Cabinet Office

# Annual Report and Accounts 2022-23

HC 1464

Cabinet Office

# Annual Report and Accounts 2022-23

## (for period ended 31 March 2023)

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

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

Ordered by the House of Commons to be printed on 19 September 2023

HC 1464

This is part of a series of departmental publications which, along with the Main Estimates 2023-24 and the document Public Expenditure: Statistical Analyses 2021, present the government's outturn for 2022-23 and planned expenditure for 2023-24.



This publication is available at: www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at:
publiccorrespondence@cabinetoffice.gov.uk

ISBN – 978-1-5286-4177-7

E02925501 09/23

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office.

# Contents


Foreword 1
Permanent Secretary's perspective on performance 3

## Performance Report 5

Performance overview 6
Financial review 11
Performance Analysis 15
Counter Fraud Report 36
Sustainability report 39

## Accountability Report 49

Corporate Governance Report 50
- Director's Report 50
- Statement of Accounting Officer's responsibilities 60
- Governance statement 62

Remuneration and staff report 79
- Remuneration report 80
- Staff report 94

Parliamentary Accountability and Audit Report 106
- Statement of outturn against parliamentary supply 106
- Parliamentary accountability disclosures 123
- The certificate of the Comptroller and Auditor General to the House of Commons 129
- The report of the Comptroller and Auditor General to the House of Commons 150

## Financial Statements 151

Consolidated statement of comprehensive net expenditure 152
Consolidated statement of financial position 154
Consolidated statement of cash flows 156
Consolidated statement of changes in taxpayers' equity 159
Notes to the consolidated financial statements 162

## Annexes 249

Annex A: Regulatory reporting: core expenditure tables 250
Annex B: Report on the use of powers under section 70 of the Charities Act 2006 255
Annex C: Reporting of information on arm's length bodies 258

# Foreword

**The Rt Hon Jeremy Quin MP**
**Paymaster General and Minister for the Cabinet Office**

It was a great honour to be appointed Paymaster General and Minister for the Cabinet Office in October 2022.

Whilst we have a modest budget compared to others in Whitehall, I often describe the Cabinet Office as the HQ of government, because of the key role the department plays in bringing the whole of government together to push forward important policies and reforms for the country.

The Cabinet Office is charged with driving delivery across Government and we are focused on supporting real progress on the Prime Minister's five priorities. This annual report sets out the Cabinet Office's work to advance its key priorities and our wider work to protect and support the prosperity and wellbeing of the people of the United Kingdom.

There were three areas which I believe demonstrated in particular, over the year, how the work of the Cabinet Office can touch the lives of every citizen of our country which I believe are worth focusing on here.

First, the Cabinet Office worked with thousands of colleagues and partners to support ceremonial events during the National Mourning Period and the State Funeral of Her Late Majesty Queen Elizabeth II. The department also led in the delivery of the coronation of His Majesty King Charles III. The Coronation combined the sacred and the solemn in a day of celebration. The eyes of the Commonwealth and the world were on this country and we delivered a spectacle of pageantry that we can, as a country, take pride in.

Secondly, the UK-wide Emergency Alerts service was launched and is now in operation. This is a key initiative to strengthen our national resilience. It revolutionises our ability to warn and inform those who are in immediate danger. A successful national test of the system sent messages to 90% of mobile phones in the country. The government's number one job is to keep people safe, and in emergency situations the buzz of a phone can save a life.

Security has been a key theme of our work this year because of the way the world we live in today has changed with recent events: Russia's unprovoked invasion of Ukraine, the growing economic coercion of other countries and the way that climate change and technology continue to transform and disrupt our world.

Cabinet Office colleagues have risen to these challenges in a variety of ways. The launch of GovAssure, the new cyber security scheme will strengthen government systems and improve the country's resilience. The new Biothreats Radar, part of the Biological Security Strategy, will support us in preparing for future threats on the scale of COVID-19 – the biggest peacetime challenge in a century. Further publications included the National Resilience Framework and the Integrated Review – key achievements in delivering our responsibility to protect the people of the UK.

Thirdly, I am delighted that the Procurement Bill is progressing through its remaining parliamentary stages, directly supporting the Prime Minister's goal of growing the economy. Over £300 billion a year is spent on public sector procurement so I am delighted we are seizing the opportunity presented by Brexit to create one simple regime for public authorities and businesses. This will bring real benefits, including making it easier for small businesses to benefit from public sector procurement, supporting our goal of growing the economy.

Linked to this, ministers in the Cabinet Office are determined to deliver and drive tangible reform to the civil service. Be that through better use of technology and an innovative approach to public services or through better evaluation of public projects, the civil service can and must continuously reform. I know that the department and ministers are looking forward to driving this reform forward in the year to come.

# Permanent Secretary's perspective on performance

**Sir Alex Chisholm**

**Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer**

Reflecting on 2022-23, a period during which there was considerable change, including the demise of the monarch, I am struck by the professionalism and resilience of Cabinet Office staff. The dedication of Her Late Majesty Queen Elizabeth II to performing her royal functions in relation to our country and the Commonwealth throughout her life was exceptional. Cabinet Office staff ensured a fitting tribute to Her Late Majesty the Queen, providing support during the National Mourning Period and facilitating a smooth transition of duties to His Majesty the King. Cabinet Office Staff also supported three Prime Ministers and a total of 26 Cabinet Office Ministers.

In terms of priority outcomes, the department published the UK Government's National Resilience Framework on 19 December 2022, setting out three fundamental principles: we need a shared understanding of the risks that we face, we must focus on prevention and preparation, and resilience requires a 'whole-of-society' approach. Complementing work on resilience, a refreshed Integrated Review was published on 13 March 2023, representing the culmination of a thorough scrutiny of changes in the global context as well as reflecting evolution of UK policy. Further, the National Security Secretariat continued to play a central coordination role in response to the invasion of Ukraine.

Ambitious efforts on modernisation and reform continued throughout the year. The £12 million Accelerator Fund was launched in August 2022, enabling new data-driven approaches to policy-making and evaluation. The work of the functions across government underpinned further efficiency savings, including through commercial support, and enabled improvements to services through digitalisation, with a focus on the Top 75 services, OneLogin and remediating legacy systems. Developments in the course of the year also included the launch of the Public Sector Fraud Authority, building expert-led services to support government departments and public bodies to reduce the impact of fraud and a new strategy for normalising and upgrading estates.

Work continued on the Target Operating Model for the Border, setting out a new approach to importing into Great Britain that will be progressively introduced from the end of October 2023. This included articulating how controls will be simplified, digitised, and, over time, delivered through the UK's new Single Trade Window.

The Cabinet Office continued to contribute to the pursuit of equality of opportunity. Among other activities, the Equality Hub supported the launch of a government-backed training programme to help people back into science, technology, engineering and management careers, targeting individuals returning from career breaks caring for others. There have also been continued efforts to ensure a more balanced approach to government employment nationally through the Places for Growth programme, with more than 12,000 roles moved out of Greater London so far against departmental commitments of 15,000 by 2025. The Cabinet Office has played its own part in this, with nearly 400 staff added in our second headquarters in Glasgow as well as in our other locations around the UK.

The COVID Task Force was wound down in the first quarter of the year and the COP26 legacy team in Quarter 3. Cabinet Office supported the establishment of the COVID Inquiry and continued to support the Infected Blood and Grenfell Inquiries.

The department has also sought to ensure continuous improvement to its governance and culture, including through the recruitment of four new non-executive board members to contribute their specialist expertise and insights. I would like to welcome Janette Beinart, Marcus Boyle, Jenni Myles and Stephen Gordon-Dando, who join existing board members Anand Aithal (Lead Non-Executive), Michael Ashley, Henry de Zoete and Lord Hogan-Howe of Sheffield. A more closely integrated department supported by this refreshed team of non-executive board members will now enable us to build on last year's successful delivery in pursuit of our goals.

# Performance Report

# Performance overview

## Cabinet Office purpose

The Cabinet Office exists to support the Prime Minister and cabinet government and leads and co-ordinates the government's response to cross-departmental challenges. It also acts as the corporate headquarters for the government as a whole, providing both a command centre during immediate crises as well as leading Civil Service modernisation and reform.

Our purpose is achieved through our priority outcomes. The department updated its priority outcomes as set out in the Outcome Delivery Plan, which was published in July 2021.

## How the Cabinet Office Group is structured

The Cabinet Office works closely with eleven arm's length bodies. The Government Property Agency (GPA) and the Crown Commercial Service (CCS) are executive agencies, who each publish separate annual reports and accounts. The GPA is consolidated into the Cabinet Office annual report and accounts, but as a trading fund the CCS reports separately.

The two non-departmental public bodies with executive powers, the Civil Service Commission and the Equality and Human Rights Commission, publish their own accounts and are consolidated into these accounts.

There are a further four bodies which make up the group which are not formally classified as arm's length bodies. All are included in these accounts, but the Office for the Registrar of Consultant Lobbyists also publishes its own accounts.

Further detail on the Cabinet Office's structure can be found in Note 24 to the Financial Statements.

## Arms Length Bodies

| Executive agency - supply financed | Non-departmental public bodies with executive powers | Advisory non-departmental public bodies | Non-ministerial department |
|---|---|---|---|
| Government Property Agency | Civil Service Commission | Advisory Committee on Business Appointments | UK Statistics Authority (not included in this Annual Report and Accounts) |
| | Equality and Human Rights Commission | Committee on Standards in Public Life | |
| **Executive agency - trading fund** (not included in this Annual Report and Accounts) | | House of Lords Appointments Commission | |
| Crown Commercial Service | | Security Vetting Appeals Panel | |
| | | Senior Salaries Review Body | |
| | | Social Mobility Commission | |

## Other bodies within the group

| Statutory offices | Expert committees |
|---|---|
| The Office of the Registrar of Consultant Lobbyists | Main Honours Committee |
| The Office of the Commissioner for Public Appointments | Geospatial Commission |

## Priority outcomes

This performance overview sets out how the Cabinet Office has worked to deliver its priority outcomes, highlighting the department's core achievements.

**1** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security

**2** Secure a safe, prosperous and resilient United Kingdom by co-ordinating national security, crisis response, and the implementation of the Integrated Review

**3** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the Government Functions

**4** Improve levels of equality in the UK

**5** Additional Support the design and implementation of governmental and Prime Ministerial priorities

**Additional** Corporate Enablers

The Cabinet Office has made significant progress delivering on its strategic priorities for 2022-23 with 76% of projects either on track or delivered by the end of the year.

At a priority outcome level this included:

**Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security.**

- Work has progressed on borders in relation to the Target Operating Model and how it will deliver the 2025 Border Strategy.

**Secure a safe, prosperous and resilient United Kingdom by co-ordinating national security, crisis response, and the implementation of the Integrated Review.**

- The 2021 Integrated Review of security, defence, development and foreign policy has been revised and updated.
- Progress has been made in relation to Indo-Pacific and China strategies.
- A new UK college for national security was successfully delivered.
- The National Resilience Framework was published in December.

**Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the Government Functions.**

- A number of key strategies were published including the Government's Digital Strategy (*'Transforming for a digital future: 2022 to 2025 roadmap for digital and data'*), the Government Communications Strategy, a new Civil Service Apprenticeships Strategy, and the Government Property Strategy to transform the public estate.
- The Public Sector Fraud Authority was launched in August to modernise the government's approach to fraud prevention and detection in the public sector.
- The Government Commercial Function improved commercial capability through commercial and contract management accreditation and the Government Grant Management Function has also improved the effectiveness of grants.
- There has also been continued progress towards a Modern Civil Service through the Civil Service Modernisation and Reform Programme with progress made on 30 actions and 18 completed in the Declaration on Government Reform.
- Front line delivery is being enhanced through implementation of One Login single sign on and Vetting Stabilisation.

**Improve levels of equality in the UK.**

- The British Language Act came into effect in April and The Gender Recognition Certification Online beta service also went live.
- The government also successfully published Inclusive Britain: government response to the Commission on Race and Ethnic Disparities.

**Support the design and implementation of governmental and Prime Ministerial priorities.**

- Progress has been made in the delivery of the Veterans' Strategy Action Plan and in delivering the programme of projects as part of the Veterans' Health Innovation Fund.
- The COP26 Unit closed down having completed its mission.

In 2022-23 the Cabinet Office also coordinated the exceptional overall response for Operation London Bridge following the death of Her Late Majesty Queen Elizabeth II and convened a whole of government response to the conflict in Ukraine.

The COVID-19 Inquiry was launched in July. The department also tested the readiness for winter pressures including within the NHS, the energy system and industrial action.

The Cabinet Office also supported the transition between three Prime Minister's and made considerable progress in working towards ministerial priorities in relation to efficiency and savings.

### Performance risks

The Cabinet Office faces a range of risks which impact performance and delivery across the department. The issues and risks faced are diverse in nature and severity, and often determined by external forces over which the department may have influence but no control.

Risks faced by the department include, but are not limited to:

- the recruitment and retention of staff
- funding pressures
- effective use of digital information to support operational delivery and efficient policy making
- dependencies upon third party suppliers

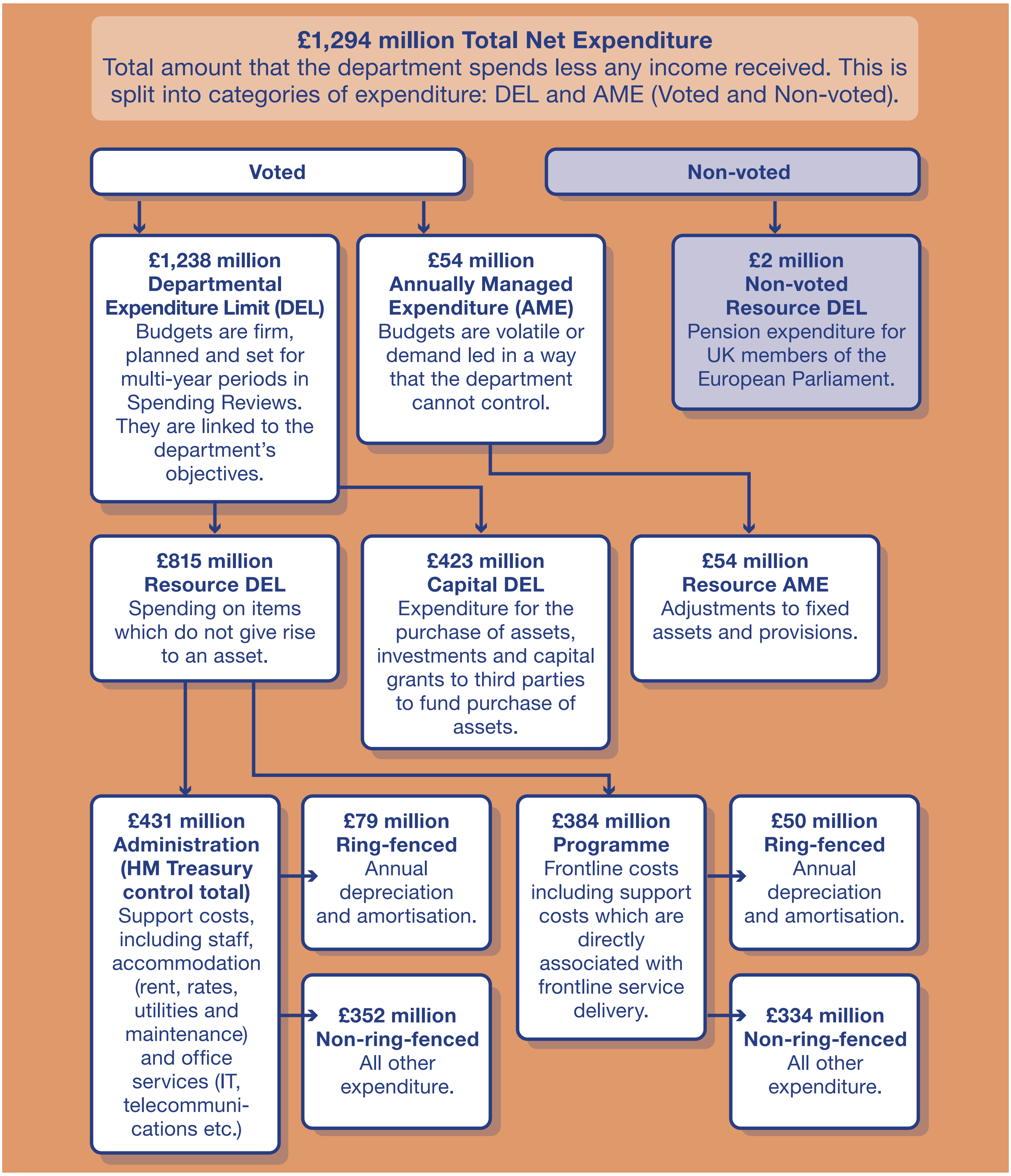
These cross-cutting risks have led to in in-year re-prioritisation of resources and re-evaluation of some of the lower tier performance objectives.

These issues and risks are managed separately with their own mitigation plans and frequent senior deep dives. This helps the department better understand how risks are changing, and at what pace, and enables the senior leadership to oversee delivery.

Over the course of the year, the Executive Committee and the Performance and Risk Committee have actively considered issues and risks as part of the Cabinet Office risk management framework. The governance statement provides further detail.

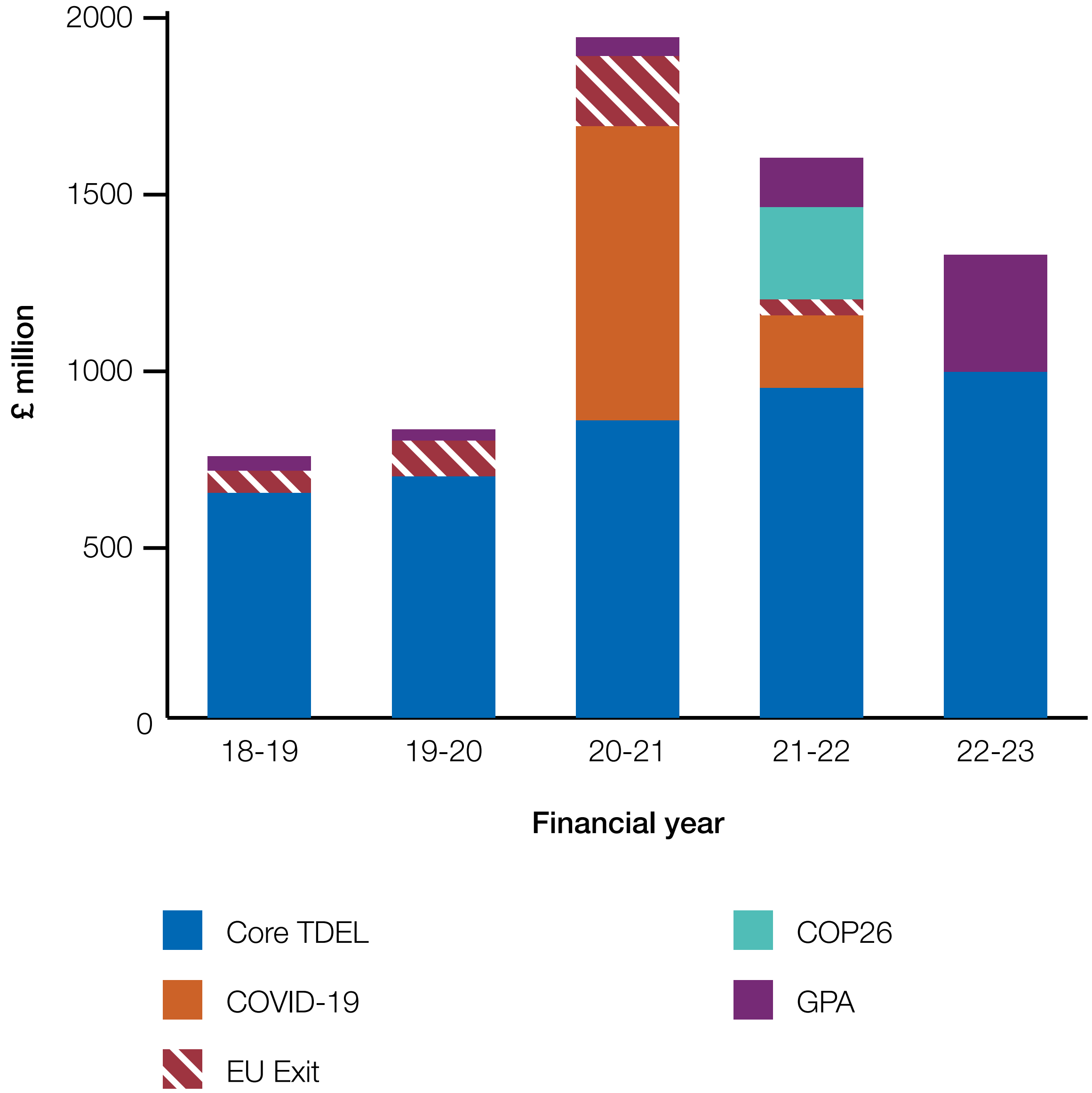
# Financial review

Each year Parliament approves the total funds available to the department to spend against specific objectives (within agreed budgetary limits). It is against these limits that the department, as guided by HM Treasury's spending control framework, is held accountable for its performance and the use of taxpayers' funds. The diagram below explains the different budgets managed by the department, their purpose and the outturn:



## Long term expenditure trends

Further detail on expenditure between 2018-19 and 2022-23 as well as plans for 2023-24 to 2024-25 can be found in annex A to this report.




Expenditure has reduced since 2020-21 and Resource DEL is starting to return to pre-pandemic levels. This is driven by a reduction in costs relating to the delivery of the G7 Summit and COP26 which both occurred in 2021-22. For the first time in over five years, average headcount has also started to reduce in 2022-23, with 10,396 staff compared with 10,535 in 2021-22. This is still higher than the 6,284 of 2018-19, but the total is expected to continue to fall in future years.

Significant events contributing to the overall growth of the department over the five-year period include:

- **Independent inquiries:** The Cabinet Office sponsors two public inquiries: the Grenfell Tower Inquiry and the Infected Blood Inquiry. Both inquiries are funded through the Cabinet Office and publish their respective costs through their dedicated websites.

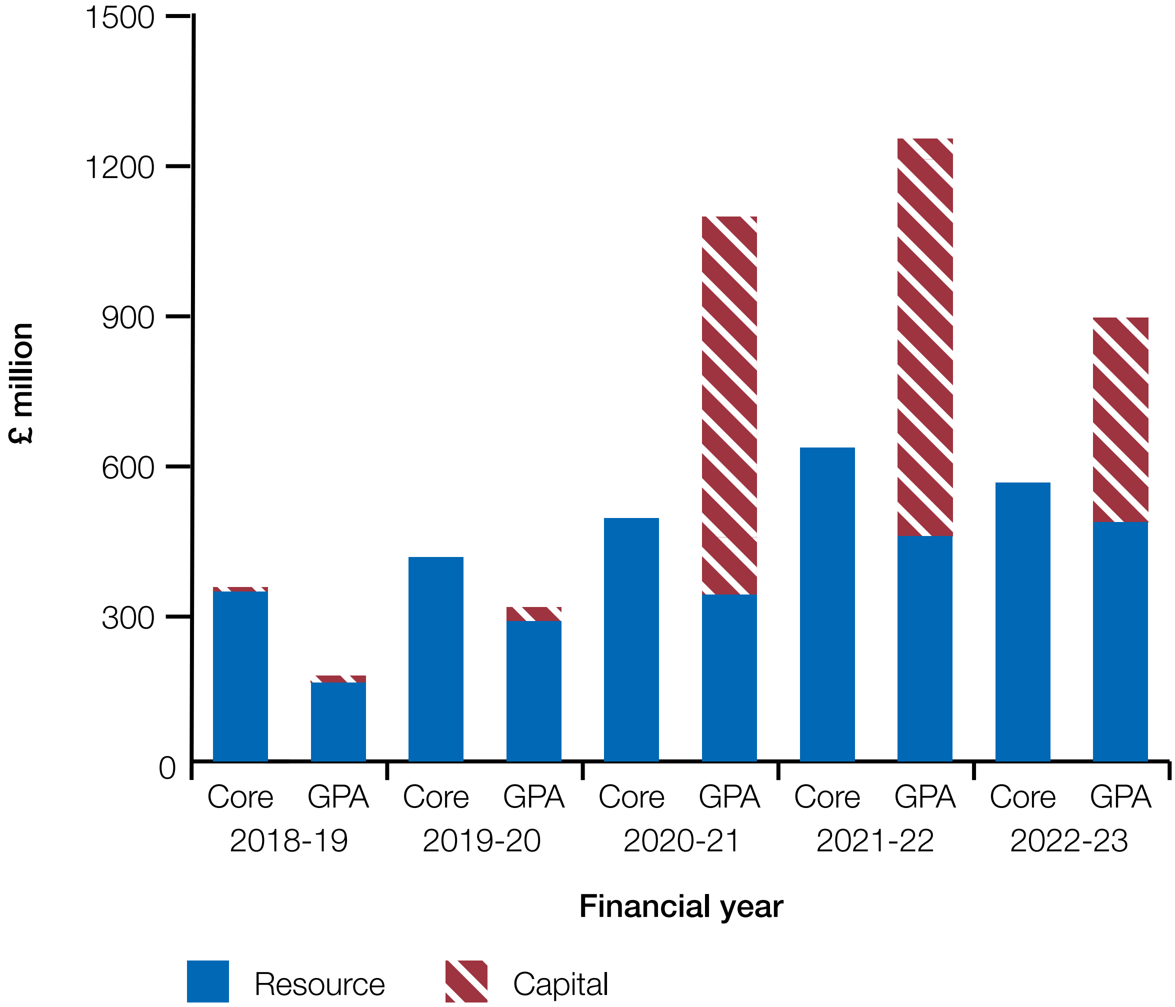
- **Government Property Agency (GPA):** In April 2018, Cabinet Office became home to a new executive agency, introducing a portfolio-led approach to managing central government property as a strategic asset. Since 2018-19, the GPA has gradually onboarded properties nationally, delivering an effective, fully integrated property management service across government. The GPA continues to grow and this is reflected in the chart above.
- **UK's exit from the European Union:** Following the 2016 UK European membership referendum, spending relating to the UK's exit from the EU increased annually from 2018-19 in the lead up to the UK formally exiting the EU on 31 January 2020.
- **Response to the COVID-19 pandemic:** The COVID-19 pandemic led to an unprecedented increase in expenditure in 2020-21, largely due to the ventilator challenge programme and the cross-government COVID-19 communications campaign. The UK COVID-19 Inquiry has now been established to examine the UK's preparedness and response to the pandemic and to learn lessons for the future.
- **Delivery of COP26:** The UK hosted COP26 in Glasgow from 31 October to 13 November 2021. The COP26 summit brought together almost 200 countries to commit to act on climate change and forge the Glasgow Climate Pact.

Cabinet Office activity has begun to return towards its more regular baseline, as a number of significant events have concluded in the last financial year.

The department continues to play a wider role at the centre of government, coordinating delivery and driving change through the functional model. Cabinet Office houses a number of functions: commercial, communications, digital, human resources, project delivery, property and security. In recent years, all fast streamers and commercial specialists have transferred to Cabinet Office headcount, with costs recovered from other government departments through a recharging model, contributing to a growth in overall income over the five-year period.

This functional model ensures strong core functions at the centre of government, professionalising the Civil Service through improved decision making, cross-departmental working, organisational capability, efficiency, resilience and control.

## Long term income trends




Income has seen a similar trajectory as net expenditure over the five-year period with a rise in income each year until 2022-23 when income fell.

In core Cabinet Office this is largely due to a reduction in income from digital services. This includes a reduction in the use of GOV.UK Notify, a service that was extensively used to provide COVID-19 updates to organisations and individuals during the pandemic.

GPA continue to see a rise in resource income due to the continual onboarding of properties to their portfolio. GPA's capital income has reduced though as the speed with which properties are onboarded has started to slow down.

