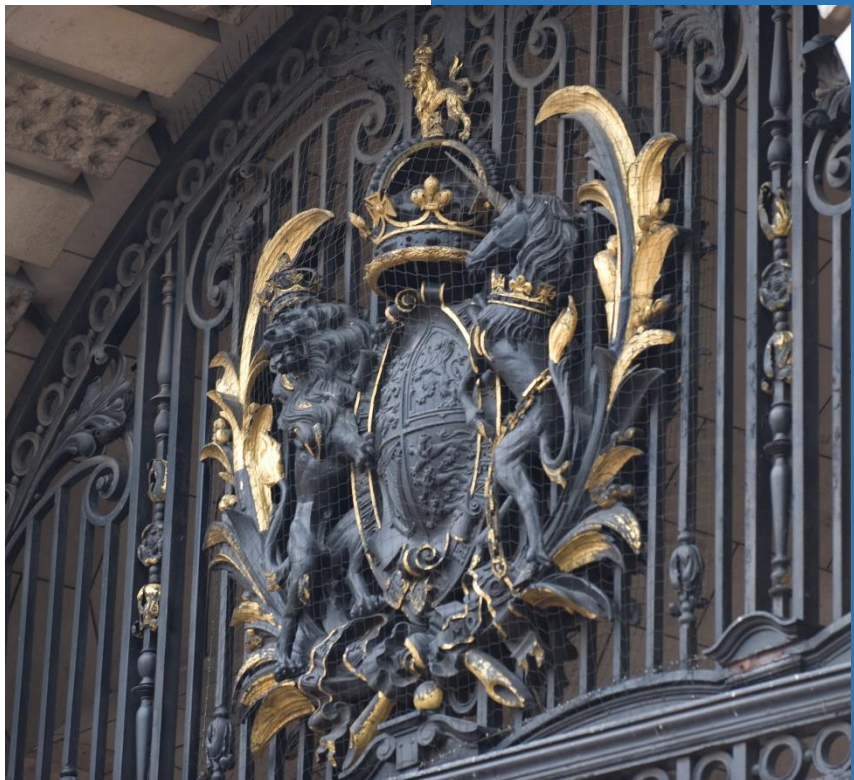




Cabinet Office

Accounting Officer System Statement

2018



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Cabinet Office

Scope of the system

I am the Principal Accounting Officer for the Cabinet Office and for Cabinet Office: Civil Superannuation and the Royal Mail Statutory Pension Scheme.

This system statement sets out all of the accountability relationships and processes within the Department, making clear who is accountable for what at all levels of the system.

The Cabinet Office is at the centre of government and its purpose is achieved through the following objectives:

1. Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy;
2. Support the design and implementation of HM Government's policies and the Prime Minister's priorities;
3. Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government; and
4. Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities.

The Minister for the Cabinet Office and other departmental ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of this department and its agencies. They look to me as the Department's accounting officer to delegate within the Department to deliver their decisions and to support them in making policy decisions and handling public funds.

As Principal Accounting Officer, I am personally responsible for safeguarding the public funds for which I have been given charge under the Supply Estimates and ensuring that resources authorised by Parliament and sums paid out of the Consolidated Fund in respect of the Cabinet Office, are used for the purposes intended by Parliament.

I have appointed as Accounting Officers: the Chief Executive of the Civil Service Commission, an Executive Non-Departmental Public Body; the Registrar of Consultant Lobbyists, a corporation sole; and the Chief Executive of the Government Property Agency, an Executive Agency; and as 'additional' Accounting Officer, Director, Geospatial Commission. HM Treasury has appointed as Accounting Officer, the Chief Executive of Crown Commercial Service, an Executive Agency and Trading Fund. The names of the current Accounting Officers may be found at Note D to the Cabinet Office Estimate located within the *Central Government Main Supply Estimates 2018-19 (HC 957)*.

