

Cabinet Office Finances



Overview

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

This section sets out Public Expenditure Data from 2002-03 to 2010-11 and a detailed Financial Review for 2007-08 and explains the framework for managing public money. It has been audited for consistency with the financial statements. A commentary is provided on how the Department manages its resources and Cabinet Office core business is highlighted in the following section.

Cabinet Office Core Business

The Cabinet Office’s core business is relatively simple to understand. It consists of three main areas of expenditure:

- Supporting the Prime Minister;
- Supporting the Cabinet; and
- Strengthening the Civil Service.

Figure 1 below details both the projected spending amounts for these core areas over the Comprehensive Spending Review (CSR) period, 2008-09 to 2010-11, based on current business planning assumptions, and the actual administration spend for the preceding years.

Overall, Figure 1 shows that administration costs have been more or less constant over the years. With the requirement to deliver objectives within an administration budget that falls by 5 per cent in real terms annually in each of the years 2008-09, 2009-10 and 2010-11, as set out in the Cabinet Office’s 2007 CSR settlement, this will see spending on core administration costs very much declining.

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

Figure 1: Cabinet Office Core Business Costs

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
Total Administration Costs	161,386	155,893	154,603	156,469	140,005	144,638	136,706	129,871	123,377

Figure 1: the projected spending for the core Cabinet Office up to and including 2010-11, the final year of the 2007 Comprehensive Spending Review (CSR) Period.

Figure 1 above is therefore a simple analysis of the Cabinet Office’s core activities over time. The public spending tables which follow on pages 98 to 102 (Tables 1-5) are more complex. This is due to a number of factors. The tables include spending on a number of functions and bodies outside the three core activities mentioned above. As in the past, some functions (for example, better regulation) have

come under the Cabinet Office for a brief period of time. Moreover, as with other departments, the Cabinet Office sponsors a number of arms-length bodies. There are also complexities around some of the accounting rules. These variations are explained in the accompanying notes to the sections on Public Expenditure Data 2002-03 to 2010-11 and Financial Review 2007-08.

Managing Public Money Framework

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

Resource Estimate (Estimates Boundary)

This is a statement presented by HM Treasury to the House of Commons in which the Cabinet Office seeks approval for its estimated spending for the coming financial year. The Estimate summarises both the resources and the cash required for the year and the Cabinet Office actual outturns against these Estimates are reported in the Statement of Parliamentary Supply of the Resource Accounts. This is a statement which only applies to central government and has no equivalent statement in UK GAAP (Generally Accepted Accounting Practice) based accounts.

Resource Accounts (Accounting Boundary)

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

Entities within the departmental boundary are Advisory Non-Departmental Public Bodies (ANDPBs), bodies which the Cabinet Office sponsors and which have links to the Department but whose work does not contribute directly to the achievement of the Department's objectives and whose funding arrangements can be separate.

Entities outside the departmental boundary are Executive Non-Departmental Public Bodies (eNDPBs). eNDPBs can be established in statute. They carry out administrative, regulatory and commercial functions; they employ their own staff, are allocated their own budgets, are self accounting and produce their own accounts. Entities outside the departmental boundary are not consolidated for accounting purposes but are consolidated for budgeting purposes.

Further detail regarding the departmental boundary can be found at Note 35 to the Accounts.

The resource accounts only include the Grant in Aid paid to the Executive Non-Departmental Public Bodies (eNDPBs) sponsored by the Cabinet Office. The financial performance and assets and liabilities of the eNDPBs are not consolidated within these accounts. For further detail see Resource Accounts 2007-08.

Resource Budgeting (Budgeting Boundary)

Resource budgeting involves using resource accounting information as the basis for planning and controlling public expenditure. It introduces new concepts such as capital consumption and requires the Cabinet Office to match costs to the period in which the economic activity takes place. Parliament controls Cabinet Office spending through the use of Departmental Expenditure Limits (DEL) and they control capital spending separately from resource spending. This is the basis on which Parliament controls (and the Cabinet Office manages) spending in-year, and includes the full resource and capital DEL spending of the eNDPBs as opposed to the Grant in Aid provided by the Cabinet Office to finance the activities of eNDPBs. See Public Expenditure Data 2002-03 to 2010-11.

Relationship between Estimates and Accounts

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

Relationship between Accounts and Budgets

The Department's Accounts then differ from Budget by the inclusion of income payable to the Consolidated Fund that cannot be recorded against DEL, the removal of voted grant-in-aid paid to Capacity Builders (UK) Limited and Commission for the Compact Limited (eNDPBs) to be replaced by their non-voted resource and capital consumption as reflected in their audited accounts, the adjustment of capital grants classed as resource in Estimates and Accounts but as capital in budgets to reflect the creation of assets in the wider economy, and finally the inclusion of non-voted resource expenditure in relation to the salaries and pensions of UK Members of the European Parliament (MEPs) which are paid directly from the Consolidated Fund as a standing service.

Financial Review 2007-08 presents a reconciliation between Estimates, Accounts and Budgets for both resource and capital at Figure 2.

Public Expenditure Data 2002-03 to 2010-11

(including Public Expenditure Tables 1–9)

Introduction

The aim of these published 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).

Departmental Expenditure Limit

DEL budgets are negotiated with HM Treasury via Spending Reviews (SR) for three years and the most recent is the Comprehensive Spending Review (CSR) 2007 covering financial years 2008-09, 2009-10 and 2010-11. The CSR is the starting point for departments to plan their expenditure over a three year period and once agreed by HM Treasury it cannot be changed, apart from in year transfers such as Machinery of Government transfers of function from one part of the public sector to another.

DEL is spending within the Department's direct control, and which can therefore be planned over an extended period, such as administration payments, payments to third parties including grants to the private sector and to Local Authorities. It also includes expenditure incurred by its Non-Departmental Public Bodies (NDPBs) which is funded through Supply Estimates as a grant in aid payment.

The Department is expected to manage its resource and capital budgets within the DEL and a breach is likely to result in a reduction in DEL of the following year.

Annually Managed Expenditure

AME budgets are usually demand led and not easily controllable by departments and so are set at the beginning of each financial year via the Central Government Supply Estimates – Main Supply Estimates. These can then be updated with any changes announced during the year in the Winter and Spring Supplementary Estimates and all are subject to parliamentary approval.

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

Public Expenditure Tables

All tables provide financial data covering financial years from 2002-03 including the Comprehensive Spending Review period up to 2010-11.

Tables 1–6 provide information on the Cabinet Office. Tables 7–9 provide information on the Security and Intelligence Agencies; these tables are included since the information is not published elsewhere.

Cabinet Office outturn is reported from 2002-03 to 2007-08 and plans are reported from 2008-09 to 2010-11. Funding has been agreed by HM Treasury in the Estimates covering all financial years up to 2008-09. In 2007-08 various Machinery of Government changes took place. They include transfers of the Better Regulation Executive to the Department for Business, Enterprise and Regulatory Reform (DBERR) and the Prime Minister's Delivery Unit (PMDU) to HM Treasury (HMT) and a transfer into the Cabinet Office of the Whips Offices from the Privy Council Office (PCO). All tables reflect these changes.

Cabinet Office budgetary spend for 2007-08 is reconciled to Estimates and Accounts in the section Cabinet Office Finances, Financial Review 2007-08, Performance against Parliamentary Controls totals.

