	5	9
£50,000 - £100,000	-	-	2	2	2	2
£100,000- £150,000	-	-	-	-	-	-
£150,000- £200,000	-	-	-	2	-	2
<b>Total number of exit packages</b>	-	-	<b>10</b>	<b>18</b>	<b>10</b>	<b>18</b>
<b>Total cost</b>	-	-	<b>£411,321</b>	<b>£791,491</b>	<b>£411,321</b>	<b>£791,491</b>

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.

All departmental Special Advisers had to resign their posts either on 30 March 2015, at the commencement of Purdah, or by 8 May 2015, following the general election, in line with their contracts. Special Advisers are not entitled to a notice period and are given a severance payment to compensate for this. The payment is calculated based on their length of service and is capped at six months' salary.

The total cost of the exit packages of £1,969,725 (2013-14: £791,491) is also included in the staff costs table in Note 3.

Additionally, during 2014-15, top up payments of £182,862 were made in relation to prior year redundancies. These were paid in accordance with the provisions of the Civil Service Compensation Scheme.

## 4. Other administration costs

£000		2014-15	2013-14
	Note	Departmental Group	Departmental Group
<b>Rentals under operating leases</b>			
Hire of plant and machinery		179	-
Land and buildings		10,843	11,901
<b>Total rentals under operating leases</b>		<b>11,022</b>	<b>11,901</b>
<b>PFI and other service concession arrangements service charges</b>			
	14	<b>1,824</b>	<b>968</b>
<b>Interest charges</b>			
		-	<b>132</b>
<b>EU Funding received – transferred to DfID</b>			
	6	-	<b>731</b>
<b>Goods and services</b>			
Pensions administration fee – MyCSP Limited	28	34,843	32,515
Pensions administration additional costs – MyCSP Limited	28	21,002	12,444
Pensions administration fee – Royal Mail Statutory Pension Scheme		4,790	4,740
Pensions administration additional costs - Royal Mail Statutory Pension Scheme		185	166
Transactional Shared Services		-	30,403
Accommodation and utilities		19,785	17,784
Business rates		3,393	2,722
IT costs		13,619	22,282
Consultancy		8,465	23,819
Professional services		22,967	25,759
Supplies and services		10,936	10,371
Other staff-related costs		5,316	2,170
Travel, subsistence and hospitality		5,137	5,641
Public Duty Costs Allowance <sup>2</sup>		216	407
Auditors' remuneration and expenses – Arm's Length Bodies <sup>1</sup>		15	7
Commissioners' expenses		22	-
<b>Total goods and services</b>		<b>150,691</b>	<b>191,230</b>
<b>Non-cash items</b>			
Depreciation	7	6,813	4,896
Release of deferred income		-	(8)
Amortisation	9	103	113
Impairment – Property, plant and equipment	7, 10	1,115	4,603
Impairment – Intangible assets	9, 10	85	709
Auditors' remuneration and expenses – Core Department <sup>1</sup>		475	495
Bad debt write off		25	167
Provision for bad debt	20	(79)	181
<b>Total non-cash items</b>		<b>8,537</b>	<b>11,156</b>
<b>Total</b>		<b>172,074</b>	<b>216,118</b>

<sup>1</sup> During the year the Department and its Arm's Length Bodies have not purchased any non-audit services from its auditors, the National Audit Office (2013-14: £Nil)

<sup>2</sup> 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. The Public Duty Cost Allowance amounted to £331,818 (2013-14: £331,348) and included:  
The Rt Hon Tony Blair - 2014-15: £115,000 accrued (2013-14: £115,000); The Rt Hon Gordon Brown - 2014-15: £112,450 of which £101,818 is accounted for in 2014-15 and £10,632 will be accounted for in 2015-16 (2013-14: £101,348); Sir John Major - 2014-15: £115,000 (2013-14: £115,000).

In addition to the allowance paid, former Prime Ministers are entitled to claim a pension allowance to contribute towards their staff pension costs. This is limited to a maximum of 10% of their staff salary costs. Such payments are made directly to the pension providers of those staff; they are not paid to the former Prime Ministers or their staff. The pension allowance amounted to a credit of £115,463 being the reversal of a brought forward accrual (2013-14: £76,000).

## 5. Programme costs

£000		2014-15	2013-14
	Note	Departmental Group	Departmental Group
<b>Rentals under operating leases</b>			
Land and buildings		4,537	2,716
<b>Total rentals under operating leases</b>		<b>4,537</b>	<b>2,716</b>
<b>Goods and services</b>			
Parliamentary elections in England and Wales		96,509	-
IT costs		50,178	22,241
Supplies and services		10,000	53,805
Accommodation and utilities		5,109	8,451
Consultancy		6,443	4,316
Individual electoral registration costs		3,794	-
Grant fund management services		2,509	2,823
Other staff-related costs		1,778	1,182
Travel, subsistence and hospitality		1,569	1,210
Lord Lieutenants' expenses		1,366	1,305
Business rates		855	677
Professional services		689	452
<b>Total goods and services</b>		<b>180,799</b>	<b>96,462</b>
<b>Grants</b>			
Resource grants to local authorities		34,784	8,363
Resource grants to private sector		102,323	51,178
Resource grants to NDPBs		18,839	23,248
Resource grants to central government bodies		108	8
Capital grants to local authorities		3,390	4,917
Capital grants to private sector		22,476	10,887
Grants-in-Aid to Civil Service welfare bodies		820	1,098
Grants-in-Aid to private sector		130,274	34,402
<b>Total resource and capital grants</b>		<b>313,014</b>	<b>134,101</b>
<b>Non-cash items</b>			
Depreciation	7	1,348	561
Amortisation	9	2,716	1,197
Impairment – property, plant and equipment	7, 10	697	355
Impairment – intangible assets	9, 10	202	1,440
Impairment – loans	10, 18	61	109
Devaluation of property, plant and equipment	10	2,229	(137)
Investment properties: gains on change in fair value	8	(32)	(23)
Provision provided for in year	23	(803)	(3,175)
Borrowing costs (unwinding of discount on provisions)	23	10	406
Bad debt write off		-	(3)
Provision for doubtful debt	20	38	(221)
<b>Total non-cash items</b>		<b>6,466</b>	<b>509</b>
<b>Total</b>		<b>504,816</b>	<b>233,788</b>

## 5.1 Programme costs analysed by programme

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>National Security Secretariat</b>		
Resilient Telecommunications	7,113	6,742
Cyber Emergency Response Team (UK)	6,053	2,333
Government Security Zone	890	890
<b>Total National Security Secretariat</b>	<b>14,056</b>	<b>9,965</b>
<b>Honours and Appointments Secretariat</b>		
Lord Lieutenants' Expenses	1,366	1,305
Honours and Dignities	1,349	1,189
<b>Total Honours and Appointments Secretariat</b>	<b>2,715</b>	<b>2,494</b>
<b>Political and Constitutional Reform</b>		
Parliamentary elections in England and Wales	96,509	-
Electoral Registration Transformation Programme	40,220	13,120
Individual Electoral Registration	9,107	3,084
Boundary Commissions for England and Wales	258	80
Other	50	82
<b>Total Political and Constitutional Reform</b>	<b>146,144</b>	<b>16,366</b>
<b>Prime Minister's Office</b>		
GREAT Campaign	2,696	1,557
Chequers Trust	695	725
<b>Total Prime Minister's Office</b>	<b>3,391</b>	<b>2,282</b>
<b>Efficiency and Reform Group</b>		
Mutuals	4,545	2,942
Government Property Unit	2,298	696
<b>Government Digital Service</b>		
ID Assurance	9,419	7,539
Cabinet Office Confidential IT System	7,061	-
Publishing Platform Technology	6,750	4,158
Transformation	6,317	2,493
Business Technology	3,758	2,025
Cabinet Office IT Systems	3,001	136
Common Good Information Assurance Research	2,966	269
Enabling Strategy	1,992	-
Other	4,653	7,498
<b>Total Government Digital Service</b>	<b>45,917</b>	<b>24,118</b>
<b>Total Efficiency and Reform Group</b>	<b>52,760</b>	<b>27,756</b>
<b>Government Innovation Group</b>		
Open data programme	3,723	501
<b>Office for Civil Society</b>		
National Citizen Service	130,395	84,297
Access: The Foundation for Social Investment	36,000	-
Social Action	31,570	20,271
Community First	23,535	18,187
Advice Services Fund	16,554	16,504
Emergency Service and Search & Rescue	10,808	-
Technical Assistance	7,553	13,384
Youth Policy	6,241	4,982
Community Organisers	4,301	6,424
v	750	1,000
Social Outcomes Fund	190	-
Office for Civil Society general research programme	30	1,060
Strategic Programme	6	1,710
Other	4,008	2,606
<b>Total Office for Civil Society</b>	<b>271,941</b>	<b>170,425</b>
<b>Total Government Innovation Group</b>	<b>275,664</b>	<b>170,926</b>
<b>Other</b>	<b>3,620</b>	<b>3,490</b>
<b>Sub total</b>	<b>498,350</b>	<b>233,279</b>
<b>Total non-cash items</b>	<b>6,466</b>	<b>509</b>
<b>Total</b>	<b>504,816</b>	<b>233,788</b>

## 5.1 Programme costs analysed by programme (continued)

### National Security Secretariat

**Government Security Zone** – Payments to the Metropolitan Police Service for the manning and running costs of the dedicated incident management control centre.

**Resilient Telecommunications** – A programme to provide resilient communications to Public Authorities.

**Cyber Emergency Response Team (UK)** – a new organisation formed in response to the 2011 national Cyber Security Strategy. It will work closely with industry, government and academia to enhance UK cyber resilience.