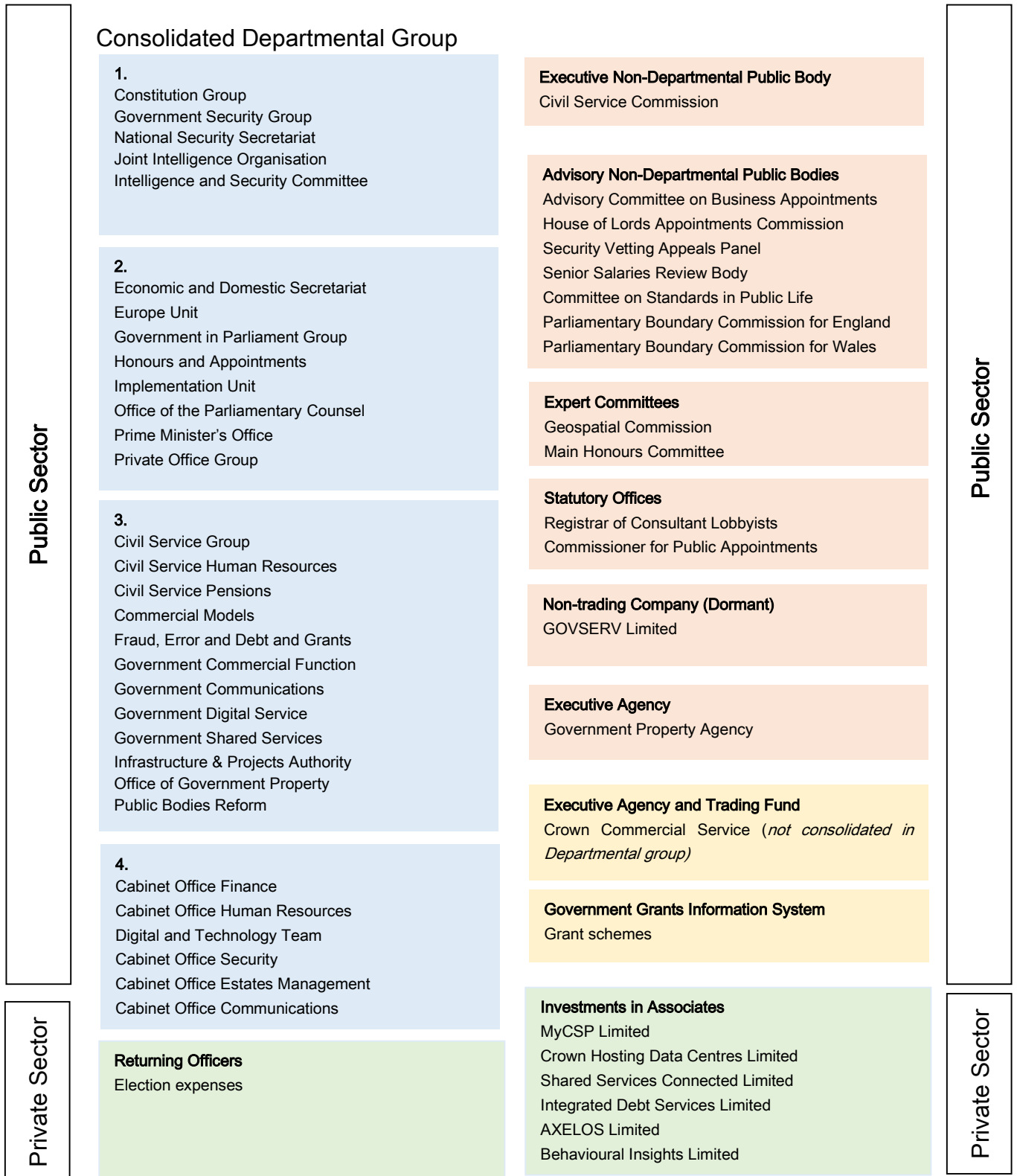
The statement covers the core department, its arm's length bodies and other arm's length relationships. It describes accountability for all expenditure of public money through the Department's Estimate, all public money raised as income, and the management of shareholdings, financial investments and other publicly owned assets for which I am responsible.

This system statement helps me ensure that I am fulfilling my responsibilities as an Accounting Officer, in accordance with the Treasury's guidance set out in *Managing Public Money*. The statement describes the accountability system which is in place at the date of this statement, and which will continue to apply until a revised statement is published.

John Manzoni

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

Scope of responsibilities¹



¹ Objectives

- 1 Maintain the integrity of the Union, co-ordinate the security of the realm and sustain a flourishing democracy
- 2 Support the design and implementation of HM Government's policies and the Prime Minister's priorities
- 3 Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government
- 4 Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities

Cabinet Office

Departmental Spending

Parliament has voted the following resources in 2018-19 as published in the *Central Government Main Supply Estimates 2018-19 (HC 957)*.

£'m		Resource			Capital
		Gross Expenditure	Gross Income	Net Expenditure	Net Expenditure
1	Maintain the integrity of the Union, co-ordinate the security of the realm and sustain a flourishing democracy	80	(10)	70	6
2	Support the design and implementation of HM Government's policies and the Prime Minister's priorities	119	(11)	108	1
3	Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	417	(301)	116	19
4	Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities	73	(10)	63	2
	Government Property Agency - Executive Agency	169	(131)	38	2
	Arm's Length Bodies (Office of the Registrar of Consultant Lobbyists and the Civil Service Commission)	3	-	3	-
	Non-voted expenditure*	9	-	9	-
	Cabinet Office	870	(463)	407	30

* Non-voted expenditure includes elections and salary and pensions of UK members of the European Parliament.

£'m		Resource			Capital
		Gross Expenditure	Gross Income	Net Expenditure	Net Expenditure
	Civil Superannuation	9,084	-	9,084	-
	Royal Mail Statutory Pension Scheme	1,168	-	1,168	-

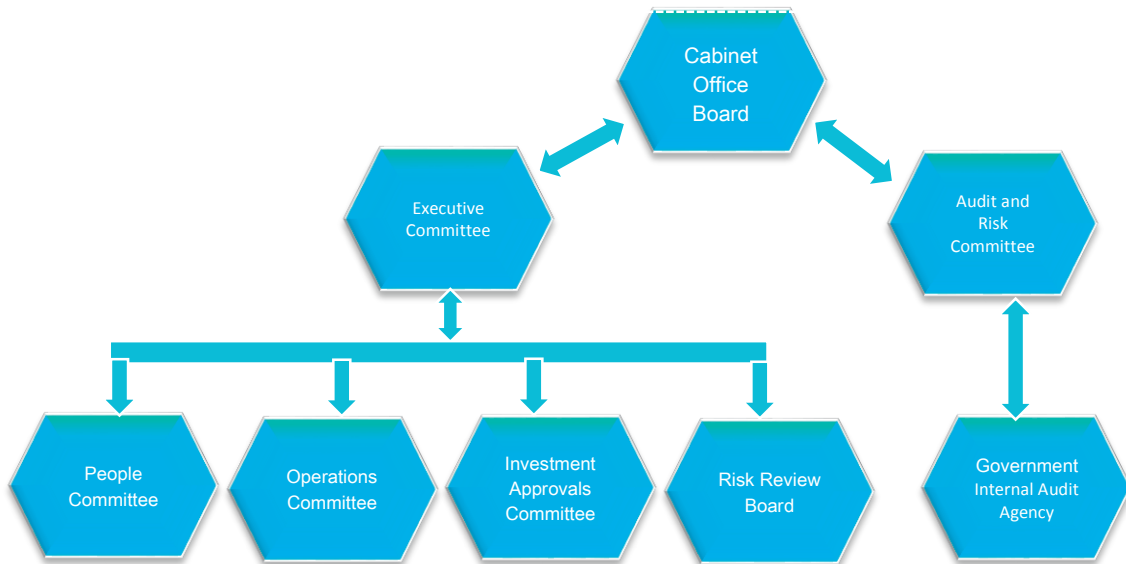
Responsibilities within the core Department