Commentary

A commentary on Tables 1–6 is set out as follows:-

Table 1 – Total Departmental Spending

Total Departmental spending is the sum of total resource and capital expenditure less depreciation (to avoid double counting). Both resource and capital budgets are split into Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

Table 2 – Resource Budget DEL and AME

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

Near Cash within Resource Budget DEL is a control total aggregate close to the measure of current spending that impacts on the current balance used to assess a fiscal rule known as the Golden Rule. It excludes non-cash items such as depreciation and cost of capital charges and movements in provisions. The Golden Rule requires that over the economic cycle the Government will borrow only to invest and not to fund current spending.

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

Resource DEL (RDEL) – Cabinet Office

The main features in variations between the years are:

Pay

2007-08 outturn may be reconciled to staff costs at Note 9 to the Resource Accounts by excluding from Note 9

Agency/temporary staff costs and by adding the salaries and pensions of the UK Members of the European Parliament.

Procurement

Commencing 2006-07 there is an increase in procurement expenditure due to BBC monitoring. Following Sir Quentin Thomas' review of the BBC Monitoring financial regime, it was agreed that, from 1 April 2006, the Cabinet Office should become the lead stakeholder and hold the previously disaggregated stakeholder funding.

The increase in expenditure in 2007-08 reflects the design and development of the SCOPE programme; see Note 11 to the Resource Accounts.

Current grants and subsidies to the private sector and abroad

Commencing 2005-06 there is an increase in grant programmes delivered by the Office of the Third Sector. Key programmes include Capacitybuilders, Futurebuilders, v, Strategic Partners Programme, Grassroot Grants and Community Assets Fund. 2007-08 outturn cross references to Resource Accounts Note 11.

Current grants to local authorities

Commencing 2005-06 there is a decrease in Civil Defence Grants to Local Authorities; these were transferred to the Wales Office and Department for Communities and Local Government. The remaining grant is made to the London Fire and Emergency Planning Authority. 2007-08 outturn cross references to Resource Accounts Note 2.

Depreciation

During 2006-07 and 2007-08 a decrease in depreciation was caused by Transformational Government assets reaching the end of their life. 2007-08 outturn cross references to Resource Accounts Notes 10 and 11. Planned depreciation increases in 2008-09 to 2010-11 reflecting assets under construction being brought into service.

Consultancy

Expenditure on consultancy is disclosed at Notes 10 and 11 to the Resource Accounts.

Commencing 2008-09 there is a decrease in spending plans compared to the budgets for 2006-07 and 2007-08. The decrease is not apparent from these tables due to lower than expected spend in 2006-07 and in 2007-08.

A comparison between 2007-08 outturn against Estimate and budget is set out in the section Cabinet Office Finances, Financial Review 2007-08, Performance against Parliamentary Control totals.

Table 3 – Capital Budget DEL and AME

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

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

Capital DEL (CDEL) – Cabinet Office

The main features in variations between the years are:

Capital expenditure on fixed assets net of sales

Commencing 2008-09 there is a decrease in capital expenditure on fixed assets. In previous years, large investments in capital IT programmes took place but these have now peaked. In contrast, future plans represent expenditure on upgrading the Department's freehold Whitehall buildings and expenditure on security and information and communication infrastructure including an electronic records management system and on upgrading its crisis management facilities.

Capital grants to the private sector and abroad

Commencing 2004-05 capital grants to the private sector have been steadily increasing. Expenditure from 2004-05 to 2007-08 represents capital grants to Futurebuilders England Ltd to deliver the Futurebuilders programme. 2007-08 outturn cross references to Resource Accounts Note 11.

Commencing 2008-09 to 2010-11 the capital grant expenditure will include the on-going Futurebuilders programme and additionally the newly established programmes for Grassroots Grants and Community Assets Fund.

Net lending to private sector

The net lending to private sector represents a constant level of loan repayments received from London Hostels Association and the Civil Service Sports Council. 2007-08 outturn cross references to Resource Accounts Note 16.

Capital support to local authorities

During 2006-07 and 2007-08 capital support was offered to Local Authorities in respect of the Government Security Zone project.

A description of these programmes may be found at Note 11 to the Resource Accounts except for the Grassroots Grants and the Community Assets Fund. Grassroots Grants will provide much needed access to small grants for local community groups. This programme is in partnership with the Community Development Foundation. The Community Assets Fund will empower communities by encouraging the transfer of under-used Local Authority assets to local organisations. The fund provides grants for the refurbishment of Local Authority buildings to ensure that high quality spaces and facilities are transferred to Third Sector ownership. The fund will be delivered by the Big Lottery Fund.

Public Expenditure Data 2002-03 to 2010-11

(including Public Expenditure Tables 1–9) (continued)

Table 3 – Capital Budget DEL and AME (continued)

A comparison between 2007-08 outturn against Estimate and budget is set out in the section Cabinet Office Finances, Financial Review 2007-08, Performance against Parliamentary Control totals.

Table 4 – Capital Employed for the Cabinet Office

This table shows the capital employed by the Department in a balance sheet format. It provides high level analysis of the value of the various categories of fixed assets, debtors and creditors, and also the extent of provisions made. Outturn is as reported in the Cabinet Office Annual Report and Accounts for all years to 2007-08 and balance sheet projections are reported for 2008-09 to 2010-11.

The main features in variations between the years are:

Total capital employed

An overall 22% decrease between 2006-07 and 2007-08 is largely due to the increase in fixed assets.

Fixed assets

The fixed asset base is set to increase from 2007-08 to 2008-09 by 3% due to increased expenditure on IT projects. The actual increase in fixed assets expenditure from 2006-07 to 2007-08 by 8% is due to an increase in expenditure/valuations on the Whitehall estate and in IT.

Net current assets and liabilities

Net current assets at 31 March 2007 moved to net current liabilities at 31 March 2008 due to a reduction in the cash held in a commercial bank account for the Futurebuilders Fund under the terms of a tri-partite agreement between the Cabinet Office, Futurebuilders England Ltd and the Charity Bank Ltd, and the requirement to recognise a creditor to the Consolidated Fund in respect of the Funds that were transferred from this commercial bank into the Cabinet Office's Office of HM Paymaster General Account at the end of 2007-08, immediately prior to expiry of this agreement.

Provisions

Provisions are set to decrease by 18% from 2007-08 to 2008-09 due to a reclassification of free rent provision to accruals, general use of provisions and the write back of provisions no longer needed for dilapidations.

Table 5 – Administration Costs

This table represents in more detail information concerning the administration costs of running the department. These costs are part of the Department's resource DEL budgets. The table gives an analysis for past and current year expenditure showing pay costs and other costs outside the pay bill.

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

The main features in variations between the years are:

2008-09 plans show an overall apparent increase compared to the outturn in 2007-08. This does not represent any substantive increase in administration expenditure. Historically the majority of the budget has been classed as administration expenditure which includes all non cash but the Cabinet Office now has a number of projects which are classified as non-grant programme expenditure. The department will continue over the coming CSR07 period to reclassify expenditure currently classed as administration to programme once the actual position becomes clear during each financial year. 2007-08 outturn cross references to Resource Accounts Note 3(b).

Table 6 – Staff Numbers

This table analyses the actual and projected staffing in the department and splits them into permanent and temporary staff.