### Honours & Appointments Secretariat

Honours & Appointments Secretariat is responsible for making certain expenses payments to Her Majesty's **Lord-Lieutenants**.

**Honours and Dignities** – The Honours and Appointments Secretariat provides the budget for the Central Chancery of the Orders of Knighthood at St James's Palace which is responsible for the administration of the Orders of Chivalry including the administration of investitures and the provision of medals and regalia for successful honours candidates.

### Political and Constitutional Reform

#### European Parliamentary Elections in England and Wales

Cabinet Office had responsibility to ensure that effective funding arrangements were in place for the 2014 European Parliamentary elections held on 22 May 2014. Provision for the funding of the European Parliamentary elections in England and Wales is made in primary and secondary legislation and requires monies to be provided from the Consolidated Fund. The provisions around funding are designed to ensure that the elections are conducted independently and without constraint on what is necessary for the efficient and effective running of the poll.

#### Electoral Registration Transformation Programme/ Individual Electoral Registration

The Electoral Registration Transformation Programme (ERTP) supports the implementation of Individual Electoral Registration (IER), designed to modernise a century old system of household registration whereby the 'head of household' completes an annual canvass form, thereby registering individuals to vote. IER aims to create a more user friendly, complete, accurate and secure Electoral Register by 2015 that inspires greater trust in our elections.

### Prime Minister's Office

The Communications **GREAT Britain Campaign** Team will be working to increase UK jobs and growth by encouraging more tourists, students and inward investors to visit, study and invest in the UK. They will also aim to encourage and support more British companies to export to our target markets and enhance the UK's reputation abroad.

**Chequers Trust** is paid a Grant-in-aid as a contribution to staff salaries and maintenance.

### Efficiency and Reform Group

**Government Digital Service** works to achieve the following objectives; to make transactions between citizens and government simpler, cheaper and faster; to encourage and support more people to use online services; to drive quality and take up of digital public services by making government on the web easier to find and simpler to use; to equip central government to engage with citizens online effectively; and, to foster, across government, a digital culture for the delivery of citizen, business and government focused services. This is supported by the ID Assurance work stream which looks at the provision of a simple, trusted and secure way to access digital public services based on published standards and commissioned services. This most notably looks at protecting personal data from compromise and misuse, and ensures an appropriate level of privacy for the transaction.

**Commercial Models** leads Government's work to transform services through new business models. It functions as a small consultancy within central Government, operating on a project basis and integrating with Departmental teams to transform services. It also incorporates the **Mutuals** Programme which predominantly works across the wider public sector to drive the creation and growth of public service mutuals, including through funding specialist support.

## 5.1 Programme costs analysed by programme (continued)

### Government Innovation Group

**Open data programme** – Improving the transparency and accountability of government and its services.

### Office for Civil Society (OCS)

**National Citizen Service (NCS)** is a once-in-a-lifetime opportunity open to 15 - 17 year olds across England and Northern Ireland. It is a unique two or three week full-time programme focused around fun and discovery, plus 30 hours committed to a community project that benefits both young people and society. On this government-backed programme, participants build skills for work and life, while taking on new challenges and adventures, making new friends, and contributing to their community.

**Access: The Foundation for Social Investment:** a new charitable foundation developed in partnership with the Big Society Capital and Big Lottery Fund. Access aims to support more social sector organisations to get ready to take on social investment, and sustainably grow their positive impact. Cabinet Office's funding allows Access to provide long-term grant programmes aimed at building organisations' internal capacity, based on Cabinet Office's successful pilot Investment Readiness programme. This funding sits alongside programmes funded by the Big Lottery Fund and Big Society Capital, providing smaller loans. Overall, Access acts as a market development champion, using its programmes to grow understanding of the support needs of social SMEs getting ready to grow.

The OCS leads on **Social Action** making it easier for people to play a more active part in their communities through volunteering and giving and supports the voice of the sector through strategic funding relationships.

The **Community First** programme encourages more social action in neighbourhoods with significant deprivation and low social capital. Groups, active individuals and communities work with businesses, charities and public authorities, encouraging people to help others and themselves to improve the quality of life locally.

The **Advice Services Fund** supports not-for-profit advice service providers to ensure that people continue to have access to good quality free advice in their communities.

**Emergency Services Programme, Air Ambulances and Search & Rescue Endowment** - The Office for Civil Society is overseeing a series of grants to charities which support emergency services personnel, volunteers and families who have suffered physical injury, mental illness or bereavement as a result of their service. It has also been delivering grant funding to Search and Rescue organisations and Air Ambulance charities.

**Technical Assistance** – specialist support to the voluntary, community and social enterprise sector to enable them to deliver contracts for tackling social problems and to grow the social investment market.

**Youth Policy** – The Cabinet Office leads for the Government on: cross government youth strategy and policy co-ordination; management of the statutory duty on Local Authorities for youth provision in their areas; and, strategic relationship management with young people and youth sector organisations on policy development.

The **Community Organisers** programme is about catalysing community action at a neighbourhood level. Community Organisers will be well-trained and committed individuals who will play a major role in delivering the Big Society. They will work closely with communities to identify local leaders, projects and opportunities, and empower the local community to improve their local area.

**v** – Project funded by the Office for Civil Society aimed at encouraging volunteering and increasing the number of opportunities for young volunteers. **v** are an independent charity established by the then government on 8 May 2006.

**The Social Outcomes Fund** supports the growth of social impact bonds overcome barriers by catalysing innovative new projects in areas where no single commissioner can justify making all of the outcomes payments, but where the wider benefits mean that a SIB is value for money for the taxpayer.

**Strategic Programme** - Grants to civil society organisations to enable greater voice and engagement in policy development.

## 6. Income

£000		2014-15	2013-14
	Note	Departmental Group	Departmental Group
<b>Administration Income</b>			
EU funding received – transferred to DfID	4	-	731
Royalties		34	7,699
<b>Services</b>			
<b>Pensions</b>			
Central management of Principal Civil Service Pension Scheme		61,213	51,937
Royal Mail Statutory Pension Scheme		158	188
Next Generation HR		21,576	21,330
Supplier Rebates		12,630	3,498
Transactional Shared Services	6.1	-	29,838
Next Generation Shared Services – Single Operating Platform		(52)	2,550
<b>Associates</b>			
Transfer of shares in AXELOS Limited	28	-	38,200
Framework Fees in respect of Shared Services Connected Limited		7,500	7,500
Profit on sale of shareholding in MyCSP Limited		5,961	-
Sale of contractual rights to Integrated Debt Services Limited		4,000	-
Services of the Office of the Parliamentary Counsel		2,515	3,028
Rental income on freehold properties		537	537
<b>Other</b>			
Media Planning, Buying and Evaluation		1,842	1,011
Regional News Network		1,251	1,329
Employee Engagement Programme		1,148	988
Sunningdale Park		1,106	-
Civil Service HR		992	264
Media Monitoring Unit		905	911
ERG Departmental Engagement		734	-
ERG Assurance Reviews		617	-
Government Communications		609	366
ERG Procurement Policy and Capability		1	3,002
ERG Debt Market Integrator		-	250
Registration charges from Consultant Lobbyists		2	-
Various cost recoveries		3,420	3,248
<b>Total Administration Income</b>		<b>128,699</b>	<b>178,405</b>
<b>Programme Income</b>			
<b>Grant Repayments</b>			
Resource		36,137	27
Capital		2,600	-
<b>Dividends</b>			
Crown Commercial Service		2,000	2,641
<b>Forfeited deposits – Parliamentary elections in England and Wales</b>		<b>307</b>	<b>-</b>
<b>Services</b>			
<b>National Security Secretariat</b>			
Resilient Telecommunications		1,292	-
Iraq Inquiry		1,079	1,222
Government Security Zone		771	880
<b>Office for Civil Society</b>		<b>1,600</b>	<b>858</b>
<b>Efficiency and Reform</b>			
Government Digital Service		3,346	1,932
Mutuals		862	-
Public Service Network		640	777
Various cost recoveries		20	147
<b>Non Cash Income</b>			
Capital Grant in Kind income on donated assets	7	15	3
<b>Total Programme Income</b>		<b>50,669</b>	<b>8,487</b>
<b>Other Non Cash Income</b>			
Income from Associates	16	7,348	48,283
<b>Total</b>		<b>186,716</b>	<b>235,175</b>

## 6. Income (continued)

### Royalties

This income related to the sales of **products** (e.g. publications) and from fees for accreditation and examination of practitioners. The products, e.g. ITIL and PRINCE2, were developed to support best practice in key areas of project, programme, portfolio and IT service management. The income comes from public and private sector organisations in the UK and overseas. This income stream ceased when the function transferred into AXELOS Limited, an associate; see Note 16.

The Cabinet Office is responsible for governance of the **Principal Civil Service Pension Scheme (PCSPS)**, and MyCSP Ltd is responsible for pension administration. Employers participating in the PCSPS pay the Cabinet Office for the cost of pension administration for current employee members. The Cabinet Office is responsible for meeting central costs, including the element of MyCSP costs not covered by the sums paid by employers. These costs are met by income from a charge on Principal Civil Service Pension Scheme employer pension contributions.

Responsibility for governance of the **Royal Mail Statutory Pension Scheme** passed from the Department for Business, Innovation and Skills to the Cabinet Office with effect from 1 April 2013. The Cabinet Office is responsible for meeting the administration costs of the scheme. The income represents charges that the Cabinet Office levies for some specific pension administration services.

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

**Supplier Rebates** is income from contractors relating to costs from previous years' programmes.

**Next Generation Shared Services: Single Operating Platform** – Development of the Single Operating Platform for Government. The objective is to reduce the cost to HMG of running multiple Oracle solutions for different Departments by consolidating solutions and achieving a better competitive deal for Oracle licensing, hosting and support that is applicable across the Crown Estate.