As Principal Accounting Officer, I gain comprehensive assurance from various accountability arrangements. The Cabinet Office Board, Executive Committee and the Cabinet Office Audit and Risk Committee are served by the 'Three Lines of Defence' model and receive external assurance from the National Audit Office.

Three Lines of Defence

The first line of defence is provided by operational management who identify, assess, own and mitigate risks and are responsible for implementing corrective actions to address process and control deficiencies. The second line of defence is represented by corporate services who oversee management activity and define the policies and procedures within which managers operate. The third line of defence is internal audit which provides assurance over governance and risk management achieved by the first and second lines of defence.

Governance Structure



Cabinet Office Board

The Cabinet Office Board is responsible for the strategic and operational leadership of the Department, bringing together its ministerial and executive leaders along with non-executives from outside government. The Board receives regular updates on the Department's financial and non-financial performance and assessment of strategic risk. The Board aims to meet approximately once every quarter throughout the year.

Executive Committee

The Executive Committee of the Cabinet Office is made up of Permanent Secretaries, Director Generals and Directors from across the Department and is chaired by the Permanent Secretary. It is also attended by the Department's Diversity and Inclusion Champion. It scrutinises delivery and performance across all Cabinet Office business areas, and challenges the delivery of objectives. It receives regular business reports and updates from its sub-committees. The Executive Committee meets once per month throughout the year. The Executive Committee receives a performance pack each quarter setting out progress against objectives, major projects, information management, workforce, finance, risk, and audit recommendations.

Cabinet Office

People Committee

The People Committee is a sub-committee of the Executive Committee made up primarily of Directors General and Directors from across the Department. It is chaired by the Director General, Government Property and attended by the Finance Director and Human Resources Director. It is responsible for reviewing the Department's strategic workforce plans and composition, and establishment of new posts and engagement of interim staff, scrutinising and challenging proposals to ensure consistency and affordability. It is also responsible for approving key departmental HR policies.

Operations Committee

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

Investment Approvals Committee

The Investment Approvals Committee is a sub-committee of the Executive Committee and is responsible for reviewing and approving investment cases for programmes, projects and other contracts above £1 million or those that are novel, contentious or sensitive. HM Treasury approval is also required for all programmes and projects above £5 million. The committee is attended by representatives from the Infrastructure and Projects Authority, Cabinet Office Legal, the Portfolio Office and Analysis and Insight Team, and is chaired by the Finance Director. The committee's scrutiny and advice takes into account guidance, especially that in the HM Treasury Green Book, to ensure that proposals are supported by a robust case for change, optimise value for money, are commercially viable, are financially affordable and are achievable. The committee meets once a month, or more regularly if workload requires.

Risk Review Board

The Risk Review Board is a group of Directors General and Directors from across the Department and is chaired by the Finance Director. It meets once per quarter to review strategic risk management and control within the Department and appropriate escalation of risks to the Executive Committee. Business area leaders are responsible for the identification, assessment and timely escalation of risk within their areas.

Cabinet Office Audit and Risk Committee

The Cabinet Office Audit and Risk Committee (COARC) is a board committee attended by the Permanent Secretary, Finance Director, non-executive Board members and representatives from the National Audit Office and the Government Internal Audit Agency. It is chaired by a non-executive Board member. COARC provides an independent view of the Department's risk control and corporate governance arrangements, while assessing the robustness and integrity of those assurances. The committee meets quarterly and receives updates on strategic risk and progress on audit recommendations. At each main meeting of COARC, updates are reviewed on at least two of the strategic risk areas. It also receives updates on fraud, data loss and whistleblowing incidents at each meeting. An update on compliance standards is provided to the committee bi-annually.

Government Internal Audit Agency

The Government Internal Audit Agency carries out a programme of reviews throughout the year into all aspects of governance, risk and control arrangements. Report recommendations are translated into actions which are agreed with the Department. Agreed actions are tracked by the Department and progress on implementation is reported to the Executive Committee and COARC each quarter. At the end of each financial year the Head of Internal Audit provides an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements.

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National Audit Office

The National Audit Office (NAO) carries out a programme of reviews of the Department's work, including value for money investigations. Audit report recommendations are translated into actions with progress on implementation tracked and reported to the Executive Committee and COARC each quarter. The NAO is also responsible for the external audit of the Department's Annual Report and Accounts.

Public Accounts Committee

The Public Accounts Committee (PAC) may hold a hearing in relation to any NAO value for money report or specific areas of spend within the Department. Following a PAC report the Government response, in the form of a Treasury Minute, is provided to HM Treasury by the Department. Progress against agreed actions to address recommendations is tracked and reported to the Executive Committee and COARC each quarter and a progress report is provided to HM Treasury bi-annually.