To ensure consistent comparisons can be made with figures published in Civil Service Statistics and by the Office for National Statistics (ONS) across the Efficiency Review Period (2003-04 to 2007-08) the staff numbers for 2003-04 and 2004-05 are the same year-end staff in post figures published by Civil Service Statistics.

From 2004-05, in accordance with current Civil Service Statistics and ONS methodology, the figures for casuals include those individuals on Fixed Term Agreements.

Staff numbers for the National School of Government (NSG) are included within Cabinet Office numbers up to 2005-06, whereafter, NSG transferred out of Cabinet Office to become a non-ministerial department.

The figure for 2007-08 is the actual number of staff as at 31 March 2008. Resource Accounts Note 9 and staff numbers Table in the Performance Report show additional headcount information.

The figures in Table 6 include Cabinet Office Civil Service workforce reductions agreed in Spending Review 2004 as the Cabinet Office's contribution to the Efficiency Review. The decrease in staff numbers between 2006-07 to 2007-08 also includes the Machinery of Government Changes announced during 2007-08. Projected increase in staff numbers from 2008-09 are business planning assumptions.

Tables 7 – 9 The Single Intelligence Account

The Single Intelligence Account (SIA) comprises the budgets of the three Security and Intelligence Agencies – the Security Service, the Secret Intelligence Service and the Government Communications Headquarters. Since Autumn 2007, the Cabinet Secretary has been the Principal Accounting Officer (PAO) for the SIA. The PAO delegates authority to spend to the three Agency Heads (who are themselves Accounting Officers) at levels agreed with the Treasury.

Cabinet Office

Table 1: Total Departmental Spending

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
£'000									
Resource budget									
Resource DEL									
Cabinet Office	271,303	285,728	292,308	312,255	297,038	335,875	345,804	345,270	343,837
Total resource budget DEL	271,303	285,728	292,308	312,255	297,038	335,875	345,804	345,270	343,837
<i>of which: Near-cash</i>	226,434	233,518	235,420	267,007	263,743	316,947	299,842	298,355	296,969
Resource AME									
Cabinet Office	-	450	-	-	-	-	-	-	-
Civil Superannuation (Civil Service Pensions)	4,577,214	5,014,217	5,378,416	5,724,890	6,043,267	7,573,525	7,204,000	7,571,500	7,883,000
Total resource budget AME	4,577,214	5,014,667	5,378,416	5,724,890	6,043,267	7,573,525	7,204,000	7,571,500	7,883,000
<i>of which: Near-cash</i>	-1,370,270	1,078,235	1,040,935	33,342	535,836	726,831	1,135,000	1,446,500	1,631,000
Total resource budget	4,848,517	5,300,395	5,670,724	6,037,145	6,340,305	7,909,400	7,549,804	7,916,770	8,226,837
<i>of which: depreciation</i>	29,617	40,194	48,623	37,817	24,844	9,444	35,962	36,915	37,868
Capital budget									
Capital DEL									
Cabinet Office	58,091	57,819	23,451	31,044	34,528	34,632	49,591	50,471	51,387
Total capital budget DEL	58,091	57,819	23,451	31,044	34,528	34,632	49,591	50,471	51,387
Capital AME									
Total capital budget AME	-	-	-	-	-	-	-	-	-
Total capital budget	58,091	57,819	23,451	31,044	34,528	34,632	49,591	50,471	51,387
Total departmental spending†									
Cabinet Office	299,777	303,803	267,136	305,482	306,722	361,063	359,433	358,826	357,356
Civil Superannuation (Civil Service Pensions)	4,577,214	5,014,217	5,378,416	5,724,890	6,043,267	7,573,525	7,204,000	7,571,500	7,883,000
Total departmental spending†	4,876,991	5,318,020	5,645,552	6,030,372	6,349,989	7,934,588	7,563,433	7,930,326	8,240,356
<i>of which:</i>									
Total DEL	299,777	303,353	267,136	305,482	306,722	361,063	359,433	358,826	357,356
Total AME	4,577,214	5,014,667	5,378,416	5,724,890	6,043,267	7,573,525	7,204,000	7,571,500	7,883,000

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

Spending by local authorities on functions relevant to the department

Current spending†† 28,845 29,857 36,079 49,083 54,473 67,807

of which:

financed by grants from budgets above

18,634 18,901 19,915 1,373 380 621

Capital spending

of which:

financed by grants from budgets above†††

- - - - 10,554 5,268

†† These figures reflect current spending by local authorities on Emergency Planning. HM Treasury have allocated these to the Cabinet Office, since Emergency Planning is most closely associated with the functions of the Cabinet Office.

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

Cabinet Office (continued)

Table 2: Resource budget DEL and AME

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
Resource DEL									£'000
Cabinet Office	271,303	285,728	292,308	312,255	297,038	335,875	345,804	345,270	343,837
<i>of which:</i>									
Cabinet Office	271,303	285,728	292,308	312,255	297,038	335,875	345,804	345,270	343,837
Total resource budget DEL	271,303	285,728	292,308	312,255	297,038	335,875	345,804	345,270	343,837
<i>of which:</i>									
Near-cash	226,434	233,518	235,420	267,007	263,743	316,947	299,842	298,355	296,969
<i>of which:†</i>									
Pay	88,822	88,761	90,972	108,327	84,775	90,526			
Procurement	83,366	88,252	78,505	63,847	92,244	105,853	98,145	95,601	95,425
Current grants and subsidies to the private sector and abroad	35,612	37,604	46,578	94,566	87,867	122,721	105,874	108,184	110,723
Current grants to local authorities	18,634	18,901	19,915	1,373	380	621	606	606	606
Depreciation	29,617	40,194	48,623	37,817	24,844	9,444	35,962	36,915	37,868
Resource AME									
Cabinet Office	-	450	-	-	-	-	-	-	-
<i>of which:</i>									
Cabinet Office	-	450	-	-	-	-	-	-	-
Civil Superannuation (Civil Service Pensions)	4,577,214	5,014,217	5,378,416	5,724,890	6,043,267	7,573,525	7,204,000	7,571,500	7,883,000
<i>of which:</i>									
Civil Superannuation (Civil Service Pensions)	4,577,214	5,014,217	5,378,416	5,724,890	6,043,267	7,573,525	7,204,000	7,571,500	7,883,000
Total resource budget AME	4,577,214	5,014,667	5,378,416	5,724,890	6,043,267	7,573,525	7,204,000	7,571,500	7,883,000
<i>of which:</i>									
Near-cash	-1,370,270	1,078,235	1,040,935	33,342	535,836	726,831	1,135,000	1,446,500	1,631,000
<i>of which:†</i>									
Pay	47,000	35,500	23,000	12,500	4,500	-	-	-	-
Procurement	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total resource budget	4,848,517	5,300,395	5,670,724	6,037,145	6,340,305	7,909,400	7,549,804	7,916,770	8,226,837

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

Table 3: Capital Budget DEL and AME

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Plans	2009-10 Plans	£'000 2010-11 Plans
Capital DEL									
Cabinet Office	58,091	57,819	23,451	31,044	34,528	34,632	49,591	50,471	51,387
<i>of which:</i>									
Cabinet Office	58,091	57,819	23,451	31,044	34,528	34,632	49,591	50,471	51,387
Total capital budget DEL	58,091	57,819	23,451	31,044	34,528	34,632	49,591	50,471	51,387
<i>of which:</i>									
Capital expenditure on fixed assets net of sales†	51,218	54,115	17,659	16,823	24,693	19,284	8,501	8,270	8,044
Capital grants to the private sector and abroad	4,659	2,488	5,814	14,242	8,384	16,813	41,111	42,222	43,364
Net lending to private sector	-193	-31	-22	-21	-22	-22	-21	-21	-21
Capital support to public corporations	2,407	1,247	-	-	-	-	-	-	-
Capital support to local authorities††	-	-	-	-	10,554	5,268	-	-	-
Capital AME									
Total capital budget AME	-	-	-	-	-	-	-	-	-
Total capital budget	58,091	57,819	23,451	31,044	34,528	34,632	49,591	50,471	51,387
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales†	51,218	54,115	17,659	16,823	24,693	19,284	8,501	8,270	8,044
Less depreciation†††	29,617	40,194	48,623	37,817	24,844	9,444	35,962	36,915	37,868
Net capital expenditure on tangible fixed assets	21,601	13,921	-30,964	-20,994	-151	9,840	-27,461	-28,645	-29,824

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

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

††† Included in Resource Budget.