# Performance Analysis

## How our core department is organised

### Outcome 1

- Borders, Trade and Brexit Opportunities Unit

### Outcome 2

- Government Security Group
- Intelligence Security Committee
- Joint Intelligence Organisation

### Outcome 3

- Equality Hub
- Equality and Human Rights Commission

### Outcome 4

- Civil Service Modernisation and Reform
- Central Digital and Data Office
- Civil Service Human Resources
- Geospatial Commission
- Government Business Services
- Government Communication Service
- Government Digital Service
- Infrastructure and Projects Authority
- Office of Government Property
- Government Property Agency
- Public Sector Fraud Authority and Debt
- Government Commercial Function

### Outcome 5 (Additional)

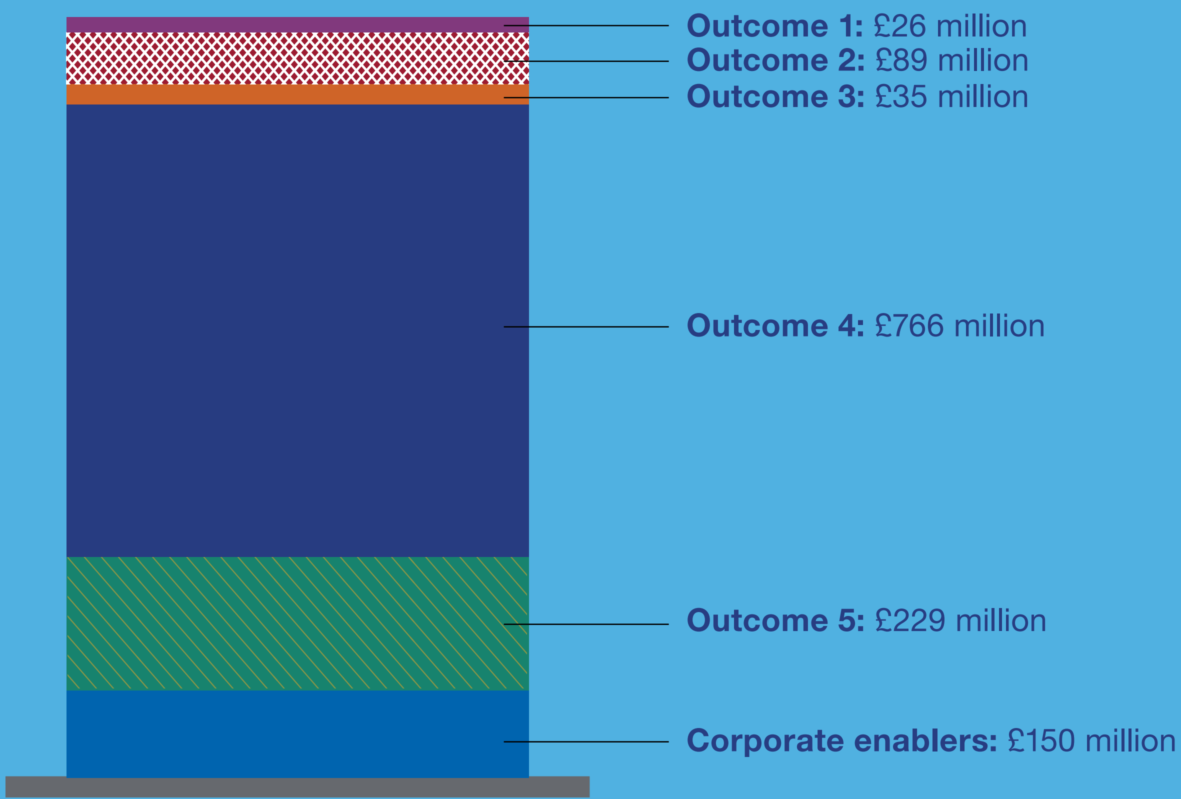
- Economic and Domestic Secretariat
- Government in Parliament Group
- National Security Secretariat
- Office for Veterans' Affairs
- Property and Constitution Group
- Civil Service Commission
- Office of the Registrar of Consultant Lobbyists

The delivery of priority outcomes is supported by our corporate enablers:

## Corporate enablers

- Chief Operating Officer's Office
- Strategy, Delivery and Private Office
- Cabinet Office People and Places
- Cabinet Office Strategy, Finance and Performance
- Chief Digital and Information Office
- Cabinet Office Analysis and Insight
- Public Bodies Reform Programme

## Group spend by outcome




**Total: £1,295 million**

# Outcome 1: Seize the opportunities of EU Exit

## Cabinet Office Borders Group

The Cabinet Office Borders Group (formerly part of Borders, Trade and Brexit Opportunities Group) has inherited the border strategy and border readiness functions of its predecessors within Cabinet Office.

The main deliverable in 2022-23 was the creation and publication of the Border Target Operating Model (TOM). Ministers decided collectively in April 2022 that, instead of proceeding with the existing plan to introduce the remaining border import controls on EU goods in July 2022, we should instead design a TOM which would provide for a global risk-based control framework for imports, using a joined-up approach to policy making and exploiting technology and shared data.

Borders Group engaged in a comprehensive design exercise at pace, working with other government departments and regulatory agencies, and the governments of Scotland and Wales. The emerging shape of the TOM was tested and developed extensively with industry stakeholders through a series of sector-based workshops during August 2022. The draft TOM was published on 5 April 2023. It covers the introduction of:

- sanitary and phytosanitary controls on products of plant and animal origin
- safety and security controls to include a dataset to be submitted by the carrier before the goods arrive to enable the government to determine whether the goods require a security check

In parallel, Borders Group has progressed the implementation of the 2025 Border Strategy, which sets out the ambition to give the UK the most effective border in the world. Central to this has been the design of the Single Trade Window, which will provide a single way into government for trading businesses so that they need only submit data once (as opposed to dealing with multiple agencies) and so that they will receive a single response.

Borders Group also put into place a set of 'Ecosystem of Trust' pilot projects in which industry consortia committed their own resources to testing whether supply chain data and technology can help bring about a seamless border experience (an evaluation of these projects will be published by summer 2023).

# Outcome 2: Secure a safe, prosperous and resilient United Kingdom

## Government Security Group

Government Security Group (GSG) has continued to mature the security function. On cyber security, GSG launched GovAssure, a transformational cyber assurance regime for the whole of government. GovAssure will provide a clear and objective view of government cyber resilience, enabling the department to measure progress towards important strategic targets. Departments and arm's length bodies have committed to adopting GovAssure over the coming financial year. GSG have also commenced design work on the Government Cyber Coordination Centre, which will be the central hub across government where cyber security incidents, vulnerabilities and threats are co-ordinated and managed. A soft launch of the centre will take place in 2023-24.

On wider security, GSG have developed a supply chain security strategy, intervened successfully in priority areas of high risk and contributed to development of the procurement bill which will provide additional powers for the next phase of work. The group have revised the standard for physical security in light of lessons learned from annual assurance exercises and completed, with the Met Police, a full review of the Government Secure Zone. GSG will launch a personnel security strategy, addressing known weaknesses, in 2023-24.

On shared security services, the provision of secure IT grew to over 13,000 users across government and enhanced its capabilities. A £51 million three-year investment renewal programme was initiated to remediate technical obsolescence and cyber risks, and to meet cross-government interoperability needs. The

department also successfully commenced the roll-out of a common access control system across departments (GovPass) that will better secure sites and ease access for appropriately cleared staff and developed a process and programme for the delivery of shared secure enclaves (Project PLEXUS).

The Government Security Centres expanded their services and customer base (63 organisations now participate in GSeC burden share funded shared services) and are making a major contribution to improving security across government. An updated security health check was successfully completed, assessing performance against the government security standard 007 and associated minimum standards, by over 70 organisations.

On vetting, GSG have continued to focus on two priority programmes - the Delivery Stabilisation Programme (DSP) and the Vetting transformation Programme (VTP). The DSP has continued to enhance productivity levels. UK Security Vetting is now completing on average 8.8% more security check and counter terrorist checks each month and 48% more developed vetting cases each month by comparison with previous years, while also meeting key performance indicators across all priority and FastTrack services.

The department remains committed to building professional capabilities across government. The group continued to deliver the cyber apprenticeship and security fast stream, programmes and launched a security leadership programme. GSG's centrally directed specialised learning programmes remain heavily subscribed.

Cabinet Office also houses the Intelligence and Security Committee and the Joint Intelligence Organisation.

# Outcome 3: Improve levels of equality across the UK

### The Equality Hub

The Equality Hub leads cross-government policy and analytical work on equality issues. It is located in the Cabinet Office but reports to the Minister for Women and Equalities

The Equality Hub led work to implement the 'Inclusive Britain' action plan, which was published in March 2022. This work was summarised in the progress update to Parliament, published on 17 April 2023. The report sets out the significant progress the government has made in delivering the strategy to tackle disparities in education, health, criminal justice and in the workplace. The government has delivered 32 of the 74 actions and intends to implement the remainder by the end of March 2024. An example of the actions delivered by the hub directly includes new ethnicity pay gap reporting guidance for employers which sets out how to voluntarily measure, report on and address any unfair ethnicity pay gaps in their workforce.

The Equality Hub also works to support and advance LGBT rights. In October 2022, the hub launched a victim support service for anyone affected by or at risk of conversion practices, regardless of their sexual orientation or gender. The service comprises a helpline, instant messaging service, and website. Separately, to help tackle the mpox outbreak, the hub worked with the UK Health Security Agency to deliver a £0.2 million fund for community and voluntary organisations addressing inequalities in affected LGBT groups.

The Disability Unit oversaw the passage of the British Sign Language Act 2022 and has appointed the British Sign Language Advisory Board. This dual-language board, the first in the history of the UK government, has been set up to convey the perspectives and priorities of BSL users and to advise the government on matters related to BSL. The unit has also begun work on a new Disability Action Plan which will be consulted on and published in 2023, setting out the actions the government will take in 2023 and 2024 to improve disabled people's lives.

The Equality Hub has continued to support women's economic empowerment through a package of measures. This includes the launch of the Science, Technology, Engineering and Mathematics (STEM) ReCharge pilot which is being delivered until summer 2024 and provides personalised employability support, sector-specific refresh training, and work opportunities to technology and engineering returners in the Midlands and the North of England.

The pilot also provides support and training for STEM employers, helping them to benefit from the full wealth of the returner talent pool.

The Equality Hub supports the work of the Social Mobility Commission, an advisory non-departmental public body and sponsors the Equality and Human Rights Commission, a non-departmental public body with executive powers.

## Outcome 4: Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions

### Civil Service Modernisation and Reform

The Modernisation and Reform Unit aims to co-ordinate and support the government to renew and rewire the workings of government and the Civil Service, so that they are better able to deliver outcomes for the public.

The Declaration on Government Reform was agreed at a joint cabinet meeting of ministers and permanent secretaries and endorsed by the Prime Minister in June 2021. Building on this, and our vision for A Modern Civil Service, the Civil Service has already taken important steps to modernise, levelling-up our country by making opportunity more equal and delivering improved public services.

Significant progress has been made since the publication of the declaration, completing a number of priority actions, whilst recognising some were always envisaged to be delivered over a longer timescale and we have worked across departments to lay the foundations for the next stages of the reform programme. The government's achievements on reform have also extended beyond what was covered in the declaration.

A strategy for the next phase of reform activity is also being developed, focusing on five ambitious missions: capability, place, delivery, digital and data, and innovation.

### Central Digital and Data Office

In June 2022, the Central Digital and Data Office (CDDO) launched Transforming for a digital future: 2022 to 2025 roadmap for digital and data. This strategy, which was developed in collaboration with departments and is sponsored by Permanent Secretaries, aims to create a more efficient digital government by aligning departments and professionals with the cross-government Digital, Data and Technology (DDaT) function and providing better outcomes for citizens through six key areas:

- Transformed public services that achieve the right outcomes.
- One Login for government.
- Better data to power decision making.
- Secure, efficient and sustainable technology.
- Digital skills at scale.
- A system that unlocks digital transformation.

CDDO has already delivered key milestones to progress the Cabinet Office's objectives of improving efficiency and effectiveness through the DDaT function. Working with departments, CDDO has:

- created a single performance framework for 'great' services and identified specific improvement opportunities across the government's top 75 priority services to make them more efficient through leveraging automation and reducing reliance on paper
- trained 300 senior government executives on DDaT essentials and launched the Digital Excellence Programme on how to build a DDaT culture in government
- worked with departments, functions and other cross-government stakeholders to publish an updated clear and ambitious DDaT Functional Standard to set expectations for a high performing and progressive digital function

- in collaboration with HM Treasury, updated budgeting guidance for departments to make it simpler for teams to manage their budget allocations, including, for example, on key services, such as Cloud

### Civil Service HR

Civil Service HR (CSHR) has been looking into ways of ensuring that the Civil Service has the skills it needs to run efficiently and effectively to deliver better outcomes for citizens, including exploring a model for capability based pay for the Senior Civil Service (SCS).

In line with one of the key objectives of modernisation and reform, CSHR has strengthened the 'external by default' principle for all SCS recruitment, which has allowed the Civil Service to open all senior leadership roles out to the widest possible pool of candidates. This will ensure the Civil Service is recruiting diverse candidates with the skills and experience we need.

We have mandated the setting of assignment durations for all newly advertised SCS roles in order to create stability in Civil Service leadership and promote the building of skills and expertise in-role. Our refocused secondments unit continues to support departments and functions to utilise secondments as a lever for porosity and talent development.

Through the campus and curriculum programme, CSHR is continuing to transform and refine the curriculum, which includes the development of professional capability frameworks and targeted training.

In 2022 the Fast Stream maintained its position as the number one graduate employer (Times Top 100 Graduate Employer listing 2022). To help build strong STEM capability, we are targeting an increase in the proportion of Fast Stream hires with a STEM subject degree qualification to 50% by the end of 2023.

In April 2022, we published a new three year apprenticeship strategy (2022 to 2025) which included a commitment to having 5% of total Civil Service headcount being apprentices by 2025. We are making good progress towards this target, with apprentices deployed in over 30 government departments, representing 3.6% of total Civil Service headcount.

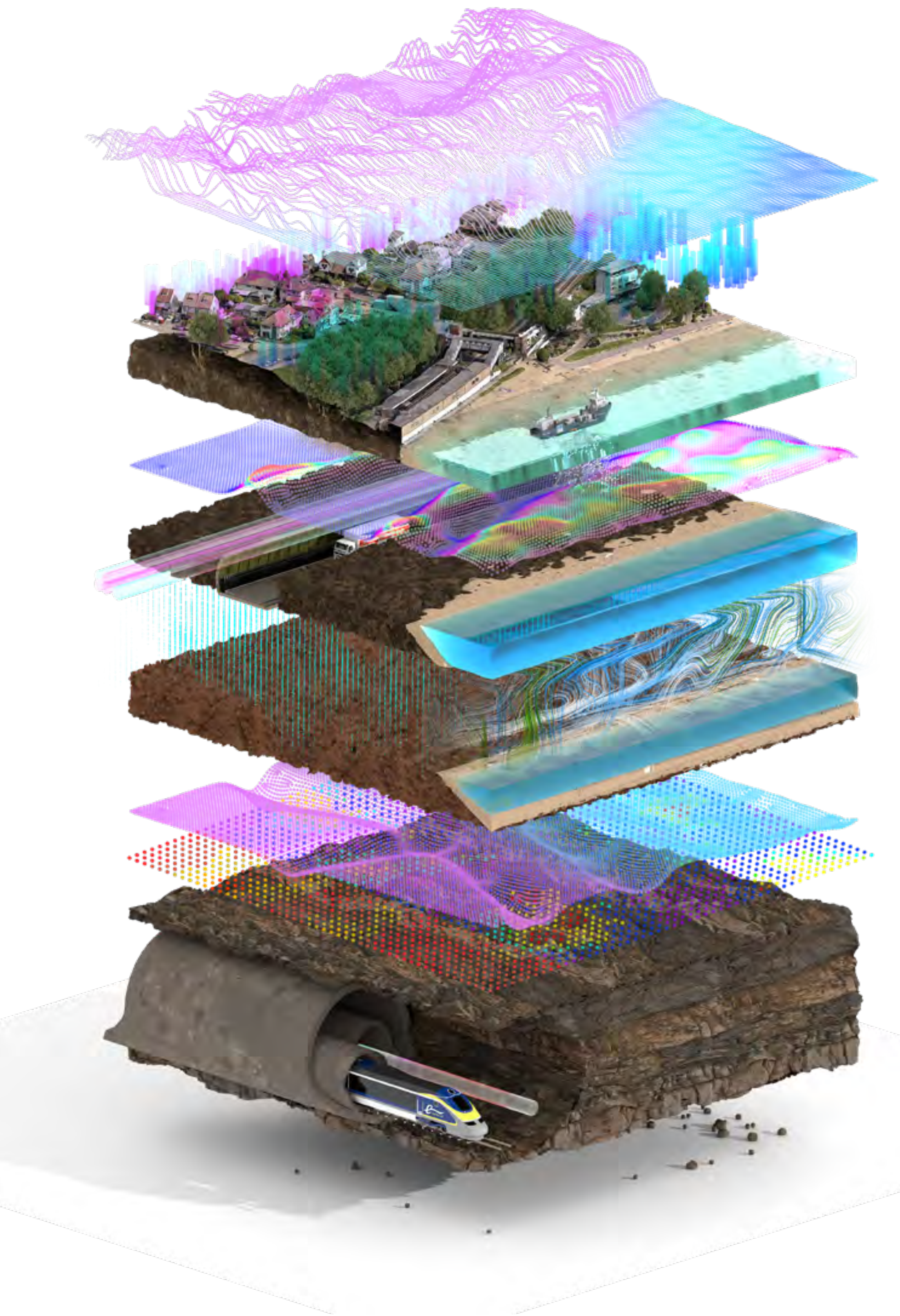
CSHR has continued to develop model HR policies for government departments to promote the consistent, efficient and effective application of HR practice across the Civil Service.

### Geospatial Commission

The UK's five-year Geospatial Strategy, published in June 2020, set a co-ordinated approach to unlock economic, social and environmental value from location data. The Geospatial Commission published its annual plan in June 2022, which reviewed progress against the strategy and provided priorities for the next 12 months and consulted in December 2022 on geospatial market advances to inform an updated strategy in 2023-24.

Significant progress has been made against the outcomes set out in the strategy including ongoing delivery of the platform build for the national underground asset register, which will bring together data on buried assets into one place, realising at least £350 million per year of efficiency savings to the UK economy. Progress included the launch in March 2023 of the minimum viable product, providing access to underground asset data to industry users in Wales, London and North East England.

Funded through HM Treasury's shared outcomes fund, the Geospatial Commission is working with multiple departments through its



**Nine Location Data Opportunities**

Infrastructure

Transport

Housing

Environment

Public Health

Emergency response

Ocean economy

Retail

Finance

National Land Data Programme. It is exploring how the UK can maximise the opportunities from its finite land resources, to tackle key land use challenges and demonstrate where innovative data analysis and evidence can support better land use decisions.

The Geospatial Commission signed a new five-year contract in March 2023 providing access to the Royal Mail Postcode Address File for public bodies to support delivery of vital public services by the UK government, devolved administrations, local authorities, emergency services, health services, and search and rescue organisations. For the first time the new contract combines previously separate agreements for England and Wales, and Scotland, and continues to allow public sector bodies across Great Britain to benefit from access to 1.8 million UK postcodes and over 30 million business and residential addresses.

### Government Business Services

Government Business Services (GBS) supports Civil Service modernisation and ministerial reform priorities by increasing the efficiency and effectiveness of back office systems and services. GBS' transformation activity focuses on improving workforce and finance data across government whilst freeing up civil servants to focus on delivery by streamlining processes.

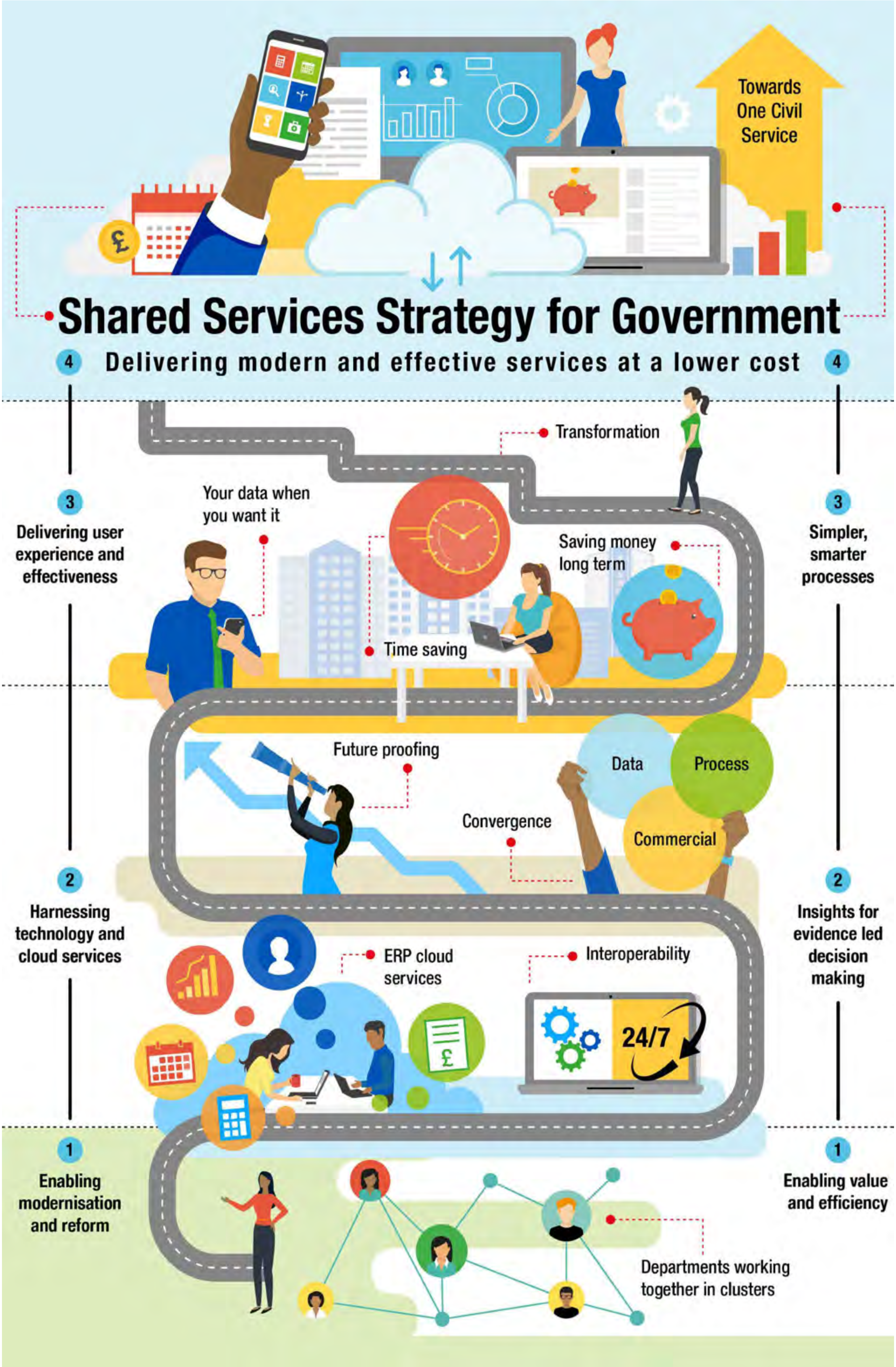
The Shared Services Strategy for Government brings together 18 departments and over 100 arm's length bodies into five clusters: Overseas, Defence, Synergy, Matrix and Unity, to transform the back office of government, creating smarter, cheaper and faster services at a lower cost to the taxpayer. All clusters have received initial business case approval and funding, allowing them to move into the delivery stage and out to market to implement these new systems. New shared service centres will be up and running by 2025 with all departments joining their cluster shared service centre by 2028, as current service contracts expire.

GBS is leading the cross-government Interoperability Programme, to achieve a more flexible, efficient, and effective Civil Service through the seamless operation of technology and data.

The Pensions Directorate is responsible for Principle Civil Service and Others Pension Schemes (CSOPS) and Royal Mail Statutory Pension Scheme (RMSPS). The current contract for administering the RMSPS is due to expire in October 2024. There is a programme to re-procure this contract and significant activity has taken place during the year. Details on the activities of the CSOPS can be found in the Civil Superannuation Annual Report and Account which is published separately.

The Government Recruitment Service accounts for around 70% of Civil Service recruitment by volume and handled over 54,000 appointments. Nearly 800,000 job applications were managed by the Government Recruitment Service. The Digital Recruitment Transformation Programme commenced in April 2022 and has delivered several projects to automate and improve recruitment processes, while the work to replace the recruitment platform in 2025 is progressing well.

In addition, GBS handles the efficient operation and continuous improvement of 13 cross-government digital and data platforms. These platforms support Civil Servants throughout their career including learning, career opportunities, and workforce planning systems. GBS commenced the rollout of Government Resources Insight Database in July to around 4,000 users across the civil service, helping departments identify efficiencies from places for growth, recruitment activity and return to the office.


Towards One Civil Service
Shared Services Strategy for Government
Delivering modern and effective services at a lower cost
4
4
Transformation
3
Delivering user experience and effectiveness
Your data when you want it
Saving money long term
3
Simpler, smarter processes
Time saving
Future proofing
Data
Process
Convergence
Commercial
2
Harnessing technology and cloud services
2
Insights for evidence led decision making
ERP cloud services
Interoperability
24/7
1
Enabling modernisation and reform
1
Enabling value and efficiency
Departments working together in clusters


## Government Commercial Function

The Government Commercial Function (GCF) has focused on two main priorities during 2022-23: The Procurement Reform Bill, and working with our suppliers at all levels, from Strategic Suppliers to SMEs, to ensure that what they deliver for the government represents the best possible value for money.

The Procurement Bill was introduced to Parliament this year, to replace the current EU regime for public procurement by:

- creating a simpler and more flexible commercial system that better meets our country's needs while remaining compliant with our international obligations
- opening up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts
- embedding transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised

GCF have reviewed the most complex and highest value business cases to promote the adoption of commercial best practice when planning and executing spending with external suppliers. The team is responsible for reviewing, updating and publishing the GCF playbooks, in support of implementation of these policies and best practices in all government contracts. They have also now successfully piloted expansion to the wider public sector.

GCF are now working with over 50 different public bodies (departments and ALBs) to implement the Strategic Supplier Relationship Management programme covering over 160 suppliers, and has trained more than 450 staff in best practice methodology.

GCF have continued the attraction and recruitment of Commercial Specialists (into the Government Commercial Organisation) via a rigorous Assessment and Development Centre of over 1,000 candidates, and training of commercial staff across government. Additionally, focus has also continued to ensure that civil servants grow their capabilities when they manage third party contracts that support policy outcomes.

Within GCF, the Government Grants Management Function (GGMF) has reviewed grants across government maximising the outcomes and minimising the risk of grant funding to deliver the greatest benefit to the economy and citizens across a total of 69 grant schemes. GGMF have introduced the Grants Functional Blueprint and completed a cross-government maturity assessment, published guidance on Grant Making in an Emergency, and issued guidance on Inflationary Impacts on general grants.

### Government Communication Service

The Government Communication Service (GCS) is the professional body for public service communicators working in government departments, agencies and arm's length bodies. Our mission is to deliver exceptional public service communication that makes a difference.

The past year has shown the huge impact we can make when we work together to deliver world-class, modern communications. We have countered disinformation and reassured the UK public and our partners of our unwavering support for the Ukrainian people in the face of Russian aggression. We have helped people across the UK understand and access the support available with the cost of living through our Help for Households campaign.

Teams across government came together to plan and deliver communications to support a fitting commemoration of the life and legacy of Her Late Majesty Queen Elizabeth II. Our UK Government Communications Plan sets out how the function is supporting delivery of the PM's priorities.

GCS published a three-year strategy in May 2022 based around three themes: collaboration, innovation and great people. More than half of the 30 commitments in the strategy have already been delivered. Spending controls have been changed to reduce bureaucracy for departments and encourage 10% of campaign expenditure to support innovation. An innovation hub was established to identify, test and scale innovation and a horizon review of emerging technology which will have the greatest impact on communications was undertaken.

A new cross-government insight report and a benchmark database was created to help drive campaign efficiency and effectiveness. A new crisis communications operating model was delivered which implemented learnings from our responses to previous crises. GCS also created new standards for digital communications teams across government. A new GCS induction programme was introduced and new training for communications professionals on propriety and ethics was developed.

The central GCS team has been reformed to drive value for money. The new structure came into effect in October 2022 and is focussed on the areas where the central function can add most value: strategy and co-ordination; expert services in areas like data, insight and behavioural science; and driving efficiency, standards and skills. Advertising, marketing and communications spending controls have reduced spending on campaigns and proposals to drive further cross-government efficiencies including bulk buying media space, and pooling audience research and insight have been implemented.

### Government Digital Service

The Government Digital Service (GDS) manages GOV.UK which is one of the most-visited sites in the UK, with 1.23 billion visits from April 2022 to March 2023. The site facilitates the delivery of government priorities, and makes public services more efficient, and more accessible, to more people. Over 2 million people have used our Cost of Living Tool to find appropriate support in the ten months since it went live in June 2022. More than 360,000 users accessed the Start-up Loan Service and the multi-page digital campaigns Help for Households and Help to Grow were launched.