Relationships with arm's length and other bodies

Cabinet Office is the sponsor department for various agencies and non-departmental public bodies. The terms of its partnership are documented in a framework agreement which sets out governance and accountability arrangements, decision making and financial management. They are funded through public expenditure supplied by the Cabinet Office Estimate and are consolidated into the Cabinet Office Annual Report and Accounts, except for one agency which is also a trading fund. These bodies follow spending controls detailed in *Supply Estimates Guidance* and *Consolidated Budgeting Guidance* and the requirements of *Managing Public Money*.

Governance arrangements of arm's length bodies (ALBs) and other bodies are reviewed at intervals. Previously, Cabinet Office ALBs, in common with other ALBs across Government, were subject to triennial reviews, which reviewed the control and governance arrangements in place to ensure that the body in question complied with recognised principles of good corporate governance.

From November 2016, triennial reviews have been replaced by a more proportionate 'tailored reviews' process which allows for light-touch reviews of smaller bodies. Tailored reviews must be undertaken at least once in the lifetime of a Parliament for each body, and aim to ensure public bodies remain efficient, effective, fit for purpose, well governed and properly accountable for what they do. All Cabinet Office ALBs have agreed dates for when their tailored reviews will be undertaken. The Government Property Agency will be subject to a tailored review in due course. The Crown Commercial Service (CCS), a Trading Fund, has an agreed date for when its tailored review will be undertaken.

Following the publication of *Partnerships between Departments and ALBs: Code of Good Practice*, the Centre for Public Appointments assessed the Department's relationship with its ALBs against the principles and standards of the Code. The gap analysis found that ALBs have good governance arrangements appropriate to their individual scale and business.

Executive Agencies

Government Property Agency

The Government Property Agency (GPA) was launched as an Executive Agency of the Cabinet Office in April 2018 to improve the efficiency and effectiveness of the Government Estate.

The GPA will partner with government departments to find innovative property solutions, and provide expertise to enable them to deliver wider business change more efficiently. More broadly, the GPA will also be an enabler for the delivery of Civil Service transformation, regional growth and the government's vision to strengthen the Union. Through creating a centre for expertise in government for estates management, the GPA will have a breadth of experience, bringing specific property expertise, negotiation ability and commercial awareness to bear on major market transactions. This will have a direct benefit in maximising capital receipts, generating income and mitigating both costs and risks.

The GPA will be recovering its costs primarily through charging for the properties which are under their management, as well as for other services they provide to government clients. They will also seek to obtain funding for capital investment in the estate, to improve its efficiency and effectiveness and to drive revenue savings and other benefits. This funding will be primarily from budget transfers from other government departments and capital receipts from disposals of surplus assets.

Accounting Officer System Statement 2018

Assurance

A Framework Agreement has been drawn up by the Cabinet Office (as sponsor body) which defines the remit and governance of the GPA. The GPA is required to follow *HM Treasury Managing Public Money* and *Government Spending Controls*, and will publish its accounts in accordance with the *Government Financial Reporting Manual*.

The Chief Executive of the GPA has been designated as its Accounting Officer. The GPA Board including Non-Executive Directors is responsible for advising the Chief Executive and Sponsor Department on the strategic direction of the GPA and providing appropriate governance.

A Sponsor team within the Department is responsible for monitoring of the GPA. GPA has its own Audit and Risk Committee, whose Chair will meet the Chair of the COARC once a year to discuss governance, risk and internal control. In addition, GPA has its own Investment Committee, which follows prescribed processes for reviewing, challenging and approving (or otherwise) decisions to commit the Agency to expenditure and/or supply of goods or services. GPA will publish its own accounts and these will be consolidated into the accounts of the Cabinet Office.

Crown Commercial Service

The Cabinet Office holds public dividend capital in the Crown Commercial Service (CCS), an Executive Agency and a Trading Fund under the Government Trading Funds Act 1973. CCS provides commercial and procurement expertise and services to Government and the wider public sector. All resource to run the Agency is raised through the trading fund. Income is earned from payments made direct from customers or suppliers for its products and services.

Assurance

A Framework Agreement has been drawn up by the Cabinet Office defining the remit and governance of Crown Commercial Service (CCS). CCS is required to follow *HM Treasury Managing Public Money* and *Government Spending Controls*, and publishes its accounts in accordance with the *Government Financial Reporting Manual*.

CCS has its own Chief Executive and Accounting Officer. The CCS Board supports and provides challenges to the Chief Executive and Accounting Officer on matters of strategic importance to CCS. In addition, the Board is responsible for endorsing the CCS Strategy and Annual Business Plan, and scrutinising and endorsing major business cases of above £700,000 prior to approval by the Accounting Officer and other central government controls. Monthly performance and finance reports enable the Board to review progress against strategic objectives, budgets and key programmes.

There are two sub-committees of the CCS Board: the Senior Appointments and People Committee, and the Audit Committee. The Senior Appointments and People Committee ensures that resourcing, succession planning and developmental strategies are in place for senior leadership roles within CCS, i.e. those in Senior Civil Service posts. The Audit Committee advises the CCS Board and Accounting Officer on the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the Annual Report and Accounts. In addition, the executive Senior Leadership Team, led by the Chief Executive, manages the delivery of CCS's strategic aims and provides leadership to the organisation. The Senior Leadership Team is supported by three internal boards: the People Board, the Change and Transformation Board, and the Investments Board.