Cabinet Office (continued)

Table 4: Capital employed for the Cabinet Office

Table 4 shows a breakdown of capital employed from 2002-03 to 2010-11.

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

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
£'000									
Assets and liabilities on the balance sheet at end of year:									
Assets									
Fixed assets									
<i>of which:</i>									
Tangible assets									
Land and Buildings	156,221	130,126	146,273	162,998	159,070	170,331	169,697	168,551	167,369
Dwellings	905	15,836	16,013	12,382	13,444	13,898	13,728	13,555	13,380
Transformational Govt Projects	62,015	63,602	37,116	16,931	1,055	68	5,223	4,260	8,370
Information Technology	6,432	7,242	6,486	5,514	8,554	6,644	28,105	38,868	36,190
Plant and Machinery	4,760	6,253	4,945	4,087	3,819	3,530	3,054	2,531	2,029
Furniture and Fittings	3,397	2,742	2,205	1,724	1,099	663	310	111	50
Art and Antiques	7,696	7,746	8,297	10,196	10,177	10,239	10,239	10,239	10,239
Assets under construction (AUC)	1,322	16,609	14,287	13,688	26,087	33,797	21,736	11,736	11,736
AUC – Transformational Government	1,659	5,195	3	328	4,303	5,831	–	–	–
Intangible assets	2,397	2,073	772	220	77	29	8	–	–
Investments	510	479	457	436	414	392	374	354	334
Total fixed assets	247,314	257,903	236,854	228,504	228,099	245,422	252,474	250,205	249,697
Debtors (amounts falling due after more than one year)	8,354	7,717	8,047	–	–	–	–	–	–
Current Assets	48,049	53,936	49,880	34,145	122,906	96,208	33,600	33,600	33,600
Liabilities									
Creditors (amounts falling due within one year)	–45,129	–56,751	–59,793	–63,349	–64,256	–119,785	–65,000	–65,000	–65,000
Creditors (amounts falling due after more than one year)	–64	–38	–	–3,497	–	–	–	–	–
Provision for liabilities and charges	–5,257	–7,589	–7,321	–7,053	–5,594	–3,189	–2,600	–2,500	–2,200
Capital employed within the Cabinet Office	253,267	255,178	227,667	188,750	281,155	218,656	218,474	216,305	216,097

Table 5: Administration Costs

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Plans	2009-10 Plans	£'000 2010-11 Plans
Administration Expenditure									
Paybill	82,879	81,465	82,698	95,260	77,565	81,551			
Other	102,027	98,799	104,842	117,858	97,218	96,616			
Total administration expenditure	184,906	180,264	187,540	213,118	174,783	178,167	246,882	244,717	239,316
Administration income	-23,520	-24,371	-32,937	-56,649	-34,778	-33,529	-32,000	-35,173	-35,173
Total administration budget	161,386	155,893	154,603	156,469	140,005	144,638	214,882	209,544	204,143
Analysis by activity									
Cabinet Office	161,386	155,893	154,603	156,469	140,005	144,638	214,882	209,544	204,143
Total administration budget	161,386	155,893	154,603	156,469	140,005	144,638	214,882	209,544	204,143

Table 6A: Staff Numbers for the Cabinet Office

Table 6A shows staff numbers from 2002-03 to 2010-11 by function expressed in full-time equivalents.

	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Plans	2009-10 Plans	2010-11 Plans
Cabinet Office									
CS FTEs	1,994	1,790	1,795	1,735	1,455	1,271	1,312	1,312	1,312
Casuals (incl. short-term/fix term appointments)	74	50	145	95	24	12	-	-	-
Total Cabinet Office	2,068	1,840	1,940	1,830	1,479	1,283	1,312	1,312	1,312

Table 6B: Senior Civil Servant (SCS) Staff Numbers for the Cabinet Office

Grade	Pay Band	Full-time equivalents (FTEs)
Permanent Secretary	£139,740 – £273,250	6
SCS 3	£99,960 – £205,000	25
SCS 2	£81,600 – £160,000	33
SCS 1	£56,100 – £116,000	135
Total		199*

* Total includes 49 from the Office of the Parliamentary Counsel.

Security and Intelligence Agencies

Table 7: Total Departmental Spending*

	2002-03	2003-04	2004-05	2005-06	2006-07**	2007-08** Estimated	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Resource budget									
Resource DEL									
Security and Intelligence Agencies	794,336	999,908	1,126,394	1,251,088	1,395,389	1,435,010	1,722,500	1,870,500	2,056,500
Total resource budget DEL	794,336	999,908	1,126,394	1,251,088	1,395,389	1,435,010	1,722,500	1,870,500	2,056,500
<i>of which: Near-cash</i>	763,108	818,920	962,091	1,056,767	1,192,568	1,195,075	1,400,540	1,523,361	1,697,095
Resource AME									
Security and Intelligence Agencies	–	–	–	–	–	42,962	6,500	6,500	6,500
Total resource budget AME	–	–	–	–	–	42,962	6,500	6,500	6,500
<i>of which: Near-cash</i>									
Total resource budget	794,336	999,908	1,126,394	1,251,088	1,395,389	1,477,972	1,729,000	1,877,000	2,063,000
<i>of which: depreciation</i>	361	150,979	111,078	134,894	130,509	212,806	266,057	286,840	301,741
Capital budget									
Capital DEL									
Security and Intelligence Agencies	121,826	509,807	150,604	204,789	248,393	316,377	309,685	338,000	301,000
Total capital budget DEL	121,826	509,807	150,604	204,789	248,393	316,377	309,685	338,000	301,000
Capital AME									
Total capital budget AME	–	–	–	–	–	–	–	–	–
Total capital budget	121,826	509,807	150,604	204,789	248,393	316,377	309,685	338,000	301,000
Total departmental spending†									
Security and Intelligence Agencies	915,801	1,358,736	1,165,920	1,320,983	1,513,273	1,581,543	1,772,628	1,928,160	2,062,259
Total departmental spending†	915,801	1,358,736	1,165,920	1,320,983	1,513,273	1,581,543	1,772,628	1,928,160	2,062,259
<i>of which:</i>									
Total DEL	915,801	1,358,736	1,165,920	1,320,983	1,513,273	1,581,543	1,772,628	1,928,160	2,062,259
Total AME	–	–	–	–	–	–	–	–	–

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

Spending by local authorities on functions relevant to the department

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

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

* The figures shown here are consistent with those published in the SIA Financial Statements

** The increase in total departmental spending in 2006-07 and 2007-08 arises from spending on the expansion and capabilities of the Security and Intelligence Agencies

The Cabinet Secretary, Sir Gus O'Donnell, is the Principal Accounting Officer (PAO) for the Single Intelligence Account (SIA), which finances the Security and Intelligence Agencies. The Security and Intelligence Agencies operate within a separate statutory framework. The status of the Security and Intelligence Agencies is covered in the *Governance of Britain – Constitutional Renewal* Government Policy Proposals (Cm 7342-1, March 2008).