Content regarding the death of Her Late Majesty Queen Elizabeth II, and the following funeral arrangements, attracted 5.6 million views. We developed the Homes for Ukraine service with the Department for Levelling Up, Housing and Communities, and over half a million people visited the Ukrainian visa sponsorship scheme. We also completed a platform migration – GOV.UK's largest infrastructure improvement since launch, resulting in a more resilient and secure service.

Other developments include a new version of our location checker tool, and the introduction of more map features, such as the Levelling Up 'Projects Near Me' map. In 2023-24, GOV.UK aims to expand with new channels and content, focusing on two-way interactions with users, all underpinned by the trusted GOV.UK brand.

The GOV.UK One Login system, which makes it easier for people to access government services online, was successfully launched in 2022-23. Users are now able to create an account, login with a username and password, and prove their identity through either a web-based journey or a smartphone app. The first eight government services have onboarded, over 1.1 million people have so far proven their identity through One Login, and GDS has established the initial customer and technical support arrangements.

### Infrastructure and Projects Authority

As the government's centre of expertise for infrastructure and major projects, the Infrastructure and Projects Authority's (IPA) purpose is to drive continuous improvement in the way government delivers infrastructure and major projects. The IPA aspires to nothing less than world-class delivery.

The IPA particularly focuses on the most complex and high-risk projects which make up the Government Major Projects Portfolio (GMPP). During 2022-23, the size of the portfolio in monetary terms grew significantly, reflecting the scale of ambition of delivery of major projects.

This followed a joint exercise with HM Treasury in the previous year which ensured the GMPP captured all projects which meet the existing criteria. These factors combined resulted in a GMPP portfolio of 268 projects and programmes (Q4 2022-23) representing in excess of £800 billion of expenditure.

The IPA has provided expert project delivery advice and support to a selection of these priority projects and programmes, as well as over 210 assurance reviews (an increase of 8% on the prior year), to ensure they are delivered efficiently and effectively, and to improve performance over time.

Alongside this the IPA has progressed plans to establish a central Benchmarking Hub and published the 'Transforming Infrastructure Performance Programme: Roadmap to 2030' which set out the government's vision for the future of the built environment and the transformation of the construction sector required to achieve it.

The IPA has established the Projects Academy, which brings together a comprehensive and well-regarded curriculum of technical and leadership learning offered to the 26,000 people involved in project development across government. The IPA has established a single Project Delivery Hub to host all relevant material for professional standards, accreditation and training for project delivery professionals working across government.

The IPA has also, for the first time ever, published the Project Delivery Functional Standard, which sets out the next steps in the function's ambitions for delivery excellence across government and the UK.

### Office of Government Property

The Office of Government Property (OGP) supports government and the wider public sector to manage its estate efficiently and effectively. In August 2022, OGP launched the Government Property Strategy, setting out how the government estate will help to transform places and services, become smaller, better and greener, and be managed in a professional and increasingly commercial way. This was supplemented in November 2022 with the publication of the Sustainability and Facilities Management Strategies.

In April 2023 we published the 2021-22 annual State of the Estate report, setting out the progress made towards improving the efficiency and sustainability of buildings that are part of the public sector estate with an estimated value of £188 billion and over 143,000 built assets.

A key priority for OGP is the Places for Growth programme which supports the levelling up agenda and government reform by encouraging the creation of public service jobs outside London. By 31 December 2022, the portfolio had seen more than 11,000 roles relocated from Greater London. This is 70% of the 2025 target of relocating 15,000 roles.

2022-23 saw the establishment of the Efficiency and Disposals programme in OGP, including the development of a pipeline of disposals aiming to generate gross capital receipts of £500 million per year, to fund investment in the estate we need to keep. The programme has identified a pipeline of forecast capital receipts to 2025, that if delivered would achieve the £1.5 billion disposals commitment published in our Government Property Strategy.

Continuing its drive to mature and professionalise the property function, OGP provides the Government School of Property, which includes early talent initiatives such as the property fast stream and apprenticeship programmes, specialist learning and development, and the Government Property Leadership programme. With our support, departments are enacting plans to increase the accreditation levels of their property professionals, for example, OGP successfully piloted a senior accreditation programme aimed at building capability in our senior property leaders across government.

The Office of Government Property is also the sponsor unit of the Government Property Agency.


**Shared spaces in Staffordshire -** One Public Estate funding supported partners to transform a council HQ into a vibrant hub in Codsall, with library, GP, nursery, podiatrist, NHS Foundation Trust, police, cafe, three tiers of government, plus small businesses and voluntary organisations. The One Public Estate partnership that developed through the project led to the police, NHS and county council estate teams aligning their asset strategies.

## Public Sector Fraud Authority

The Cabinet Office designed and launched the Public Sector Fraud Authority (PSFA) on 3 August 2022, following the announcement of an additional £24.7 million investment over three years, by the Chancellor at the Spring Statement in March 2022.

The PSFA succeeded the centre of expertise for the fraud function that previously sat in the Cabinet Office and is an authority that reports jointly to Cabinet Office and HM Treasury.

In September the PSFA published its mandate. This details the authority's mission to have a greater focus on departmental performance and outcomes, increase the breadth and depth of support to departments and improve integration between the Cabinet Office and HM Treasury.

PSFA agreed and published a plan for the first six months of its existence, including the commitment to a target of £180 million in audited benefits. This plan will be reported against in autumn 2023.

PSFA has secured a three-year contract with Quantexa to deliver a single network analytics platform across government to better detect and prevent fraud, showcasing public-private partnership.

The authority has also commenced the strategic three-year review into the Digital Economy Act provisions to determine the efficacy of the legislation.

The Government Counter Fraud Profession (GCFP) has continued to grow now with around 7,000 members across 58 organisations.

The authority has continued to build the UK's reputation as a world leader in counter fraud, launching the Counter Fraud Partnership Agreement with the Australian Commonwealth Fraud Prevention Centre.

# SO5 - Deliver the priorities of the Prime Minister and government

## Economic and Domestic Secretariat

The government's legislative programme in 2022-23 was supported by the parliamentary business and legislation team in the Economic and Domestic Secretariat (EDS). The team worked with every part of government to challenge and enable policy development for the delivery of a full legislative programme. Last year this included 34 government bills, and over 1,100 pieces of secondary legislation.

Through the work of all of its teams, EDS continues to support the operation of the Cabinet and collective decision making through delivery of Cabinet committees and assuring the process for decision making by correspondence on all economic or domestic issues.

This has naturally meant EDS has worked across all of government on the Prime Minister and Cabinet's economic and domestic issues of the day. This has included, for example, our response to the invasion of Ukraine, work on key announcements on energy and net zero, science and technology, the cost of living, and health and social care reforms.

EDS has also supported the transition between Prime Ministers, ensuring that incoming administrations have been able to swiftly enact policies and deliver through government. This includes both working with ministers to ensure continuity of government business, and providing advice to new administrations – including on the restructuring of cabinet committees, delivering machinery of government changes and supporting No.10 to drive new policy priorities.

Last year, EDS expanded to include a new Resilience Directorate, which led the publication of the UK Government Resilience Framework in December 2022, as well as completing the 2022 National Security Risk Assessment and leading specific action with departments, including on supply chain resilience impacted by Russia's invasion of Ukraine. The Joint Data and Analysis Centre, including the National Situation Centre, also joined EDS. This both enables the centre of government to monitor and respond rapidly to events across the UK, and ensures data and evidence is at the heart of policy work across EDS.

Trade Secretariat also merged into EDS at the end of the year. It has continued to support the Prime Minister, the Department for Business and Trade and the wider Cabinet in decision making and delivery of the government's trade agenda. This has included facilitating agreement of UK free trade agreement mandates, supporting the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the introduction of the UK-Ukraine Digital Trade Agreement.

The UK held the COP presidency until COP27 in November 2022, and we demonstrated strong UK leadership over our presidency year to deliver commitments.

### National Security Secretariat

This year, the National Security Secretariat (NSS) has focused on the following interlinked objectives:

- supporting the Prime Minister to deliver their national security and foreign policy objectives
- providing assurance to the Prime Minister and Cabinet on national security issues, and providing effective leadership on key issues including combating cyber and state threats
- coordinating other government departments and supporting the National Security Council
- delivering horizon scanning, preparedness, and emergency response in times of domestic and international crisis
- updating the government's security, defence, development and foreign policy strategy

NSS also act as the Secretariat for the National Security Council. This Cabinet Committee, chaired by the Prime Minister, has continued to function as the primary forum for ministerial discussion and collective agreement on issues related to national security, foreign policy, defence, trade strategy, international relations, development, resilience, and resource security.

A central piece of delivery this year was the development and publication of the 'Integrated Review Refresh 2023: Responding to a more contested and volatile world' was a cross-government process led by a joint Cabinet Office-No.10 team under the leadership of the National Security Adviser and the Prime Minister's Special Adviser for Foreign Affairs. The government engaged with Parliament, the devolved administrations, external experts and wider stakeholders with an interest in the UK's security and prosperity during the refresh process to deliver a revised strategic vision to adjust to significant shifts in geopolitical trends.

Over the past year, the NSS has also played a central co-ordination role for the government on a number of key policy issues and responses to significant global and domestic events. This included:

- the next stage of the Australia, United Kingdom and United States (AUKUS) agreement, which means that the first generation of AUKUS nuclear submarines will be built in the UK and Australia, based on the UK's world-leading submarine design
- transformation in key bilateral and multilateral relationships, for example the 36th UK-France Summit, which reaffirmed our longstanding friendship and partnership based on shared memory, common values, respect, and mutual interest, and a shared vision for our bilateral future
- the National Cyber Strategy 2022, which set out the government's approach to protecting and promoting the UK's interests in cyberspace, while ensuring that the UK continues to be a leading responsible and democratic cyber power
- the UK's leading contribution to the defence of Ukraine – both in terms of the amount of defensive support we have co-ordinated and in the leading role we have played in galvanising the international community
- successfully supported the Chancellor of the Duchy of Lancaster as Secretary of State in the Cabinet Office following the Prime Minister's announcement that he would have responsibility for National Security and Investment policy and be the formal decision maker under the NSI Act.

- operationalisation of the UK National Situation Centre (SitCen) which brought timely data, analysis and insights from across and beyond Government to support crisis response and national security. SitCen has supported the government's response to Russia's invasion of Ukraine, extreme heat and industrial action and routinely monitors 160 key performance indicators across 10 thematic areas

The NSS has also provided support to other ministers, the Cabinet Secretary and Head of the Civil Service, and the Permanent Secretary and Chief Operating Officer of the Civil Service across the broad national security and foreign policy portfolio.

### Office for Veterans' Affairs

The Office of Veterans' Affairs (OVA) launched the Veterans' Strategy Action Plan in January 2022. This strategy co-ordinates central government and devolved administration plans for improving veterans support across the UK until 2024. The plan's 68 commitments have been broken down into 85 measurable tasks in order to ensure robust monitoring and increased accountability. As of 31 March 2023, 8 of the tasks have been revised to reflect changes in circumstances, with 34 completed (40%), 25 on track (29%), 11 ongoing (13%), 6 ongoing-implemented (7%) and 9 off track (11%). The plan is underpinned by over £70 million in committed funding.

The Veterans' Health Innovation Fund (£5 million provided by HM Treasury in the autumn 2021 budget) was launched this year to support organisations looking to research and trial cutting-edge technology which could help veterans with complex healthcare needs. In December 2022, £8.55 million was announced to tackle veteran homelessness and rough sleeping.

A £0.45 million package was announced to recognise the contribution of Nuclear Test Veterans. The OVA organised a commemorative event at the National Memorial Arboretum on 21 November 2022, which was attended by the Prime Minister, Defence Secretary and the Minister for Veterans' Affairs.

### Propriety and Constitution Group

Propriety and Constitution Group was created in its current form towards the end of the 2022-23 financial year having previously been three separate business units: Cabinet Secretary's Group, Union and Constitution Group, and the Inquiries BU.

The Group has led on a number of high-profile issues and events this year, including the funeral of Her Late Majesty Queen Elizabeth II, the transition of Prime Ministers, and Honours lists. It has also continued to oversee performance in key operational areas including Freedom of Information and Transparency, Records and Archives, and the operation of the Privy Council.

As well as policy and operational responsibilities, the group leads on the sponsorship of the independent offices (i.e. the Civil Service Commission, the Office for the Commissioner for Public Appointments, the Office of the Registrar of Consultant Lobbyists and the Advisory Committee on Business Appointments) and a number of important statutory inquiries.

# Corporate enablers

Our corporate enablers make the delivery of our overall strategy possible. Housed within our Chief Operating Office Group, they make up our corporate services and support the effective and efficient running of the department. Core initiatives and programmes led by the corporate enablers are:

### Digital Data and Technology (DDaT)

The department's vision over the Spending Review period is to enable the Cabinet Office through the provision of exemplary digital products and services, whilst transforming the department through placing digital into the DNA of the organisation. The department will furthermore address information security risk and resilience through significant investment in refreshing our IT platform and implementing our cyber security strategy.

The Cabinet Office Digital team is developing the digital strategy which will incorporate data, technology, cyber and product strategic intent; guiding the development of a coherent department wide DDaT operating model. This will enable a step change in data maturity, reduce risk, reduce the legacy technology burden and improve productivity across the department.

Additionally, over the year, the team have been improving the user experience through a significant refresh of laptops, monitors, video conferencing and improved Wifi; supporting both the return to office working and the Cabinet Office locations programme. The department's ability to collaborate and interoperate across government will be further improved through the migration from the Google productivity suite to Microsoft Office 365. This work is now underway.

Teams across the corporate services group are working together to deliver efficiencies through automating processes wherever possible and enabling data driven decision making through democratising access to data; further supporting the development of a digital culture within the department.

### Delivery, evaluation and collaboration

The department continues to drive forward a strong compliance and assurance programme to drive up standards and instil financial, HR and commercial discipline.

The department has built on its business rules to support the effective running of the department. This has been complemented through improvements to business case development and project delivery, and new technologies such as introducing a new contract management system to enhance our contract life cycle management. To inform better policy making, the Analysis and Insight team works to embed evaluation in the department's work to assess the impact of projects.

We worked with HM Treasury to agree a multi-year Spending Review settlement, and we will be further investing in the core infrastructure of the department. The allocations for 2022-23 focused on the department's priority outcomes and themes which align closely with the government's modernisation agenda, including investing in data and analytical resources and capability, automating and digitising services, strengthening cyber resilience, and upskilling and expanding capability within the department.

All of this will be anchored on the greater use of technology and a more nimble, innovative culture. The goal is to focus on measurable change over the coming 12 months, accompanied by a significant reduction in headcount to create a more streamlined, accountable department with clarity of purpose and a demonstrable culture of excellence.

### Workforce, skills, and location

The department has established a people transformation programme, A Better Cabinet Office. Guided by the 2022 People Survey results, it has been created to deliver lasting change across six themes: pay; career progression; leadership, respect and inclusion; purpose, culture and employee deal; learning and development and workplace, estates and technology.

Our longer term ambition is to be recognised as an employer of choice, with the best employee value proposition across government, allowing us to attract and retain the best talent. The People and Places team is leading activities to progress the department's ambitions which includes a bold new learning and development offer to staff, improved leadership and line management capability and building a more inclusive and performance focussed culture to deliver the best possible employee experience.

# Counter Fraud Report

In 2022-23, the Cabinet Office detected error[1] of £3.48m[2], of which £3.43m[3] was recovered, and detected fraud of £0.06m[4], of which none has been recovered. Efforts to recover the detected fraud is continuing at this time and it is expected that recoveries will be reflected in the next financial year's Annual Report and Accounts.

1 Detected and recovered error relate to staff overpayments only.
2 Detected error is the total recorded in the financial year 22/23 and does not include any error raised in previous financial years that remains unresolved i.e. this is not a cumulative total
3 Recovered error is the total amount received in the financial year 22/23 but may relate to error raised in previous financial years.
4 The detected fraud figures relate to the Cabinet Office core group only, which include the Civil Superannuation (pensions). These figures do not include the department's Arm Lengths Bodies as they are required to report separately.

# People Survey

The annual survey is an important indicator of the health of the department and how you are feeling. This year, 72% of Cabinet Office colleagues completed the survey, 4% fewer than last year.

### People Survey Results

| Core Themes | 2022-23 (this year) | 2021-22 (last year) |
|---|---|---|
| Response rate | 72% | 76% |
| People engagement score | 54% | 62% |
| My work | 73% | 78% |
| Objectives and purpose | 62% | 71% |
| My manager | 74% | 76% |
| My team | 83% | 85% |
| Learning and development | 46% | 52% |
| Inclusion and fair treatment | 74% | 80% |
| Resources and workload | 69% | 72% |
| Pay and benefits | 25% | 38% |
| Leadership, management and change | 38% | 49% |

The strength of feeling of staff is clear from the results this year, as there have been significant drops across the board. Our headline engagement index has fallen by 8 percentage points to 54%. We also track below the Civil Service benchmark for all the core themes, seeing the most significant falls in pay and benefits (-13 percentage points), leadership and managing change (-11 percentage points), and organisation objectives and purpose (-9 percentage points).

These results were discussed by the Executive Committee jointly with the People and Operations Committee. As a result a new change platform has been launched called 'A Better Cabinet Office', which includes six focus area themes each with an ExCo sponsor. The six themes are:

- career progression
- pay
- leadership, respect and inclusion
- purpose, culture and employee deal

- learning and development
- workplace, estates and technology

Working alongside these groups is a new Change Network working with our Staff Board, Trade Union colleagues and other staff networks.

# Sustainability report

## Overview

The Cabinet Office remains dedicated to protecting the environment and creating a sustainable workplace. Our Environmental Management System for our core estate, which is ISO14001 accredited, continues to develop and mature positively. The Environmental Management System is externally audited yearly giving the organisation the best opportunity to improve systems and procedures toward net zero. The Cabinet Office also measures its annual performance against the Greening Government Commitments (GGC) targets for its core estate.

The Cabinet Office core estate comprises four buildings, three of which are Grade 1 listed and one that resides in a UNESCO World Heritage Site. Despite the historic nature of the estate, the department continues to drive carbon efficiency through better contract management, net zero interventions and carbon literacy. The department has managed to improve the overall energy score of each building this year including managing to take one building to a DEC rating of B. The department has embedded its domestic sustainability and climate adaptation strategy focusing on sustainability pledges to improve carbon literacy, staff engagement through a dedicated online Sustainability Hub and a review of the department's business travel policies.

## Scope and data

The GGCs demonstrate how the UK government is working to improve the environmental performance of its estate and operations. We are actively engaged in embedding sustainability metrics into our ways of working, operations, policy design, and procurement of our goods and services.

All staff business travel, digital waste and paper usage has been accounted for regardless of location. This allows the department to focus on Scope 3 emissions outside the core estate and to develop policies and procedures that strengthen our environmental approach beyond the Environmental Management System itself.

Emissions relating to the department's official business trips using the dedicated transport aircraft service for the Prime Minister and ministerial air travel requirements are not included as these are offset through contractual arrangements but were included in the 2021-22 dataset.

For transparency, scope 3 international travel emissions data returns, remain voluntary. The 2017-18 GGC reporting data did not include scope 3 international travel emissions. We have surrendered the data sets available but we are not completely assured of the financial indicators for historical data.

Performance is presented against each of the GGC reporting areas and in line with the department's annual GGC returns submitted to the Department for Environment, Food and Rural Affairs. We have included data for the reporting year 2022-23 and three prior years for comparison against the baseline year.

Further information is available at the Greening Government Commitments page on GOV.UK

The following GGC reporting areas are not applicable to the department:

Nature recovery and biodiversity action planning – the Cabinet Office does not have significant landholdings or natural capital. To compensate for the lack of opportunity to develop a nature recovery and biodiversity action plan, the department has linked up with the Royal Parks to provide volunteering opportunities for staff during their lunch breaks, weekends and as part of the staff volunteering day initiative.

Sustainable construction – no construction or major building refurbishment projects took place during the reporting period.

Travel car fleet – the Cabinet Office contracts seven official car services for its ministers and senior officials from the Government Car Service (part of the Department for Transport). These cars are part of the Department for Transport's car fleet and included within its GGC reporting. To avoid double counting, any data relating to these vehicles is not included in this report. The Cabinet Office does not own, lease or hire any other car fleets. However, the department has invested in electrical vehicle charging points for the ministerial fleet to take advantage of.

## Performance against Greening Government Commitments 2021 to 2025

This year the estate has secured automated meter reading systems (Smart Meters) for all utilities, which will provide more accurate consumption data to address strategic and environmental build concerns and future net zero considerations. We have also resolved the matter of proxy water data that had to be submitted throughout 2021-22.

This year, the Government Property Agency, the Cabinet Office's Executive Agency, has completed £1.033 million of net zero intervention and life cycle replacement works on the core estate. This has included refurbishment of toilets, (reducing water consumption) Building Management Systems upgrades (to better understand the energy demand of the estate), and a continued programme of LED and HVAC system replacements. These initiatives are already beginning to pay dividends as the estate has seen improved DEC ratings across all its buildings. Future constraints and the historical nature of the core estate mean that targets remain challenging and require continued financial support.

# Mitigating climate change

## Greening Government Commitments data

| Metric | Measure | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 baseline | %↓ |
|---|---|---|---|---|---|---|---|---|
| **Mitigating climate change: working towards net zero by 2050** | | | | | | | | |
| Tonnes of carbon dioxide equivalent (CO2e) | Scope 1 (direct) emissions | 128 | 148 | 167 | 121 | 533 | 456 | -72% |
| | Scope 2 (energy indirect) emissions | 1,684 | 3,274 | 1,342 | 1,640 | 2,554 | 4,025 | -58% |
| | Scope 3 (official business travel - domestic) emissions | 363 | 434 | 144 | 199 | 1,039 | 1,276 | -72% |
| | Scope 3 (official business travel - international) emissions | 2,001 | 2,586 | 377 | 2,230 | 2,106 | 1,533 | +31% |
| | **Total greenhouse gas emissions** | **4,176** | **6,442** | **2,030** | **4,190** | **6,232** | **7,290** | **-43%** |
| Kilowatt hours (kWh) | Energy electricity green tariff (scope 2 and 3) | 4,826,356 | 4,300,447 | - | - | - | - | |
| | Mains standard grid electricity consumption (scope 2 and 3) | - | | 4,106,816 | 4,767,212 | 8,008,956 | 8,578,983 | |
| | Natural gas | 700,300 | 871,153 | 787,479 | 657,935 | 2,875,657 | 2,360,194 | |
| | District heating systems | 591,100 | 1,563,200 | 1,447,800 | 1,587,920 | 1,443,730 | 880,464 | |
| | Heat from other sources | - | - | - | - | 4,000 | - | |
| | **Total related energy use** | **6,117,756** | **6,734,800** | **6,342,095** | **7,013,067** | **12,332,343** | **11,819,641** | **-48%** |
| £000 | Expenditure on energy | 752 | 885 | 400 | 609 | 647 | 1,875 | 60% |
| | Expenditure on official business travel | 11,990 | 10,895 | 2,994 | 13,417 | 13,768 | 10,759 | 11% |
| | **Total related expenditure** | **12,742** | **11,780** | **3,394** | **14,026** | **14,415** | **12,634** | **+1%** |
| **Waste minimisation and management** | | | | | | | | |

| Metric | Measure | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 baseline | %↓ |
|---|---|---|---|---|---|---|---|---|
| Tonnes | Total waste reused or recycled externally (excluding ICT waste) | 46 | 31 | 47 | 85 | 205 | 937 | |
| | Total waste to landfill | - | - | - | - | - | - | |
| | Total ICT waste: recycled (externally) | - | 1 | 1 | 2 | - | - | |
| | Total ICT waste: reused (externally) | - | 1 | - | - | - | - | |
| | Total waste incinerated with energy recovery | 79 | 84 | 111 | 149 | 252 | 289 | |
| | Total waste incinerated without energy recovery | - | - | - | - | - | - | |
| | Total waste composted or sent to anaerobic digestion | 7 | 2 | 4 | 10 | 60 | - | |
| | **Total waste recycled** | **53** | **34** | **52** | **97** | **265** | **937** | |
| | **Total waste** | **132** | **119** | **163** | **246** | **517** | **1,226** | **-89%** |
| £000 | Total waste disposal cost | 16 | 149 | N/A | N/A | N/A | N/A | |
| **Finite resource consumption** | | | | | | | | |
| Metres cubed ($m^3$) | Water consumption | 11,981 | 16,623 | 10,656 | 16,602 | 34,163 | 31,156 | -62% |
| £000 | Total water cost | N/A | 16 | N/A | N/A | N/A | N/A | |
| **Paper usage** | | | | | | | | |
| Reams | Paper procured (A4 equivalent) | 7,759 | 3,004 | 5,456 | 32,874 | 17,154 | 15,800 | 51% |

**GGC target: reduce overall emissions by 52% and reduce direct emissions by 20% from the 2017-18 baseline by 2024-25, with a view to net zero by 2050.**
This year the Core Estate's GGC reporting will benefit from automatic meter readings on all our utility contracts. The estate can now see half hourly usage and can better understand how we consume our utilities. The Cabinet Office has reduced direct emissions by 72% and overall emissions by 43% in 2022-23 from the 2017-18 baseline. We have continued with our programme of net zero interventions and prioritised our Life Cycle Replacement works.

The Government Property Agency has commenced a programme of decarbonisation of the district heating system which should see a further reduction in scope 3 emissions by 2025. However, the nature of the core estate is historical meaning that it has a considerable legacy carbon footprint that may require offsetting to become a feature of future reporting, that said the department continues to actively reduce its carbon footprint where possible.

## Domestic and international flights

**GGC sub-target: reduce emissions from domestic business flights by at least 30% from the 2017-18 baseline by 2024-25.**
The use of domestic air travel can avoid the need for the cost of overnight accommodation, and allows for ministers and officials to visit more parts of the UK than would otherwise be the case given time constraints.

We encourage staff to choose a lower carbon travel option where possible, with our central booking system making the climate impact of travel clear to the user. We have invested in the technologies to enable hybrid working between teams from multiple locations.

Emissions from domestic flights have increased from 2021-22 as we see a fuller return to the office and the bedding in a new second HQ for the Cabinet office in Glasgow, (2022-23: 230 tonnes CO2e). It is however acknowledged that this figure is somewhat affected by the continuing rail and network strikes.

**GGC sub-target: report the distance travelled by international business flights, with a view to better understanding and reducing related emissions where possible.**
Distance travelled by International Business flights is still a voluntary submission under the Greening Government Commitments to give greater transparency. In 2017-18, the distance travelled by international flights was 8,714,808 kilometres. This reporting year the department continued to support and handover the Presidency of COP26 to COP27. The distance travelled in 2022-23 was 5,198,313 kilometres.

## Minimising waste

**GGC target: reduce the overall amount of waste generated by 15% from the 2017 to 2018 baseline.**
The department continues to send zero waste to landfill and is committed to increasing its reuse status, rather than recycling, looking in particular at furniture and digital poverty schemes. This reporting period the department managed to remove 1.3mt of digital waste from landfill and recycled 41% of all waste generated. As part of the pilot group on implementing the ban on single-use plastics, Cabinet Office has met the requirements of this ban since 2019.

## Reducing water usage

**GGC target: reduce water usage by 8% against the 2017-18 baseline.**

Core Estates continues to actively manage water consumption and over the course of 2022-23 has carried out refurbishment of toilets on three out of four of our properties.

During the reporting year, the department also managed to resolve the matter of a faulty water meter in one of the core buildings which had resulted in the submission of proxy data for quite some time.

In addition, we have successfully moved the entire Core Estate onto Automatic Meter Reading for water which is providing more accurate data.

## Procuring sustainable products and services

The Cabinet Office continues to work with all suppliers in accordance with the Government Buying Standards and in alignment with the GGC. The department is committed to sustainability in the way goods and services are procured and works with existing and prospective suppliers to improve performance. This is done through:

- effectively capturing any environmental impacts at the business case stage
- ensuring that customers incorporate sustainability factors in the development of commercial requirements
- evaluation criteria include social and economic factors in addition to environmental factors
- using Crown Commercial Service frameworks which offer sustainable solutions that comply with all relevant and appropriate standards and include sustainability factors as a key criterion for award.
- working with the Crown Commercial Service to ensure our procurement policies and operations are fully aligned with the GGC targets

Since the introduction of PPN 06/21 some 18 months ago, over £200 billion of procurements have applied the policy and thousands of suppliers have committed to net zero.

## Reducing environmental impacts from ICT and digital

The Cabinet Office leads the way in the management of government ICT waste. This waste is now reused and recycled through a third party in line with the Department for Environment, Food and Rural Affairs ICT and digital services strategy 2020-2025. Good progress has been made to date through a number of initiatives.