Cabinet Office

Non-Departmental Public Bodies (NDPB)

Executive Non-Departmental Public Bodies

Civil Service Commission

The Civil Service Commission (CSC) is an executive NDPB of the Cabinet Office, led by the First Civil Service Commissioner. The CSC regulates recruitment to the Civil Service. It also helps promote the Civil Service values of Honesty, Integrity, Objectivity and Impartiality, and hears complaints under the Civil Service Code.

It has its own Accounting Officer (its Chief Executive), an Audit and Risk Committee and publishes its own accounts which are consolidated into the accounts of the Cabinet Office. CSC is funded by grant-in-aid from the Cabinet Office, overseen by a Cabinet Office sponsor team. Its powers are laid down in the Constitutional Reform and Governance Act 2010 and there is a Memorandum of Understanding between the Cabinet Office and the CSC which sets out how the two organisations work together.

CSC is host to the [Office of the Commissioner for Public Appointments](#) which is a statutory body, and also to the [Advisory Committee on Business Appointments](#) which is an advisory NDPB. Both publish Codes of Practice and regular reports setting out their role. The budget for both of these bodies is included within the CSC's budget and falls within the accountability of the Accounting Officer for CSC.

Advisory non-departmental public bodies

These small advisory bodies receive their funding directly from the Cabinet Office and each has a sponsor team within the Cabinet Office. The Cabinet Office Accounting Officer has overall responsibility for regularity, propriety and efficient use of funds within these bodies:

The [Advisory Committee on Business Appointments](#) considers applications under the business appointment rules about new jobs for former ministers, senior civil servants and other Crown servants.

The [House of Lords Appointments Commission](#) is an independent, advisory, non-departmental public body established in May 2000. The Commission has two main functions: to recommend individuals for appointment as non-party-political life peers; and to vet nominations for life peers, including those nominated by the UK political parties, to ensure the highest standards of propriety.

The [Security Vetting Appeals Panel](#) is an independent avenue of appeal for Civil Service staff and contractors whose security clearance has been refused or withdrawn.

The [Senior Salaries Review Body](#) provides independent advice to the Prime Minister, the Lord Chancellor, the Secretary of State for Defence, the Secretary of State for Health and Social Care, and the Home Secretary on the pay of senior civil servants, the judiciary, senior officers of the armed forces, certain senior managers in the NHS, Police and Crime Commissioners and chief police officers.

The [Committee on Standards in Public Life](#) advises the Prime Minister on ethical standards across the whole of public life in England. It monitors and reports on issues relating to the standards of conduct of all public office holders.

The [Parliamentary Boundary Commission for England](#) and the [Parliamentary Boundary Commission for Wales](#) are statutory bodies established to provide independent recommendations to the UK Government on the boundaries of UK Parliament constituencies in England and Wales respectively. Both conduct their work independently of the Government. Their budget, staff and all administrative support services are provided by the Cabinet Office as the sponsoring department.

Accounting Officer System Statement 2018

Expert Committees

Mains Honours Committees

Honours committees review honours nominations for people involved in specific activities (like arts and media or sport) which are then sent to the Main Honours Committee.

The Main Honours Committees are made up of senior civil servants ('official members') and people who are independent of government ('independent members'). All honours committees have a majority of members who are independent. Each honours committee has an independent chairperson. A representative from 10 Downing Street is invited to attend all committee meetings.

Geospatial Commission

The Autumn 2017 Budget committed to establishing a new Geospatial Commission at the centre of government to pursue an ambitious national strategy for geospatial data use, which is increasingly a key underpinning of the digital economy.

The Commission will lead on a variety of activities to realise this commitment. It will:

- provide strategic oversight and direction across Whitehall and to the various public sector geospatial data bodies;
- prioritise a portfolio of geospatial initiatives aimed at maximising value for the public and private sectors to drive economic growth;
- set cross-cutting policies and data standards;
- engage the private and public sectors to drive key policy outcomes; and,
- aim to maintain an environment wherein geospatial data is high quality, available, and interoperable.

The Commission is currently being established. Recruitment for Commissioners and a team of officials to support the Commission is under way. The Commission will consult over the summer, with a view to publishing an annual plan before the end of the year.

Assurance

The Commission is established as an Expert Committee within the Cabinet Office.

Its governance will be set out in a Charter and Framework Document. It will comprise a strong Board of Commissioners (a Chair or co-Chairs; five Independent Commissioners; two Commissioners nominated by the Partner Bodies of the Commission; and the Director of the Commission) and a unit of officials supporting the work of the Commission. Oversight will be provided by a separate Ministerial Steering Group (MSG) which will be required to approve the Commission's strategy.

The Director of the Commission is also the Accounting Officer, who receives a formal letter of budget delegation from the Cabinet Office Principal Accounting Officer setting out the Departmental financial controls and processes that apply to all Geospatial Commission spending.

Major expenditure will go through the usual Cabinet Office approval and assurance processes. The Commission will establish internal project governance and assurance processes.

Cabinet Office

Statutory Offices

Registrar of Consultant Lobbyists

The Registrar of Consultant Lobbyists is a corporation sole, set up following the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. It is focused on ensuring there is transparency in the work of consultant lobbyists and their engagement with Ministers and Permanent Secretaries on behalf of clients.

The Registrar, who is also the Accounting Officer, is an independent office holder, responsible for keeping and publishing the Register of Consultant Lobbyists; making sure that the industry is following the requirement to register; and publishing detailed guidance for industry about their duties under the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014.