Table 8: Administration Costs for the Security and Intelligence Agencies*

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Administration Expenditure									
Paybill	54,536	53,918	54,166	58,709	53,912	52,593			
Other	36,169	39,030	36,370	34,958	39,757	42,679			
Total administration expenditure	90,705	92,948	90,536	93,667	93,669	95,272	92,157	90,733	89,307
Administration income	-3,505	-6,047	-3,836	-6,767	-5,768	-6,071	-5,157	-5,733	-6,307
Total administration budget	87,200	86,901	86,700	86,900	87,901	89,201	87,000	85,000	83,000
Analysis by activity									
Security and Intelligence Agencies	87,200	86,901	86,700	86,900	87,901	89,201	87,000	85,000	83,000
Total administration budget	87,200	86,901	86,700	86,900	87,901	89,201	87,000	85,000	83,000

* The SIA has restated its administration figures for prior years to reflect figures consistent with those across the CSR07 period.

Table 9: Staff numbers for the Security and Intelligence Agencies

Table 9 shows staff numbers from 2002-03 to 2010-11 by function, expressed in full-time

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Actual	Actual	Actual	Actual	Actual	Estimated	Plans	Plans	Plans
Security and Intelligence Services									
CS FTEs	8,525	8,967	9,316	9,726	10,247	10,886	11,970	12,412	12,800
Casuals	15	17	18	19	21	29	26	27	29
Total	8,540	8,984	9,334	9,745	10,268	10,915	11,996	12,439	12,829

Financial Review 2007-08

Introduction

This section details the financial performance of the Department in the context of a year on year comparison in order to identify the main drivers of change and also in the context of actual against budget in respect of the annual controls set by Parliament for the Department.

The Primary Statements in the Resource Accounts

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

Statement of Parliamentary Supply

This is the accountability statement for parliamentary reporting purposes. It records the net resource outturn compared to Estimate and only includes expenditure and income (Appropriations in Aid) allowable against the Estimate.

The Department's net resource outturn increased from £309.251 million in 2006-07 to £341.819 million in 2007-08. For explanations see the operating cost variance analysis below.

Operating Cost Statement

The Operating Cost Statement is similar to an income and expenditure statement and includes all operating income and expenditure relating to the Department on an accruals accounting basis, including items which sit outside of the Estimate. The differences between net operating cost (Accounts) and net resource outturn (Estimates) are detailed above.

The Department's net operating costs increased from £304.028 million in 2006-07 to £341.185 million in 2007-08. Detailed below are the main drivers of this variance.

Staff costs

Staff costs increased by £2.472 million largely due to annual salary and associated social security and pensions cost increases. See Note 9 to the Accounts.

Other Administration costs

Other administration costs increased by £1.625 million, due to an increase in other expenditure of £5.876 million attributable to increased IT and supplies and services costs, off-set by a decrease in lease costs of £3.228 million largely due to a reduction in occupied buildings, and a decrease in non-cash costs of £1.023 million driven by

decreased depreciation and the impairment of assets due to indexation. See Note 10 to the Accounts.

Programme costs

Programme costs year on year increase of £26.374 million is due to an increase in grant related expenditure of £26.227 million, and an increase of £14.913 million across other programme areas and off-set by a decrease in non-cash costs of £14.766 million. See Note 11 to the Accounts. Explanations for year on year increases and decreases in expenditure are set out below.

Programme Grants

The £26.227 million increase in programme grant expenditure is largely attributable to Office of the Third Sector programmes, including a £21.532 million increase in grants paid to v following the scaling up of activity since the first formal year of activity in 2006-07, a £7.687 million increase in the grant paid to Futurebuilders England Limited reflecting the trend of increased activity year on year since the start of the Futurebuilders Programme in 2004-05, a £1.130 million grant-in-aid payment to the Commission for the Compact Limited (eNDPB) for whom 2007-08 is the first operational year, and a number of other changes totalling £5.683 million reflecting small increases in funding across programmes and the introduction of new programme areas in 2007-08. A proportion of these increases have been off-set by decreases in expenditure on certain programmes, in particular a reduction in the grant-in-aid paid to Capacity Builders (UK) Limited of £4.498 million reflecting the use of 2006-07 resource DEL underspend in 2007-08.

The other major year on year decreases in grant programmes are largely attributable to a decrease of £5.307 million on grants paid out in respect of the Government Security Zone due to programme delivery rescheduling.

Programme other non-cash costs

The £14.766 million decrease in non-cash expenditure is attributable to a decrease in depreciation due to a significant number of Transformational Government assets reaching the end of their economic life, and earlier impairments of Transformational Government assets in 2006-07 and reduced cost of capital charges mainly due to a lower than anticipated cost of capital charge incurred on the Futurebuilders Trust Account in 2007-08 (see Note 19 to the Accounts).

Programme other near-cash costs

The £14.913 million increase is primarily attributable to the main tranche of development work on Phase 2 of the SCOPE Programme offset by decreases across other programme areas such as decreases in the Resilient Telecommunications Programme due to a prolonged contract letting procedure, Directgov, reflecting the sliding scale annual contribution from the Department, and e-Delivery reflecting transition costs incurred in 2006-07. See Note 11 to the Accounts for further detail.

Income

The net increase in operating costs is also partially due to a reduction in income received by the Department of £6.686 million compared to 2006-07. This is largely attributable to the collection of income in 2006-07 which was payable to the Consolidated Fund due to unexpected returns of unspent grants by recipients and the reduction in interest income from the Futurebuilders Trust Account, reflecting the reducing cash balance during the year as grants were paid.

Statement of Recognised Gains and Losses

This statement reflects the unrealised element of revaluations to fixed assets and investments. These gains have not been reflected in the Operating Cost Statement, they reflect movements within the balance sheet.

The decrease in gains from £16.607 million in 2006-07 to £7.643 million in 2007-08 is largely attributable to the revaluation of property following professional valuations reflecting the forecast slowdown in capital value increases during 2007-08. See Note 14 to the Accounts.

Balance Sheet

The Balance Sheet recognises the assets and liabilities of the Department at the balance sheet date.

The Cabinet Office held net assets worth £218.656 million at 31 March 2008 (2006-07 Restated: £281.257 million) comprising fixed assets of £245.422 million (2006-07 Restated: £228.161 million), cash held of £74.008 million (2006-07: £104.444 million), net liabilities of £97.585 million (2006-07 Restated: £45.754 million) and provisions of £3.189 million (2006-07 Restated: £5.594 million).

The Department's net assets decreased by £62.601 million, from £281.257 million at 31 March 2007 to £218.656 million at 31 March 2008, as set out below.