- Integrated supply chain / recycling of ICT hardware: the Cabinet Office has put in place take back agreements with ISO14001-certified suppliers to return all obsolete ICT hardware to be directly reused or recycled by them. The department's ICT equipment is made from recycled plastics and items are routinely recycled amongst employees until they become operationally obsolete or no longer compatible for the department's needs.
- Better Ways of Working: The department is currently reviewing the number of printer stations available across the estate to reduce energy and paper use. As a consequence of

improved conferencing and AV equipment staff are presenting digitally rather than printing off literature. This has resulted in a review of the number of printer stations across the estate, reducing paper and energy consumption.

## Sustainability and Climate Change Adaptation Strategy

For 2022-23, the Cabinet Office launched its first internal Cabinet Office Sustainability and Climate Change Adaptation Strategy. The strategy takes a Corporate Responsibility approach to sustainability and supports diversity groups such as its own staff-led Green and Vegan networks. The strategy, supported by the standards of ISO14001:2015, covers the environmental management of the core estate and focuses on all aspects of sustainability.

It is available for staff to read and engage with through a newly developed online internal Sustainability Hub. The hub hosts the Green and Vegan networks and promotes carbon literacy training as well as giving staff the opportunity to directly comment and engage on how professional areas are managing our journey to net zero, such as ITC, procurement and property.

The strategy is supported by a formal committee from the senior management team, who decide which pledges will become the focus of the organisation within a set reporting period. Outcomes are captured in a carbon dashboard that is reviewed quarterly. The department's Head of Sustainability leads on the internal agenda as well as working closely with the cross-government approach.

## Contribution to the United Nations Sustainable Development Goals

The Cabinet Office has identified where its commitments, policies and programmes contribute to the delivery of the United Nations Sustainable Development Goals (SDGs) linked to the department's strategic outcomes. As the corporate headquarters for the government, our work directly and indirectly influences and supports the UK's approach across a broad range of SDGs.

The examples below are set out in line with our commitments for 2022-23 but are not exhaustive; they illustrate the depth and breadth of the Cabinet Office's contribution.

## Contributing to United Nations SDGs

| Priority outcome | Contributing to United Nations SDGs |
|---|---|
| **Outcome 1:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | • 8: Decent work and economic growth<br>• 9: Industry, innovation and infrastructure<br>• 16: Peace, justice and strong institutions<br>Improved end-to-end user experience for moving legitimate goods into and out of the UK will help achieve higher levels of economic productivity (target 8.2).<br>Improved ability to detect threats before they reach the border will support target 16.4, which aims to significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.<br>Through improving resilience of international supply chains and minimising the risk of disruption at UK ports, the Future Borders Programme will contribute to the development of quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development (target 9.1). |
| **Outcome 2:** Secure a safe, prosperous and resilient United Kingdom by co-ordinating national security, crisis response and the implementation of the Integrated Review | • 11: Sustainable cities and communities<br>• 16: Peace, justice and strong institutions<br>An improved cross-government approach to security will support building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime (target 16.a).<br>Outcomes of the integrated review will contribute to improved national security and support target 16.1, reduction in violence and related death. |

| Priority outcome | Contributing to United Nations SDGs |
|---|---|
| **Outcome 3:** Improve levels of equality in the UK | • 3: Good health and wellbeing<br>• 5: Gender equality<br>• 10: Reduced inequalities<br>• 16: Peace, justice and strong institutions<br><br>All aspects of the equality outcome primarily contribute to SDGs 5 and 10.<br><br>Impact on equalities will be measured via metrics such as 'Increased ethnic minority, disability, socio-economic and diversity of background and location representation within the fast stream, Senior Civil Service Fast Stream and early talent diversity programme'.<br><br>All contributing activity lines especially support target 10.2, to empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic, or other status.<br><br>Improving the quality of evidence and data within government about the types of barriers different groups face will lay the foundation for target 10.3, ensuring equal opportunity and reducing inequalities of outcome, and eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.<br><br>The Commission on Race and Ethnic Disparities, the National Strategy for Disabled People, and the Gender Recognition Certificate digitisation will support improved health and wellbeing of people from ethnic minority backgrounds, people with disabilities and transgender people respectively (target 3.8). |
| **Outcome 4:** Increase the efficiency, effectiveness and accountability of government through modernisation and reform, including through the work of the government functions | • 8: Decent work and economic growth<br>• 10: Reduced inequalities<br>• 11: Sustainable cities and communities<br>• 16: Peace, justice and strong institutions<br><br>All aspects of the modernisation and reform programme directly contribute to target 16.6, developing effective, accountable and transparent institutions at all levels. Procurement reform in particular will support increased transparency over the government's commercial activity.<br><br>Additionally, the Places for Growth agenda will support positive economic, social and environmental links between urban areas (target 11.a).<br><br>GDS reforms, including improvements to GOV.UK and development of the Single Sign-on will help ensure public access to information, contributing to target 16.10. |

| Priority outcome | Contributing to United Nations SDGs |
| --- | --- |
| **(Additional Outcome 5)** Deliver the priorities of the Prime Minister and government | This outcome represents the work of teams which support the operation of cabinet government, and ensure the delivery and monitoring of the Prime Minister's key priorities. Through this work it contributes to a wide range of SDGs, across all government work, but most specifically and directly:<br>• 13: Take urgent action to combat climate change and its impacts<br>• 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss<br>• 16: Peace, justice and strong institutions<br>Successful delivery of COP26 and associated activities directly supported targets 13.a (implementing the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change), 13.2 (integrating climate change measures into national policies, strategies and planning), and 13.3 (improving education, awareness-raising and human and institutional capacity on climate change).<br>Delivery of the government's five year UK Geospatial Strategy contributes to target 15.9, improved access and use of geospatial data will support integrating ecosystem and biodiversity values into national and local planning and development processes. |
| **Corporate enablers** | • 7: Affordable and clean energy<br>• 11: Sustainable cities and communities<br>• 12: Responsible consumption and production<br>• 13: Climate action<br>In working towards the GGCs across the estate, the Cabinet Office will contribute to multiple SDG targets, including:<br>Target 7.1, improved access to affordable, reliable and modern energy services.<br>Target 11.6, reducing the adverse per capita environmental impact of cities.<br>Target 12.5, substantially reduce waste generation through prevention, reduction, recycling and reuse.<br>Through empowering staff to challenge and improve sustainability, the Cabinet Office contributes to improving education, awareness-raising and human and institutional capacity on climate change (target 13.3). |

**Sir Alex Chisholm**

Chief Operating Officer of the Civil Service,
Permanent Secretary and Principal Accounting Officer

14 September 2023

# Accountability Report

# Corporate Governance Report

## Director's Report

### Cabinet Office Lead Non-Executive's report

**Anand Aithal**
**Cabinet Office Lead Non-Executive**

#### 20221-23 overview

2022-23 was a year of transition for the board as the department moved beyond its focus on the pandemic to consider a wider range of ministerial priorities. As the year evolved it became clear that the best use of the board would be as a focal point for bringing clarity and continuity to longer term, multi-year programs to transform the effectiveness of the department and the efficiency of central government. As a starting point, the board spent considerable time in 2022-23 reviewing and improving the department's financial controls and resource allocation processes.

#### Board membership

The year has seen considerable change within board ministerial membership, following reshuffles in July, September and October of 2022. Following the departure of the Rt Hon Steve Barclay MP in July, we welcomed the Rt Hon Kit Malthouse as chair, followed by the Rt Hon Nadhim Zahawi in September. From October, the Rt Hon Oliver Dowden has been chair of the board, with the Rt Hon Jeremy Quin MP taking a lead in its delivery as deputy chair.

There has been no change in non-executive membership, but in the first quarter of 2023-24 we have welcomed four new non-executive members, following a recruitment exercise conducted during the past year. These new non-executives will fill current vacancies and bring additional expertise to the board around organisational transformation, technology and people.

#### Board effectiveness

The board met six times throughout 2022-23. Throughout this time it has considered the breadth of the department's priorities, and increasingly focused on lending scrutiny and support to departmental transformation and the key programmes and structures that drive it. I have undertaken a board effectiveness evaluation looking back over the year and set out some key areas for future focus.

The Audit and Risk Committee, led by Mike Ashley (with myself and Lord Hogan-Howe as members) continues to scrutinise the internal controls, risk management structures and financial accounting of Cabinet Office, including its Executive Agencies and other executive arms' length bodies, and reports upwards to the board. The Nominations Committee has not been quorate this year, but will meet early in the next financial year when new non-executives join the board.

Outside of formal board meetings, non-executives engage extensively to advise and support the department. Henry de Zoete continues to be active within the digital transformation and communications agendas. He advises the Government Digital Service on the OneLogin programme and he is on the board of the Government Communication Service as it went through an extensive exercise to improve its operating efficiency.

Mike Ashley continues to advise the department on risk management, both as chair of the Audit and Risk Committee and as an observer at the monthly executive Performance and Risk Committee. He is also currently chairing a steering group which will review the structure of the Government Property Agency to maximise effectiveness. Lord Hogan-Howe continues to advise senior officials on the transformation of security systems and vetting services and provides independent challenge as an observer of the monthly executive People and Operations Committee.

As lead non-executive I meet regularly with the department's Permanent Secretaries and other senior officials to discuss their performance objectives and how these interact with the department's broader transformational aspirations around efficiency, technology and people. I also meet regularly with Cabinet Office Ministers, being particularly focused in 2022-23 in helping ministers new to the department settle into their roles.

I attend as an observer the monthly Cabinet Office Approvals Board, which reviews all spend above £1 million. I chaired a review of respect and inclusion practices within the department. I also had an opportunity to visit our fantastic Glasgow office and was delighted to see the tremendous work being undertaken by our rapidly growing cohort of colleagues in that location.

### Going forward 2023-24

With a full complement of non-executives I anticipate the board in 2023-24 having the capacity and expertise to drive sustained and strategic investment in Cabinet Office people, systems and transformation. We will particularly focus on the digital transformation agenda and cross-governmental efficiency, to enhance the effectiveness of public services, and deliver value to the citizens of the UK

# Cabinet Office Ministers

## Cabinet Office Ministers at 31 March 2023

**The Rt Hon Rishi Sunak MP**

Prime Minister, First Lord of the Treasury, Minister for the Union and Minister for the Civil Service (paid by HM Treasury) (from 25 October 2022)

**The Rt Hon Oliver Dowden CBE MP**

Deputy Prime Minister (from 21 April 2023), Chancellor of the Duchy of Lancaster (from 25 October 2022) and Secretary of State for the Cabinet Office (from 9 February 2023)

**The Rt Hon Jeremy Quin MP**

Paymaster General and Minister for the Cabinet Office (from 25 October 2022)

**The Rt Hon Greg Hands MP**

Minister without Portfolio (unpaid) (from 7 February 2023)

**The Baroness Neville-Rolfe DBE CMG**

Minister of State (unpaid) (from 20 September 2022)

**The Rt Hon Johnny Mercer MP**

Minister of State (Minister for Veterans' Affairs) (from 7 July 2022 until 6 September 2022 and from 25 October 2022)

## Cabinet Office Ministers at 31 March 2023

**Nusrat Ghani MP**

Minister of State at the Department for Business and Trade (DBT) and the Minister of State responsible for the Investment Security Unit at the Cabinet Office (paid by DBT) (from 7 February 2023)

**Alex Burghart MP**

Parliamentary Secretary (from 27 October 2022)

**The Rt Hon Penny Mordaunt MP**

Leader of the House of Commons and Lord President of the Council (from 6 September 2022)

**The Rt Hon The Lord True CBE**

Leader of the House of Lords and Lord Keeper of the Privy Seal (from 6 September 2022)

**The Rt Hon The Earl Howe**

Deputy Leader of the House of Lords (unpaid)

**The Rt Hon Simon Hart MP**

Chief Whip to the House of Commons and Parliamentary Secretary to the Treasury (paid by HM Treasury) (from 25 October 2022)

**The Rt Hon The Baroness Williams of Trafford**

Captain of the Honourable Corps of Gentlemen-at-Arms (Chief Whip in the House of Lords) (paid by HM Treasury) (from 7 September 2022)

The following ministers have left the Cabinet Office during 2022-23.

The Rt Hon Boris Johnson MP – Prime Minister, First Lord of the Treasury, Minister for the Union and Minister for the Civil Service (paid by HM Treasury) (until 6 September 2022)

The Rt Hon Elizabeth Truss MP – Prime Minister, First Lord of the Treasury, Minister for the Union and Minister for the Civil Service (paid by HM Treasury) (from 6 September 2022 until 25 October 2022)

The Rt Hon Steve Barclay MP – Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office (until 5 July 2022)

The Rt Hon Kit Malthouse MP – Chancellor of the Duchy of Lancaster (from 7 July 2022 until 6 September 2022)

The Rt Hon Nadhim Zahawi MP – Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office (from 6 September 2022 until 25 October 2022) and Minister without Portfolio (unpaid) (from 25 October 2022 until 29 January 2023)

The Rt Hon Andrew Stephenson MP – Minister without Portfolio (unpaid) (from 7 July 2022 until 6 September 2022)

The Rt Hon Jake Berry MP – Minister without Portfolio (unpaid) (from 6 September 2022 until 25 October 2022)

The Rt Hon Alok Sharma MP – President for COP26 (until 6 November 2022)

The Rt Hon Michael Ellis KC MP – Paymaster General and Minister for the Cabinet Office (until 6 September 2022)

The Rt Hon Edward Argar MP – Paymaster General and Minister for the Cabinet Office (from 6 September 2022 until 14 October 2022)

The Rt Hon Chris Philp MP – Paymaster General and Minister for the Cabinet Office (from 14 October 2022 until 25 October 2022)

The Rt Hon Jacob Rees-Mogg MP – Minister of State for Brexit Opportunities and Government Efficiency (until 6 September 2022)

The Rt Hon Nigel Adams MP – Minister of State (Minister Without Portfolio) (until 6 September 2022)

The Rt Hon Sir Gavin Williamson CBE MP – Minister of State (Minister Without Portfolio) (from 25 October 2022 until 8 November 2022)

The Lord Johnson of Lainston CBE – Minister of State (unpaid) (from 2 October 2022 until 28 October 2022)

Leo Docherty MP – Parliamentary Under Secretary of State for Defence, People and Veterans (paid by Ministry of Defence) (until 7 July 2022)

Andrew Griffith MP – Parliamentary Secretary (Minister for Policy and Head of the Prime Minister's Policy Unit) (unpaid) (until 8 July 2022)

Heather Wheeler MP – Parliamentary Secretary (until 8 September 2022)[1]

Brendan Clarke-Smith MP – Parliamentary Secretary (from 8 September 2022 until 27 October 2022)

Katherine Fletcher MP – Parliamentary Secretary (Minister for Women) (from 20 September 2022 until 27 October 2022)

The Baroness Stedman-Scott OBE DL – Parliamentary Secretary (from 22 October 2022 until 30 October 2022)

The Rt Hon Mark Spencer MP – Lord President of the Council and Leader of the House of Commons (until 6 September 2022)

Peter Bone MP – Deputy Leader of the House of Commons (from 8 July 2022 until 27 September 2022)

The Rt Hon The Baroness Evans of Bowes Park MBE – PC Leader of the House of Lords and Lord Privy Seal (until 6 September 2022)

The Rt Hon Chris Heaton-Harris MP – Chief Whip to the House of Commons and Parliamentary Secretary to the Treasury (paid by HM Treasury) (until 6 September 2022)

The Rt Hon Wendy Morton MP – Chief Whip to the House of Commons and Parliamentary Secretary to the Treasury (paid by HM Treasury) (from 6 September 2022 until 25 October 2022)

The Rt Hon The Lord Ashton of Hyde – Captain of the Honourable Corps of Gentlemen-at-Arms (Chief Whip in the House of Lords) (paid by HM Treasury) (until 7 September 2022)

1 The Minister was originally unpaid but role was paid from July 2022

# Cabinet Office Board members

## Official board members at 31 March 2022

**Simon Case CVO**

Cabinet Secretary and Head of the Civil Service

**Sir Alex Chisholm**

Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

**Sarah Harrison**

Chief Operating Officer

**Richard Hornby**

Chief Financial Officer and Director of Assurance, Finance and Control

The following officials have left the Cabinet Office board during 2022-23.

Samantha Jones – Permanent Secretary and Chief Operating Officer for 10 Downing Street (from 1 February 2022 until 6 September 2022)

Dame Elizabeth Gardiner DCB KC (Hon) – First Parliamentary Counsel and Permanent Secretary of the Government in Parliament Group (until 29 September 2022)

Sue Gray – Second Permanent Secretary (paid by the Department for Levelling-Up, Housing and Communities) (from 29 September 2022 until 3 March 2023)

## Non-executive board members at 31 March 2023

**Michael Jary**

Government Lead
Non-Executive Board Member

**Anand Aithal**

Cabinet Office Lead
Non-Executive Board Member

**Mike Ashley**

Non-Executive Board Member and Chair of the Cabinet Office Audit and Risk Committee

**The Lord Hogan-Howe of Sheffield QPM**

Non-Executive Board Member

**Henry de Zoete**

Non-Executive Board Member

## Non-executive board members appointed 3 July 2023.

**Janette Beinart**

Non-Executive Board Member

**Marcus Boyle**

Non-Executive Board Member

**Stephen Gordon-Dando**

Non-Executive Board Member

**Jenni Myles**

Non-Executive Board Member

# Registers of public interest and business appointments

### Board members

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

### House of Commons

The Register of Members' Financial Interests can be found on the UK Parliament website.

### House of Lords

The Register of Lords' Interests can be found on the UK Parliament website.

### Special advisers

The Cabinet Office maintains a register of government special advisers' interests, which contains details of company directorships and other significant interests held by special advisers. A copy is deposited in the House of Commons library annually, and it is published on GOV.UK shortly afterwards.

### Business Appointments

The Business Appointment Rules set out the process by which approval is required when any employee (which includes civil servants and special advisers) wishes to leave the department to accept a role outside of the Civil Service. The Rules apply for up to two years after an employee has left our employment. The purpose of the rules is to avoid any suspicion that an appointment might be a reward for past favours, the risk that an employer might gain an improper advantage by appointing a former official, and the risk of a former official improperly exploiting privileged access to contacts in government.

### Our processes

The Advisory Committee on Business Appointments considers applications from the most senior levels:

- ministers
- permanent secretaries (and their equivalents)
- directors general (and their equivalents)
- special advisers of equivalent standing.

Advice given by the committee regarding specific business appointments is published on GOV.UK. The Cabinet Office is responsible for the business appointment rules policy, and provides assessments on applications made by former permanent secretaries from all departments, and former cabinet secretaries, as well as civil servants and special advisers from the Cabinet Office and 10 Downing Street.

Individual departments have responsibility to process and provide assessments on applications for those under director general level. These assessments are used by the Cabinet Office Permanent Secretary or the Advisory Committee on Business Appointments (ACOBA) to inform their advice on how to mitigate any risks related to the proposed roles.

In compliance with business appointment rules, the department is transparent in the advice given to individual applications from senior staff, including special advisers. Advice given to senior civil servants at SCS1 and SCS2 regarding specific business appointments is published on GOV.UK. A summary of applications managed by the department is in the table below:

**Number of BARs applications assessed by the department in 2022/23**

| | |
|---|---|
| SCS2 | 9 |
| SCS1 | 17 |
| Civil servants below SCS | 28 |
| Special advisers | 60 |
| **Total:** | **114** |
| **Total where conditions were set:[2]** | **114** |
| Number of roles found to be unsuitable: | 0 |
| Number of breaches of the Rules managed by the department: | 2 |

### Increasing Awareness of the Rules

The People & Places Team takes the importance of the Government's Business Appointment Rules (BARs) very seriously and much work has been done in recent years to raise awareness of the BARs, who they apply to and in what circumstances, as well as colleagues' obligations in this space. The main responsibility is to make sure that when Cabinet Office employees leave, they are made aware of how the BARs apply to them and why.

2 This may differ from transparency publications on Gov.uk as not all applications that are assessed and receive conditions are then taken up by the individual. Information is only made public once the applicant has announced or taken up their role.

Applicants are advised that they should not accept or announce a new role until such time as they have received a letter confirming the conditions that apply and by which they must abide and that retrospective applications are not normally accepted. In an effort to further mitigate the risk to the Department, the People & Places Team has continued to:

- Publish reminders of BARs in SCS and HRBP Mailouts.
- Work with HR Business Partners to ensure that colleagues across the business are aware that they may be subject to BARs and of their obligations in this space.
- Ensure that BARs are listed as part of the leavers' process, which is designed to be followed and applied by both individuals and Line Managers.

In addition, the team has:

- Concluded a review of our employment contracts to ensure that BARs are consistently referenced and colleagues' obligations in this space, made clear.
- Ensured that relevant Cabinet Office colleagues have attended the all-department training programme run by PET Colleagues, to improve staff understanding and awareness of the Business Appointment Rules.

A programme of work is underway to reform the business appointment rules and improve their scope, clarity, consistency and proportionality, including sanctions in cases of non-compliance. The Cabinet Office continues to work on options and the programme of improvements will continue into the next financial year.

# Statement of Accounting Officer’s responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Cabinet Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental and other arm’s length public bodies designated by order made under the GRAA by Statutory Instrument 2022 no. 247 (together known as the ‘departmental group’, consisting of the department and sponsored bodies listed at note 24 to the accounts).

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the income and expenditure, financial position and cash flows of the departmental group for the financial year.

In preparing the accounts, the accounting officer of the department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm’s length public bodies
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the permanent head of the department as accounting officer of the Cabinet Office. In addition, HM Treasury has appointed additional accounting officers to be accountable for those parts of the department’s accounts relating to specified estimate sections and the associated assets, liabilities and cash flows. These appointments do not detract from the head of department’s overall responsibility as accounting officer for the department’s accounts.

The allocation of accounting officer responsibilities in the department is as follows:

Estimate section F: Steven Boyd, Chief Executive of the Government Property Agency, an executive agency

Estimate section G: Harry Rich, The Registrar of Consultant Lobbyists, a corporation sole

Estimate section G: responsibility for the Civil Service Commission, an executive non-departmental public body, was not delegated and remained with Sir Alex Chisholm as Principal Accounting Officer

Estimate section G: Marcial Boo, Chief Executive of the Equality and Human Rights Commission, a non-departmental public body

Estimate section B: Thalia Baldwin, Director of the Geospatial Commission

The Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other arm's length public bodies as accounting officers of those bodies. The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the accounting officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental or other arm's length public body for which the accounting officer is responsible, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer of the Cabinet Office, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Cabinet Office's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

As the Accounting Officer I can confirm that the annual report and accounts as a whole is fair, balanced and understandable and I have taken personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

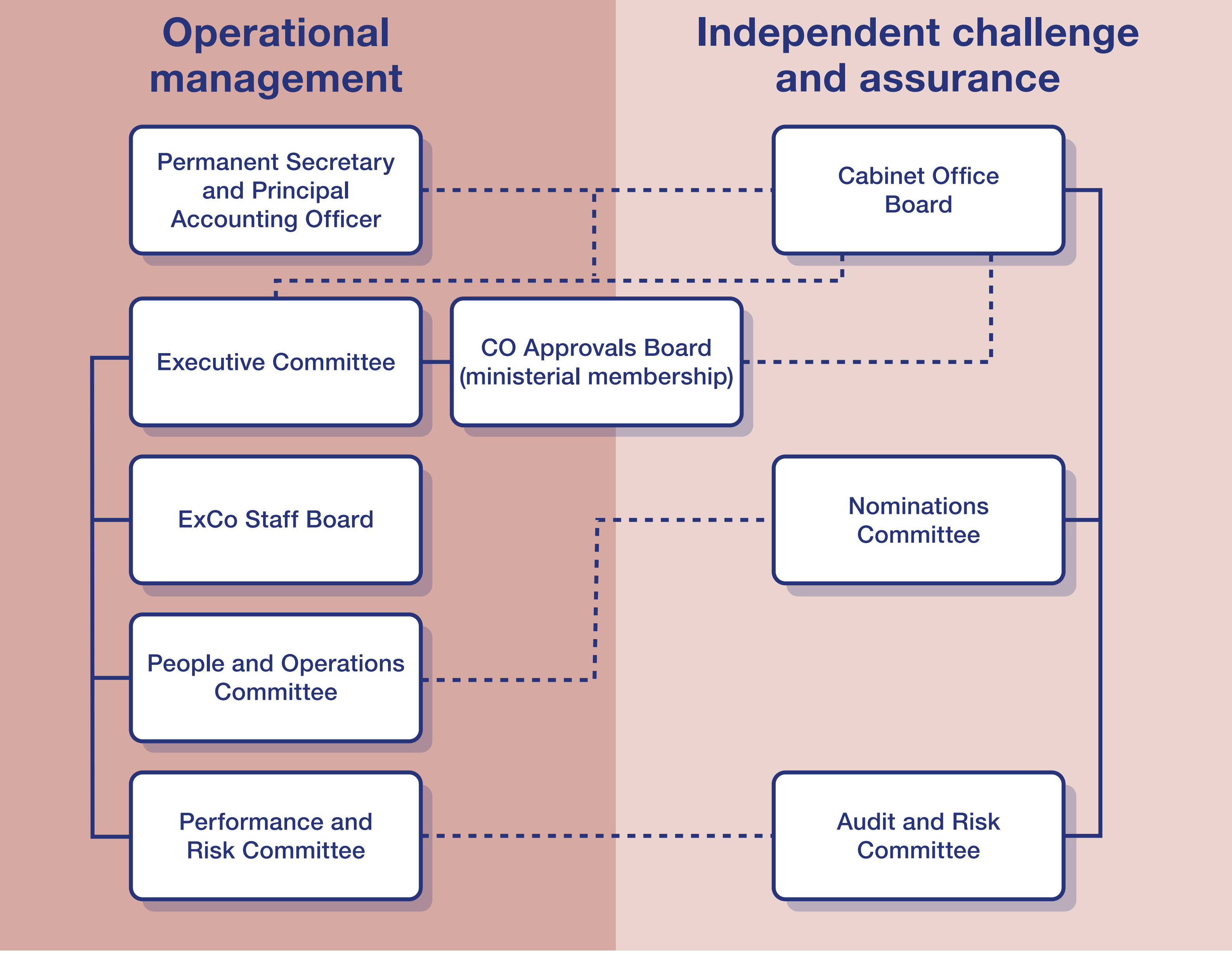
# Governance statement

The Cabinet Office governance statement records the stewardship of the organisation, drawing together evidence on governance and risk management to give a sense of how successfully the department has coped with the challenges and changes faced during the year.

As Principal Accounting Officer, the governance statement represents my assurance to Parliament that I am satisfied that the department's system of internal control is effective and supports good decision making.

The systems described in this section have been in place and have evolved throughout the year under review and up to the date of approval of the annual report and accounts. Where changes have occurred, these are set out below.

## Governance structure



## Cabinet Office Board

The Cabinet Office Board provides the collective strategic and operational leadership of the department, bringing together Cabinet Office ministers, senior members of the department's executive leadership team with non-executives from outside government. Its purpose is to provide advice on the Cabinet Office's strategy, monitor performance and advise on significant risks.

The board is provided with relevant, high-quality information prior to each meeting to enable it to fulfil its role effectively. The board also ensures there is oversight in place to scrutinise the performance and risk management of the department's sponsored bodies (arm's length bodies, commissions and inquiries).

The board met six times during 2022-23, with a focus on departmental transformation, budget, departmental performance and efficiency. An internal board effectiveness evaluation was undertaken by Anand Aithal, which was submitted to the board in May 2023. It made a number of recommendations around Board cadence, focus and operation. Its recommendations included that Board meetings are explicitly aligned with the quarterly performance cycle; that an additional meeting is held towards the beginning of the annual business planning cycle to consider strategic issues for the year ahead; that agendas in general focus on a small number of longer-term actionable priorities; and, that best practice standards on board papers and presentations continue to be enforced.

Aligning with the recommendation from the 2021 Board Effectiveness Evaluation, the department ran in 2022-23 a recruitment process to appoint new non-executives with expertise in people and organisational transformation to the board. New non-executives were appointed on 12 June 2023.

## Board membership 2022-23

Board membership has changed throughout the year when ministerial teams have changed due to cabinet reshuffles or changes of government. The following table outlines the membership of the board throughout the year, including the dates of any changes.