The Office of the Registrar of Consultant Lobbyists is funded through the Cabinet Office Main Estimate and income from registration fees from consultant lobbyists. The Registrar publishes a Statement of Accounts which is consolidated into the accounts of the Cabinet Office.

The Office of the Commissioner for Public Appointments

The Office of the Commissioner for Public Appointments regulates the processes by which ministers make appointments to the boards of national and regional public bodies. The commissioner aims to ensure that such appointments are made on merit after a fair, open and transparent process.

Non-trading company

GOVSERV Limited

GOVSERV Limited is a company wholly owned by government which was registered in November 2017 with two Cabinet Office directors serving as directors of the company. The company was set up as an ongoing contingency measure to take over the responsibility for any public sector contract that might not relate to a specific government department. As at the time of compiling this report, no such contracts have materialised and the company is currently dormant and not trading.

Third party delivery partnerships

Elections – Returning Officers

Returning Officers are statutorily independent officers who stand separate from both central and local government. The key risks relate to late submission of claims by Returning Officers and regularity, propriety and value for money.

The legislative framework

Primary legislation

Under section 29 of the Representation of the People Act 1983, as amended by the Representation of the People Act 1991 and the Electoral Administration Act 2006, a Returning Officer at a UK Parliamentary election is entitled to recover charges in respect of his or her services and expenses. There are similar provisions for European Parliamentary elections in regulation 15 of the European Parliamentary Elections Regulations 2004, as amended by the European Parliamentary Elections (Amendment) Regulations 2009. This legislation requires Returning Officers' expenses to be met directly from HM Treasury's Consolidated Fund.

Charges orders

The maximum recoverable amounts that Returning Officers can claim for their fees and expenses in relation to the elections are set out in statutory instruments. In addition to setting the maximum recoverable amounts, these Charges Orders specify the types of expenses that Returning Officers can claim, such as printing of ballot papers and undertaking the count process. Expenditure that Returning Officers incur must be necessary and reasonable for the effective conduct of the poll.

Accounts regulations

The accounts regulations issued for elections require Returning Officers to submit statements of account within six months of the date on which the result of the election is announced. Where necessary, the regulations allow for a Returning Officer to submit an incomplete account and to then agree a date of delivery for the final account with the Cabinet Office.

Candidates' mailings

Under section 91 of the Representation of the People Act 1983 and regulation 63 of The European Parliamentary Elections Regulations 2004, candidates at UK and European Parliamentary elections are entitled to have one election address (often called 'mailings', essentially a paper leaflet) delivered at public expense to each elector or household within the voting area. The main purpose of allowing candidates to deliver one communication free of charge is to inform the electorate of the policies of standing candidates and/or parties and to help them to make informed choices when casting their vote. As the universal service provider, Royal Mail delivers these mailings and is reimbursed from the Consolidated Fund in accordance with legislation and the terms of a Service Level Agreement with the Cabinet Office.

Returning Officers' expenses

In advance of elections, the Cabinet Office estimates the likely costs that each Returning Officer will incur. This is based on each Returning Officer's approved expenditure from the last relevant poll, which is then adjusted to take account of changes to the electorate size, number of postal voters and inflation. The Cabinet Office agrees the projected costs with HM Treasury so that funds can be made available from the Consolidated Fund once the Charges Order is made by the Secretary of State. Prior to the election, the Cabinet Office pays an initial advance to each Returning Officer of up to 75% of the estimated cost of running the poll in his or her voting area. Returning Officers can subsequently request further payments, for instance to cover invoices that need to be paid urgently, up to a maximum of 90%.

Cabinet Office

Assurance over regularity, propriety and value for money

Returning Officers' expenses

Following the election, Returning Officers are required to submit a statement of accounts showing the actual costs incurred in running the poll. Should an advance exceed the total costs incurred, the Returning Officer must return the excess monies. Where the total costs incurred are greater than the advance, the Cabinet Office pays the Returning Officer the balance. In exceptional cases where the total cost of a claim exceeds the maximum recoverable amount, the Cabinet Office has the discretion to pay the additional expenses if the Returning Officer can provide evidence that the expenditure was necessary and reasonable for the effective and efficient conduct of the poll.

The Cabinet Office also asks Returning Officers to make a signed declaration prior to the poll. This confirms that the Cabinet Office may impose sanctions if Returning Officers do not submit their claims within the statutory deadline; this could include immediately paying back the advances received prior to the poll and/or the provision of lower advances for future elections.

Officials within the Cabinet Office Elections Division provide rigorous oversight of the assessment of claims and make any policy decisions that are required. The Cabinet Office Elections Claims Unit is required to refer all claims to the Cabinet Office where there is either an overall overspend, an overspend on particular elements of the poll or in circumstances where novel or unusual expenditure is identified.

Candidates' mailings

Agreement is also reached with HM Treasury on the estimated cost of delivering candidates' mailings for UK and European Parliamentary elections. This is set out in a Service Level Agreement between the Cabinet Office and Royal Mail.

The Open Innovation Team

The Department runs the Launchpad programme for which it receives funds from Universities. The programme supports other government departments to engage with outside experts in order to generate ideas for priority projects and increase innovation across the Civil Service.

Assurance

Funds provided by universities pass through the Cabinet Office and must therefore follow government spending rules as set out in *Managing Public Money*. Expenditure on the programme is subject to the Department's internal investment appraisal and procurement processes. This ensures that both the Department's Principal Accounting Officer and the funding universities are provided with the appropriate level of assurance.