Fixed assets

Fixed assets increased by £17.261 million, reflecting additions to tangible fixed assets of £19.150 million and other fixed asset negative movements of £1.889 million largely reflective of depreciation.

In respect of additions, £10.007 million relates to investments in IT projects relating to 'SCOPE' (£6.506 million), other Intelligence, Security and Resilience Group (£0.451 million), Transformational Government (£1.528 million), Civil Service Pensions (£0.865 million), Electronic Records Management (£0.514 million) and other minor areas (£0.143 million). £8.688 million relates to land and buildings work across the Cabinet Office estate; 10-12 Downing Street (£4.657 million), 70 Whitehall (£2.001 million), Admiralty Arch (£1.202 million) and the Emergency

Planning College (£0.828 million). £0.455 million relates to minor spend across plant and machinery, and furniture and fittings.

Cash

Cash held by the Department decreased by £30.436 million. See Cash Flow Statement.

Net liabilities

Net liabilities increased by £51.831 million from £45.754 million in 2006-07 to £97.585 million at 31 March 2008. This is largely attributable to a one-off creditor of £77.235 million to the Consolidated Fund due to the requirement to pay to the Consolidated Fund, the funds transferred from the Futurebuilders Trust Account into the Cabinet Office's Office of HM Paymaster General Account. This has been partially off-set by a decrease in other creditors, mainly driven by a reduction in accruals and deferred income largely due to improved financial management reducing delays in suppliers issuing invoices, the expiry of a finance lease and not having a creditor in respect of machinery of government transfer of functions. See Notes 19 and 20a to the Accounts.

Provisions

Provisions decreased by £2.405 million from £5.594 million in 2006-07 to £3.189 million at 31 March 2008. This occurred due to the reclassification of a free rent provision to accrued expenditure, the reclassification of a staff transfer provision to creditors and general use of the Department's provisions during the year. See Note 21 to the Accounts.

Cash Flow Statement

The Cash Flow Statement shows the increases or decreases in the amounts of cash and how this has been absorbed by the Department during the year on its operating activities and capital expenditure. The movement in cash in the period is reconciled to the net cash requirement in note 24(e) to the Accounts. Net cash requirement is set out at Figure 1 below.

Statement of Operating Costs by Departmental Aim and Objectives

The Statement of Operating Costs by Departmental Aim and Objectives shows how resources, as set out in the Operating Cost Statement, have been deployed to each of the Department's Objectives.

The increase in the Department's net operating costs is detailed above and the allocation of resources across objectives has remained broadly constant year on year.

Financial Review 2007-08

(continued)

Performance against Parliamentary Control totals

Outturn against Estimate – See Figure 1

Authority was sought in the Spring Supplementary Supply Estimate (HC 366) for a net resource requirement of £388.998 million, a net voted capital requirement of £43.214 million and a net cash requirement of £374.161 million.

Net Cash Requirement

The Cabinet Office required cash amounting to £339.973 million to finance its activities; £34.188 million less than the sum approved by Parliament, owing to underspends generated in the programmes described above, excluding non-cash movements.

Net Resource Outturn

Actual net resource requirement for this period was £341.819 million, a saving of £47.179 million against

Figure 1 – Resource to net cash requirement

	£'000 Outturn	£'000 Estimate	£'000 Variance: under/(over)	% Variance: under/(over)
Net resource outturn	341,819	388,998	47,179	12
Net voted capital	19,112	43,214	24,102	56
	360,931	432,212	71,281	16
Non-cash adjustments	1,091	(26,851)	(27,942)	(104)
Movement on Futurebuilders Fund	(22,049)	(31,200)	(9,151)	(29)
Net cash requirement	339,973	374,161	34,188	9

Outturn against Budget – See Figure 2

Resource Departmental Expenditure Limit (RDEL) – see figure 2a

Post publication of the Cabinet Office Spring Supplementary Estimate, it was determined that the Department, along with the Department for Communities and Local Government, was required to make a budgetary cover transfer to the Deputy Prime Minister's Office. Figure 2a shows the Cabinet Office share of this transfer (£0.267 million) which results in a reduction of the published Resource DEL (RDEL) figure of £357.570 million, down to a revised £357.303 million. Outturn against this was £335.875 million, a saving of £21.695 million against the RDEL approved by Parliament and a saving of £21.428 million against the revised RDEL.

Estimate of £388.998 million. Note 2 to the Accounts provides a breakdown of net resource outturn, and variances are explained in Figure 2 in budget terms, where a reconciliation is set out between the Department's Estimate, Accounts and Budget. A saving against Estimate of £47.179 million net resource is explained above.

Net Voted Capital

A saving against Estimate of £24.102 million net voted capital is explained at Figure 2b.

Non-cash adjustments and movement on Futurebuilders Fund

These savings have been offset by a variance in non-cash adjustments of £27.942 million (see Note 4 to the Accounts) and a reduction in expenditure on the Futurebuilders Programme funded from the Futurebuilders Trust Account at the Co-operative Bank; See Note 19 to the Accounts.

A commentary on outturn against budget is set out below and is analysed between administration non-cash and near cash expenditure and programme non-cash, near-cash and non-voted expenditure.

To recap, the administration budget is a control on resources consumed directly by departments and agencies in providing services which are not directly associated with frontline service delivery and the programme budget is a control on the costs of direct frontline service provision or support activities that are directly associated with frontline delivery.

Non-cash costs are those where there is no cash transaction but which are included in the Resource Accounts to establish the true cost of all resources used, and near-cash costs reflect resource expenditure that has

a related cash implication, even though the timing of the cash payment may be slightly different, for example due to payments made in arrears.

£21.783 million administration budget underspend

£5.860 million non-cash underspend

The Cabinet Office's non-cash administration budget underspend of £5.860 million relates primarily to lower than anticipated cost of capital and depreciation charges. The main reasons were: a change in the treatment of certain expenditure originally forecast as capital but subsequently accounted for as resource expenditure and slippage in some capital projects.

£15.923 million near-cash underspend

The Cabinet Office's near-cash administration budget underspend was £15.923 million. A number of factors contributed to this, including: higher than expected procurement and headcount efficiency savings; estate rationalisation; improved management and control of consultancy expenditure; demand on departmental resources from global events being less than anticipated; a number of centrally identified pressures which did not materialise before the end of the financial year. In addition, a number of small underspends arose in individual business costs across the Department.

£0.355 million programme budget overspend

The Department's programme budget includes resource grant expenditure in addition to the delivery of non-administration projects.

£5.063 million voted non-cash underspend

The Cabinet Office's programme budget non-cash underspend of £5.063 million is largely attributable to an underspend of £3.263 million which relates to a lower than anticipated cost of capital charge incurred on the Futurebuilders Trust Account (see Note 19 to the Accounts). This arose due to the closure of this account post publication of the final forecast expenditure in the Spring Supplementary Estimate. The remaining underspend of £1.8 million relates to lower than anticipated cost of capital and depreciation charges on the Department's 'SCOPE' and Transformational Government projects.

£5.418 million voted and non-voted near-cash overspend

The Cabinet Office's total voted and non-voted near-cash programme budget overspend amounted to £5.418 million. The Cabinet Office's programme budget voted near-cash overspend of £6.715 million is largely attributable to the reclassification of expenditure on the SCOPE programme.