# Board membership and attendance

| Membership type | Name | Date of in-year appointment/departure | Number of meetings attended |
|---|---|---|---|
| Ministerial | The Rt Hon Steve Barclay MP (Chair from September 2021) | Departed 5 July 2022 | 1/1 |
| | The Rt Hon Michael Ellis KC MP | Departed 6 September 2022 | 1/2 |
| | The Rt Hon Sir Jacob Rees-Mogg MP | Departed 6 September 2022 | 2/2 |
| | Lord True | Departed 6 September 2022 | 2/2 |
| | The Rt Hon Nigel Adams MP | Departed 5 September 2022 | 0/2 |
| | Heather Wheeler MP | Departed 8 September 2022 | 1/2 |
| | The Rt Hon Kit Malthouse MP (Chair from 7 July 2022) | Appointed 7 July 2022<br>Departed 6 September 2022 | 1/1 |
| | The Rt Hon Nadhim Zahawi MP (Chair from 6 September 2022) | Appointed 6 September 2022 (as Chair)<br>Departed 25 October 2022 (as Chair) | 1/1 |
| | | Appointed 11 November 2022<br>Departed 29 January 2023 | 0/1 |
| | The Rt Hon Edward Argar MP | Appointed 29 September 2022<br>Departed 14 October 2022 | 1/1 |
| | Brendan Clarke-Smith MP | Appointed 29 September 2022<br>Departed 27 October 2022 | 1/1 |
| | The Baroness Neville-Rolfe DBE CMG | Appointed 29 September 2022<br>Reappointed 11 November 2022 | 4/4 |
| | Katherine Fletcher MP | Appointed 29 September 2022<br>Departed 27 October 2022 | 1/1 |
| | The Rt Hon Sir Jake Berry MP | Appointed 29 September 2022<br>Departed 25 October 2022 | 0/1 |
| | The Rt Hon Oliver Dowden MP (Chair from 25 October 2022) | Appointed 25 October 2022 | 1/3[3] |
| | The Rt Hon Jeremy Quin MP | Appointed 11 November 2022 | 3/3 |
| | Alex Burghart MP | Appointed 11 November 2022 | 2/3 |

3 Following the December board meeting, The Rt Hon Oliver Dowden MP deputised the role of chairing the meetings to The Rt Hon Jeremy Quin MP as deputy Chair

| Membership type | Name | Date of in-year appointment/departure | Number of meetings attended |
|---|---|---|---|
| Non-executive | Anand Aithal | n/a | 6/6 |
| | Michael Jary | n/a | 6/6 |
| | Mike Ashley | n/a | 5/6 |
| | Henry de Zoete | n/a | 6/6 |
| | The Lord Hogan-Howe of Sheffield QPM | n/a | 5/6 |
| Senior official | Sir Alex Chisholm | n/a | 6/6 |
| | Samantha Jones | Departed 6 September 2022 | 1/2 |
| | Dame Elizabeth Gardiner DCB KC (Hon) | Departed 29 September 2022 | 2/2 |
| | Sarah Harrison | n/a | 6/6 |
| | Richard Hornby | n/a | 5/6 |
| | Sue Gray | Appointed 29 September 2022<br>Departed 3 March 2023 | 2/3 |

## Audit and Risk Committee

The board is supported by the Cabinet Office Audit and Risk Committee (COARC), which is chaired by Mike Ashley. Lord Hogan-Howe and Anand Aithal are also members.

COARC's role is to support the board and Principal Accounting Officer by providing an independent view of the department's financial, risk and control arrangements and to review and make recommendations on the approval of the accounts for the Cabinet Office, Office of the Registrar of Consultant Lobbyists, Civil Superannuation and Royal Mail Statutory Pension Scheme. During 2022-23 the committee met seven times. Its focus included Cabinet Office risk management, cyber security, data and information management, and arm's length bodies.

The committee also looked at the department's business planning, the risk and control environment, the implementation of recommendations of the first Boardman review (on Cabinet Office procurement practices) and improvements to the department's assurance activity.

## Nominations Committee

The Nominations Committee did not meet during 2022-23 due to changes in the department's governance arrangements and while new non-executive board members were recruited to ensure the committee is quorate. Anand Aithal was the only member during 2022-23.

It will meet during 2023-24 once new non-executive board members are in place, and will consider senior talent management and succession-planning on the Board's behalf. In 2022-23, these duties were remitted back to the Board.

## Executive Committee

The Executive Committee (ExCo) is the senior executive leadership of the Cabinet Office, chaired by the Permanent Secretary. It meets fortnightly, with the exception of August (one meeting) and December (one meeting). Operating within the overall strategic context set by ministers, ExCo develops and implements the strategy and budget approved by ministers and the board. It makes day-to-day decisions on the department's activities (budget, people), and ensures that the Cabinet Office is fit for purpose (capabilities, risk and performance).

ExCo sets the leadership expectations, culture and tone for the department, makes collective decisions on corporate issues and actively monitors departmental delivery and performance. ExCo also provides leadership on diversity and inclusion, and the health and wellbeing of the department.

ExCo held two 'away day' style meetings in June 2022 and November 2022. The first was held in Glasgow and focused on Glasgow as the Cabinet Office second headquarters. The second was held in London and focused on the business of government and innovation.

ExCo received regular monthly updates from its subcommittees which are as follows.

### Performance and Risk Committee

The Performance and Risk Committee is an internal committee (as opposed to COARC which is independent) co-chaired by First Parliamentary Counsel and Permanent Secretary of the Government in Parliament Group, Dame Elizabeth Gardiner DCB KC (Hon), and the Government Chief Commercial Officer, Gareth Rhys Williams. Mike Ashley, chair of the Audit and Risk Committee, attends meetings in an advisory capacity. The committee meets monthly, with the exception of August and December.

The committee reviews, monitors and challenges the performance of the department against strategic objectives. It discharges its responsibilities by examining and challenging business unit returns on performance and risk mitigation; corporate services reporting; strategic delivery reporting and the top tier risk register.

### Resilience and Security Committee

The Resilience and Security Committee (RSC) was established as a new ExCo subcommittee in October 2022 and meets quarterly. The Committee is jointly chaired by Sarah Harrison, Chief Operating Officer and Darren Tierney, Director General Cabinet Secretary Group. The sub committee's role is to drive a stronger organisational resilience and security culture across the whole of the Cabinet Office, and to set clear priorities for local actions.

The subcommittee enables closer monitoring of the resilience status of all business units to give better understanding across the Cabinet Office of security vulnerabilities (including cyber), and prompt action to address them. RSC gives senior support and direction to the Cabinet Office Security function and other parts of the Cabinet Office where key responsibilities lie. The committee met twice during 2022-23. The inaugural meeting took place in October 2022 and focused on vetting and cyber security and the second meeting, held in March 2023 focused on the Department Security Health Check and Business Continuity.

### People and Operations Committee

The People and Operations Committee is jointly chaired by Sarah Harrison, Chief Operating Officer and Mark Chivers, Government Chief Property Officer. Mark was appointed as co-chair in November 2022. The committee meets monthly with the exception of August and December. The People and Operations Committee has strategic oversight of the Cabinet Office's corporate services and people strategies, supporting the ambition to make the Cabinet Office a great place to work. During 2022-23 the Committee has focused on: the implementation of the recommendations from the Respect and Inclusion review, digital and data management, workplace, estates and technology, tackling bullying, harassment and discrimination within the department and supporting staff wellbeing.

## Approvals Board

The Cabinet Office Approvals Board (COAB) reviews and approves investment proposals if the whole-life costs exceed £1 million, the proposal is novel or contentious or has been requested by the relevant director general. Where whole-life spend exceeds £15 million, further approval is required from Cabinet Office ministers and HM Treasury. In 2022-23, COAB reviewed 101 business cases and approved 87 of those cases in committee.

COAB is supported by the Pre-COAB Scrutiny Committee which is chaired by the Chief Finance Officer, with members including strategic, economic, financial, commercial, project management, digital and legal experts who review investment proposals, challenge business units on their contents, and provides advice and recommendations to COAB in advance of meetings.

COAB is chaired by Sarah Harrison, Chief Operating Officer. Its senior official membership is made up of the Permanent Secretary, the Chief Operating Officer, the Chief Finance

Officer, the Commercial Director, the Chief People Officer, and the Chief Digital and Information Officer. Cabinet Office Lead Non-Executive, attends meetings in an advisory capacity. Cabinet Office Ministers also attend.

## Prime Minister's Group Executive Committee

In April 2022 leadership of No.10 and the parts of the Cabinet Office that directly served the Prime Minister and Cabinet were brought together under a single Prime Ministers Group ExCo. This was led by Interim Permanent Secretary Samantha Jones. The committee met three times between May 2022 and July 2022 before being stood down in September 2022 following a change in Prime Minister.

## Oversight of departmental arm's length bodies

The Cabinet Office sponsors 11 arm's length bodies, most of which are small, specialist organisations that deliver services across government. During 2022-23, a risk assurance assessment was undertaken to identify key risks and themes across the arm's length body landscape, which found that overall our arm's length bodies are working well and enjoy a good level of sponsorship from the department. The findings and recommendations were endorsed by the Performance and Risk Committee and will be taken forward during 2023-24 to ensure the Cabinet Office is compliant with the requirements set out by the public bodies reform programme.

## Oversight of grants to external bodies

All Cabinet Office grants have a named senior responsible officer. Grant funding requires the completion of a robust business case, which sets out outputs and long-term outcomes, along with a completed fraud risk assessment. All new high value and complex grants are considered for referral to the Complex Grants Advice Panel for review. All business cases over £1 million are considered for approval by the Cabinet Office Approvals Board and HM Treasury. All business cases below £1 million are considered by the delegated budget holder for the relevant area.

All grants are subject to the internal approvals process before a formal commitment is made. The department uses standard grant agreements for most grants, which are approved by those with delegated authority to spend. Grant sponsors may obtain a corporate governance assurance statement from the grant's recipient. The statement is 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.

## Compliance with the Corporate Governance Code

The department's governance is in line with the Cabinet Office's Corporate Governance in Central Government Departments: Code of Good Practice, with the exception of the Nominations Committee as it was not quorate during this period. It will meet in the second quarter of 2023-24 once new non-executive members are appointed.

## Conflicts of interest

Board members are required to declare any personal or business interests which may influence their judgement, or be perceived to, when performing their duties on an ongoing basis and ahead of meetings if appropriate. The Cabinet Office has an established procedure for considering, approving, and recording conflicts of interest.

The Cabinet Office's register of board members' interests is published on GOV.UK every year in July.

## Quality of data used by the board

Cabinet Office Board meetings cover a variety of topics to support the running of the department and meet our objectives. Data driven reports such as quarterly performance reporting, and reporting from our people and places team on Cabinet Office culture, purpose and behaviours, including the annual People Survey are provided. Cabinet Office has set up a Corporate Data Team within corporate services to ensure that all data from different parts of the department are consistent and accurate.

## Cabinet Office risk management and control

Cabinet Office's risk management and control processes are essential tools to minimise uncertainty and maximise the department's chances of successfully delivering its objectives, helping to inform both operational decision making and strategic planning.

The Chief Financial Officer is the board level representative for risk management and the nominated Chief Risk Officer. The department continues to operate in line with the principles outlined in the Orange Book and is an active member of the cross-government risk and assurance networks to model and adopt best practices.

The department's risk management policy operates a two-tier approach, allowing for a more granular business unit perspective and an overarching strategic perspective. To clearly define responsibilities and accountabilities, the three lines of defence model is used to ensure that risks are appropriately identified, assessed, managed and reported.

Risk is managed and recorded through centralised risk registers that are reported monthly to the Performance and Risk Committee (PRC) and quarterly to ExCo, along with treatment plans that contain specific actions with assigned owners and timescales for resolution.

PRC conducts monthly deep dive sessions to scrutinise business units' risk registers and performance objectives. A quarterly reporting cycle is leveraged to report to both PRC and ExCo the overarching strategic risks that could significantly impact on the department's ability to operate or meet its strategic vision.

The Chair of COARC regularly attends PRC for scrutiny sessions and requests deep-dive sessions on particular areas of risk at the meetings of COARC. Risk data and process improvements are frequently discussed with the committee.

The department's three lines of defence assurance framework has continued to mature in conjunction with the risk management approach. The assurance approach has sought to examine the department's controls at both a business unit level (first line) and through cross-cutting corporate control themes (second line). The themes and their compliance requirements have been captured in a set of business rules that detail the roles and responsibilities of budget holders.

Business rules have formed a central part of the delegation process from the Principal Accounting Officer. A pledge from each budget holder was collected in response to their delegation letters to confirm receipt of the business rules and to state that the controls would be complied with.

## Corporate Management Statement (CMS)

Each budget holder completed an annual self-assessment in March 2023 to determine how confident they were that they had operated within the controls delegated to them in the financial year. This is known as the Corporate Management Statement.

The CMS results have provided an insightful assessment into the level of confidence Business Units have in the corporate controls tested. The CMS for 2022-23 showed a good level of confidence across the control themes, with an average assurance score of 90%.

The CMS approach has been altered for this financial year to focus on areas that cannot be objectively measured and to collect assurances using a scale of confidence rather than a binary 'met'/'not met' system. The CMS assurance score for this year has remained similar to the 2021-22 score of 88%. However, these scores are not directly comparable due to the changes in the scoring scale and content of the CMS.

A small number of business units scored lower than the departmental target and were offered additional support to understand the control expectations and how to embed changes to increase confidence and compliance.

Data from the CMS has informed individual theme level reports which have been shared with the leads across corporate service. The reports highlighted improvement opportunities and potential support requirements needed to drive increased compliance to controls.

## Quarterly Compliance Dashboards (QCDs)

The CMS has been supported by quarterly compliance dashboards this year, which have provided budget holders with a view of their ongoing compliance to a set of control measures. The dashboards have drawn upon a wide range of available, objective corporate data to assess whether a unit has 'met, 'partial met' or 'not met' a minimum standard defined in the business rules.

The four dashboards produced in 2022-23 provided insight into the level of compliance across the control themes, with an average unit assurance score of 82%. The compliance and assurance team, along with other areas of corporate services, are continuing to support units to understand the control requirements and how to meet the department's minimum standards.

The reports identified where budget holders were required to take-action to address non or partial compliance, as well as informed the centre with actionable insight on support requirements and central improvement actions. This approach has acted as a point of mutual accountability to ensure that corporate data is well maintained and accurate.

The compliance data has been reported throughout the year to the Chief Operating

Officer, the Performance and Risk Committee and the Audit and Risk Committee as well as to the leads across corporate services. The reports tracked compliance over the year to monitor trends and identity compliance weaknesses. Any control weaknesses identified were discussed with theme leads and, where necessary, action plans were agreed to improve controls, guidance and compliance.

The findings of both the CMS and the QCDs have been shared with the Government Internal Audit Agency (GIAA) to inform their audit plan for the new financial year.

## Internal audit

The Government Internal Audit Agency (GIAA) provides assurance on the departmental control environment, prioritised by an assessment of control risks. The departmental assurance team supports the delivery of the GIAA's audit plan by aiding their knowledge of the governance, risk and control framework operating throughout the department, as well as informing their activity.

GIAA's activity during the year included audits on vetting performance, data integrity, billing and cost recovery, legacy technology, sustainability, property maintenance, review of efficiency savings, business continuity and the application of HR, Digital and Project Delivery functional standards. This list is not exhaustive.

An audit on counter fraud achieved a 'Substantial' outcome this year which was a significant achievement following limitations reported in last year's GIAA annual opinion. The review demonstrated the significant improvement in the governance, strategy, processes and controls in this area. Counter fraud continues to mature in the department with a focus on improved detection, prevention and recovery. An audit on the Public Sector Fraud Authority also achieved a 'Substantial' outcome from an audit looking at functional benefits.

An audit on Legacy Technology identified some specific areas of risk for the department across small pockets of the official estate. The issues are known to the department and remediating activity is underway led by Cabinet Office Digital. A Chief Technology Officer is in post and is leading to address this with ongoing assurance from the GIAA.

There are programmes underway to address the primary areas holding the greatest exposure to legacy technology. The programmes are focused on securing these capabilities and starting transformation work to eliminate risks going forward.

Progress reporting is being provided to the Audit and Risk Committee (COARC) to provide assurances and maintain accountability for progress.

Further audits on the internal fraud hub, sustainability, cyber security/IT platform reconfiguration, property maintenance and functional standards performance and oversight identified a series of insights and improvements the department will be taking forward over financial year 2023-24.

GIAA helped us to review our processes around inputting to the Online System for Central Accounting and Reporting after an inputting error was identified with our cash forecasting.

The department has committed to implementing the improvements proposed within the GIAA reports and will be subject to follow up reviews to monitor and drive progress. The Cabinet Office Assurance Team will track the timely closure of these recommendations to ensure improvements are realised in line with the agreed implementation dates.

Close monitoring of open audit recommendations continued this year following improvements in 2021-22, with frequent reporting to the Audit and Risk Committee to maintain momentum and hold action owners to account for delivery when delays occur. Delayed audit recommendations were also reported to budget holders this year as part of the quarterly compliance dashboards to maintain visibility and support progress.

The Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the department's governance, risk and control arrangements. The internal audit reviews conducted during the year contribute to that opinion: the internal audit review opinion for 2022-23 is 'moderate'. Even though this remained the same as last year, the department has continued to make improvements to our governance, risk management and control environment throughout the past year to support the delivery of our objectives.

The GIAA provided a 'Moderate' opinion on the adequacy of the framework of governance, risk management and control for the Cabinet Office for 2022-23. This maintains the opinion that was provided to the Accounting Officer in 2021-22.

Overall, it has been a positive outcome to maintain a Moderate opinion in the context of an increasingly challenging inherent risk environment in the Cabinet Office and wider government. While the opinion is Moderate there are some areas for improvement identified in key areas such as Legacy Technology, Security, and Functional Standards, that will need to be improved in 2023-24 or risk adversely impacting the risk, governance and control effectiveness of the Department.

The opinion is based primarily on the audit work conducted during the year for the Cabinet Office. It also considers our observations from attendance at Audit and Risk Committee meetings and other governance forums, access to risk registers and other key documentation, as well as discussions with management, and reports produced by other assurance providers.

## External audit

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

During 2022-23, the NAO published one investigation, one lessons learned report and five value for money reports relating to the Cabinet Office wholly or in part.

The investigation report published this year provided an assessment of the performance of UK Security Vetting (UKSV). The report was a follow on from a previous investigation in 2018 and sought to examine performance levels, causes of poor performance and opportunities to modernise the service.

The NAO concluded that the Vetting Transformation Programme had made little progress, with a clearly set out implementation plan for transforming security vetting still to be agreed. However, the report did recognise that UKSV's stabilisation plan had helped to increase the number of Developed Vetting (DV) clearances processed in 2022-23. The department is carefully reviewing the findings of the reports and is committed to responding to the recommendations as part of the tracker updates.

The lesson learned report published this year was a cross government report looking at resetting major programmes. While this report was not directed specifically at the Cabinet Office, this report drew upon input from the department. The report will be reviewed and its key insights considered and drawn upon when relevant.

Value for money studies examine major areas of government expenditure in order to form a judgement on whether value for money has been achieved.

Five value for money studies were published this year and can be found on the NAO's website:

**Digital transformation in government**: **addressing the barriers to efficiency:** The report sought to evaluate how the Central Digital and Data Office, its roadmap and departmental leaders support and promote digital transformation across government. The report considered the reasons that past attempts at transformation have experienced problems and whether senior business leaders across government had a suitable level of digital capability.

**Tackling fraud and corruption against government:** This report focused on fraud and corruption against government and therefore the taxpayer following a significant rise in fraud since the start of the pandemic. The report looked at the impact of the pandemic, the scale of fraud and corruption and what the government can do.

**Government Shared Services:** The report examined whether the government's latest Shared Services Strategy is on track to deliver. The report sought to examine the progress made since the last NAO report on this topic in 2016, if the right conditions are in place to deliver the proposed efficiencies and savings and what mitigations are in place to address future challenges.

**Managing cross-border travel during the COVID-19 pandemic:** The report considered the effectiveness of the UK government's implementation of its COVID-19 measures relating to cross-border travel. The report examined whether government had a clear overall system for implementing COVID-19 measures for cross-border travel, whether its core elements had been put in place effectively and how well the overall system had worked.

**Managing central government property:** The report examined how the Cabinet Office maintains, oversees and manages central government property through the Office of Government Property (OGP) and the Government Property Agency (GPA). Specifically, this considered how central government property and its management have changed since the last NAO report 2017; the progress on the property programmes included in the 2018 government estate strategy; key challenges for central government property management; and long-term planning and priorities, including those relating to net zero and levelling up.

## Strategic and emerging risks

Cabinet Office has a critical role at the centre of government in policy, as a provider of services for government and in leading the national response to large events or challenges. Accordingly, the risk profile for Cabinet Office is broad and complex, encompassing both departmental strategic risks as well as some government-wide functional risks. Strategic risks throughout 2022-23 included the following:

- **Workforce risks:** Cabinet Office must focus on attracting and retaining sufficient personnel with appropriate capability and experience, in order to deliver well and in a timely manner. We are aware of the challenges posed to staff morale and career progression by our relocation strategy (Places for Growth), for example the second headquarters in Glasgow. The results of the People Survey were particularly disappointing, and these are detailed in the performance report. 'A Better Cabinet Office' change programme has been set up with six thematic areas, including 'Career Progression', 'Learning and Development', 'Leadership, Respect and Inclusion' to deliver immediate progress, as well as to establish a comprehensive longer-term strategy.
- **Budgetary risks:** Demand for Cabinet Office services can be volatile, resulting in potential budget overspends and funding pressures. This could result in staff welfare impacts and a reduction in our ability to deliver the department's objectives to a high quality, leading to a loss of trust and respect. Throughout the year, finance teams worked closely with business areas to understand the various pressures and changes to delivery requirements. We have continued to focus on improved financial information, to provide the basis for better decision making and increased accountability.
- **Technology, data and information management:** Disruption to activities, whether due to legacy systems or malicious actions such as a cyber-attack, could impact delivery and wider government services. Cabinet Office has cybersecurity risks, including being an attractive target for state and criminal threat actors. A business change programme, involving a technical refresh of the official IT platforms, was established in 2022-23 to reduce the cybersecurity risk, address legacy systems, automate underlying

infrastructure and improve interoperability with other central departments.

This sustained investment in the technology infrastructure to modernise systems and re-platform, significantly improves resilience levels. Further, the programme enables the Cabinet Office to continue to improve wider data and information controls and procedures. This is discussed further in the internal audit section of this report.

- **Third-party suppliers:** The department remains alert to operational risks that would arise from insolvency of a strategic government supplier, such as loss or disruption of services to government departments. Throughout 2022-23, there was significant inflationary pressure that could lead to suppliers struggling to meet the obligations set out in their agreements. The department's Markets and Supplier team proactively manages this risk through ongoing horizon scanning, supplier monitoring, contract management and contingency planning with departments. This included our intervention during the year to support the Official Receiver as Virtual Infrastructure Group Ltd and UK Cloud Ltd went through compulsory liquidation.

## Whistleblowing

In line with other government departments, the Cabinet Office has continued to promote raising a concern, including via the Civil Service HR-led Speak Up campaign in September 2022 and, more recently, a specific Cabinet Office Speak Up campaign in March 2023.

As part of these campaigns, the public Cabinet Office has published a series of communications and products, including messages from senior leaders encouraging people to 'speak up'. In addition, we ran a 'raising issues' workshop, which signposted attendees to our Speak Up flow diagram, highlighting the most appropriate routes through which to raise a concern.

Work is currently underway to:

- continue to run Speak Up week biannually
- engage with other government departments and CSHR colleagues in relation to a potential external training offer for our Nominated Officers
- work with our new Nominated Officer cohort to establish Keeping in Touch strategies and to obtain further insight and feedback which may inform future actions and/or improvements in this space

During the year 2022-23, no whistleblowing concerns were raised in the Cabinet Office.

## Specific risk and control disclosures

### Breach of commercial control

For expenditure over £20 million, controls approval is required for all future commercial spend activity, framework agreements or material changes to services.

The GPA Workplace Services Transformation Programme is replacing inherited, expiring service contracts. New contracts go live in October 2023, including four regional operational security contracts. Following tender evaluation for these security contracts during 2022-23, GPA engaged with the highest scoring bidders to agree the final allocation of contracts. The engagement followed legal advice to ensure adherence with the tender documentation. It produced a proposed set of four contracts that secure the improved service at the best value to the taxpayer.

While HM Treasury and Facilities Management Control approval was given prior to contract award, Cabinet Office Commercial Control was not. This was on the basis that engagement with the highest scoring bidders effectively notified them of the outcome of the evaluation and therefore rendered the approval request retrospective.

Commercial Control did not, however, identify any other inappropriateness in the approach taken or the outcome of the procurement. GPA consulted with the Cabinet Office and an Accounting Officer Assessment was undertaken which concluded that meeting the value for money test (including achieving additional savings of £9 million over the contract period) outweighed the regularity test (following the procedural error described). GPA therefore awarded the contracts in January 2023 despite this likely resulting in GPA incurring irregular expenditure on the contracts from October 2023 onwards.

As Cabinet Office group consolidates the GPA's accounts, this may therefore impact the regularity of the Cabinet Office group accounts in 2023-24.

### Capita data breach

On 3 April 2023 Capita announced that it had experienced a cyber incident. Capita subsequently confirmed that the incident was caused by "unauthorised access on or around 22 March", and later reported that "some data was exfiltrated from less than 0.1% of its server estate". Cabinet Office launched a cross-Government cross-functional response because of Capita's public sector contracts.

Within Cabinet Office, the Cyber Security team has worked to identify all Capita contracts and understand the impact on the business.

Whilst the full impact to the department is still being analysed and so it is not yet possible to provide a full assessment of the impact, it does not appear to be material. We know there has been an impact to the Royal Mail Statutory Pension Scheme (which is administered by the Cabinet Office) and while again this does not appear to be material, the matter will be disclosed in the RMSPS annual report and accounts.

### The former Second Permanent Secretary's investigation into alleged gatherings

The former Second Permanent Secretary led an investigation into alleged gatherings on Government premises during COVID restrictions. Her report was published on 25 May 2022.

The people and places policy team provided an update to the Cabinet Office Audit and Risk Committee in October 2022 on the arrangements in place in CO for raising a concern at work. This related to an area of recommendation within the report.

### The Privileges Committee Inquiry

The House of Commons' Privileges Committee carried out an inquiry into the conduct of former Prime Minister the Rt Hon Boris Johnson making statements at the despatch box on behalf of HM Government.

The department supported the former Prime Minister with his response to the Inquiry in line with the established precedent across multiple administrations based on the principle that former Ministers may be supported with legal representation after they have left office when matters relate to their time and conduct as a Minister. Whilst this has most frequently been the case in public inquiries, the principle is not limited to public inquiries alone and has been applied in other contexts, for example, litigation. The same principle can also be applied to Parliamentary inquiries, where it relates to one's conduct as Minister of the Crown.

Established processes were followed when these legal advice services were procured. The department has since, at the request of the NAO, confirmed regularity of that expenditure with HM Treasury. The cost of the legal support in relation to this matter in 2022-23 came to £237,000 (excluding VAT). The total final cost in relation to this matter will be £263,079 (excluding VAT).

## Counter Fraud

The Cabinet Office is committed to reducing risks of fraud or misuse of funds and assets. This means we invest in prevention, report and act upon all suspicions, and learn from our experience. The department has a risk-based approach to preventing fraud or mishandling of public funds. All staff are required to act with honesty and integrity and to safeguard the public resources they are responsible for.

The department continues to counter fraud, bribery and corruption as per the targets and objectives set out in its counter fraud strategy in line with the counter fraud functional standard, which includes increasing fraud awareness and improving prevention and detection activities across the core group and arm's length bodies.

Significant improvements have been made this year to strengthen our counter fraud arrangements. This has been achieved through a refreshed counter fraud strategy and action plan that is monitored by the Public Sector Fraud Authority. We have implemented a quarterly fraud risk assessment as part of the Quarterly Performance Report to capture, assess and monitor areas of fraud risk across the department as a mechanism to prevent possible fraud occurring. We have been working to increase our detection through increased compliance checks against financial policies and working with the shared service provider Shared Services Connected Ltd to identify and investigate suspected cases of fraud.

The department has managed a number of suspected fraud cases across the year. Suspected cases of fraud have been dealt with swiftly in accordance with the department's fraud response plan. Following confirmed cases of fraud, the counter fraud team have pursued remedial action including reporting to action fraud where necessary. We have conducted 'assurance of action' reviews to ensure that weaknesses in our controls are addressed to reduce the likelihood of similar incidents occurring again. The department is working closely with the GIAA and the Public Sector Fraud Authority to further improve detection, prevention and recovery.

## Data losses

The Cabinet Office continues to actively manage risks around data breaches and data losses. Data protection leads have been established within the Cabinet Office to ensure compliance with both the UK GDPR and EU GDPR regulations where required.