Grants to private and voluntary sector bodies

The Department publishes guidance on minimum grants standards to ensure best practice is managed across all Government Departments. It maintains the *Government Grant Information System (GGIS)* and publishes the annual *Government grants register*. The Cabinet Office administers grant payments in line with this guidance and *Managing Public Money*.

Assurance

All Cabinet Office grants have a named senior responsible owner (SRO). Grant funding requires the completion of a robust business case which sets out outputs and long-term outcomes. All new grants are considered for referral to the New Grants Advice Panel (NGAP) for review.

All business cases over £1 million are considered for approval by the Investment Approvals Committee (IAC). All business cases between £100,000 and £1 million are considered by the Investment Approvals sub-committee. All grants are reviewed and approved before a formal commitment is made and the IAC or its sub-committee probe the involvement, including decisions taken on referrals made, of NGAP during its review.

The Department uses standard grant agreements for all grants which are approved. Grant sponsors may obtain a Corporate Governance Assurance Statement from the grant's recipient and are required to monitor the performance of the grants including conducting due diligence checks and yearly reviews as part of the year-end audit process. Training is available to all those involved in the development and administration of grants.

Major contracts and outsourced services

The Cabinet Office has a small number of large contracts with suppliers that represent a material proportion of the Department's spend. The details of these contracts are set out below. In general, Cabinet Office procurement takes place through established CCS framework agreements, thereby ensuring value for money. In the event that framework agreements are not available or applicable to a particular procurement, Cabinet Office procedures generally require a competition to be carried out.

Facilities management	Information technology	Civil Service Learning	Human Resources
CB Richard Ellis Overbury	Verify Identity Providers Nominet	Korn Ferry Hay Group KPMG	Alexander Mann Solutions Clarity Travel
Interserve	Specialist Computer Systems Shared Services Connected Limited	Capita XMA Ltd CIPFA	Shared Services Connected Limited MyCSP Limited

Table: Major Contracts

Contracts for services to the public

Civil Service Pensions

Cabinet Office has a contract with MyCSP Limited (an associate company, in which it has a shareholding) to administer the Civil Service pension arrangements. This contract went live in 2012 and runs for seven years, with an option to extend for a further three years and a value of circa £35 million per annum.

The Cabinet Office has in place robust contract management arrangements to ensure that the required services are delivered, including a full contract governance structure, service credit arrangements, detailed management information and a full internal audit plan. The Department also regularly benchmarks the service provided and uses market testing to ensure that value for money is being achieved.

Verify

Verify is the Government's solution for authenticating citizens' identities when they access public services. The programme is run by the Government Digital Service (GDS) and it relies on private sector identity providers to check and assure credentials.

The contracts with identity providers are managed through a framework agreement which was created following an open competitive process. Payments to suppliers under the framework agreement are based on successful verification of users with no guaranteed volumes. As the service matures, revenues generated from clients will form the largest single component of the programme's costs. Delivery performance against each contract is tracked in detail and is the subject of regular reviews between GDS and each supplier.

Common Technology Services

The Public Sector Network (PSN) team is part of GDS' Common Technology Services programme. It has a contract with Nominet to provide an end to end Domain Name System (DNS) resolver service, threat analysis and DNS analytics service. This has been procured on behalf of Government Communications Headquarters (GCHQ), with all costs incurred by the Cabinet Office in relation to this contract recharged to GCHQ. The contract was procured through the G-Cloud framework, and has a value of £5 million over two years which expires in September 2018. Performance is monitored by the Digital Marketplace team against Key Performance Indicators (KPI) and Service Level Agreements (SLAs) within the contract, and is subject to quarterly service reviews.

Accounting Officer System Statement 2018

Contracts for back-office outsourcing

Shared services

Government has a contract with Shared Services Connected Ltd (SSCL) to provide shared services through an independent shared service centre (ISSC2). The framework has a current call-off value in excess of £1 billion, providing back-office service to over 250,000 employees in the Civil Service and Metropolitan Police Service, including Cabinet Office staff. The contractual services include finance, payroll, recruitment, plus government purchasing (totalling around £50 billion worth of transactions processed annually). The Cabinet Office's own contract with SSCL amounts to some £3.5 million per annum subject to demand.

The charging regime and associated service volume/consumption data is subject to extensive audit and assurance, as are the supplier's control systems for security and fraud prevention. Unit prices and baseline volumes are fixed for the contract term but with benchmarking and open-book provisions built into the contract. Pricing delivered significant savings relative to legacy services. Benefits are tracked on a regular basis.

Estates services

For estates services, the Cabinet Office has been a member of an affiliated cluster group, which brings together other Cabinet Office bodies such as Crown Commercial Service and other Government agencies operating in buildings together to achieve synergies from the running of estates services. In 2016 the cluster successfully worked with the support of CCS to combine requirements when appointing a new provider, Interserve, for FM services in several buildings. The contract commenced on 1 October 2016 and has a total value of £49 million over its five-year duration, representing a 30% saving over previous arrangements. The contract enabled shared contract management and procurement activity, saving 4 FTE headcount. Cluster members and the GPA, with ongoing support from CCS, will manage the ongoing relationship with the contractor and develop the next generation of this framework agreement.