**Transfer of shares in AXELOS Limited** – In 2013-14 the Cabinet Office transferred its 51 'B' ordinary shares in AXELOS Limited, an associate, to Capita Business Services Limited, the immediate parent of AXELOS Limited.

**Framework Fees in respect of Shared Services Connected Limited** – The **Framework Establishment Fee** in 2013-14 was to allow the Cabinet Office to recoup its transaction costs, being the costs of the NGSS procurement project team, from Shared Services Connected Limited (SSCL). The **Framework Management Fee** in 2014-15 was for £7.5m with a further £5m expected in 2015-16, to support the management of the Framework and to provide ongoing assurance support of the overall programme.

**Profit on sale of shareholding in MyCSP** represents the profit made upon Cabinet Office selling 11% of its shareholding in MyCSP Limited to Equiniti Group. Cabinet Office continues to hold a 24% shareholding in MyCSP Limited. For additional information see Notes 16 and 28.

**Sale of Contractual Rights to Integrated Debt Services Limited** for the establishment and award of the Framework Agreement and the Call Off Agreements in respect of the initial customers.

**The Office of the Parliamentary Counsel (OPC)** is responsible for drafting all government primary legislation, advising departments on Parliamentary procedures relating to the passage of legislation, reviewing orders and regulations which amend Acts of Parliament and assisting the government on a range of legal and constitutional matters. The Cabinet Office provides the funding for approximately 60% of the costs of the OPC, with the balance coming from the departments who use the OPC's services, based on their use of those services in the previous calendar year.

**Regional News Network (RNN)** provided press office support to government departments and organisations in the regions and was funded via annual subscriptions. RNN closed on 31 March 2015 with the majority of its responsibilities for regional news management transferred to departments. It has been replaced by a smaller regional campaigns team based within and funded by Cabinet Office.



## 6. Income (continued)

The **Employee Engagement Programme** includes the Civil Service People Survey which is an annual survey of staff perceptions across the Civil Service and provides key people metrics to help drive business improvement. An external contractor provides the survey, the cost of this plus the cost of the programme team based in the Cabinet Office is fully recharged to the participating Departments and Agencies.

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

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. Participants undertake a three-year programme where they experience the main areas of HR delivery across Departments, whilst undertaking an MSc qualification in HR with one of the UK's leading institutions. The cost of the HR Fast Stream is fully recharged to the Departments and Agencies who participate in the programme.

**Media Monitoring Unit (MMU)** provides a 24-hour/7 days a week media monitoring and briefing service to No.10 and all other government departments and organisations. This service is funded by annual subscriptions.

**ERG Departmental Engagement** - recovery of the cost of a contractor sourced and recruited by the Major Projects Authority to provide external project management support to a government project that required specific expert knowledge and experience that was not readily available within government itself. This income offsets expenditure incurred by the Major Projects Authority.

**Assurance Reviews** income is a recovery of the cost of contractors used on the Major Projects Authority's assurance reviews of major projects. The Major Projects Authority sources and allocates contractors to review and pays for them through the Contingent Labour One framework. Where applicable, the Cabinet Office charges on the cost of these contractors to the departments whose projects are reviewed. This income therefore offsets some of the expenditure on Assurance Reviews.

**Government Communications** - A 1% levy on all government spend through external communications frameworks held by Crown Commercial Service is used to fund a range of support to departments and ALBs provided by Cabinet Office on behalf of the government communications profession. This includes professional development and training; the profession's talent programme; co-ordinated entry-level recruitment; and, from April 2015, regional campaigns support.

**ERG Procurement Policy and Capability** – 13-14 Government Procurement Service contribution to the costs of the work of the Commercial Reform Team for the internal development of the Government Procurement Service to tackle existing capability issues and to grow capability for development into the future Crown Commercial Service (CCS) which was established in April 2014.

**Crown Commercial Service** - The Cabinet Office receives dividends for its holding in the Crown Commercial Service Trading Fund, see Note 18.

**ResilienceDirect™** is the UK's free-to-use secure web based platform for all organisations involved in preparing for emergencies to share information in both emergency response and planning. Government departments provided additional funding in year to enable live data feeds to be incorporated and used within the service, in response to requirements identified by ministers.

The Department for International Development (DFID), Ministry of Defence (MOD) and Foreign & Commonwealth Office (FCO) contributed toward the costs of the **Iraq Inquiry** in 2014-15, 2013-14, 2012-13 and 2011-12.

## 6.1 Fees and charges

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

### Transactional Shared Services

As a result of various investigations and recommendations relating to the sharing of back office functions across government, an initiative was identified to set up a second Independent Shared Service Centre (ISSC2). The business case demonstrated that the best value for money delivery model for ISSC2 would be an associate partnership between government and a Private Sector Partner. As a first step towards this, on 1 April 2013, accountability for the provision of IT, employee and financial transactional services to other public sector bodies transferred from the Department for Work and Pensions (DWP) until Shared Services Connected Limited traded from 1 November 2013; see Note 16.

In 2014-15 Shared Services Connected Limited assumed responsibility from the Cabinet Office for providing shared services to various government bodies.

Transactional Shared Services	2014-15	2013-14
	£000	£000
<b>Full cost of service to other government departments</b>	-	29,231
<b>Less: Income received</b>	-	(29,838)
<b>Net (surplus)/deficit</b>	-	<b>(607)</b>

## 7.1 Property, plant and equipment

Consolidated 2014–15

£000	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Art & Antiques	Payments on Account & Assets under Construction	Total
<b>Cost or valuation</b>									
<b>At 1 April 2014</b>	<b>40,487</b>	<b>92,951</b>	<b>36,581</b>	<b>6,432</b>	<b>2,337</b>	<b>3,001</b>	<b>9,883</b>	<b>20,868</b>	<b>212,540</b>
Additions	100	5,253	-	14,661	263	(347)	-	5,293	25,223
Donations	-	-	-	-	-	-	15	-	15
Disposals <sup>1</sup>	-	(2,876)	-	(1,282)	(882)	(11)	-	-	(5,051)
Impairment <sup>2</sup>	-	(27)	-	(2,001)	(614)	(275)	(353)	(624)	(3,894)
Reclassifications	-	10,693	-	1,578	41	65	-	(14,559)	(2,182) <sup>3</sup>
Revaluations <sup>2</sup>	5,176	590	7,376	(35)	(10)	(78)	(217)	-	12,802
<b>At 31 March 2015</b>	<b>45,763</b>	<b>106,584</b>	<b>43,957</b>	<b>19,353</b>	<b>1,135</b>	<b>2,355</b>	<b>9,328</b>	<b>10,978</b>	<b>239,453</b>
<b>Depreciation</b>									
<b>At 1 April 2014</b>	-	<b>21,787</b>	<b>6,219</b>	<b>3,154</b>	<b>1,981</b>	<b>1,164</b>	-	-	<b>34,305</b>
Charged in year	-	3,955	1,514	2,039	159	494	-	-	8,161
Disposals <sup>1</sup>	-	(2,876)	-	(1,282)	(882)	(11)	-	-	(5,051)
Impairment <sup>2</sup>	-	-	-	(1,224)	(594)	(264)	-	-	(2,082)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations <sup>2</sup>	-	222	1,319	1	(5)	(36)	-	-	1,501
<b>At 31 March 2015</b>	-	<b>23,088</b>	<b>9,052</b>	<b>2,688</b>	<b>659</b>	<b>1,347</b>	-	-	<b>36,834</b>
<b>Carrying amount at 31 March 2015</b>	<b>45,763</b>	<b>83,496</b>	<b>34,905</b>	<b>16,665</b>	<b>476</b>	<b>1,008</b>	<b>9,328</b>	<b>10,978</b>	<b>202,619</b>
<b>Carrying amount at 31 March 2014</b>	<b>40,487</b>	<b>71,164</b>	<b>30,362</b>	<b>3,278</b>	<b>356</b>	<b>1,837</b>	<b>9,883</b>	<b>20,868</b>	<b>178,235</b>
<b>Asset financing:</b>									
Owned	41,963	73,931	34,905	16,665	476	1,008	9,328	10,978	189,254
PFI Finance Leased	-	1,464	-	-	-	-	-	-	1,464
PFI Residual Assets	3,800	8,101	-	-	-	-	-	-	11,901
<b>Carrying amount at 31 March 2015</b>	<b>45,763</b>	<b>83,496</b>	<b>34,905</b>	<b>16,665</b>	<b>476</b>	<b>1,008</b>	<b>9,328</b>	<b>10,978</b>	<b>202,619</b>
<b>Of the total:</b>									
Department	45,763	83,496	34,905	16,665	476	1,008	9,328	10,978	202,619
Other designated bodies	-	-	-	-	-	-	-	-	-
<b>Carrying amount at 31 March 2015</b>	<b>45,763</b>	<b>83,496</b>	<b>34,905</b>	<b>16,665</b>	<b>476</b>	<b>1,008</b>	<b>9,328</b>	<b>10,978</b>	<b>202,619</b>

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

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

<sup>3</sup> Assets under construction valued at £2.182 million that were originally classified as Property, Plant and Equipment were subsequently reclassified to Intangible Assets (IT Software).