Non-voted programme budget expenditure is expenditure not voted by Parliament through the Supply Estimates process. The Department's NDPBs are financed with grant in aid voted through the Supply Estimate and reflected

in Estimates and Accounts. In Budget terms, grant in aid is removed and resource consumption of NDPBs is consolidated with the core Department.

Non-voted near-cash programme budget returned an underspend of £1.297 million. There was a £0.331 million underspend by the Commission for the Compact, attributable to the rescheduling of policy project work, slower than anticipated delivery of work in relation to Human Resource policies, and the later than anticipated recruitment of the Chief Executive. In addition, Capacity Builders (UK) Limited recorded a £0.164 million underspend, in recognition of grants repayable where recipients were unable to spend the full grant issued in year. Upon receipt the repayment will be payable to the Consolidated Fund at HM Treasury. A further non-voted programme budget expenditure underspend of £0.802 million is attributable to the salaries and pensions of UK MEPs.

Capital Departmental Expenditure Limit (CDEL) – see figure 2b

The Cabinet Office's capital budget for 2007-08 was £85.041 million, and actual outturn was £34.632 million, a saving of £50.409 million against the Capital Departmental Expenditure Limit (CDEL) approved by Parliament. The expenditure limit consists of two main elements; fixed assets and capital grants.

£24.127 million fixed assets underspend

The underspend relating to fixed assets amounted to £24.127 million due to the reclassification of the SCOPE programme.

In also includes the Commission for the Compact Limited's CDEL overspend of £0.02 million due to their procurement of a Customer Relationship Management tool and Knowledge Database originally categorised as RDEL but subsequently, on auditor advice re-categorised as CDEL, and an underspend of £0.045 million by Capacity Builders (UK) Limited attributable to purchases of fixed assets being lower than anticipated.

£26.282 million capital grants underspend

The underspend relating to capital grants amounted to £26.282 million. £3.095 million of this relates to an underspend in respect of the Government Security Zone due to a slower than anticipated delivery rate. £23.187 million is attributable to the Office of the Third Sector and is broken down to represent an underspend of £7.187 million in respect of the Futurebuilders' Programme, arising due to delays in third sector organisation grant recipients being able to meet important conditions before funds can be disbursed, and a £16 million underspend due to the rescheduling of a number of new projects reflecting new government priorities, to future financial years.

Financial Review 2007-08 (continued)

Figure 2 – Reconciliations between Estimates, Accounts and Budgets

a. Resource	£'000 Outturn	£'000 Budget	£'000 Variance: under/(over)	% Variance: under/(over)
Net resource outturn (Estimates) – see Note 3(a) to Accounts	341,819	388,998	47,179	12
Remove consolidated fund extra receipts	(634)	(293)	341	116
Net operating cost (Accounts) – see Note 3(a) to Accounts	341,185	388,705	47,520	12
Add back consolidated fund extra receipts	335	293	(42)	(14)
Remove capital grants	(15,370)	(41,652)	(26,282)	63
Non-Departmental Public Body (NDPB)				
Remove grant-in-aid (Voted) – see Note 13 to Accounts	(33,930)	(34,728)	(798)	2
Add NDPB resource consumption (Non-voted)				
Capacity Builders (UK) Limited	36,429	36,593	164	1
Commission for the Compact Limited	918	1,249	331	27
Non-voted expenditure				
Salaries and pensions of UK MEPs	6,308	7,110	802	11
Resource budget (Budgets) – Spring Supplementary Estimate	335,875	357,570	21,695	6
Budgetary cover transfer to Deputy Prime Minister's Office	–	(267)	(267)	(100)
Resource budget (Budgets) – amended	335,875	357,303	21,428	6
<i>of which:</i>				
Departmental Expenditure Limit (DEL)	335,875	357,303	21,428	6
Annually Managed Expenditure (AME)	–	–	–	–
Resource DEL:				
Non-cash – see Note 4 to Accounts	18,928	29,851	10,923	37
Near-cash – see Table 1	316,947	327,452	10,505	3
Total	335,875	357,303	21,428	6
Programme:				
Grants	123,742	128,612	4,870	4
Other	67,495	62,270	(5,225)	(8)
Total	191,237	190,882	(355)	–
Administration – See Note 3(b) to Accounts	144,638	166,421	21,783	13
Programme:				
Non-cash – see Note 11 to Accounts	5,437	10,500	5,063	48
Near-cash	185,800	180,382	(5,418)	(3)
Total	191,237	190,882	(355)	–
Administration:				
Non-cash – see Note 10 to Accounts	13,491	19,351	5,860	30
Near-cash	131,147	147,070	15,923	11
Total	144,638	166,421	21,783	13

Figure 2 – Reconciliations between Estimates, Accounts and Budgets (continued)

b. Capital	£'000	£'000	£'000	%
	Outturn	Budget	Variance: under/(over)	Variance: under/(over)
Fixed asset additions				
Tangible – see Note 14 to Accounts	19,150	43,118	23,968	56
Intangible – see Note 15 to Accounts	(14)	120	134	112
	19,136	43,238	24,102	56
Less:				
Loan repayments – see Note 16 to Accounts	(22)	(21)	1	5
Sales proceeds on fixed asset disposals – see Note 24(c)	(2)	(3)	(1)	33
Net voted capital outturn (Estimates/Accounts)	19,112	43,214	24,102	56
Add NDPB capital consumption (non-voted)				
Capacity Builders (UK) Limited	55	100	45	45
Commission for the Compact Limited	95	75	(20)	(27)
Sub total: Fixed Assets	19,262	43,389	24,127	56
Capital Grants	15,370	41,652	26,282	63
Capital budget (Budgets)	34,632	85,041	50,409	59
<i>of which:</i>				
Departmental Expenditure Limit (DEL)	34,632	85,041	50,409	59
Annually Managed Expenditure (AME)	–	–	–	–

Other information

Machinery of government changes

During the financial year 2007-08, the following changes took place within the departmental boundary.

Transfers into the Cabinet Office

Privy Council Office

On 1 April 2007, the transfer of the Lord President of the Council and Leader of the House of Lords, the Leader and Deputy Leader of the House of Commons, and the Offices of the Government Whips in the House of Commons and the House of Lords from the Privy Council Office to the Cabinet Office was announced.

Transfers out of the Cabinet Office

Better Regulation Executive

On 28 June 2007, the transfer of the Better Regulation Executive (BRE) and the Local Better Regulation Office (LBRO) to the new Department for Business, Enterprise and Regulatory Reform (DBERR) was announced.

Prime Minister's Delivery Unit

On 28 June 2007, the transfer of the Prime Minister's Delivery Unit (PMDU) to HM Treasury was announced.

Other movements

Directgov

On 1 April 2007, responsibility for Directgov, the Government's primary digital service for citizens, transferred from the Cabinet Office to the Central Office of Information.

Deputy Prime Minister's Office

On 28 June 2007, the Deputy Prime Minister's Office disbanded and transferred its residual responsibilities to the Cabinet Office.

Commission for the Compact Limited

In addition, changes also occurred outside of the departmental boundary including a newly operational Executive Non-Departmental Public Body (eNDPB), the Commission for the Compact Limited, which is not consolidated within these resource accounts.

Financial Review 2007-08

(continued)

Environmental Sustainability Report

The Cabinet Office is committed to embedding sustainable environmental development issues in all its activities.