Contracts for Civil Service Learning

Civil Service Human Resources (CSHR) is responsible for Civil Service Learning (CSL) which provides learning and development for all civil servants. It works with experts in learning and development to create and provide a range of high-quality learning that supports and equips civil servants to deliver excellent public services. CSHR has a contract with Korn Ferry Hay Group providing learning targeted and designed primarily for the Senior Civil Service (SCS). KFHG provides a core suite of learning that is high-quality, challenging and relevant to SCS roles. This includes open courses for all SCS and tailored courses for SCS within Departments. This contract was awarded in December 2015, with the maximum value of the contract being £21 million over an initial two-year period, with an option to extend by one year incrementally for a maximum contract term of four years.

In addition, CSHR have contracted with KPMG to provide a core curriculum training for all grades below SCS. This focuses on a number of tightly-managed core learning areas and products. The offer is designed to be flexible to meet the specific needs of Departments and teams. This contract was awarded in December 2015, with the maximum value of the contract being between £59 - £149 million for an initial period of three years, with the option to extend for a further one year.

CSHR also contracted with Capita to provide any niche or bespoke learning requirements outside of the core curriculum for all grades in the Civil Service. The contract was awarded in February 2012 and was extended until December 2017. Capita went to open market or a third party supplier network to provide value for money services. The maximum value of the contract was £18 million. This contract expired in December 2017, being replaced by a

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new Managed Learning Service (MLS) contract awarded to Capita (trading as Knowledgepool) in October 2017. The maximum value of the MLS contract is £120 million for an initial period of two years, with the option to extend for a maximum of two years, and the possibility of the extension being applied in increments.

Finally, CSHR also contracted for cross Civil Service provision of apprenticeships. This contract was awarded to four suppliers between November 2017 and January 2018. These suppliers are Arch, QA, Knowledgepool and CIPFA. The maximum value of the contract is £45 million over an initial one-year period, with an option to extend by one year incrementally for a maximum contract term of three years.

CSL contracts are managed by a Supplier Engagement team within CSHR. The team review day-to-day performance and implementation of contract requirements including the monitoring and management of SLAs and contractual KPIs. Formal management and governance of the contracts is delivered through monthly contract management reviews. Where appropriate, improvement plans are developed and implemented. No contract will be extended if a supplier is not delivering the services as required through the contract terms.

Accounting Officer System Statement 2018

Investments in Associates

The Cabinet Office owns minority equity stakes in six associate companies. The original reasons for establishing these companies and retaining these stakes vary but were broadly:

- to enhance value for money by facilitating the transformation and commoditisation of existing services;
- to improve service price and quality by aggregating demand for services across the public sector; and
- to unlock value by enabling greater commercialisation of services and their sale to a wider customer base.

Brief descriptions of MyCSP Limited and Shared Services Connected Limited are provided in the 'major contracts and outsourced services' section above. AXELOS Limited manages and develops a portfolio of Best Practice products including Prince2, ITIL and other products formerly owned by the Department. Behavioural Insights Limited is a social purpose company which draws on ideas, evidence and techniques from behavioural science to inform the design of public services. Integrated Debt Services Limited (trading as Indesser) provides a single point of access to debt collection, management and enforcement services – as well as fraud and error services - for government departments and the wider public sector. Crown Hosting Data Centres provides a single point of access to secure, flexible and competitively priced data centre colocation services for government and the wider public sector.

The table below sets out the percentage share of each associate held by the Department:

Associate	Cabinet Office 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%

With the exception of Behavioural Insights Limited, each associate is majority owned by a private sector partner which appoints the majority of directors to the Board of the associate and effectively controls the associate.

Assurance

The relationship between the Cabinet Office, partners and associates is provided for in shareholder agreements and associates' articles of association.

A Shareholder Committee has been established within the Department to oversee the performance of the associates, ensure appropriate governance and share experience. This committee reports to the Cabinet Office Principal Accounting Officer who has overall delegated responsibility for these investments.

The Department typically has the right to appoint two Non-Executive Directors (NEDs) to the Board of each associate (only one NED in the case of Behavioural Insights and MyCSP). The Department's approval is also required for certain 'consent matters', and it is entitled to receive copies of business plans and other management information. NEDs identify risks and report upon the performance of their associates to the Shareholder Committee. Associates and NEDs are expected to provide annual statements of assurance to the Cabinet Office.

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Where an associate is a supplier to the Government, the Government's interests as a customer are overseen by a separate customer function or framework authority to which separate governance arrangements apply. The customer function/framework authority manages the associate's performance as a supplier under its supply contracts with the Cabinet Office and other governmental customers in the normal way, independent of the Department's interests as an associate shareholder.

Accounting Officer System Statement 2018

Pension Schemes

I am the Accounting Officer for Civil Superannuation which includes the Civil Service Pension Schemes. The Scheme manager is the Minister for the Civil Service.

Also, I am the Accounting Officer for the Royal Mail Statutory Pension Scheme.

The management of both schemes is carried out by a dedicated directorate based within Civil Service Human Resources. The directorate has been strengthened considerably over recent years and is staffed largely by experts in their relevant fields for example pensions operations, contract administration, project management and pensions finance. The directorate provides me, as Accounting Officer, with regular updates and reports which form the basis of assurance.

I also receive assurance from various governance bodies such as the Civil Service Pensions Board and Cabinet Office Audit and Risk Committee. The Government Internal Audit Agency also provides me with regular reports and an annual overall opinion on the management of Scheme risk.

The Accounting Officers of member employers of the Civil Service Pension Schemes also send me an annual Accounting Officer certificate setting out their compliance with Scheme rules.

Both the Civil Superannuation Account and the Royal Mail Statutory Pension Scheme publish separate annual reports and accounts which are audited by NAO.