A security breaches policy measures the individual responsibility of staff to protect data. Regular training is in place to ensure the process is active and technical controls are in place. Measures include a reduction in paper files and the use of secure file transfer technology to make electronic delivery more secure.

During the period 2022-23 there has been one incident of a loss of sensitive data which was reported to the Information Commissioner's Office. This resulted in no further action being taken.

## Conclusion

2022-23 has been another year where the Department has delivered on a wide and complex set of priorities. I would like to thank Cabinet Office staff for their professionalism and dedication in doing so and to Corporate Services for maintaining and improving the Department's governance processes, risk management and controls that govern those deliverables.

As the Accounting Officer, I am content that the mechanisms in place to manage risks are adequate and that the corporate controls are well understood, monitored and that action is taken to make improvements when required. I take assurances from the regular discussion and reporting on risk through the Performance and Risk Committee and to the Executive Committee as well as the scrutiny applied by the Audit and Risk committee on both risk and compliance.

I am also pleased to have received the GIAA's annual opinion of 'Moderate' and the recognition of the improvements made in our governance, risk and controls.

I am grateful to the board members, the non-executive directors and Ministers for their role in the governance of the department and the steps taken over the financial year to strengthen controls whilst delivering for the Prime Minister and the taxpayer.

**Sir Alex Chisholm**

Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

14 September 2023

# Remuneration and staff report

## Overview

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

# 1 Remuneration report

## 1.1 Remuneration policy

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

The Review Body on Senior Salaries takes a variety of factors into consideration when formulating its recommendations. These include:

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

The Review Body on Senior Salaries website contains further information about its work.

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

Non-consolidated payments are paid a year in arrears, so those paid to Cabinet Office staff in 2022-23 relate to their performance during 2021-22.

## 1.2 Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit, on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission website specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at: https://civilservicecommission.independent.gov.uk

## 1.3 Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management (that is, board members) of the department. Full ministerial job titles including details of Cabinet Office Ministers who were paid by other departments or unpaid can be found in the directors' report.

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

### Single total figure of remuneration

| Ministers | Salary | | Benefits in kind | | Pension benefits[4] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | (to nearest £) | | (to nearest £100) | | (to nearest £1,000) | | (to nearest £1,000) | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| **Chancellor of the Duchy of Lancaster (FYE £67,505)** | | | | | | | | |
| **The Rt Hon. Oliver Dowden CBE MP** (25 October 2022 – 31 March 2023) | 29,397 | - | - | - | 7,000 | - | 36,000 | - |
| **The Rt Hon. Nadhim Zahawi MP** (6 September – 25 October 2022) | 4,355 | - | - | - | 3000 | - | 7,000 | - |
| **The Rt Hon. Kit Malthouse MP** (7 July – 6 September 2022) | 13,658 | - | - | - | 3,000 | - | 16,000 | - |
| **The Rt Hon. Stephen Barclay MP** (15 September 2021 – 5 July 2022 | 22,500 | 35,345 | - | - | 4,000 | 10,000 | 27,000 | 46,000 |
| **President for COP26 (FYE £67,505)** | | | | | | | | |
| **The Rt Hon. Alok Sharma KCMG MP** (1 April 2022 – 6 November 2022) | 54,984[5] | 67,505 | - | - | 10,000 | 17,000 | 65,000 | 85,000 |

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

5 The figure includes salary of £38,108 and a severance payment of £16,876.

| Ministers | Salary | | Benefits in kind | | Pension benefits[4] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | (to nearest £) | | (to nearest £100) | | (to nearest £1,000) | | (to nearest £1,000) | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| **Minister for the Cabinet Office and Paymaster General (FYE £31,680)** | | | | | | | | |
| **The Rt Hon. Jeremy Quin MP** (25 October 2022 – 31 March 2023) | 13,200 | - | - | - | 3,000 | - | 16,000 | - |
| **The Rt Hon. Edward Argar MP** (6 September – 14 October 2022) | 4,840 | - | - | - | 1,000 | - | 5,000 | - |
| **The Rt Hon. Michael Ellis KC MP** (16 September 2021 – 6 September 2022) | 15,840 | 14,672 | - | - | 3,000 | 5,000 | 19,000 | 20,000 |
| **The Rt Hon. Penny Mordaunt MP –** *Paymaster General only* (1 April 2021 – 16 September 2021) | - | 15,840 | - | - | - | 4,000 | - | 20,000 |
| **Leader of the House of Commons and Lord President of the Council** | | | | | | | | |
| **The Rt Hon. Penny Mordaunt MP** (6 September 2022 – 31 March 2023) **(FYE £67,505)** | 36,240 | - | - | - | 10,000 | - | 46,000 | - |
| **The Rt Hon. Mark Spencer MP** (8 February 2022 – 6 September 2022) **(FYE £31,680)** | 15,840 | 2,640 | - | - | 3,000 | 1,000 | 19,000 | 4,000 |
| **The Rt Hon. Sir Jacob Rees-Mogg MP[6]** (1 April 2021 – 8 February 2022) **(FYE £31,680)** | - | 27,060 | - | - | - | - | - | 27,000 |

6 The Minister opted not to be part of the pension scheme.

| Ministers | Salary | | Benefits in kind | | Pension benefits[4] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | (to nearest £) | | (to nearest £100) | | (to nearest £1,000) | | (to nearest £1,000) | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| **Minister of State for Brexit Opportunities and Government Efficiency (FYE £67,505)** | | | | | | | | |
| **The Rt Hon. Sir Jacob Rees-Mogg MP[6]** (8 February – 6 September 2022) | 33,754 | 9,844 | - | - | - | - | 34,000 | 10,000 |
| **Minister of State for Veterans' Affairs (FYE £31,680)** | | | | | | | | |
| **Johnny Mercer MP** (25 October – 31 March 2023) | 13,796 | - | - | - | 3,000 | - | 17,000 | - |
| **Johnny Mercer MP** (7 July – 6 September 2022) | 13,129[7] | - | - | - | 1,000 | - | 14,000 | - |
| **Minister of State (FYE £31,680)** | | | | | | | | |
| **The Rt Hon. Sir Gavin Williamson CBE MP** (25 October – 8 November 2022) | 1,212 | - | - | - | (12,000)[8] | - | (10,000) | - |
| **The Rt Hon. Nigel Adams MP** (15 September 2021 – 5 September 2022) | 29,480[9] | 15,840 | - | - | 3,000 | 4,000 | 33,000 | 20,000 |
| **Parliamentary Secretary (FYE £22,375)** | | | | | | | | |
| **Alex Burghart MP** (27 October 2022 – 31 March 2023) | 9,323 | - | - | - | 2,000 | - | 12,000 | - |
| **Brendan Clarke-Smith MP** (8 September – 27 October 2022) | 7,156[10] | - | - | - | 1,000 | - | 8,000 | - |
| **Heather Wheeler MP** (8 February 2022 – 8 September 2022) | 8,180[11] | - | - | - | 1,000 | - | 9,000 | - |

7 The combined figure includes salary of £5,209 and a severance payment of £7,920.
8 Member's increase over the period is less than the CPI indexation (10.1%), this has resulted in a negative value of pension benefit.
9 The combined figure includes salary of £21,560 and a severance payment of £7,920.
10 The combined figure includes salary of £1,564 and a severance payment of £5,593.
11 The combined figure includes salary of £2,587 and a severance payment of £5,593.

| Ministers | Salary | | Benefits in kind | | Pension benefits[4] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | (to nearest £) | | (to nearest £100) | | (to nearest £1,000) | | (to nearest £1,000) | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| **Leader of the House of Lords and Lord Privy Seal (FYE £104,360)** | | | | | | | | |
| **The Rt Hon. Baroness Evans of Bowes Park MBE PC**[12] (1 April 2021 – 6 September 2022) | 72,668[13] | 108,180 | - | - | 11,000 | 27,000 | 84,000 | 135,000 |
| **The Rt Hon. The Lord True CBE** (6 September 2022 – 31 March 2023) | 59,427 | - | - | - | 33,000 | - | 92,000 | - |
| **Minister of State for the Cabinet Office (FYE £81,485)** | | | | | | | | |
| **The Rt Hon. The Lord True CBE** (1 April 2021 – 6 September 2022) | 35,084 | 81,485 | - | - | 16,000 | 36,000 | 52,000 | 117,000 |
| **Deputy Leader of the House of Commons (FYE £22,375)** | | | | | | | | |
| **Peter Bone MP** (8 July 2022 – 27 September 2022) | 10,579[14] | - | - | - | 1,000 | - | 12,000 | - |

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

## 1.5 Remuneration (salary, benefits in kind and pensions) of official board members (audited)

The figures presented below relate only to the amounts received during the period that the individuals were board members.

12 The figures quoted includes Lord Office Holders' Allowance of £1,645, which is the reduced rate for Lord's ministers whose main home is within Greater London.
13 The combined figure includes salary of £46,578 and a severance payment of £26,090.
14 The combined figure includes salary of £4,986 and a severance payment of £5,593.

## Single total figure of remuneration

| Board members | Salary £000 | | Non-consolidated payments £000 | | Benefits in kind[15] (to nearest £100) | | Pension benefits[16] (to nearest £1,000) | | Total £000 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022-23 | 2021-22 Restated | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 Restated |
| Simon Case CVO[17] Cabinet Secretary and Head of the Civil Service | 200 – 205 | 200 – 205 | - | - | 34,000 | 31,400 | 54,000 | 76,000 | 290 – 295 | 305 – 310 |
| Sir Alex Chisholm Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer | 205 – 210 | 200 – 205 | - | - | - | - | 80,000 | 78,000 | 285 – 290 | 280 – 285 |
| Samantha Jones Permanent Secretary and Chief Operating Officer for 10 Downing Street (From 1 February 2022 until 6 September 2022) (FYE £155-160k) | 80 – 85[18] | 25 – 30[19] | - | - | - | - | -[20] | - | 80 – 85 | 25 – 30 |
| Sarah Harrison Chief Operating Officer | 145 – 150 | 140 – 145 | 5 – 10 | 5 – 10 | - | - | 21,000 | 31,000 | 175 – 180 | 180 – 185 |
| Dame Elizabeth Gardiner DCB KC (Hon) – First Parliamentary Counsel and Permanent Secretary of the Government in Parliament Group (until 29 September 2022) (FYE 180-185k) | 90 – 95 | 180 – 185 | - | - | - | - | 4,000 | 49,000 | 95 – 100 | 230 – 235 |
| Richard Hornby Chief Financial Officer and Director of Assurance, Finance and Control | 145 – 150 | 145 – 150 | 5 – 10 | 5 – 10 | - | - | 58,000 | 57,000 | 210 – 215 | 210 – 215 |

15 See 1.7 Benefits in kind below.
16 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.
17 As per agreement with the Chair, the Cabinet Secretary attends the Board by exception. Simon Case was not required to attend during 2022-23.
18 The figure includes salary of £45,000 to £50,000 and a severance payment of £33,150.
19 Restated. Figures for Samantha Jones were not included last year as she had not attended a board meeting within 2021-22. However she was appointed to the board in February 2022 and therefore we are disclosing her salary for the period she was in post.
20 Samantha Jones left the scheme with less than two years of service, therefore there are no safeguarded benefits to disclose.

### 1.6 Salary

'Salary' includes: gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the department and thus recorded in these accounts.

In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£84,144 from 1 April 2022) and the various allowances to which they are entitled are borne centrally.

However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

### 1.7 Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the department and treated by HM Revenue and Customs as a taxable emolument. The disclosed benefits in kind include income tax and national insurance liabilities that are met by the Cabinet Office.

Simon Case had the use of an allocated car in the circumstances permitted by the Civil Service management code. He used the car predominantly for home-to-office journeys. Cabinet Office Ministers and other senior officials also had use of the car for official journeys. The value of the benefit in kind received by Simon Case was calculated in accordance with the relevant instructions published by HM Revenue and Customs and HM Treasury.

### 1.8 Non-consolidated payments

Non-consolidated payments are based on performance levels attained and are made as part of the appraisal process. They are not accrued or provided for at 31 March, because the appraisal process is not completed until the summer.

As a result, the payments reported in 2022-23 relate to performance in 2021-22, and the comparative payments reported for 2021-22 relate to performance in 2020-21. This is consistent with the approach adopted in previous years.

## 1.9 Fair pay disclosure (audited)

| | 2022-23 | 2021-22[21] |
|---|---|---|
| Band of highest paid Board member's total remuneration (£000) | 235 – 240 | 230 – 235 |
| Median remuneration (£) | 42,368 | 40,600 |
| Of which: salary component (£) | 41,868 | 40,600 |
| Ratio | 5.6 | 5.7 |
| 25th Percentile Remuneration | 32,640 | 32,000 |
| Of which: salary component (£) | 32,640 | 32,000 |
| Ratio | 7.3 | 7.3 |
| 75th Percentile Pay Remuneration | 61,848 | 58,839 |
| Of which: salary component (£) | 61,545 | 57,916 |
| Ratio | 3.8 | 4.0 |

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Board member in their organisation, the median remuneration of the organisation's workforce and the 25th and 75th percentile remuneration.

The banded remuneration of the highest paid Board member in the Cabinet Office in the financial year 2022-23 was £235,000 to £240,000 (2021-22: £230,000 to £235,000). This was 5.6 times (2021-22: 5.7 times) the median remuneration of the workforce, which was £42,368 (2021-22: £40,600), 7.3 times (2021-22: 7.3 times) the 25th percentile remuneration of the workforce, which was £32,640 (2021-22: £32,000) and 3.8 times (2021-22: 4.0 times) the 75th percentile remuneration of the workforce, which was £61,848 (2021-22: £58,839).

The percentage change in respect to our highest paid board member is 2.2% (2021-22: (7.9)%), the average percentage change in respect of all employees taken as a whole is 4.3% (2021-22: 1.2%).

There were no material changes in pay ratios and the median pay ratio is consistent with the Civil Service Pay Remit guidance, 2022 to 2023.

In 2022-23, two (2021-22: four) employees received remuneration in excess of the highest paid board member. The remuneration of Cabinet Office employees ranged from £18,450 to £295,000 (2021-22: £18,200 to £297,000).

Total remuneration as at 31 March 2023 includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

21 Restated, figures now include temporary workers.

### Change in total remuneration

| | 2022-23 Salary and allowances | 2021-22 Salary and allowances | 2022-23 Performance pay | 2021-22 Performance pay | 2022-23 Overall | 2021-22 Overall |
|---|---|---|---|---|---|---|
| Highest paid board member (%) | 2.0 | (4.7) | - | (100) | 2.2 | (7.9) |
| Average of all Cabinet Office employees (%) | 4.1 | 1.2 | 16.4 | 0.70 | 4.3 | 1.2 |

The changes are caused by a change in the highest paid board member from 2020-21 who received a higher salary, and that the highest paid board member did not receive a bonus in 2021-22 or 2022-23.

## 1.10 Fees paid to non-executive board members (audited)

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

£

| Non-Executive Board Members | Annual fee entitlement | Fees paid 2022-23 | Fees paid 2021-22 restated |
|---|---|---|---|
| **Michael Jary**<br>Government Lead Non-Executive Board Member[22] | 20,000 | 20,000 | 53[23] |
| **Anand Aithal**<br>Cabinet Office Lead Non-Executive Board Member[24]<br>Non-Executive Board Member | 20,000<br>15,000 | 20,000<br>- | 833<br>15,000 |
| **Mike Ashley**<br>Non-Executive Board Member<br>Chair of the Audit and Risk Committee | 15,000<br>5,000 | 15,000<br>5,000 | 15,000<br>5,000 |
| **Henry de Zoete**<br>Non-Executive Board Member | 15,000 | 15,000 | 15,000 |
| **The Rt Hon. The Lord Hogan-Howe of Sheffield**<br>Non-Executive Board Member | 15,000 | 15,000 | 15,000 |

22 Appointed Government Lead Non-Executive Board member on 31 March 2022.
23 Restated – Michael Jary was appointed on 31st March 2022.
24 Appointed Cabinet Office Lead Non-Executive Board member on 1 February 2022.
Anand Aithal also claimed expenses of £2,550.49 in 2022-23 which is not included in the figure.

## 1.11 Pension benefits of ministers (audited)

| Ministers | Accrued pension at age 65 as at 31 March 2023 | Real increase in pension at age 65 | CETV at 31 March 2023 | CETV at 31 March 2022 | Real increase in CETV |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| The Rt Hon. Oliver Dowden CBE MP | 0 – 5 | 0 – 2.5 | 40 | 33 | 2 |
| The Rt Hon. Nadhim Zahawi MP | 0 – 5 | 0 – 2.5 | 21 | 18 | 2 |
| The Rt Hon. Kit Malthouse MP | 0 – 5 | 0 – 2.5 | 41 | 37 | 2 |
| The Rt Hon. Steve Barclay MP | 5 – 10 | 0 – 2.5 | 66 | 59 | 2 |
| The Rt Hon. Sir Alok Sharma KCMG MP | 5 – 10 | 0 – 2.5 | 87 | 71 | 6 |
| The Rt Hon. Jeremy Quin MP | 0 – 5 | 0 – 2.5 | 32 | 28 | 2 |
| The Rt Hon. Edward Argar MP | 0 – 5 | 0 – 2.5 | 20 | 19 | 0 |
| The Rt Hon. Michael Ellis KC MP | 0 – 5 | 0 – 2.5 | 64 | 58 | 2 |
| The Rt Hon. Penny Mordaunt MP – Leader of the House of Commons and Lord President of the Council | 5 – 10 | 0 – 2.5 | 94 | 78[25] | 5 |
| The Rt Hon. Mark Spencer MP | 0 – 5 | 0 – 2.5 | 40 | 35 | 2 |
| The Rt Hon. Sir Jacob Rees-Mogg MP – Leader of the House of Commons and Lord President of the Council[26] | - | - | - | - | - |
| The Rt Hon. Sir Jacob Rees-Mogg MP – Minister of State for Brexit Opportunities and Government Efficiency[26] | - | - | - | - | - |
| The Rt Hon. Johnny Mercer MP | 0 – 5 | 0 – 2.5 | 12 | 8 | 1 |
| The Rt Hon. Johnny Mercer MP | 0 – 5 | 0 – 2.5 | 9 | 7 | 0 |
| The Rt Hon. Sir Gavin Williamson CBE MP[27] | 5 – 10 | (2.5) – 0 | 69 | 67 | (7) |
| The Rt Hon. Nigel Adams MP | 0 – 5 | 0 – 2.5 | 29 | 24 | 2 |
| Alex Burghart MP | 0 – 5 | 0 – 2.5 | 6 | 4 | 1 |
| Brendan Clarke-Smith MP | 0 – 5 | 0 – 2.5 | 1 | 1 | 0 |
| Heather Wheeler MP | 0 – 5 | 0 – 2.5 | 45 | 43 | 1 |
| The Rt Hon. Baroness Evans of Bowes Park MBE PC | 30 – 35 | 0 – 2.5 | 359 | 336 | 4 |
| The Rt Hon. The Lord True CBE – Leader of the House of Lords and Lord Privy Seal | 5 – 10 | 0 – 2.5 | 127 | 90 | 25 |
| The Rt Hon. The Lord True CBE – Minister of State for the Cabinet Office | 5 – 10 | 0 – 2.5 | 90 | 74 | 12 |
| Peter Bone MP | 0 – 5 | 0 – 2.5 | 75 | 72 | 1 |

25 Restated, the Member accrued further pension benefits from ministerial service with another government department up to the point they rejoined the Cabinet Office on 6th September 2022 which are now reflected in the CETV figure.
26 The Minister opted not to be part of the pension scheme.
27 Member's increase over the period is less than the CPI indexation (10.1%), this has resulted in a negative real increase in pension and a negative real increase in CETV.

## 1.12 Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund. The scheme is made under statute and the rules of the Parliamentary Contributory Pension Fund (the Ministers' etc. Pension Scheme 2015). Further information can be found on the UK Parliament website.[28]

Those ministers who are members of Parliament may also accrue an MPs' pension under the Parliamentary Contributory Pension Fund (details of which are not included in this report). A new MPs' pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MPs' final salary pension scheme.

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

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

## 1.13 Ministers' cash equivalent transfer value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, an arrangement to secure pension benefits in another pension scheme or an arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme.

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

## 1.14 Real increase in the value of ministers' CETV

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

28 Full web address: https://www.parliament.uk/about/mps-and-lords/members/pay-mps/pension-fund/

## 1.15 Pension benefits of official board members (audited)

| Board members | Accrued pension at pension age as at 31 March 2023 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31 March 2023 | CETV at 31 March 2022 | Real increase in CETV | Employer contribution to partnership pension account |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | Nearest £100 |
| Simon Case CVO | 45 – 50 | 2.5 – 5 | 599 | 516 | 13 | - |
| Sir Alex Chisholm | 45 – 50 | 2.5 – 5 | 647 | 551 | 48 | - |
| Samantha Jones[29] | - | - | - | - | - | - |
| Sarah Harrison[30] | - | - | - | - | - | 21,400 |
| Dame Elizabeth Gardiner DCB KC (Hon) | 90 – 95 plus a lump sum of 175 – 180 | 0 – 2.5 plus a lump sum of 0 | 1,734 | 1,668 | (9)[31] | - |
| Richard Hornby | 20 – 25 | 2.5 – 5 | 302 | 245 | 33 | - |

## 1.16 Civil Service pensions

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

These statutory arrangements are unfunded, with the cost of benefits met by funds voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015.

Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch to alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2023 may be entitled to different pension benefits in relation to that period (and this may affect the CETVs shown in this report – see below).

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary

29 Samantha Jones left the scheme with less than two years of service, therefore there are no safeguarded benefits to disclose.
30 Sarah Harrison is not a member of the PCSPS and has a partnership pension account.
31 Member's increase over the period is less than the CPI indexation (10.1%), this has resulted in a negative real increase in pension and a negative real increase in CETV.

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

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on pensionable earnings during their period of scheme membership.

At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal and General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension that the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha. Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

## 1.17 Officials' cash equivalent transfer value (CETV)

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

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

## 1.18 Real increase in officials' CETV

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

## 1.19 Compensation for loss of office (audited)

The following severance payments were made under section 4 of chapter 5 of the Ministerial and Other Pensions and Salaries Act 1991 during the period 1 April 2022 to 31 March 2023. Further details about compensation for loss of office payments can be found at legislation.gov.uk. The figures displayed are a net total, following any amounts repaid.

| Ministers | Severance Payment (to nearest £) |
|---|---|
| The Rt Hon. Sir Alok Sharma KCMG MP | 16,876 |
| The Rt Hon. Nigel Adams MP | 7,920 |
| Brendan Clarke-Smith MP | 5,593 |
| Heather Wheeler MP | 5,593 |
| The Rt Hon. Johnny Mercer MP | 7,920 |
| The Rt Hon. Baroness Evans of Bowes Park MBE PC | 26,090 |
| Peter Bone MP | 5,593 |
| **Officials** | **Severance Payment** |
| Samantha Jones | 33,150 |

For the financial year 2021-22 the following ministerial severance payments were made.

| Ministers | Severance Payment (to nearest £) |
|---|---|
| The Rt Hon. The Lord Frost CMG | 26,090 |

# 2 Staff report

The following sections report on the departmental group and are subject to audit.

## 2.1 Staff costs (audited)

| £000 | Permanently employed staff | Others | Special advisers | Ministers | 2022-23 | 2021-22 |
|---|---|---|---|---|---|---|
| Wages, salaries and fees | 510,536[32] | - | 8,959 | 401 | 519,896 | 512,988 |
| Social security costs | 60,580 | 211 | 1,577 | 51 | 62,419 | 58,262 |
| Apprenticeship levy | 2,704 | - | - | - | 2,704 | 2,579 |
| Other pension costs | 117,454 | 31 | 2,416 | - | 119,901 | 120,020 |
| Untaken annual leave | (5,208) | - | - | - | (5,208) | (674) |
| Agency/temporary | - | 59,118 | - | - | 59,118 | 49,316 |
| Chairs' and commissioners' emoluments | 434 | - | - | - | 434 | 411 |
| Termination benefits | 1,550 | - | 2,942 | 76 | 4,568 | 272 |
| **Sub total** | **688,050** | **59,360** | **15,894** | **528** | **763,832** | **743,174** |
| Inward secondments | - | 8,034 | - | - | 8,034 | 13,500 |
| **Total** | **688,050** | **67,394** | **15,894** | **528** | **771,866** | **756,674** |
| Less: recoveries in respect of outward secondments | - | (3,320) | - | - | (3,320) | (3,316) |
| **Total staff costs** | **688,050** | **64,074** | **15,894** | **528** | **768,546** | **753,358** |
| Staff engaged on capital projects | (22,036) | (6,325) | - | - | (28,361) | (17,563) |
| **Total net staff costs** | **666,014** | **57,749** | **15,894** | **528** | **740,185** | **735,795** |

Special Advisers are temporary civil servants. For efficiency, the administration of staff costs for all Special Advisers is managed by the Cabinet Office, with corresponding budget cover transfers. Therefore, these figures include costs relating to Special Advisers working in all government departments for the 2022/2023 financial year. Special Advisers remain employed by the respective departments of their appointing minister.

During the year, costs of £119,901,266 were incurred in respect of pensions (2021-22: £120,019,834). Of this amount, £112,459,828 (2021-22: £114,222,994) was borne by the core department, £4,673,637 (2021-22: £3,411,138) was borne by the Government Property Agency (GPA), £2,482,459 (2021-22: £2,133,579) was borne by the Equality and Human Rights Commission (EHRC), £252,589 (2021-22: £223,980) was borne by the Civil Service Commission, and £32,753 (2021-22: £28,143) was borne by the Registrar of Consultant Lobbyists.

32 Includes an accrued sum of £1,263,652 in relation to redundancies which were not allocated to particular members of staff. This figure is not included in note 2.2. Reporting of Civil Service and other compensation schemes – exit packages, below.

The PCSPS and the Civil Servants and Others Pension Scheme (known as 'alpha') are unfunded multi-employer defined benefit schemes. The Cabinet Office is unable to identify its share of the two schemes' underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016. More information about this and the assets and liabilities of both schemes can be found in the Civil Superannuation accounts, which are prepared by the Cabinet Office and published on the Civil Service Pension website.[33]

For the period 1 April 2022 to 31 March 2023, employers' contributions of £113,672,677 were payable to the PCSPS (2021-22: £113,957,953) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The scheme actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires, and not the benefits paid to existing pensioners during this period.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. During the period 1 April 2022 to 31 March 2023, employers' contributions of £1,007,993 (2021-22: £1,125,543) were paid to one or more of the panel of three appointed stakeholder pension providers.

Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £36,336 (2021-22: £39,065) – 0.5% of pensionable pay – were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2023 were £79,488 (31 March 2022: £117,572). Contributions prepaid as at the same date were £nil (31 March 2022: £nil). Special advisers' pension costs incurred during the period 1 April 2022 to 31 March 2023 were £2,294,849 (2021-22: £2,511,571).

Six individuals (2021-22: Three individuals) retired early on ill health grounds during the period 1 April 2022 to 31 March 2023; the resulting additional accrued pension liabilities amounted to £36,155 (2021-22: £424).

33 Full web address: www.civilservicepensionscheme.org.uk/about-us/resource-accounts.

## 2.2 Reporting of Civil Service and other compensation schemes – exit packages (audited)

**Permanently employed staff, special advisers and ministers**

The total cost of exit packages for permanently employed staff, special advisers and ministers is included in the staff costs table in note 2.1.

| | Departmental Group 2022-23 | | | Departmental Group 2021-22 | | |
|---|---|---|---|---|---|---|
| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| <£10,000 | - | 27 | 27 | - | 2 | 2 |
| £10,000 – £25,000 | - | 92 | 92 | - | 5 | 5 |
| £25,001 – £50,000 | - | 45 | 45 | - | 2 | 2 |
| £50,001 – £100,000 | - | 17 | 17 | - | - | - |
| £100,001 – £150,000 | - | 1 | 1 | - | 1 | 1 |
| £150,001 – £200,000 | - | - | - | - | - | - |
| £200,001 – £250,000 | - | - | - | - | - | - |
| £250,001 – £300,000 | - | - | - | - | - | - |
| **Total number of exit packages** | **-** | **182** | **182** | **-** | **10** | **10** |
| **Total cost (£)** | **-** | **4,444,703**[34] | **4,444,703** | **-** | **272,006** | **272,006** |

Figures in the table relate to the whole departmental group. All individuals paid relate to the Core department and agency except for one individual who was paid from the wider departmental group (£100,001-£150,000).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2022-23 (2021-22 comparative figures are also given).

Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. In cases where the employee has accepted the offer made by the department, the cost of termination benefit is accrued within wages, salaries and fees.