The Cabinet Office's Sustainable Development Action Plan has been created to demonstrate how the Department will continue to support, contribute to and deliver the commitments and objectives within the UK sustainable development strategy, *Securing the Future*, that apply to the Cabinet Office. The Action Plan builds on past successes, and highlights what the Department will do to improve its performance.

In seeking to minimise and continuously reduce negative environmental impacts of its day-to-day estate management and operational activities, the Cabinet Office has implemented an ongoing system of environmental management and improvement. This enables the Department to measure and monitor its impacts, commit to improvements within set timeframes and report publicly on progress. The Department's Environmental Management System is certified to ISO14001 environmental standards.

The Cabinet Office's Environmental Policy (www.cabinetoffice.gov.uk/reports/environment/) contains details of how the Department minimises any adverse effects of its activities, and progress towards meeting cross departmental and local targets will be published annually.

The Cabinet Office is equally committed to achieving the targets for sustainable operations on the Government estate launched by the Prime Minister in June 2006.

Estate Management Strategy

The Cabinet Office owns eight freehold properties in London: the inter connected 70 Whitehall and 10-12 Downing Street; the inter-connected Admiralty Arch, 22-26 Whitehall and Admiralty House; and two buildings currently occupied by the Parliamentary Counsel Office – 36 Whitehall and 53 Parliament Street. In addition the Cabinet Office is responsible for the freehold of the Civil Service Club building in Great Scotland Yard.

Outside London the Cabinet Office owns the freehold of the Emergency Planning College at Easingwold, Yorkshire and of Hannington Radio Mast. Both of these were inherited from the Home Office on earlier machinery of government changes.

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. As part of this approach, any surplus land and buildings identified will be disposed of, either to other public bodies or through the open market, as appropriate. The Cabinet Office is currently in the process of disposing of 53 Parliament Street, which is, as a result, being held on the balance sheet at open market value.

There is little scope to dispose of the freeholds of 70 Whitehall and Downing Street, Admiralty Arch, 22-26 Whitehall and Admiralty House. These are core, historic (and listed) freeholds properties on the Whitehall corridor that are expected to be used by the Cabinet Office for the foreseeable future.

In December 2007, the Cabinet Office Asset Management Strategy was published (www.cabinetoffice.gov.uk/reports/asset_management.aspx). As well as the estate management plans detailed above, this document describes how and why the Department plans to manage all of its capital asset base.

Pensions

Present and past employees of the Cabinet Office are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The financial status of the scheme is reported in a separate PCSPS financial statement. The accounting policy adopted for pension costs is set out at Note 1.13 to the Accounts. Details of senior staff pension entitlements are set out in the Remuneration Report, within the section Resource Accounts 2007-08.

Diversity and Inclusion Policy

The Cabinet Office is committed to improving the diversity of its workforce and to ensuring equal opportunities for all, irrespective of age, disability, ethnicity, gender, gender identity, religion or belief, sexual orientation, working pattern or trade union membership. It is striving towards a culture of respect and value that harnesses differences and allows everyone to make a full and valued contribution.

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

Employee Consultation

The Cabinet Office recognises the importance of good employee relations to the achievement of its objectives and consultation with employees and their representatives is key to this.

Regular communication and consultation takes place with staff through a variety of media including intranet, weekly staff newsletter and team briefing meetings. Larger consultation exercises also take place on important developments. In addition, the Cabinet Office runs an annual People Survey and monthly pulse surveys to gather staff views on a number of issues. The Department has a partnership agreement with the trade unions. In addition, senior managers meet with the trade union representatives under the Departmental Whitley Council arrangements, and also meet informally to discuss trades union concerns.

There are diversity networks which represent particular groups of staff including women, staff with disabilities, ethnic minority staff, lesbian, gay and bisexual staff and carers. The Department actively supports and consults these networks on particular diversity and equality-related issues.

The average number of whole-time equivalent disabled persons employed during the year was 50 (2006-07: 49).

Policy on Payment of Suppliers

The Cabinet Office is committed to the Better Payment Practice Code on prompt payment and aims to pay all undisputed invoices within the terms of the contract, usually 30 days of receipt of a valid invoice. During the year the Department paid 96% of invoices within 30 days (2006-07: 96%). The Department paid £408.70 (2006-07: £198.20) interest charges levied on late payment of invoices for the year ended 31 March 2008.

Events after the Balance Sheet Date

The following post balance sheet events occurred between 31 March 2008 and 11 July 2008, the point at which these accounts were authorised for issue by the Accounting Officer. See Note 36 to the Resource Accounts.

UK Statistics Authority

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the Statistics

and Registration Service Act 2007. Overall ministerial responsibility has moved from HM Treasury to the Cabinet Office. As part of this change in ministerial responsibility, three posts have transferred from HM Treasury to the Cabinet Office. Transfer arrangements are currently in progress.

Government Skills

Government Skills became part of the Department for Innovation, Universities and Skills (DIUS) on 1 April 2008. The transfer from the Cabinet Office aims to create a stronger alignment with the team of ministers and officials charged with economy-wide skills policy for England, putting Government Skills in a better position to drive forward the Skills Strategy. Government Skills continues to work closely with the Cabinet Office. Transfer arrangements are currently in progress.

e-Delivery Team

On 1 April 2008, the e-Delivery Team (eDT), transferred to the Department for Work and Pensions from the Cabinet Office Transformational Government Unit. eDT runs the Government Gateway, the online service which allows individuals, businesses and other organisations to interact securely with Government. The Government Gateway currently offers over 153 online services on behalf of 79 public sector organisations. It has been identified by the Government's Chief Information Officer (CIO) Council as a champion asset for public sector employee, business, and citizen services. Finance and personnel arrangements are currently being finalised.

Deputy Prime Minister's Office

On 28 June 2007, the Deputy Prime Minister's Office disbanded and transferred its residual responsibilities to the Cabinet Office. On 1 April 2008 the Deputy Prime Minister's Office's closing debtors and creditors were novated to the Cabinet Office.

Assets under Construction

Assets under construction include £27.77 million which relate to the delivery of the SCOPE Programme. The SCOPE Programme is to be brought into use in two phases. Phase 1 was brought into use in 2007-08 and Phase 2 is under development.

Financial Review 2007-08

(continued)

Reporting of personal data related incidents

SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2007-08				
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
n/a	There are no incidents to report	n/a	n/a	n/a
Further action on information risk	<p>The Department will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.</p> <p>The Cabinet Office has reviewed its internal security policies and procedures including those which specifically deal with the secure handling of information and protected personal data. The Cabinet Office has ensured that these policies are compliant with the mandatory minimum standards of protection, specifically regarding limiting the use of removable media to the minimum necessary for business operation and providing encryption on any necessary non-encrypted media devices. Planned steps for the coming year include: A programme of encryption of all non-encrypted standalone PCs and laptops used within the Cabinet Office will be completed by the end of July 2008.</p> <p>Heads of business units in the Department have been asked to ensure and confirm that all their staff are aware of the existing policies and procedures which have been included in the Department's own security manual.</p> <p>Cabinet Office departmental data copying continues to be audited by an automated software product. The Cabinet Office continues to monitor that its procedures and systems remain compliant with the Manual of Protective Security and any other centrally provided advice. An additional exercise will be undertaken immediately to ensure that the Cabinet Office's procedures, particularly concerning the distribution of hard copy classified material, and the disposal of classified waste, continue to be fully effective.</p>			