## 7.2 Property, plant and equipment

Consolidated 2013–14

£000	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Art & Antiques	Payments on Account & Assets under Construction	Total
<b>Cost or valuation</b>									
<b>At 1 April 2013</b>	<b>32,602</b>	<b>86,703</b>	<b>37,432</b>	<b>6,985</b>	<b>7,533</b>	<b>1,955</b>	<b>9,733</b>	<b>16,849</b>	<b>199,792</b>
Additions	400	1,147	-	2,197	52	1,464	30	19,495	24,785
Donations	-	-	-	-	-	-	3	-	3
Disposals <sup>1</sup>	-	-	-	(2,772)	(4,571)	(359)	-	-	(7,702)
Impairment <sup>2</sup>	-	(4,603)	(74)	(223)	(620)	-	(17)	-	(5,537)
Reclassifications	-	15,485	(313)	304	-	-	-	(15,476)	-
Revaluations <sup>2</sup>	7,485	(5,781)	(464)	(59)	(57)	(59)	134	-	1,199
<b>At 31 March 2014</b>	<b>40,487</b>	<b>92,951</b>	<b>36,581</b>	<b>6,432</b>	<b>2,337</b>	<b>3,001</b>	<b>9,883</b>	<b>20,868</b>	<b>212,540</b>
<b>Depreciation</b>									
<b>At 1 April 2013</b>	-	<b>19,488</b>	<b>5,036</b>	<b>5,148</b>	<b>6,595</b>	<b>1,432</b>	-	-	<b>37,699</b>
Charged in year	-	2,811	1,223	956	340	127	-	-	5,457
Disposals <sup>1</sup>	-	-	-	(2,772)	(4,571)	(359)	-	-	(7,702)
Impairment <sup>2</sup>	-	(91)	-	(147)	(341)	-	-	-	(579)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations <sup>2</sup>	-	(421)	(40)	(31)	(42)	(36)	-	-	(570)
<b>At 31 March 2014</b>	-	<b>21,787</b>	<b>6,219</b>	<b>3,154</b>	<b>1,981</b>	<b>1,164</b>	-	-	<b>34,305</b>
<b>Carrying amount at 31 March 2014</b>	<b>40,487</b>	<b>71,164</b>	<b>30,362</b>	<b>3,278</b>	<b>356</b>	<b>1,837</b>	<b>9,883</b>	<b>20,868</b>	<b>178,235</b>
<b>Carrying amount at 31 March 2013</b>	<b>32,602</b>	<b>67,215</b>	<b>32,396</b>	<b>1,837</b>	<b>938</b>	<b>523</b>	<b>9,733</b>	<b>16,849</b>	<b>162,093</b>
<b>Asset financing:</b>									
Owned	36,787	61,057	30,362	3,278	356	1,837	9,883	20,868	164,428
PFI Finance Leased	-	2,195	-	-	-	-	-	-	2,195
PFI Residual Assets	3,700	7,912	-	-	-	-	-	-	11,612
<b>Carrying amount at 31 March 2014</b>	<b>40,487</b>	<b>71,164</b>	<b>30,362</b>	<b>3,278</b>	<b>356</b>	<b>1,837</b>	<b>9,883</b>	<b>20,868</b>	<b>178,235</b>
<b>Of the total:</b>									
Department	40,487	71,164	30,362	3,278	356	1,837	9,883	20,868	178,235
Other designated bodies	-	-	-	-	-	-	-	-	-
<b>Carrying amount at 31 March 2014</b>	<b>40,487</b>	<b>71,164</b>	<b>30,362</b>	<b>3,278</b>	<b>356</b>	<b>1,837</b>	<b>9,883</b>	<b>20,868</b>	<b>178,235</b>

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

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

## 7. Property, plant and equipment (continued)

### Valuation

#### Land and Buildings

The Valuation Office Agency has determined fair value on the basis of market value but on the assumption that the property is sold as part of the continuing enterprise in occupation. For 'in use' non-specialised property assets, fair value has been interpreted as market value for existing use.

The Valuation Office Agency (VOA), independent chartered surveyors and members of the Royal Institution of Chartered Surveyors (RICS), valued all properties on the basis of fair value as at 31 March 2014 except for 10-12 Downing Street which was valued at 31 March 2013. Due to the unusual nature of the size, location and property category the valuation of 10-12 Downing Street is subject to valuation uncertainty.

#### Sunningdale Park

The Valuation Office Agency valued Sunningdale Park, Ascot, Berkshire, as at 31 March 2015 on the basis of total worth in existing use reflecting the infrastructure. A breakdown of the carrying value of assets under the PFI contract is detailed at Note 14.

#### Art and Antiques

Townley Valuation Services Limited valued art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall Estate in January 2011 on the basis of insurance value being the likely cost of replacing the items.

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 re-valued annually using indices provided by the Office of National Statistics.

#### Assets under construction

Assets under construction of £10.978 million (2013-14: £20.868 million) include:

£8.195 million (2013-14: £14.252 million) spent on refurbishment to Whitehall properties which has yet to be completed; and £2.783 million (2013-14: £6.616 million) spent on IT hardware and software developments which have yet to be completed.

#### Leasehold improvements

Included within Land and Buildings are improvements with a carrying amount of £3.801 million (2013-14: £0.662 million) relating to leasehold properties in London.

## 8. Investment Properties

£000	Note	2014-15			2013-14		
		Admiralty Arch	Sunningdale Park	Total	Admiralty Arch	Sunningdale Park	Total
<b>Cost at 1 April</b>		-	2,288	2,288	60,000	2,265	62,265
Additions		-	-	-	-	-	-
Disposals		-	-	-	-	-	-
Impairment		-	-	-	-	-	-
Revaluation	5	-	32	32	-	23	23
Reclassified as held for sale	19	-	-	-	(60,000)	-	(60,000)
<b>Balance at 31 March</b>		-	<b>2,320</b>	<b>2,320</b>	-	<b>2,288</b>	<b>2,288</b>

### Admiralty Arch

The Department had freehold ownership of Admiralty Arch. The Department reclassified this asset as held for sale as at 31 March 2014. Admiralty Arch's sale was completed in June 2015; see Note 19 and 30.

### Sunningdale Park

The Department has freehold ownership of the site at Sunningdale Park. It is recognised as an investment property at fair value which equates to market value for existing use of £2.320 million (2013-14: £2.288 million).

## 9.1 Intangible assets

### Consolidated 2014-15

£000	Purchased Software Licences	IT Software	Carbon Reduction Commitment	Website	Payments on Account & Assets under Construction	Total
<b>Cost or valuation<sup>1</sup></b>						
<b>At 1 April 2014</b>	<b>39</b>	<b>1,763</b>	<b>212</b>	<b>4,018</b>	<b>908</b>	<b>6,940</b>
Additions	98	2,072	-	45	50	2,265
Allowances purchased	-	-	83	-	-	83
Disposals	(8)	(223)	-	-	-	(231)
Impairment	(14)	(325)	-	(77)	21	(395)
Reclassifications	-	2,324	-	477	(619)	2,182 <sup>2</sup>
Revaluations	-	45	-	59	-	104
<b>At 31 March 2015</b>	<b>115</b>	<b>5,656</b>	<b>295</b>	<b>4,522</b>	<b>360</b>	<b>10,948</b>
<b>Amortisation</b>						
<b>At 1 April 2014</b>	<b>26</b>	<b>584</b>	<b>77</b>	<b>1,653</b>	<b>-</b>	<b>2,340</b>
Charged in year	6	1,335	-	1,478	-	2,819
Allowances surrendered	-	-	-	-	-	-
Disposals	(8)	(223)	-	-	-	(231)
Impairment	(12)	(96)	-	-	-	(108)
Reclassifications	-	-	-	-	-	-
Revaluations	-	5	-	21	-	26
<b>At 31 March 2015</b>	<b>12</b>	<b>1,605</b>	<b>77</b>	<b>3,152</b>	<b>-</b>	<b>4,846</b>
<b>Carrying amount at 31 March 2015</b>	<b>103</b>	<b>4,051</b>	<b>218</b>	<b>1,370</b>	<b>360</b>	<b>6,102</b>
<b>Carrying amount at 31 March 2014</b>	<b>13</b>	<b>1,179</b>	<b>135</b>	<b>2,365</b>	<b>908</b>	<b>4,600</b>
<b>Asset financing:</b>						
Owned	103	4,051	218	1,370	360	6,102
<b>Carrying amount at 31 March 2015</b>	<b>103</b>	<b>4,051</b>	<b>218</b>	<b>1,370</b>	<b>360</b>	<b>6,102</b>
<b>Of the total:</b>						
Department	103	4,051	218	1,370	360	6,102
Other designated bodies	-	-	-	-	-	-
<b>Carrying amount at 31 March 2015</b>	<b>103</b>	<b>4,051</b>	<b>218</b>	<b>1,370</b>	<b>360</b>	<b>6,102</b>

<sup>1</sup> Purchased software licences are recorded at purchase cost and are not re-valued since an appropriate index is not available.

<sup>2</sup> Assets under construction valued at £2.182 million that were originally classified as Property, Plant and Equipment were subsequently reclassified to Intangible Assets (IT Software).