During 2022-23 there were five members of staff that left the department due to early retirement.

Under the terms of Section 4 of the Ministerial and Other Pensions and Salaries Act 1991, ministers who cease to hold office are entitled to receive a statutory payment equivalent to one quarter of their annual salary.

34 Includes one Special Severance Payment in relation to observing a waiting period before taking up an external role. This payment is not included against Termination benefits in note 2.1. Staff costs but are included as special payments in Note 4 to the Financial Statements.

In line with the Constitutional Reform and Governance Act 2010 and the Model Contract for Special Advisers, a Special Adviser's appointment automatically ends when their appointing minister leaves office, or on a change of administration. Special Advisers are not entitled to a notice period but receive contractual termination benefits to compensate for this.

Termination benefits are based on length of service and capped at six months' salary. If a Special Adviser returns to work for government following the receipt of a severance payment, the payment is required to be repaid, less a deduction in lieu of wages for the period until their return.

These figures show the cost of the termination benefits paid, less the amount that has been repaid to government in instances where Special Advisers have been reappointed. The figure in table 2.1 represents 144 separate termination benefits to Special Advisers (less any repayment), totalling £2,942,909.

## 2.3 Average number of persons employed (audited)

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

| | Permanently employed staff | Commissioners | Others | 2022-23 total | 2021-22 total |
|---|---|---|---|---|---|
| Core department | 9,281 | - | 435 | 9,716 | 9,869 |
| GPA | 339 | - | 57 | 396 | 248 |
| Arm's length bodies | 232 | 11 | 5 | 248 | 232 |
| Staff engaged on capital projects | 36 | - | - | 36 | 186 |
| **Total** | **9,888** | **11** | **497** | **10,396** | **10,535** |
| Of which: | | | | | |
| Core department and agency | 9,656 | - | 492 | 10,148 | 10,303 |
| Other designated bodies | 232 | 11 | 5 | 248 | 232 |
| **Total** | **9,888** | **11** | **497** | **10,396** | **10,535** |

Headcount in the table above has been prepared on a basis which is compliant with the requirements of the Office for National Statistics. This excludes fee-paid staff and non-departmental employees.

Staff turnover in 2022-23 was 28.2% (2021-22: 23.7%) (unaudited).

## 2.4 Ministers and special advisers

The table below shows the number of ministers and special advisers within the Cabinet Office as at 31 March 2023.

| Grade | 2022-23 | 2021-22 |
|---|---|---|
| Ministers[35] | 13 | 15 |
| Special advisers[36] | 51 | 53 |

This figure includes Special Advisers who work within the Cabinet Office departmental boundary (i.e. Cabinet Office, No.10 and the offices of the Leaders of the Houses). It does not include Special Advisers within other government departments.

## 2.5 Senior civil servants

The table below shows the number of Senior Civil Service (SCS) staff employed by the Cabinet Office as at 31 March 2023.

The total includes 52 staff (2021-22: 51) in SCS equivalent grades within the Office of the Parliamentary Counsel. The equivalent grades are: Parliamentary Counsel (SCS 3), Deputy Parliamentary Counsel (SCS 2) and Senior Assistant Parliamentary Counsel (SCS 1).

| Grade | 2022-23 | 2021-22 |
|---|---|---|
| Permanent Secretary | 5 | 5 |
| SCS 3 | 25 | 34 |
| SCS 2 | 100 | 127 |
| SCS 1 | 317 | 391 |
| **Total** | **447** | **557** |

The decrease in 110 SCS since 2021-22 is principally a consequence of a general decrease in the size of the department. In particular, 70 SCS in Government Commercial Services, 22 in the COVID-19 Taskforce and 15 SCS in COP Presidency. SCS numbers are 4.5% of the total workforce.

35 Includes all ministers working on behalf of the Cabinet Office even if unpaid or remunerated by another department. Four ministers are unpaid and three are paid by another department.

36 This figure includes special advisers who work within the Cabinet Office departmental boundary (i.e. special advisers appointed to the Prime Minister, the Chancellor of the Duchy of Lancaster, the Leader of the House of Lords, the Lord President and Leader of the House of Commons, the Minister Without Portfolio and the Parliamentary Secretary to the Treasury (Chief Whip). It does not include special advisers within other government departments.

## 2.6 Staff composition

The below tables provide a breakdown, by gender, of all the staff who have worked for the Cabinet Office during the period 1 April 2022 to 31 March 2023.

| | | Men | | Women | | Total |
|---|---|---|---|---|---|---|
| **Number** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** |
| Official board members | 3 | 3 | 4 | 2 | 7 | 5 |
| Senior civil servants | 286 | 348 | 240 | 296 | 526 | 644 |
| **All staff** | **5,781** | **6,001** | **6,606** | **6,853** | **12,387** | **12,845** |

| | | Men | | Women |
|---|---|---|---|---|
| **%** | **2022-23** | **2021-22** | **2022-23** | **2021-22** |
| Official board members | 42.9 | 60.0 | 57.1 | 40.0 |
| Senior civil servants | 54.4 | 54.0 | 45.6 | 46.0 |
| **All staff** | **46.7** | **46.7** | **53.3** | **53.3** |

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

### 2.7.1

Temporary off-payroll appointments of at least six months' duration as at 31 March 2023, earning at least £245 per day.

| 2022-23 Number | Core department | Executive agency | Arm's length bodies | Departmental group |
|---|---|---|---|---|
| Existing payroll engagements as at 31 March 2023 | 688 | 30 | - | 718 |
| Of which, engagements that have existed at time of reporting for: | | | | |
| Less than one year | 266 | 15 | - | 281 |
| Between one and two years | 140 | 15 | - | 155 |
| Between two and three years | 72 | - | - | 72 |
| Between three and four years | 57 | - | - | 57 |
| Four or more years | 153 | - | - | 153 |

### 2.7.2[37]

Temporary off-payroll appointments engaged at any point during the year ended 31 March 2023 and earning at least £245 per day.

| 2022-23 Number | Core department | Executive agency | Arm's length bodies | Departmental group |
|---|---|---|---|---|
| Temporary off-payroll workers engaged during the year ended 31 March 2023 | 290 | 98 | 10 | 398 |
| Of which: | | | | |
| Not subject to off-payroll legislation | - | - | - | - |
| Subject to off-payroll legislation and assessed as in-scope of IR35 | 186 | 97 | 10 | 293 |
| Subject to off-payroll legislation and assessed as out-of-scope of IR35 | 104 | 1 | - | 105 |
| Engagements reassessed for compliance or assurance purposes during the year | - | - | - | - |
| Of which: engagements that saw a change to IR35 status following review | - | - | - | - |
| No. of engagements where the status was disputed under provisions in the off-payroll legislation | - | - | - | - |
| Of which: engagements that saw a change to IR35 status following review | - | - | - | - |

### 2.7.3

Off-payroll engagements of board members or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023.

| 2022-23 Number | Core department | Executive agency | Arm's length bodies | Departmental group |
|---|---|---|---|---|
| Off-payroll engagements of board members or senior officials with significant financial responsibility during the financial year | - | 1[38] | 0 | 1 |
| Total individuals on payroll and off payroll who have been deemed 'board members or senior officials with significant financial responsibility' during the financial year | 35 | 9 | 21 | 65 |

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

38 An agency worker was appointed as Acting CFO of the Government Property Agency whilst permanent recruitment to the position took place.

## 2.8 Staff loans

The table below shows the number of staff loans at 31 March 2023.

| Staff loaned in by grade | Headcount | Staff loaned out by grade | Headcount |
|---|---|---|---|
| Permanent Secretary | 1 | Permanent Secretary | - |
| Special Adviser | 1 | Special Adviser | - |
| SCS 3 | 3 | SCS 3 | - |
| SCS 2 | 12 | SCS 2 | 3 |
| SCS 1 | 86 | SCS 1 | 8 |
| Band 6 | 60 | Band 6 | 12 |
| Band 7 | 73 | Band 7 | 44 |
| Band SEO | 27 | Band SEO | 13 |
| Band HEO | 23 | Band HEO | 12 |
| Band EO | 8 | Band EO | 4 |
| Band AO | 1 | Band AO | - |
| **Total staff loaned in by grade** | **295** | **Total staff loaned out by grade** | **96** |

## 2.9 Sickness and absence

The sickness absence figure for the rolling 12 months to 31 March 2023 stands at 3.57 (3.30 for the rolling 12 months to 31 March 2022) average working days lost per member of staff.

## 2.10 Monitoring spending on consultancy and temporary staff

Professional services external resources can generally be split into two categories. Temporary staff includes temporary workers, interim managers and specialist contractors who are used to cover business-as-usual or service delivery activities within an organisation. Consultancy includes staff who provide objective advice relating to strategy, structure, management or operations of an organisation, and may include the identification of options with recommendations. Consultancy services and temporary staff are procured as required, and costs can therefore fluctuate depending on the needs of the department.

Expenditure on consultancy reduced from £29.409 million in 2021-22 to £21.331 million in 2022-23. This is mostly attributable to the use of expert advice and consultancy in the response to the COVID-19 pandemic in 2021-22 which was not required in 2022-23, in addition to discontinuing consultancy advice in other areas that were no longer required. Of the total, £1.321 million related to the GPA (2021-22: £0.790 million) and £nil to arm's length bodies (2021-22: £nil).

Expenditure on temporary staff increased from £49.316 million in 2021-22 to £59.138 million in 2022-23 due to recruitment constraints on filling permanent vacancies. Recruitment controls were implemented to ensure that all planned recruitment supported the strategic direction of the department and fulfilled a genuine business need. Of the total, £9.820 million related to the GPA (2021-22: £5.359 million) and £0.373 million to arm's length bodies (2021-22: £0.253 million).

## 2.11 Diversity and inclusion

The Cabinet Office has the highest proportion of SCS staff with disabilities across Whitehall (11.6%), which is well above the Civil Service average of 7.2%.

The proportion of Cabinet Office SCS staff who identify as being from an ethnic minority background is 9%, which is above the Civil Service average of 8.6%.

Women make up 45.5% of the SCS. This is below the Civil Service average of 48.5%.

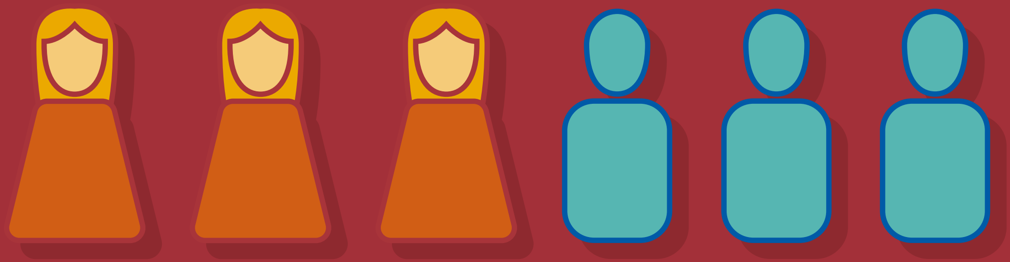
Across all grades, disabled staff make up 14.9% of the workforce, which is an increase of 1.1% since last year. Staff from ethnic minority backgrounds make up 18.0% of the total workforce , which is a decrease of 0.5% since last year, and women now make up 53.4% of the total workforce, which is a decrease of 0.5% since last year.

Civil Service Statistics presents detailed information on the Civil Service workforce as at 31 March 2021 – gov.uk/government/publications/civil-service-diversity-inclusion-dashboard.

## 2.12 Employment, training and advancement of disabled persons

The Cabinet Office applies the Recruitment Principles of the Civil Service Commission, appointing candidates based on merit through fair and open competition. Recruitment and selection training is offered to all panel members that sit on Cabinet Office recruitment panels. The Cabinet Office is a Level 3 Disability Confident Leader and were reaccredited this in January 2021. The Disability Confident scheme (formerly known as the guaranteed interview scheme) encourages candidates with a disability to apply for the jobs it advertises. If a candidate declares a disability and meets the minimum standards required for a job, they are offered an interview.

## SCS female representation rate



this year
**45.5%**

Civil Service score
**48.5%**

last year
**46%**

## SCS ethnic minority representation rate

this year
**9%**

Civil Service score
**8.6%**

last year
**10.5%**

## SCS disability representation rate

this year
**11.6%**

Civil Service score
**7.2%**

last year
**10.5%**

## 2.13 Disability

The Cabinet Office is a member of the Business Disability Forum (BDF) which is a not-for-profit organisation that makes it easier and more rewarding to do business with and employ disabled people. Every member of staff can access the BDF Member Hub dashboard. This provides access to a wide range of member resources from a mental health toolkit, infographics, videos to best practice and legal case studies.

The Cabinet Office has an active disability network as well as a Director General Disability Champion who chairs the Cabinet Office Disability Action Group. The aim of this group is to discuss how the organisation can remove barriers in the workplace, including raising issues relating to the department's estate. To maintain and promote a diverse and inclusive workforce, the Cabinet Office actively promotes workplace adjustments to support any adaptations to the working environment required by any member of staff including those identifying with disabilities.

The Cabinet Office is also a member of PurpleSpace. PurpleSpace is the world's only networking and professional development hub for disabled employees, network and resource group leaders and allies from all sectors and trades. By being member of PurpleSpace the Cabinet Office benefits from supporting employee network and resource group leaders to build vibrant disability networks that help colleagues to bring their authentic selves to work.

Workplace adjustments are incorporated into the induction process for new members of staff. The Cabinet Office promotes a number of cross-government talent schemes to disabled staff. This includes Civil Service wide talent schemes such as Disability empowers leadership talent (DELTA). This is a bespoke offer introduced in 2019 and available to anyone who gains a place on the Future Leaders Scheme (FLS) and has a disability or long-term health condition. DELTA aims to improve collective visibility of high potential disabled civil servants at Grade 6/7 and accelerate their development in order to generate a more diverse and robust pipeline for senior roles. The structure and content of the programme will be shaped in collaboration with participants and will include workshops that aim to address leadership development in the context of disability-related barriers. The Senior Leaders Scheme (aimed at staff in Senior Civil Service pay band 1). It also promotes development schemes aimed specifically at disabled staff, including the Accelerate talent programme (for senior civil servants) and the Senior sponsorship scheme (for staff below the Senior Civil Service Grade 6 or Grade 7).

## 2.14 Health and safety

The Cabinet Office recognises its obligations under the Health and Safety at Work etc. Act 1974, for ensuring, so far as is reasonably practicable, the health, safety and welfare of its employees and others that may be affected by its operations and/or activities. Ten accidents were reported of which one was reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

## 2.15 Trade union facility time

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

| | 2022-23 | 2021-22 |
|---|---|---|
| Number of employees who were relevant union officials during the relevant period | 34 | 25 |
| Full-time equivalent employee number, of which: | 33.38 | 24 |
| Percentage of time spent on trade union activities – 0% | - | - |
| Percentage of time spent on trade union activities – between 1% and 50% | 33 | 24 |
| Percentage of time spent on trade union activities – between 51% and 99% | - | - |
| Percentage of time spent on trade union activities – 100% | - | - |
| Total time spent (hours) | 1,973 | 2,578 |
| Total cost of facility time (£000) | 40 | 50 |
| Total pay bill (£000) | 682,559 | 546,360 |
| The percentage of the total pay bill spent on facility time (%) | 0.01 | 0.01 |

# 3 Statement of outturn against parliamentary supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual requires the department to prepare a statement of outturn against parliamentary supply (SOPS) and supporting notes to show resource and capital outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

The SOPS and related notes are subject to audit, as detailed in the certificate and report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against its supply estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund) that Parliament gives statutory authority for entities to utilise. The estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by its Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimate, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn.

The SOPS contains a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent), and administration.

The supporting notes detail the following:

- outturn by estimate line, providing a more detailed breakdown (SOPS 1)
- a reconciliation of outturn to net operating expenditure in the consolidated statement of comprehensive net expenditure (CSoCNE), to tie the SOPS to the financial statements (SOPS 2)
- a reconciliation of outturn to net cash requirement (SOPS 3)
- an analysis of income payable to the Consolidated Fund (SOPS 4)

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of the key terms is provided in the Financial Review section of the Performance Report. Further information on the Public Spending Framework and the reasons why the budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV.UK

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The Statement of Outturn against Parliamentary Supply commentary provides a summarised discussion of outturn against estimate.

## Differences between SOPS and the Financial Statements

### Administration and Programme Expenditure and Income

The classification of expenditure and income as administration or as programme follows the definitions set out in the Consolidated Budgeting Guidance issued by HM Treasury. Under the HM Treasury Simplifying and Streamlining Accounts project, this split is no longer required in the primary statements. Administration expenditure reflects the costs of running the department and those ALBs allocated an administration budget in the Spending Round. Some categories of ALBs do not have an administration budget allocation, and they therefore report only programme costs. Programme costs reflect non-administration expenditure, and include payments of grants and expenditure on ALBs objectives.

### Dividend Income

Dividends received by the department in relation to its investments in associates are not recognised as income in the Financial Statements, instead it is treated as a reduction in our investment within the Consolidated Statement of Financial Position (CSOFP) The increase/decrease in the net assets of the associates is then recognised as Finance income on the face of the Consolidated Statement of Net Expenditure (CSOCNE). However, in the SOPS dividends are treated as income and increase/decrease in net assets is ignored entirely.

### Non-recyclable loan repayments

Loan repayments which are not being recycled as sustainable grants are recognised as income in the Statement of Outturn against Parliamentary Supply but continue to be recognised as loan repayments in the Financial Accounts.

### UK members of the European Parliament pensions

Pension expenditure for former UK members of the European Parliament is recognised in the SOPS but the actual cash payments are made by HM Treasury and therefore they are not recognised in the Financial Statements.

## Summary of resource and capital outturn 2022-23

| £000 | | | | | | | | | | | 2022-23 | 2021-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Outturn | | | Estimate | | | Outturn vs estimate: saving / (excess) | | Outturn |
| | SOPS note | Voted | Non-voted | Total | Voted | Non-voted | Total | Voted | Non-voted | Total | | Total |
| **Departmental expenditure limit (DEL)** | | | | | | | | | | | | |
| Resource | 1.1 | 815,117 | 2,120 | 817,237 | 977,104 | 2,300 | 979,404 | 161,987 | 180 | 162,167 | | 1,239,405 |
| Capital | 1.2 | 422,815 | - | 422,815 | 794,853 | - | 794,853 | 372,038 | - | 372,038 | | 271,670 |
| **Total DEL** | | **1,237,932** | **2,120** | **1,240,052** | **1,771,957** | **2,300** | **1,774,257** | **534,025** | **180** | **534,205** | | **1,511,075** |
| **Annually managed expenditure (AME)** | | | | | | | | | | | | |
| Resource | 1.1 | 54,494 | - | 54,494 | 271,419 | - | 271,419 | 216,925 | - | 216,925 | | 73,438 |
| Capital | 1.2 | - | - | - | 13,947 | - | 13,947 | 13,947 | - | 13,947 | | 369,867 |
| **Total AME** | | **54,494** | **-** | **54,494** | **285,366** | **-** | **285,366** | **230,872** | **-** | **230,872** | | **73,438** |
| **Total budget** | | | | | | | | | | | | |
| Total resource | | 869,611 | 2,120 | 871,731 | 1,248,523 | 2,300 | 1,250,823 | 378,912 | 180 | 379,092 | | 1,312,843 |
| Total capital | | 422,815 | - | 422,815 | 808,800 | - | 808,800 | 385,985 | - | 385,985 | | 271,670 |
| **Total budget expenditure** | | **1,292,426** | **2,120** | **1,294,546** | **2,057,323** | **2,300** | **2,059,623** | **764,897** | **180** | **765,077** | | **1,584,513** |
| **Non-budget expenditure** | | | | | | | | | | | | |
| Total resource | | - | - | - | - | - | - | - | - | - | | - |
| **Total non-budget expenditure** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | | **-** |
| **Total departmental expenditure** | | **1,292,426** | **2,120** | **1,294,546** | **2,057,323** | **2,300** | **2,059,623** | **764,897** | **180** | **765,077** | | **1,584,513** |

Figures outlined in thick borders cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on GOV.UK, for detail on the control limits voted by Parliament.

### Net cash requirement 2022-23

| £000 | | 2022-23 | | | 2021-22 |
|---|---|---|---|---|---|
| | SOPS Note | Outturn | Estimate | Outturn compared with estimate: saving / (excess) | Outturn |
| Net cash requirement | 3 | 1,188,911 | 1,247,731 | 58,820 | 1,387,012 |

### Administration costs 2022-23

| £000 | | 2022-23 | | | 2021-22 |
|---|---|---|---|---|---|
| | SOPS Note | Outturn | Estimate | Outturn compared with estimate: saving / (excess) | Outturn |
| Administration costs | 1.1 | 430,752 | 498,870 | 68,118 | 606,305 |

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between estimate and outturn are given in notes SOPS 1 and SOPS 3.

Notes SOPS 1 to SOPS 4 form part of these accounts.

# Notes to the statement of outturn against parliamentary supply

## SOPS 1 Outturn detail by estimate line

### SOPS 1.1 Analysis of resource outturn by estimate line

| £000 | | | | | | | | | | | 2022-23 | 2021-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Outturn | | | | | | | Estimate | | | | Restated Outturn[39] |
| | Administration | | | Programme | | | | | | | | |
| Spending in departmental expenditure limit (DEL) | Gross | Income | Net | Gross | Income | Net | Net total | Total estimate | Virements | Total estimate including virements | Outturn vs estimate: saving / (excess) | Net total |
| **Voted DEL** | | | | | | | | | | | | |
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | 3,538 | - | 3,538 | 22,267 | (193) | 22,074 | 25,612 | 31,737 | (1,585) | 30,152 | 4,540 | 55,860 |
| **B:** Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 30,484 | (3,000) | 27,484 | 120,118 | (84,363) | 35,755 | 63,239 | 45,196 | 20,835 | 66,031 | 2,792 | 37,617 |
| **C:** Advance equality of opportunity across the UK | 8,419 | (151) | 8,268 | 7,119 | - | 7,119 | 15,387 | 13,415 | 6,763 | 20,178 | 4,791 | 16,703 |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 582,382 | (374,511) | 207,871 | 283,840 | (78,931) | 204,409 | 412,280 | 416,850 | 64,883 | 481,733 | 69,453 | 511,350 |

39 The 2021-22 values have been re-mapped to the new departmental objectives for 2022-23.

| £000 | | | | | | | | | | | 2022-23 | 2021-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Outturn | | | | | | | Estimate | | | | Restated Outturn[39] |
| | Administration | | | Programme | | | | | | | | |
| Spending in departmental expenditure limit (DEL) | Gross | Income | Net | Gross | Income | Net | Net total | Total estimate | Virements | Total estimate including virements | Outturn vs estimate: saving / (excess) | Net total |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 128,928 | (13,322) | 115,606 | 109,391 | (439) | 108,952 | 224,558 | 353,849 | (95,763) | 258,086 | 33,528 | 568,190 |
| **F:** Executive agency – Government Property Agency | 529,519 | (476,566) | 52,953 | - | - | - | 52,953 | 98,200 | 1,580 | 99,780 | 46,827 | 27,992 |
| **G:** ALBs (net) | 15,032 | - | 15,032 | 6,056 | - | 6,056 | 21,088 | 17,857 | 3,287 | 21,144 | 56 | 19,532 |
| **Total voted** | **1,298,302** | **(867,550)** | **430,752** | **548,291** | **(163,926)** | **384,365** | **815,117** | **977,104** | **-** | **977,104** | **161,987** | **1,237,244** |
| **Non-voted DEL** | | | | | | | | | | | | |
| **H:** UK members of the European Parliament | - | - | - | 2,120 | - | 2,120 | 2,120 | 2,300 | - | 2,300 | 180 | 2,161 |
| **Total non-voted** | **-** | **-** | **-** | **2,120** | **-** | **2,120** | **2,120** | **2,300** | **-** | **2,300** | **180** | **2,161** |
| **Total DEL** | **1,298,302** | **(867,550)** | **430,752** | **550,411** | **(163,926)** | **386,485** | **817,237** | **979,404** | **-** | **979,404** | **162,167** | **1,239,405** |
| **Annually managed expenditure (AME)** | | | | | | | | | | | | |
| **I:** Cabinet Office AME | - | - | - | (1,339) | - | (1,339) | (1,339) | 15,466 | - | 15,466 | 16,805 | (3,537) |
| **J:** Government Property Agency AME | - | - | - | 55,833 | - | 55,833 | 55,833 | 255,953 | - | 255,953 | 200,120 | 76,975 |
| **Total AME** | **-** | **-** | **-** | **54,494** | **-** | **54,494** | **54,494** | **271,419** | **-** | **271,419** | **216,925** | **73,438** |
| **Total resource** | **1,298,302** | **(867,550)** | **430,752** | **604,905** | **(163,926)** | **440,979** | **871,731** | **1,250,823** | **-** | **1,250,823** | **379,092** | **1,312,843** |

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on GOV.UK. The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

## Explanations of variances between estimate and 2022-23 resource outturn before adjustment for virements

| Estimate sub-heading | 2022-23 Outturn | 2022-23 Estimate | Variance | Explanation |
|---|---|---|---|---|
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | 25,612 | 31,737 | 6,125 | This underspend is largely attributed to lower spend on EU Exit communications and other costs. |
| **B:** Secure a safe, prosperous and resilient UK by co-ordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 63,239 | 45,196 | (18,043) | This overspend is largely attributed to increased spending on GDS digital programmes and national security systems. |
| **C:** Advance equality of opportunity across the UK | 15,387 | 13,415 | (1,972) | This overspend was driven by a higher spend in support of work on Equalities. |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 412,280 | 416,850 | 4,570 | There was a reclassification of activity from category D to category E during 2022-23 of £203m. The underlying underspend of £212m was largely attributed to general pay underspends and lower depreciation costs. |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 224,558 | 353,849 | 129,291 | There was a reclassification of activity from category D to category E during 2022-23 of £203m. The underlying overspend of £73m is largely attributed to increased civil contingency, levelling up and taskforce activity. |
| **F:** Executive agency – Government Property Agency | 52,953 | 98,200 | 45,257 | This underspend is largely attributed to lower spend on property development within the Hubs Programme. |
| **G:** ALBs (net) | 21,088 | 17,857 | (3,231) | This overspend was largely attributed to increased spend on legislative work within the Equality and Human Rights Commission. |
| **H:** UK members of the European Parliament | 2,120 | 2,300 | 180 | |
| **I:** Cabinet Office AME | (1,339) | 15,466 | 16,805 | The Cabinet Office AME budget was underutilised due to an over forecast of the impact of IFRS 16 |
| **J:** Government Property Agency AME | 55,833 | 255,953 | 200,120 | GPA AME was underutilised due to an over forecast of the impact of IFRS 16 |
| **Resource outturn against budget** | **871,731** | **1,250,823** | **379,092** | |

## Explanations of variances between 2022-23 and 2021-22 resource outturn

| Estimate sub-heading | 2022-23 Outturn | 2021-22 Outturn | Variance | Explanation |
|---|---|---|---|---|
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | 25,612 | 55,860 | 30,248 | The reduction in spend is largely attributed to the transfer of functions out of the Cabinet Office in 2022-23. |
| **B:** Secure a safe, prosperous and resilient UK by co-ordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 63,239 | 37,617 | (25,622) | The increase in spend is largely attributed to increased expenditure on National Security IT programmes. |
| **C:** Advance equality of opportunity across the UK | 15,387 | 16,703 | 1,316 | The reduction in spend is due to a delay in delivery of Ministerial priorities. |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 412,280 | 511,350 | 99,070 | There was a reclassification of activity from category D to category E of £203m in 2022-23. The underlying underspend of £306m was largely attributed to the reduction in Covid related activity in 2022-23. |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 224,558 | 568,190 | 343,632 | There was a reclassification of activity from category D to category E of £203m in 2022-23. The underlying underspend of £141m is largely attributed to completion of one-off events such as the Conference of Parties and G7 Summit in 2021-22. |
| **F:** Executive agency – Government Property Agency | 52,953 | 27,992 | (24,961) | The increase in spend is largely attributed to the implementation of lease accounting treatment (IFRS16) in April 2023. |
| **G:** ALBs (net) | 21,088 | 19,532 | (1,556) | The increase in spend is largely attributed to increased Equality and Human Rights Commission programme activity. |
| **H:** UK members of the European Parliament | 2,120 | 2,161 | 41 | |
| **I:** Cabinet Office AME | (1,339) | (3,537) | (2,198) | |
| **J:** Government Property Agency AME | 55,833 | 76,975 | 21,142 | |
| **Total** | **871,731** | **1,312,843** | **441,112** | |