## 9.2 Intangible assets

### Consolidated 2013-14

£000	Purchased Software Licences	IT Software	Carbon Reduction Commitment	Website	Payments on Account & Assets under Construction	Total
<b>Cost or valuation<sup>1</sup></b>						
<b>At 1 April 2013</b>	<b>1,147</b>	<b>4,453</b>	<b>154</b>	<b>7,038</b>	<b>22</b>	<b>12,814</b>
Additions	(6) <sup>2</sup>	705	-	437	598	1,734
Allowances purchased	-	-	75	-	-	75
Disposals	(330)	(1,636)	(17)	(234)	-	(2,217)
Impairment	(772)	(1,766)	-	(3,019)	-	(5,557)
Reclassifications	-	-	-	(288)	288	-
Revaluations	-	7	-	84	-	91
<b>At 31 March 2014</b>	<b>39</b>	<b>1,763</b>	<b>212</b>	<b>4,018</b>	<b>908</b>	<b>6,940</b>
<b>Amortisation</b>						
<b>At 1 April 2013</b>	<b>455</b>	<b>2,979</b>	<b>77</b>	<b>3,113</b>	<b>-</b>	<b>6,624</b>
Charged in year	9	191	-	1,110	-	1,310
Disposals	(330)	(1,636)	-	(234)	-	(2,200)
Allowances surrendered	-	-	-	-	-	-
Impairment	(108)	(951)	-	(2,349)	-	(3,408)
Reclassifications	-	-	-	-	-	-
Revaluations	-	1	-	13	-	14
<b>At 31 March 2014</b>	<b>26</b>	<b>584</b>	<b>77</b>	<b>1,653</b>	<b>-</b>	<b>2,340</b>
<b>Carrying amount at 31 March 2014</b>	<b>13</b>	<b>1,179</b>	<b>135</b>	<b>2,365</b>	<b>908</b>	<b>4,600</b>
<b>Carrying amount at 31 March 2013</b>	<b>692</b>	<b>1,474</b>	<b>77</b>	<b>3,925</b>	<b>22</b>	<b>6,190</b>
<b>Asset financing:</b>						
Owned	13	1,179	135	2,365	908	4,600
<b>Carrying amount at 31 March 2014</b>	<b>13</b>	<b>1,179</b>	<b>135</b>	<b>2,365</b>	<b>908</b>	<b>4,600</b>
<b>Of the total:</b>						
Department	13	1,179	135	2,365	908	4,600
Other designated bodies	-	-	-	-	-	-
<b>Carrying amount at 31 March 2014</b>	<b>13</b>	<b>1,179</b>	<b>135</b>	<b>2,365</b>	<b>908</b>	<b>4,600</b>

<sup>1</sup> Purchased software licences are recorded at purchase cost and are not re-valued since an appropriate index is not available

<sup>2</sup> The negative amount of £6,000 under Purchased Software Licence Additions relates to a reversal of a 2012-13 accrual incorrectly raised against additions



## 10. Impairments

£000		2014-15	2013-14
	Note	Departmental Group	Departmental Group
Charged to Statement of Comprehensive Net Expenditure			
Impairment of property, plant and equipment and intangible assets	4, 5	2,099	7,107
Impairment on loans	5	61	109
		<b>2,160</b>	<b>7,216</b>
Devaluation of assets	5	2,229	(137)
Taken through revaluation reserve		459	6,349
<b>Total</b>		<b>4,848</b>	<b>13,428</b>

## 11. 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.

£000		2014-15	2013-14
		Departmental Group	Departmental Group
Contracted capital commitments at 31 March for which no provision has been made and not otherwise included in these financial statements			
Property, plant and equipment		889	10
Intangible assets		61	76
<b>Total</b>		<b>950</b>	<b>86</b>

## 12. 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		2014-15	2013-14
		Departmental Group	Departmental Group
Not later than one year		55,037	78,962
Later than one year and not later than five years		102,583	118,020
Later than five years		-	-
<b>Total</b>		<b>157,620</b>	<b>196,982</b>

## 13. Commitments under leases

### 13.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which payments will be made:

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Land and Buildings</b>		
Not later than one year	15,190	15,616
Later than one year and not later than five years	53,032	55,336
Later than five years	21,539	29,587
<b>Total</b>	<b>89,761</b>	<b>100,539</b>

### 13.2 Finance leases

There are no obligations under finance leases.

## 14. Commitments under PFI contracts

### 14.1 On-balance sheet

#### Sunningdale Park site

Although the National School of Government closed on 31 March 2012, Cabinet Office has retained the site at Sunningdale Park for the present and is examining how the existing facilities can best be utilised in future. The site is operated under a PFI contract with a term of 30 years from 13 May 2002.

The National School gave a lease to the private sector partner for the office buildings against which sub leases were granted to the National School for their continuing use. The asset is classified as an investment property. Its carrying value at 31 March 2015 is £2.320 million (2013-14: £2.288 million). See Note 8.

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

As a consequence of these agreements:

#### Deferred asset

A pre-payment was established for the fair value of the property that was contributed to the scheme at the commencement of the contract. This deferred asset is recognised as property, plant and equipment and written off over 15 years. Its value at 31 March 2015 is £1.464 million (2013-14: £2.195 million); see Note 7.

#### Reversionary interest

A further asset is recognised for the Department's residual interest in the training facilities that revert to the Cabinet Office at no cost at the end of the contract. The accruing residual interest, built up over the term of the contract by capitalising part of the contract payments, is recognised as property, plant and equipment. Additional interest accrued in 2014-15 was £0.289 million (2013-14: £1.070 million). The value of the residual interest at 31 March 2015 is £11.901 million (2013-14: £11.612 million).

Whilst these two individual transactions reflect the underlying contractual arrangements, the Cabinet Office retains ownership of the training facilities throughout the period of the contract, the value of which at 31 March 2015 is reflected in the combined

carrying value of the deferred asset and reversionary interest - recognised as property, plant and equipment - of £13.365 million (2013-14: £13.807 million); see Note 7.

## Combined Value

The combined carrying value of the office buildings and training facilities is £15.685 million (2013-14: £16.095 million). This is the sum of the Dwellings balances and Land and Buildings balances in Note 7 Property, Plant and Equipment and Note 8 Investment Properties.

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

### Sunningdale Park site

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of PFI transactions was £1.824 million (2013-14: £0.968 million) as disclosed at Note 4. The payments to which the Department was committed during 2014-15, analysed by the period during which the commitment expires, are as follows:

£000	2014-15	2013-14
	Departmental Group	Departmental Group
Not later than one year	2,137	2,087
Later than one year and not later than five years	2,479	4,616
<b>Total</b>	<b>4,616</b>	<b>6,703</b>

## 15. Loan commitments – Bridges Social Entrepreneurs Fund LP

The Cabinet Office has the following loan commitments to the Bridges Social Entrepreneurs Fund LP as at 31 March 2015:

£000		2014-15	2013-14
	<b>Note</b>		
Total loan commitment		3,910	3,910
Less: Capital and loan drawn down		(3,142)	(2,631)
<b>Total undrawn commitment</b>		<b>768</b>	<b>1,279</b>
<b>Analysis of undrawn commitment</b>			
Total loan commitment		3,910	
Loan made in 2009-10		(662)	
Loan made in 2010-11		(244)	
Loan made in 2011-12		(343)	
Loan made in 2012-13		(444)	
Loan made in 2013-14	18	(938)	
Loan made in 2014-15	18	(511)	
<b>Total undrawn commitment</b>		<b>768</b>	

Bridges Social Entrepreneurs Fund LP is constituted under a Limited Partnership Agreement dated 21 August 2009 and is managed by Bridges Ventures LLP. The Fund invests in social enterprises that have the potential to generate scaleable and sustainable social impacts. The Fund currently has a committed capital of £11.75 million and has a life of 10 years (ending on 27 August 2019) unless terminated earlier in certain circumstances specified in the Limited Partnership Agreement.

The Department originally agreed to invest up to £5 million in the Bridges Social Entrepreneurs Fund LP, by match funding the investment that the Fund Manager secures from private investors. The Cabinet Office increased its commitment from £3,640,534 to £3,909,748 for the lifetime of the Fund, which in accordance with the terms set in the Limited Partnership Agreement denotes the Department's commitment as at 31 March 2010 to be £3,909,748, constituting a 33.27% share of the Fund. This commitment level has now been fixed.

The investment period for the remaining drawdown is currently estimated to end in 2016, but may be extended at the discretion of Bridges Ventures LLP subject to an Investors Ordinary Consent. The investments in the Bridges Social Entrepreneurs Fund LP are valued by the Fund Manager using the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. See Notes 18 and 28.

For further information see [www.bridgesventures.com](http://www.bridgesventures.com).

## 16. 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
<b>Cost or valuation<sup>1</sup></b>	<b>Note</b>							
<b>At 1 April 2013</b>		<b>5,882</b>	-	-	-	-	-	<b>5,882</b>
Acquisitions		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Share of opening net assets	6	-	7,500	36,720	-	-	-	44,220
Dividend received		(470)	-	-	-	-	-	(470)
Share of results	6	1,955	436	1,672	-	-	-	4,063
Impairment in value		-	-	-	-	-	-	-
<b>At 31 March 2014</b>		<b>7,367</b>	<b>7,936</b>	<b>38,392</b>	-	-	-	<b>53,695</b>
Acquisitions		-	-	-	-	1,000	-	1,000
Disposals		(2,039)	-	-	-	-	-	(2,039)
Share of opening net assets	6	-	-	-	-	-	100	100
Dividend received		(2,622)	-	(1,178)	-	-	-	(3,800)
Share of results	6	1,746	815	4,176	513	-	(2)	7,248
Impairment in value		-	-	-	-	-	-	-
<b>At 31 March 2015</b>		<b>4,452</b>	<b>8,751</b>	<b>41,390</b>	<b>513</b>	<b>1,000</b>	<b>98</b>	<b>56,204</b>

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

### MyCSP Limited

The Department has a 24% equity shareholding in MyCSP Limited, which administers civil service pensions, injury benefit claims and compensation awards for 1.5 million public and private sector employees. It collects data on work history and pays them a pension on retirement on behalf of more than 230 employers.

The Government established MyCSP Limited as a private limited company with three minority shareholders: Equiniti Group Limited through its wholly owned subsidiary, Paymaster (1836) Limited with a 40% equity stake, the Cabinet Office with a 35% equity stake and an Employee Benefit Trust with a 25% equity stake. It began trading on 1 May 2012. Its principal place of business is in Stockport, UK.

In September 2014 the Cabinet Office sold 11% of its shareholding in MyCSP Limited to Equiniti Group Limited. The sale represented value for money to Cabinet Office and reflects the policy to assess how to maximise value for each investment, both as a shareholder and user of services. Cabinet Office continues to hold a 24% shareholding in MyCSP Limited. For additional information, see Notes 6 and 28.

MyCSP Limited has prepared its accounts on an IFRS basis.

The reporting date of MyCSP Limited's financial statements changed from 31 March to 31 December in order to align with Equiniti Group Limited's accounting reference date, when Equiniti Group Limited became the major shareholder following the sale of Cabinet Office's 11% shareholding.

### Shared Services Connected Limited

The Department has a 25% equity shareholding in Shared Services Connected Limited (SSCL), which provides Business Process Outsourcing services.

The Government established SSCL as a private limited company with two shareholders: Sopra Steria Limited with a 75% equity stake and the Cabinet Office with a 25% equity stake. It began trading on 1 November 2013. Its principal place of business is in

## 16. Investments in Associates (continued)

Hertfordshire, UK. There has been no change in the Department's ownership for the reported year. For additional information, see Notes 6 and 28.

SSCL has prepared its accounts on a UKGAAP basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments have been required.

The reporting date of SSCL's financial statements is 31 December, the same date as its major shareholder and ultimate controlling entity. When applying the equity method of accounting, SSCL 2014 financial statements have been used and adjustments have been made for the effects of transactions between 31 December and 31 March.

### AXELOS Limited

The Department has a 49% equity shareholding in AXELOS Limited, which manages and develops intellectual property around best management practice methodologies and frameworks.

The Government established AXELOS Limited as a private limited company with two shareholders: Capita Business Services Limited with a 51% equity stake and the Cabinet Office with a 49% equity stake. It began trading on 1 January 2014. Its principal place of business is in London, UK. There has been no change in the Department's ownership for the reported year. For additional information, see Notes 6 and 28.

AXELOS Limited has prepared its accounts on a UKGAAP basis using FRS101 (IFRS with limited disclosure). There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required.

The reporting date of AXELOS Limited's financial statements is 31 December, the same date as its major shareholder and immediate parent undertaking. When applying the equity method of accounting, AXELOS Limited's 2014 financial statements have been used and adjustments have been made for the effects of transactions between 31 December and 31 March.

AXELOS Limited published accounts may be found at:

[Axelos Limited's Directors' Report and Financial Statements to 31 December 2014.](#)

### Behavioural Insights Limited (formerly Behavioural Insights Team Limited)

The Department has a 35% equity shareholding in Behavioural Insights Limited, which applies insights from behavioural sciences to tackle public policy problems.

The Government established Behavioural Insights Limited as a private limited company with the following shareholders: NESTA with a 30% equity stake, employees with 35% equity stake and the Cabinet Office with a 35% equity stake. It began trading on 4 February 2014. The company changed its name by special resolution on 4 February 2014 from Behavioural Insights Team Limited to Behavioural Insights Limited. Its principal place of business is in London, UK.

Behavioural Insights Limited has prepared its accounts on a UKGAAP basis using FRS102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland – based on IFRS for SMEs). There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required.

The reporting date of Behavioural Insights Limited's financial statements is 31 March. Behavioural Insights Limited has prepared its first published accounts for the 14-month period from 4 February 2014 to 31 March 2015 and consequently Cabinet Office had not recognised its share of this associate's net assets in 2013-14.

### Integrated Debt Services Limited

The Department has a 25% equity shareholding in Integrated Debt Services Limited (IDS), which will provide 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.

## 16. Investments in Associates (continued)

The Government established IDS Limited as a private limited company with two shareholders: TDX Group, an Equifax company with a 75% equity stake and the Cabinet Office with a 25% equity stake. It was announced on 22 December 2014. Its principal place of business is in London, UK.

IDS Limited has prepared its accounts on a UKGAAP basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required.

The reporting date of IDS Limited's financial statements is 31 December, the same date as its major shareholder and ultimate controlling entity. When applying the equity method of accounting, IDS Limited's opening balance sheet has been used. IDS Limited will publish its first set of accounts for the period to 31 December 2015.

### 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 collocation, coupled with low-latency connectivity between data centres.

The Government established CHDC Limited as a private limited company with two shareholders: Ark Data Centres Limited with a 74.9% equity stake and the Cabinet Office with a 25.1% equity stake. It began trading on 16 March 2015. Its principal place of business is in Wiltshire, UK.

CHDC Limited has prepared its accounts on a UKGAAP basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required.

The reporting date of CHDC Limited's financial statements is 30 June, the same date as its major shareholder and ultimate controlling entity. When applying the equity method of accounting, CHDC Limited's March 2015 management accounts have been used. CHDC Limited will publish its first set of accounts for the period March 2015 to June 2015.

## 17. Financial instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

The Department's investment in the Bridges Social Entrepreneurs Fund LP subjects the Department to credit and market risks. The Cabinet Office appointed Capital for Enterprise Limited (CfEL), an asset management business, to assist in the establishment of the Fund. The loans issued to the Bridges Social Entrepreneurs Fund LP are invested as part of an investment portfolio to deliver both financial returns and social and environmental benefits. The disposal of an investment by the Fund may differ from its valuation and the difference could be significant. The loans are subject to an annual impairment review that is carried out by Bridges Ventures Ltd. See Notes 10 and 18.

The Department holds public dividend capital in the Crown Commercial Service. This financial asset is carried at historical cost less any impairment recognised. Information on the Crown Commercial Service, a body outside the departmental boundary, is included at Note 18 and 29.

Funding for the Returning Officers' expenses is received directly from the Consolidated Fund and therefore there is no exposure to liquidity risk. Material deposits are held with the Government Banking Service so there is no exposure to interest rate risk. Deposits held by Returning Officers in commercial bank accounts at 31 March 2015 were not material. All material assets and liabilities are denominated in sterling so there is no exposure to exchange rate risk.

## 18. Other financial assets

The Core Department holds investments which include loans to the Bridges Social Entrepreneurs Fund LP, which invests in social enterprises and public dividend capital held in the Crown Commercial Service.

£000		Public Dividend		
	<b>Note</b>			
Balance at 1 April 2013		350	1,338	1,688
Additions	15	-	938	938
Impairment		-	(109)	(109)
Loan repayments		-	(389)	(389)
<b>Balance at 31 March 2014</b>		<b>350</b>	<b>1,778</b>	<b>2,128</b>
Additions	15	-	511	511
Impairment		-	(61)	(61)
Loan repayments		-	(270)	(270)
<b>Balance at 31 March 2015</b>		<b>350</b>	<b>1,958<sup>1</sup></b>	<b>2,308</b>
Of which at 31 March 2015				
Current asset		-	-	-
Non current asset		350	1,958	2,308
<b>Balance at 31 March 2015</b>		<b>350</b>	<b>1,958</b>	<b>2,308</b>
Of which at 31 March 2014				
Current asset		-	-	-
Non current asset		350	1,778	2,128
<b>Balance at 31 March 2014</b>		<b>350</b>	<b>1,778</b>	<b>2,128</b>

<sup>1</sup> For information on loan commitments, see Notes 15 and 28

### Bridges Social Entrepreneurs Fund LP

The Department holds a 33.27% share of the total net assets and partnership funds amounting to £1,957,713. The published accounts may be found at <http://www.bridgesventures.com/investor-relations-portal/>.

### Crown Commercial Service

In accordance with the FReM, the Cabinet Office's investment in the Crown Commercial Service is shown at its historical cost. The published accounts can be found at [Crown Commercial Service Annual Report and Accounts](#). A dividend of £2 million (2013-14: £2.641 million) is payable for the year ended 31 March 2015; see Notes 6 and 29.

## 19. Assets held for sale

£000		2014-15	2013-14
		Departmental	Departmental
	<b>Note</b>	Group	Group
Land and buildings	8	60,000	60,000
Disposal		-	-
Revaluation		-	-
<b>Total</b>		<b>60,000</b>	<b>60,000</b>

### Admiralty Arch

The Department has sold Admiralty Arch on a long lease. Disposal was completed in June 2015. Admiralty Arch is recognised at fair value as determined within an agreement between the Department and the developer. See Note 30 Events after the reporting period.



## 20. Trade receivables, financial and other assets

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>Current – Amounts falling due within one year</b>		
VAT	7,282	6,019
Trade receivables	21,677	16,017
Deposits and advances	636	911
Advances to Returning Officers for Parliamentary Elections	26,329	665
Other receivables	648	480
Prepayments and accrued income	19,686	18,669
Deferred consideration from Capita Business Services Limited <sup>1</sup>	9,400	9,400
	<b>85,658</b>	<b>52,161</b>
<b>Non-current – Amounts falling due after more than one year</b>		
Deferred consideration from Equiniti Group <sup>1</sup>	4,000	-
Deferred consideration from Capita Business Services Limited <sup>2</sup>	7,050	16,450
	<b>11,050</b>	<b>16,450</b>
<b>Total</b>	<b>96,708</b>	<b>68,611</b>

<sup>1</sup> Cabinet Office sold 11% of its shareholding in MyCSP Limited to Equiniti Group in return for a consideration of £8 million; see Note 6 Income. Equiniti Group has deferred payment of £4 million to be paid in September 2016.

<sup>2</sup> Cabinet Office transferred its 51 'B' Ordinary shares in AXELOS Limited to AXELOS's immediate parent, Capita Business Services Limited (CBSL), in return for consideration of £38.2 million; see Note 6 Income. CBSL has deferred payment of £25.850 million to be paid in 33 equal monthly instalments between April 2014 and December 2016.

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

£000		2014-15	2013-14
	Note	Departmental Group	Departmental Group
<b>At 1 April</b>		639	679
Charge for the year	4, 5	90	250
Amounts written off		-	-
Unused amounts reversed	4, 5	(131)	(290)
<b>At 31 March</b>		<b>598</b>	<b>639</b>

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

£000	2014-15	2013-14
	Departmental Group	Departmental Group
Neither past due nor impaired	12,148	12,454
Past due but not impaired		
< 30 days	2,422	667
30 – 60 days	2,094	110
60 – 90 days	1,064	197
90 – 120 days	934	431
> 120 days	3,613	2,797
<b>At 31 March</b>	<b>22,275</b>	<b>16,656</b>

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>Current – Amounts falling due within one year</b>		
Balances with other central government bodies	37,748	28,285
Balances with local authorities	692	335
Balances with NHS Bodies	1,079	-
Balances with public corporations and trading funds	124	198
<b>Subtotal: intra-government balances</b>	<b>39,643</b>	<b>28,818</b>
Balances with bodies external to government	46,015	23,343
<b>Total</b>	<b>85,658</b>	<b>52,161</b>

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>Non-current – Amounts falling due after more than one year</b>		
Balances with other central government bodies	-	-
Balances with local authorities	-	-
Balances with NHS Bodies	-	-
Balances with public corporations and trading funds	-	-
<b>Subtotal: intra-government balances</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	11,050	16,450
<b>Total</b>	<b>11,050</b>	<b>16,450</b>

## 21. Cash and cash equivalents

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>Balance at 1 April</b>	22,646	7,093
Net change in cash and cash equivalent balances	44,036	15,553
<b>Balance at 31 March 2015</b>	<b>66,682</b>	<b>22,646</b>
The following balances at 31 March were held at:		
Government Banking Service - Supply	55,470	21,806
Government Banking Service - Consolidated Fund Standing Services Parliamentary Elections	11,113	840
Commercial banks and cash in hand – Supply	99	-
<b>Balance at 31 March 2015</b>	<b>66,682</b>	<b>22,646</b>

The cash balance includes an amount of £11,112,544 (2013-14: £840,356 UK By-elections only) in respect of the funding advanced from the Consolidated Fund to cover the costs of 2014 European Parliamentary Elections and the UK Parliamentary By-elections with the agreement of HM Treasury. This balance is held with the Government Banking Service. It is owned by the Cabinet Office but managed by the Election Claims Unit in the Department for Communities and Local Government.

## 22. Trade payables and other liabilities

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>Current – Amounts falling due within one year</b>		
Other taxation and social security	3,268	3,178
Trade payables	10,838	9,720
Other payables	4,639	2,414
Accruals and deferred income	73,030	61,861
Amounts relating to Consolidated Fund Standing Services – Parliamentary Elections	37,441	1,505
Amounts issued from the Consolidated Fund for supply but not spent at year end	55,559	21,806
Cash surrenderable to the Consolidated Fund	10	-
Accruals - termination benefits	411	-
<b>Total</b>	<b>185,196</b>	<b>100,484</b>

### 22.1 Intra-government balances

£000	2014-15	2013-14
	Departmental Group	Departmental Group
<b>Current – Amounts falling due within one year</b>		
Balances with other central government bodies	92,143	49,179
Balances with local authorities	974	715
Balances with NHS Bodies	26	65
Balances with public corporations and trading funds	236	31
<b>Subtotal: intra- government balances</b>	<b>93,379</b>	<b>49,990</b>
Balances with bodies external to government	91,817	50,494
<b>Total</b>	<b>185,196</b>	<b>100,484</b>

## 23. Provisions for liabilities and charges

£000	Early Departures	Specific Dilapidations	Onerous Contracts	Total
	Departmental Group	Departmental Group	Departmental Group	Departmental Group
<b>Balance at 1 April 2013</b>	<b>3,486</b>	<b>5,960</b>	<b>3,267</b>	<b>12,713</b>
Provided in the year	121	-	5	126
Provisions not required written back	(91)	(1,191)	(2,019)	(3,301)
Provisions utilised in the year	(1,159)	-	(262)	(1,421)
Borrowing costs (unwinding of discounts)	74	-	332	406
<b>Balance at 31 March 2014</b>	<b>2,431</b>	<b>4,769</b>	<b>1,323</b>	<b>8,523</b>
Provided in the year	172	-	3	175
Provisions not required written back	(830)	-	(148)	(978)
Provisions utilised in the year	(820)	(615)	(440)	(1,875)
Borrowing costs (unwinding of discounts)	39	-	(29)	10
<b>Balance at 31 March 2015</b>	<b>992</b>	<b>4,154</b>	<b>709</b>	<b>5,855</b>
Of which:				
Current liability	409	2,010	310	2,729
Non current liability	583	2,144	399	3,126
<b>Balance at 31 March 2015</b>	<b>992</b>	<b>4,154</b>	<b>709</b>	<b>5,855</b>
Of which:				
Current liability	982	3,142	569	4,693
Non current liability	1,449	1,627	754	3,830
<b>Balance at 31 March 2014</b>	<b>2,431</b>	<b>4,769</b>	<b>1,323</b>	<b>8,523</b>

### Analysis of expected timing of discounted flows – 2014-15

£000	Early Departures	Specific Dilapidations	Onerous Contracts	Total
	Departmental Group	Departmental Group	Departmental Group	Departmental Group
Not later than one year	409	2,010	310	2,729
Later than one year and not later than five years	582	2,144	382	3,108
Later than five years	1	-	17	18
<b>Balance at 31 March 2015</b>	<b>992</b>	<b>4,154</b>	<b>709</b>	<b>5,855</b>

### Analysis of expected timing of discounted flows – 2013-14

£000	Early Departures	Specific Dilapidations	Onerous Contracts	Total
	Departmental Group	Departmental Group	Departmental Group	Departmental Group
Not later than one year	982	3,142	569	4,693
Later than one year and not later than five years	1,374	355	739	2,468
Later than five years	75	1,272	15	1,362
<b>Balance at 31 March 2014</b>	<b>2,431</b>	<b>4,769</b>	<b>1,323</b>	<b>8,523</b>

## 23. Provisions for liabilities and charges (continued)

### 23.1 Early departures

The Core Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Department provides for early departure costs when the early retirement programme becomes binding on the Department. Payments are made monthly and it is anticipated that all payments will have been made against the provision by 2020-21.

During the year 2014-15 there were no new cases of early departures, although top ups of £0.172 million were made to the existing provisions. £0.830 million of provisions not required were written back. Those early exit packages whose costs have been accrued in year are disclosed at Note 3.

### 23.2 Specific dilapidations

A specific dilapidation provision is made where the Department is required to bring a property into a good state of repair at the end of a lease. A provision is made for the estimated costs of these repairs based on a rate per square metre, which is updated each year on advice from a facilities management company. A provision is also written back when not required.

During 2014-15 £614,611 was utilised in respect of Rosebery Court. The expiry dates of the remaining leases range from 2016-17 to 2024-25.

### 23.3 Onerous Contracts

The Government Property Unit manages the Government's property portfolio, which includes vacant leasehold properties for which provision has been made for estimated payments discounted by the Treasury's discount rates for general provisions. Payments include rent, rates, service charges, demolition work and property management charges.

During the financial year £440,266 was utilised. The provision was topped up by £2,577. There was a write back of £148,479 being no longer required; £87,383 of which relates to County Farm, due to the reduction in estimated costs following the demolition of the buildings on site; and £52,536 relates to Berkeley Court, due to the reduction of estimated costs for future years. The remaining £8,560 written back relates to the reduction in expected costs for Willow House and Kings Court in future years. The lease expiry dates of the remaining contracts range from 2015-16 to 2016-17.

## 24. Contingent asset - Futurebuilders programme

The Futurebuilders Fund offered a combination of loans, grants and professional support to build the capacity of civil society organisations that want to deliver better public services. The Modernisation Fund provided interest-free loans of between £30,000 and £500,000 to help organisations be more resilient to the impact of economic downturn. Both of these funds are now closed to new applications.

£000	2014-15	2013-14
Futurebuilders England Fund	37,824	96,843
Modernisation Fund	6,076	5,832
<b>Contingent asset as at 31 March</b>	<b>43,900</b>	<b>102,675</b>

The Cabinet Office has a contingent asset of £43.900 million (2013-14: £102.675 million) which is reported as Restricted Funds in the 2014-15 accounts of Futurebuilders England Limited (FBE). FBE entered into a portfolio holding contract with the Cabinet Office to oversee the investment portfolio of the Futurebuilders and Modernisation Funds. The Cabinet Office contracts with The Social Investment Business Limited to manage the loan book. The contract has been re-awarded for a three-year period from April 2013 with a possible six-year extension period. At the end of the contract the Funds will revert to the Cabinet Office or a third party appointed by the Cabinet Office. The service agreement contains a novation clause which applies to the Futurebuilders Restricted Funds and which gives the Cabinet Office the entitlement to assign, novate or otherwise dispose of its rights and obligations under the agreement or novate the agreement itself to any other body.

During the year, Cabinet Office requested the return of £60.65 million of the funding repaid by investees to be granted to Access: The Foundation for Social Investment to run further capacity-building programmes for civil society organisations. Of this amount, £38.6 million was returned to Cabinet Office before 31 March 2015, with the remainder due to be returned between 1 April 2015 and 31 March 2020. Access was granted £36 million and the remainder was used to support other programmes run by the Government Innovation Group; see Note 6.

Further information about Futurebuilders England Limited (Registered company number 05066676) can be found at: [www.futurebuilders-england.org.uk](http://www.futurebuilders-england.org.uk)

## 25. Contingent Liabilities

There are no material contingent liabilities.

## 26. Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes

The Cabinet Office has given the following indemnity whose amount is unquantifiable and which, within the meaning of IAS 37, is not a contingent liability, since the likelihood of a transfer of economic benefit in settlement is too remote.

### Indemnity for Returning Officers at the European Parliamentary Elections May 2014

The Cabinet Office has provided an indemnity to Regional and Local Returning Officers for the European Parliamentary Elections held on 22 May 2014. The indemnity is for amounts that are not covered under the existing insurance policies which Regional and Local Returning Officers hold. The Department will also certificate 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 Regional and Returning Officers for any by-elections that are held prior to the next scheduled European Parliamentary election in 2019. A parliamentary minute was laid on 8 April 2014.

## 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 are separate from both central and local government. As a result, they are exposed to a variety of legal risks varying from minor claims for injury at polling booths, to significant election petitions and associated legal costs. The Cabinet Office provided an indemnity to Returning Officers on 4 March 2015 for the UK Parliamentary Elections held on 7 May 2015. The indemnity is for amounts that are not covered under the existing insurance policies that Returning Officers hold.

## 27. Losses and special payments

### 27.1 Losses statement

The Statement of Comprehensive Net Expenditure includes the following losses, including write-offs of unrecoverable debts and fruitless payments.

£000	2014-15 Departmental Group	2013-14 Departmental Group
<b>Total</b>	<b>6</b>	<b>179</b>

Number of cases	2014-15 Departmental Group	2013-14 Departmental Group
<b>Total</b>	<b>18</b>	<b>27</b>

### 27.2 Special payments

£000	2014-15 Departmental Group	2013-14 Departmental Group
<b>Total</b>	<b>49</b>	<b>597</b>

Number of cases	2014-15 Departmental Group	2013-14 Departmental Group
<b>Total</b>	<b>5</b>	<b>15</b>

### Compensation payments

In 2013-14 there was one case relating to a personal injury claim of £0.600 million; £0.025 million of which was paid in 2011-12.

## 28. Related party transactions

The following bodies are regarded as related parties with which the Cabinet Office has had various material transactions during the year.

The main recipient of grants-in-aid from the Cabinet Office in 2014-15 was the NCS Trust. The trust is a community interest company that was created to lead and manage the National Citizen Service. The programme aims to further establish itself as a key mechanism for encouraging personal and social development and social cohesion at a critical stage in young peoples' lives.

Within government, the main suppliers to the Cabinet Office were HM Treasury, HM Revenue & Customs, the Department for Work and Pensions, the Home Office, the Government Legal Department and the Ministry of Defence. The main customers of the Cabinet Office were the Department for Work and Pensions, the Crown Commercial Service, HM Revenue & Customs, the Ministry of Justice, the Ministry of Defence and the Home Office.

The Crown Commercial Service (CCS) is an executive agency of the Cabinet Office, with Trading Fund status (see Note 29). 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 29. Balances and transactions between the department and its arm's length bodies have been eliminated on consolidation and are not disclosed in this note.

The Cabinet Office has six associate companies, MyCSP Limited, Shared Services Connected Limited, AXELOS Limited, Behavioural Insights Limited, Integrated Debt Services Limited and Crown Hosting Data Centres Limited. The Cabinet Office received pension administration and other services from MyCSP Limited which are funded by a charge on Principal Civil Service Pension Scheme employer pension contributions. Commencing November 2013, the Cabinet Office received payroll, HR, finance and procurement services from Shared Services Connected Limited. In 2013-14 the Cabinet Office transferred its 51 'B' Ordinary shares in AXELOS Limited to Capita Business Services Limited, its immediate parent. The ultimate parent undertaking of AXELOS Limited is Capita plc which holds an indirect interest in Capita Resourcing Limited with whom the Cabinet Office has transacted in year. Programme evaluation services were received from Behavioural Insights Limited. Integrated Debt Services will provide a range of debt management and collection services. Crown Hosting Data Services Limited will provide public bodies with a physical space to host their computer servers and systems that are not in the cloud. (see Other Administration Costs Note 4, Income Note 6 and Investments in Associates Note 16).

The Cabinet Office makes loans and has loan commitments to the Bridges Social Entrepreneurs Fund LP, which is managed by Bridges Ventures Limited. The Fund invests in social enterprises that have the potential to generate scalable and sustainable social impacts. Bridges Social Entrepreneurs Fund LP is outside the departmental boundary and is therefore not classed as an associate (see Notes 15 and 18).

The Cabinet Office has responsibility for setting and reimbursing the fees and expenses of Returning Officers conducting the polls at Parliamentary elections in England and Wales. No member of staff in the Cabinet Office Elections Division or the Department for Communities and Local Government's Elections Claims Unit (an agent of the Cabinet Office Elections Division that is responsible for the processing of Returning Officers' claims) undertook any material transactions with Returning Officers during the year.

The Registrar of Consultant Lobbyists is a corporation sole funded by the Cabinet Office. The Registrar has had a number of transactions with the Cabinet Office in relation to staff secondments and corporate services. Neither the Registrar nor her staff have undertaken any material transaction with registered consultant lobbyists during the year.

The names and titles of all the ministers who had responsibilities for the department during the year are provided in the Directors' Report. No minister, board member, key manager or other related parties has undertaken any material transactions with the Cabinet Office during the year. Compensation due to key management personnel in year has been disclosed in the Remuneration Report.



## 29. Entities within the departmental boundary

The departmental boundary in this context relates to the boundary of the Departmental Accounts. The following bodies have been designated for consolidation into the Cabinet Office Estimates and Accounts.

### Executive Non-Departmental Public Body – The Civil Service Commission

eNDPBs can be established in statute. They carry out administrative, regulatory and commercial functions; they employ their own staff, are allocated their own budgets, are self-accounting and produce their own accounts.

The annual report and accounts for the Civil Service Commission (which includes the expenditure of the Advisory Committee on Business Appointments, the House of Lords Appointments Commission and the Office of the Commissioner for Public Appointments, for which the Civil Service Commission provides secretariat services) are published separately.

Further information can be found at the links:

[Civil Service Commission Annual Report and Accounts](#)

<http://civilservicecommission.independent.gov.uk>

### Advisory Non-Departmental Public Bodies (ANDPBs)

The Cabinet Office sponsors a number of advisory non-departmental public bodies that have links to the Department but whose work does not contribute directly to the achievement of the Department's objectives and whose funding arrangements can be separate. These ANDPBs provide independent and expert advice to ministers on particular topics of interest. ANDPBs of the Cabinet Office include:

- Advisory Committee on Business Appointments
- Committee on Standards in Public Life
- House of Lords Appointments Commission
- Main Honours Advisory Committee (Honours and Appointments Secretariat)
- Parliamentary Boundary Commission for England
- Parliamentary Boundary Commission for Wales
- Security Vetting Appeals Panel
- Senior Salaries Review Body

### Corporation Sole – The Registrar of Consultant Lobbyists

A corporation sole consists of one person and his or her successors in some particular office or station, who are incorporated by law in order to give them certain legal capacities and advantages which they would not have in their natural person.

The Office of the Registrar of Consultant Lobbyists is an independent statutory office which administers the Register of organisations that conduct the business of consultant lobbying as defined in Part 1, Section 2 of 'The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act (2014)'. The annual statement of accounts of the Registrar of Consultant Lobbyists will be published separately.

Further information can be found at the link:

<https://www.gov.uk/government/organisations/office-of-the-registrar-of-consultant-lobbyists>

### Other

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.

## 29.1 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 brings together, into one organisation, 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 18 and at the link [Crown Commercial Service](#).

### Other

Cabinet Office acts as the principal point of liaison within government for the Parliamentary and Health Service Ombudsman and it is non-funded.

### Cabinet Office Public Bodies

The Cabinet Office produces a comprehensive annual Public Bodies directory providing details of NDPBs and similar public bodies. The directory can be found at the link: [Public Bodies directory](#)

## 30. 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.

### Police and Crime Commissioner Elections

On 12 March 2015 the Prime Minister confirmed that policy responsibility for the conduct of elections in relation to Police and Crime Commissioners would transfer from the Home Office to the Cabinet Office. This change was effective from 1 April 2015, though the Home Office retains responsibility for the conduct of any Police and Crime Commissioner elections held before May 2016. The Home Office retains all other responsibilities in relation to Police and Crime Commissioners.

### Deputy Prime Minister

Following the UK general election held on 7 May 2015, the new administration decided not to appoint a Deputy Prime Minister.

### Cities policy

On 1 June 2015 the Prime Minister announced a Machinery of Government change to policy on cities. A written ministerial statement was published confirming the responsibility for cities policy would transfer from the Chancellor of the Duchy of Lancaster to the Secretary of State for Communities and Local Government.

### Admiralty Arch

On 17 June 2015 Admiralty Arch was sold on a long lease of 250 years to Admiralty Arch Holdings Limited in return for consideration of £65.5 million. Title to the freehold is retained by government and has not transferred. The Cabinet Office sought an alternative use of Admiralty Arch due to the complexity and inefficiency in providing modern, cost effective and flexible office space within the constraints of a Grade I listed building. The developer, Prime Investors Capital Limited, has secured planning permission to transform the building into a 5 star hotel, which will restore it to its former glory, reinstate many of the original features of the Aston Webb design, and open the building up to the public for the first time.

### Freedom of Information

On 17 July 2015 the Prime Minister confirmed that policy responsibility for the Freedom of Information Act would transfer from the Ministry of Justice to the Cabinet Office. On the same date the Government established an independent Commission on Freedom of Information, which will report to the Minister for the Cabinet Office and publish its findings by the end of November 2015.

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