## SOPS 1.2 Analysis of net capital outturn by estimate line

| £000 | | | | | | | 2022-23 | 2021-22 |
|---|---|---|---|---|---|---|---|---|
| | Outturn | | | Estimate | | | | Restated Outturn[40] |
| Spending in departmental expenditure limit (DEL) | Gross | Income | Net total | Total estimate | Virements | Total estimate including virements | Outturn vs estimate saving / (excess) | Net total |
| **Voted DEL** | | | | | | | | |
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | - | - | - | 285 | - | 285 | 285 | - |
| **B:** Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 26,219 | - | 26,219 | 29,165 | - | 29,165 | 2,946 | 20,236 |
| **C:** Advance equality of opportunity across the UK | - | - | - | - | - | - | - | - |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 189,537 | - | 189,537 | 71,888 | 117,649 | 189,537 | - | 143,419 |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 2,212 | (6) | 2,206 | 144,278 | (119,285) | 24,993 | 22,787 | 5,768 |
| **F:** Executive agency – Government Property Agency | 721,179 | (517,026) | 204,153 | 548,650 | - | 548,650 | 344,497 | 101,757 |
| **G:** ALBs (net) | 700 | - | 700 | 587 | 1,636 | 2,223 | 1,523 | 490 |
| **Total voted** | **939,847** | **(571,032)** | **422,815** | **794,853** | **-** | **794,853** | **372,038** | **271,670** |
| **Annually managed expenditure (AME)** | | | | | | | | |
| **J:** Government Property Agency AME | - | - | - | 13,947 | - | 13,947 | 13,947 | - |
| **Total AME** | **-** | **-** | **-** | **13,947** | **-** | **13,947** | **13,947** | **-** |
| **Total capital** | **939,847** | **(571,032)** | **422,815** | **808,800** | **-** | **808,800** | **385,985** | **271,670** |

40 The 2021-22 values have been re-mapped to the new departmental objectives for 2022-23.

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk. The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

### Explanations of variances between estimate and 2022-23 capital outturn before adjustment for virements

| Estimate sub-heading | 2022-23 Outturn | 2022-23 Estimate | Variance | Explanation |
|---|---|---|---|---|
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | - | 285 | 285 | |
| **B:** Secure a safe, prosperous and resilient UK by co-ordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 26,219 | 29,165 | 2,946 | This underspend is largely attributed to reduced spend on national security IT systems and infrastructure. |
| **C:** Advance equality of opportunity across the UK | - | - | - | |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 189,537 | 71,888 | (117,649) | There was a reclassification of activity from category D to category E of £132m during 2022-23. The underlying underspend of £14m is largely attributed to reduced spending on digital projects. |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 2,206 | 144,278 | 142,072 | There was a reclassification of activity from category D to category E of £132m during 2022-23. The underlying underspend of £10m is reduced spending on a number of projects. |
| **F:** Executive agency – Government Property Agency | 204,153 | 548,650 | 344,497 | This underspend is largely attributed to the changes in the treatment of leases under IFRS16. |
| **G:** ALBs (net) | 700 | 587 | (113) | |
| **I:** Cabinet Office AME | - | - | - | |
| **J:** Government Property Agency AME | - | 13,947 | 13,947 | |
| **Total** | **422,815** | **808,800** | **385,985** | |

## Explanations of variances between 2022-23 and 2021-22 capital outturn

| Estimate sub-heading | 2022-23 Outturn | 2021-22 Outturn | Variance | Explanation |
|---|---|---|---|---|
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | - | - | - | |
| **B:** Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 26,219 | 20,236 | (5,983) | The increase in spend was largely attributed to an increase in National Security spend on secure IT systems and infrastructure. |
| **C:** Advance equality of opportunity across the UK | - | - | - | |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 189,537 | 143,419 | (46,118) | This increase in spend is largely attributed to projects relating to digital programmes. |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 2,206 | 5,768 | 3,562 | The reduction in spend is largely attributed to reduced spending on a number of capital projects. |
| **F:** Executive agency – Government Property Agency | 204,153 | 101,757 | (102,396) | The increase in spend is largely attributed to delivering the department's Hub programme. |
| **G:** ALBs (net) | 700 | 490 | (210) | This overspend was largely attributed to increased Equality and Human Rights Commission activity. |
| **I:** Cabinet Office AME | - | - | - | |
| **J:** Government Property Agency AME | - | - | - | |
| **Total** | **422,815** | **271,670** | **(151,145)** | |

# SOPS 2 Reconciliation of net outturn

## SOPS 2.1 Reconciliation of net resource outturn to net operating expenditure

As noted in the introduction to the SOPS above, outturn and the estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

| £000 | | | 2022-23 | 2021-22 |
|---|---|---|---|---|
| | Note | Outturn | Estimate | Outturn |
| Budget | | 871,731 | 1,250,823 | 1,312,843 |
| **Total resource outturn in the SOPS** | SOPS 1.1 | **871,731** | **1,250,823** | **1,312,843** |
| **Add items in CSoCNE and not in SOPS:** | | | | |
| GPA non-budget PFI liability expenditure | 21 | - | - | 500,757 |
| Geospatial data (capital under ESA10 definition)[41] | 4 | 122,302 | 108,868 | 118,844 |
| Fair value (gain) / loss on financial assets – associate put options (non-cash) | 11.1, 11.2 | 567 | - | 24,104 |
| Elimination adjustment[42] | | (2,954) | - | 4,889 |
| Capital grants | 4 | 8,306 | - | 3,851 |
| Interest income on shareholder loan | 5 | - | - | (184) |
| Income from minor disposals – payable to the Consolidated Fund | 5, SOPS 4 | (53) | - | (235) |
| GPA lease incentive receipt | | - | - | (785) |
| Share of associates' profit | 10 | (8,719) | - | (7,230) |
| Interest income on deferred consideration | 5 | - | - | (7,258) |
| (Gain) / loss on disposal of shareholding in associate | 4, 10 | - | - | (148,405) |
| Capital grant income | 5 | (32,741) | - | (783,591) |
| **Less items in SOPS and not in CSoCNE:** | | | | |
| Shareholder loan | 10 | - | - | (25,970) |
| UK members of the European Parliament salaries and pension | SOPS 1.1 | (2,120) | - | (2,161) |
| Dividends received from associates | 10 | 4,128 | - | 42,372 |
| Non-budget Consolidated Fund extra receipts | | - | (7,447) | - |
| Local government loan repayments | | 2,488 | - | - |
| **Net expenditure in the CSoCNE** | CSoCNE | **962,935** | **1,352,244** | **1,031,841** |

41 Research and development costs have been classified to capital budgets under ESA 10 as set out in Consolidated Budgeting Guidance

42 Eliminations between the Cabinet Office and the GPA have been applied in the financial statements but removed from the SOPS, with HM Treasury agreement, in order to avoid eliminating across budgetary boundaries

## SOPS 2.2 Reconciliation of net capital outturn to the financial statements

| £000 | | | 2022-23 | 2021-22 |
|---|---|---|---|---|
| | Note | Outturn | Estimate | Outturn |
| **Total capital outturn in the SOPS** | SOPS 1.2 | **422,815** | **808,800** | **271,670** |
| **Financial statements:** | | | | |
| **Property, plant and equipment** | | | | |
| Additions | 6 | 231,758 | 699,932 | 136,849 |
| Donations | 6 | 6 | - | 9 |
| Disposals | 6 | - | - | (1) |
| Capital grant in kind transfers from other government departments | 6 | 30,422 | - | 774,905 |
| **Intangible assets** | | | | |
| Additions | 7 | 73,813 | - | 31,371 |
| Transfers to other government departments | 7 | - | - | (67) |
| **Right of Use Assets** | | | | |
| Additions | 20 | 473,362 | - | - |
| Disposals | 20 | (484,413) | - | - |
| **Capital grants** | | | | |
| Capital grant expenditure | 4 | 8,306 | - | 3,784 |
| Capital grant in kind expenditure | 4 | - | - | 67 |
| Capital grant income | 5 | (2,313) | - | (8,677) |
| Capital grant in kind income – transfers from other government departments | 5 | (30,428) | - | (774,914) |
| GPA capital grant income in respect of lease incentive | | - | - | (10,500) |
| Geospatial data (capital under ESA10 definition) | 4 | 122,302 | 108,868 | 118,844 |
| **Total capital outturn in the financial statements** | | **422,815** | **808,800** | **271,670** |

# SOPS 3 Reconciliation of net resource outturn to net cash requirement

As noted in the introduction to the SOPS above, outturn and the estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource outturn and capital outturn to the net cash requirement.

| £000 | | | | 2022-23 |
|---|---|---|---|---|
| | Note | Outturn | Estimate | Outturn vs estimate saving / (excess) |
| **Total resource outturn** | SOPS 1.1 | **871,731** | **1,250,823** | **379,092** |
| **Total capital outturn** | SOPS 1.2 | **422,815** | **808,800** | **385,985** |
| **Accruals to cash adjustments:** | | | | |
| **Adjustments to remove non-cash items:** | | | | |
| Depreciation | 4 | (68,446) | (470,226) | (401,780) |
| Depreciation – Right of Use Asset | 20 | (41,984) | | 41,984 |
| Amortisation | 4 | (15,602) | - | 15,602 |
| Impairment – property, plant and equipment | 4 | (1,307) | - | 1,307 |
| Impairment – Right of Use Asset | 20 | (94) | - | 94 |
| Impairment – trade receivables | 4 | 3,159 | - | (3,159) |
| Revaluation – property, plant and equipment | 4 | (58,542) | - | 58,542 |
| Write off – bad debt | 4 | (5) | - | 5 |
| Write off – intangible assets | 4 | (1,202) | - | 1,202 |
| New provisions and in-year adjustments | 4 | 964 | (30,142) | (31,106) |
| Audit fee ('other non cash items' in the estimate) | 4 | (1,080) | - | 1,080 |
| Local government loans – expected loss allowance | 4 | (38) | - | 38 |
| Notional expenditure – Digital Apprenticeship Service | 4 | (1,204) | - | 1,204 |
| Notional income – Digital Apprenticeship Service | 5 | 1,204 | - | (1,204) |
| Non-cash PFI adjustments | 5 | 19,950 | - | (19,950) |
| **Adjustments for arm's length bodies:** | | | | |
| Add cash grant-in-aid | | 21,290 | 19,190 | (2,100) |
| Remove voted resource and capital | | (21,675) | (18,463) | 3,212 |
| Add non-cash adjustment and working capital – EHRC | | 146 | - | (146) |
| Remove interest cost on pension scheme liabilities – EHRC | | (21) | - | 21 |
| **Adjustment to reflect movements in working balances:** | | | | |
| Increase / (decrease) in inventories | | (138) | - | 138 |
| Increase / (decrease) in trade receivables | | 11,161 | 257,000 | 245,839 |
| Increase / (decrease) in non-current receivables | | 543,136 | - | (543,136) |
| (Increase) / decrease in trade payables | | 146,337 | (566,951) | (713,288) |
| (Increase) / decrease in non-current payables | | (418,653) | - | (418,653) |
| Elimination adjustment | | (2,954) | - | 2,954 |
| Use of provisions | 16, 19 | 152 | - | (152) |

| £000 | | | | 2022-23 |
|---|---|---|---|---|
| | Note | Outturn | Estimate | Outturn vs estimate saving / (excess) |
| **Net total** | | **1,409,100** | **1,250,031** | **(159,069)** |
| **Removal of non-voted budget items:** | | | | |
| Amounts due to the Consolidated Fund receivable from disposals | | (220,561) | - | 220,561 |
| Salary and pension costs of the UK members of European Parliament ('Consolidated Fund Standing Services' in the estimate) | SOPS 2.1 | (2,120) | (2,300) | (180) |
| Local government loan repayments | SOPS 2.1 | 2,488 | - | (2,488) |
| **Registrar of Consultant Lobbyists** | | | | |
| Cash surrendered to the Consolidated Fund | 15, SOPS 4 | (219) | - | 219 |
| Cash surrenderable to the Consolidated Fund – registration fees | 15, SOPS 4 | 219 | - | (219) |
| Cash surrenderable to the Consolidated Fund – civil penalties | 15, SOPS 4 | 4 | - | (4) |
| **Net cash requirement** | | **1,188,911** | **1,247,731** | **58,820** |

The net cash requirement is under budget by £58.820 million due to the application of the IFRS16 Leases financial standard causing the movement in working capital to be lower than budgeted for, which has affected the net cash requirement for the year.

# SOPS 4 Amounts of income to the Consolidated Fund

In addition to income retained by the Cabinet Office, the following income is payable to the Consolidated Fund.

| £000 | | 2022-23 | 2022-23 | 2021-22 | 2021-22 |
|---|---|---|---|---|---|
| | Note | Accruals | Cash basis | Accruals | Cash basis |
| **Disposal of financial assets** | | | | | |
| Shareholding in AXELOS Limited | 10,15 | – | – | 200,907 | 200,907 |
| Shareholding in Behavioural Insights Limited | 10,14,15 | – | – | 6,600 | 6,600 |
| Shareholding in Integrated Debt Services Limited | 10,14,15 | – | – | 5,500 | 5,500 |
| **Disposal of non-financial assets** | | | | | |
| Sale of Sunningdale Park | 15 | – | 7,425 | – | 7,425 |
| Other minor disposals | | 53 | 53 | 235 | 235 |
| **Registrar of Consultant Lobbyists** | | | | | |
| Registration fees from consultant lobbyists | 5,15 | 221 | 221 | 216 | 216 |
| Civil penalties applied to consultant lobbyists – collected on behalf of Consolidated Fund | 15 | 4 | 4 | 4 | 4 |
| **EHRC CREPLAS** | | | | | |
| EHRC CREPLAS pension scheme winding up | | 4,681 | 4,681 | - | - |
| **Total amount payable to the Consolidated Fund** | | **4,959** | **12,384** | **213,462** | **220,887** |

## Income payable to the Consolidated Fund

### Disposal of shareholdings in associates

On 29 July 2021 the Cabinet Office sold its shareholding in AXELOS Limited for a consideration of £148.903 million. The amount surrenderable to the Consolidated Fund consists of the consideration received, the repayment of a shareholder loan and accompanying interest (£26.154 million) and settlement of deferred consideration for the sale of intellectual property (£25.850 million).

On 28 September 2021 the Cabinet Office sold its shareholding in Integrated Debt Services Limited for a consideration of £5.5 million.

On 10 December 2021 the Cabinet Office sold its shareholding in Behavioural Insights Limited for a consideration of £6.6 million.

### Disposal of Sunningdale Park

On 20 February 2020 the Cabinet Office sold Sunningdale Park, Berkshire for a consideration of £48.4 million. Of this, £26.125 million was received on completion. The balance of £22.275 million was deferred, with 3 equal instalments of £7.425 million due to be received on 1 March 2021, 1 March 2022 and 1 March 2023.

### Other minor disposals

The Cabinet Office received income from the sale of face coverings and face covering manufacturing machines from the COVID-19 face coverings programme. This is surrenderable to the Consolidated Fund by agreement between the Cabinet Office and HM Treasury. Cash receipts in 2022-23 amounted to £0.053 million (2021-22: £0.235 million).

### EHRC CREPLAS

Repayment of the remaining balance of the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) which was administered by the Equality and Human Rights Commission but has now been wound up.

### Registration fees from consultant lobbyists

The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 at part 1, section 22 'Charges' stipulates that the Registrar may impose charges for or in connection to the making, updating and maintenance of entries in the register. The Registrar must pay into the Consolidated Fund any sums received in respect of charges under this section.

Although cash is surrenderable to the Consolidated Fund, HM Treasury has approved a 'netting-off' arrangement that enables the body to spend the funding generated through the charges. This does not apply to civil penalties charged on consultant lobbyists. Cash receipts in 2022-23 amounted to £221,840 (2021-22: £215,518).

### Revenue collected on behalf of the Consolidated Fund

Civil penalties applied to consultant lobbyists – The Registrar of Consultant Lobbyists acts as a collecting agent of the Consolidated Fund in respect of civil penalties applied to consultant lobbyists. The amount collected in 2022-23 was £4,523 (2021-22: £3,675).

# 4 Parliamentary accountability disclosures

The parliamentary accountability disclosures are subject to audit, as detailed in the certificate and report of the Comptroller and Auditor General to the House of Commons.

The regularity of expenditure section reports losses and special payments. Regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and the principles set out in Managing Public Money. Disclosures on fees and charges, remote contingent liabilities and entities outside the departmental boundary are required by Managing Public Money.

## 4.1 Regularity of expenditure – losses and special payments (audited)

The CSoCNE includes losses, such as write offs of unrecoverable debts and fruitless payments. It also includes extra contractual special payments.

All losses and special payments shown in the table below are for the core department and executive agency.

| | 2022-23 | 2022-23 | 2021-22 | 2021-22 |
|---|---|---|---|---|
| | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Total value of losses (£000)** | **1,454** | **1,454** | **3,727** | **3,727** |
| **Total number of losses** | **47** | **47** | **157** | **157** |
| **Cash losses** | | | | |
| Value (£) | 27,238 | 27,238 | 310,592 | 310,592 |
| Number of cases | 7 | 7 | 127 | 127 |
| **Claims abandoned** | | | | |
| Value (£) | 1,201,595 | 1,201,595 | 3,078,561 | 3,078,561 |
| Number of cases | 1 | 1 | 5 | 5 |
| **Administrative write offs** | | | | |
| Value (£) | 2,146 | 2,146 | 8,559 | 8,559 |
| Number of cases | 4 | 4 | 9 | 9 |
| **Fruitless payments** | | | | |
| Value (£) | 58,279 | 58,279 | 343 | 343 |
| Number of cases | 18 | 18 | 3 | 3 |
| **Special payments** | | | | |
| Value (£) | 164,478 | 164,478 | 329,348 | 329,348 |
| Number of cases | 17 | 17 | 13 | 13 |

### Details of closed cases over £300,000

| £000 | 2022-23 |
|---|---|
| Cabinet Office – abandonment of an Office of Government Property intangible software development asset at the development stage | 1,202 |

## 4.2 Fees and charges (audited)

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

| £000 | | | 2022-23 | | | 2021-22 |
|---|---|---|---|---|---|---|
| **Departmental group** | **Service cost** | **Income received** | **Net deficit / (surplus)** | **Service cost** | **Income received** | **Net deficit / (surplus)** |
| Government Commercial Organisation | 146,279 | (145,218) | 1,061 | 130,765 | (129,905) | 860 |
| Civil Service HR | 116,416 | (114,153) | 2,263 | 95,239 | (96,443) | (1,204) |
| Government Security Group, of which: | 93,140 | (83,395) | 9,745 | 89,616 | (99,256) | (9,640) |
| UK Security Vetting | 57,756 | (57,183) | 573 | 50,681 | (48,563) | 2,118 |
| UK Security Vetting prior year income | - | - | - | - | (7,986) | (7,986) |
| Other Government Security Group | 35,384 | (26,212) | 9,172 | 38,935 | (42,707) | (3,772) |
| Government Business Services | 33,154 | (36,152) | (2,998) | 26,874 | (29,570) | (2,696) |
| Government Digital Services | 44,245 | (32,460) | 11,785 | 76,585 | (76,585) | - |
| **Total** | **433,234** | **(411,378)** | **21,856** | **419,079** | **(431,759)** | **(12,680)** |

### Government Commercial Organisation

The Government Commercial Organisation is a professional organisation of commercial specialists housed within the Government Commercial Function. It employs senior commercial staff across central government who are deployed into departments to carry out commercial activities. An operational charge is levied annually based on the headcount of the specialists deployed in a department, to fund the operational costs incurred in the running of the Government Commercial Organisation. Also included against the Government Commercial Function in note 5 to the financial statements is the complex transactions team which provides direct commercial support to departments for complex deals.

### Civil Service HR

Civil Service HR is accountable for cross-Civil Service HR policy and the provision of HR services, and is the centre of the HR profession and function. Civil Service HR shares expertise and maximises buying power across the Civil Service to deliver professional and efficient HR services. Civil Service HR receives fees for bespoke services from a 'menu' (including fast stream recruitment). Other government bodies are charged directly for the menu services they request.

### Government Security Group

The Government Security Group (GSG) charges are derived from working across government in relation to various programmes and activities that support the Security Strategy. GSG have costs significantly in excess of income for these programmes due to ongoing investment in service development. This additional investment is funded in the estimate where we had a budget of £12 million.

UK Security Vetting charges are mainly driven from security vetting services, provision of secure IT to allow sharing of information at certain classification levels, in addition to oversight on Security apprenticeships.

**Government Business Services**
The Government Recruitment Service within Government Business Services provides expert attraction, recruitment and pre-employment checking services. They maximise buying power across the Civil Service as a shared service provider. They operate on a full cost recovery basis through a combination of fixed fee and bespoke charging. Charges for the ongoing running, maintenance and development of the Civil Service Learning website are also included in the total with fees calculated on a similar basis to the Government Recruitment Service.

**Government Digital Service**
The Government Digital Service receives fees from

- GOV.UK Notify, which enables service teams to send text messages, emails or letters to their users. The charge is based on the volume of messages sent
- GOV.UK PaaS (Platform as a Service), which is a cloud hosting solution for public sector digital services

Both GOV.UK Notify and GOV.UK PaaS have costs significantly in excess of income due to ongoing investment in service development. This additional investment is funded in the estimate where we had a budget of £13.1 million.

Also included against the Government Digital Service in note 5 to the financial statements is the GDS Academy, GDS Advisory Services and GOV.UK Verify, which have all closed down within 2022-23.

## 4.3 Remote contingent liabilities (audited)

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The Cabinet Office has given the following indemnities whose amounts are unquantifiable, since the likelihood of a transfer of economic benefit in settlement is remote. No claims have been made yet.

**Indemnity for ventilator provider, 2020**
In agreeing the emergency provision of ventilators, the Cabinet Office has provided indemnities. The first indemnity is for the third-party intellectual property rights for the designers and contract manufacturers of the rapidly manufactured ventilator systems. The basic functionality of a ventilator is well understood and we believe that the risk here is low. The second indemnity is for the product liability for the designers and contract manufacturers of the rapidly manufactured ventilator systems.

The need was driven by the unprecedented speed of the development of this medical device compared to typical development times frequently measured in months and years. This indemnity was issued as part of contracts signed between 26 March and 28 March 2020. Where the Cabinet Office extends the provisions of these now-standard terms for accelerated manufacturing processes, similar indemnities will be offered.

**Commercial sensitivity**
The Cabinet Office has entered into contingent liabilities by offering contractual guarantee limitations to supplier liabilities. There are some liabilities where details are not given

due to reasons of commercial sensitivity, of which the likelihood of a future outflow of economic resources is considered remote and unquantifiable.

**Indemnity for United Nations Framework Convention on Climate Change**

In November 2021, the UK hosted COP26 on behalf of the United Nations Framework Convention on Climate Change.

In accordance with the host country agreement, the UK is responsible for dealing with any action, claim or other demand against the secretariat, the United Nations or any of their officials. The UK has indemnified and holds harmless the United Nations and the secretariat and any of their officials in respect of any such action, claim or demand, except where it is agreed by the United Nations or secretariat and the UK.

The likelihood of a future outflow of economic resources is considered remote and unquantifiable.

**Indemnities for the Official Receiver**

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

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

Virtual Infrastructure Group Ltd and UK Cloud Ltd – The government has indemnified the Official Receiver, appointed as liquidator of Virtual Infrastructure Group Ltd and UK Cloud Ltd, for actions he undertakes as Receiver in respect of any claims and proceedings that are made against him personally.

The indemnity does not extend to any costs which may legitimately be charged to the company or companies in liquidation. This will enable the Official Receiver to ensure the orderly winding up of the group's activities and in particular to safeguard the continuity of public services. The indemnity was provided on 17 October 2022 and may be terminated by the government giving not less than 14 days' notice.

**Indemnity for trustees of the Commission for Racial Equality Pension and Life Assurance Scheme**

The government has indemnified the trustees of the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) against future personal liability claims in relation to their administration of the scheme to the extent that such personal liability claims exceed the scheme's surplus assets and the trustee's private insurance maximum benefit.

**Legally privileged**

A contingent liability exists regarding one employment tribunal claim; this is scheduled to be heard in late 2023. No further information has been disclosed as this could be prejudicial to the outcome of the case. The financial estimate of this liability is unquantifiable.

## 4.4 Reconciliation between contingent liabilities reported in the Supply Estimate and those reported in the annual report and accounts

### Quantifiable CLs

| Description | Supply Estimate (£000) | Amount disclosed in ARA (£000) | Variance (£000) |
|---|---|---|---|
| None to report | - | - | - |

### Unquantifiable CLs

| Description | Included in Supply Estimate | Disclosed in ARA | Explanation of difference |
|---|---|---|---|
| Indemnity for ventilator provider, 2020 | Yes | Yes | - |
| Commercial sensitivity | Yes | Yes | - |
| Indemnity for United Nations Framework Convention on Climate Change | Yes | Yes | - |
| Indemnities for the Official Receiver – Carillion Ltd | Yes | Yes | - |
| Indemnities for the Official Receiver – Virtual Infrastructure Group Ltd and UK Cloud Ltd | Yes | Yes | - |
| Indemnity for trustees of the Commission for Racial Equality Pension and Life Assurance Scheme | Yes | Yes | - |
| IR35 | Yes | Yes | - |
| Legally Privileged | Yes | Yes | - |

## 4.5 Entities outside the departmental boundary (audited)

### Executive agency – Crown Commercial Service

The Crown Commercial Service became a legal entity on 2 April 2014. It was created to drive savings for the taxpayer and improve the quality of commercial and procurement activity across the public sector. It is an executive agency and trading fund of the Cabinet Office. Services provided by the Crown Commercial Service include direct buying and a procurement advisory service. Further information can be found at note 11 to the accounts and on the Crown Commercial Service page of the GOV.UK website.

### 4.6 Cabinet Office public bodies

The Cabinet Office produces a comprehensive annual public bodies directory, providing details of non-departmental public bodies and similar public bodies. The directory can be found on GOV.UK

### 4.7 Government Functional Standards

The Cabinet Office follows the government functional standards (further information on the content of the government functional standards can be found at the following website: https://www.gov.uk/government/collections/functional-standards).

**Sir Alex Chisholm**

Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

14 September 2023

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Cabinet Office (the Department) and of its Departmental Group for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2022. The financial statements comprise: the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2023 and their net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2023 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Department and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

| **Framework of authorities** | |
|---|---|
| Authorising legislation | Government Resources and Accounts Act 2000 |
| Parliamentary authorities | Supply and Appropriation Act |
| HM Treasury and related authorities | Managing Public Money |

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department or its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual (FReM), which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Overview of my audit approach

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

I consider the key audit matters below to be those matters that had the greatest effect on my overall audit strategy, the allocation of resources in my audit and directing the efforts of the audit team in the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the presumed audit risk on the potential for management override of controls; fraud in revenue recognition, and the completeness and valuation of property assets transferred to the Government Property Agency during 2022-23, where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; its report on matters that it considered to be significant to the financial statements is set out on page page 66.

## Key audit matter 1: Valuation of property

### Description of risk

The Cabinet Office group recognises £1,447 million of property assets on its Consolidated Statement of Financial Position as at 31 March 2023 (£1,740 million as at 31 March 2022). The Government Property Agency (a significant component of the Group) recognises £1,371 million of these assets (£1,649 million as at 31 March 2022).

As described in note 6.1 the Cabinet Office group engaged external property valuation specialists to value its properties. Each property is revalued on a rotational basis on a five-year cycle, commencing at the point of acquisition or on its transfer to the Government Property Agency. In the intervening years, changes in valuation are determined using a desktop valuation exercise undertaken by the Government Property Agency's external property specialists without reinspection.

As described in note 1.32, the valuation of property is a significant estimate in the financial statements and a key source of estimation uncertainty, and a reasonable change in assumptions used in the valuation can have a significant impact on the valuation. The assumptions include estimates of future rental income, anticipated future costs, floor areas and the discount rate.

### How the scope of my audit responded to the risk

I obtained an understanding of the Group's processes and controls around the valuation of properties.

I evaluated the competence of the Group's external valuers, which included consideration of their independence, qualifications and expertise.

I engaged external property valuation specialists who reviewed and challenged the valuation approach and assumptions for a sample of valuation reports prepared by the Group's external valuers. My experts have reviewed and challenged the key subjective inputs adopted by the Group in its valuations and confirmed that the valuation methodology used is consistent with the Royal Institute of Chartered Surveyors (RICS) Valuations Standards and the FReM. My experts also tested the integrity of source documentation provided by the Group to its external valuers.

I assessed the completeness and accuracy of the management impairment review and its impact on the valuation of the property portfolio.

I confirmed whether there have been any changes to the property portfolio which may indicate that the basis of valuation needs to be changed.

I assessed the adequacy of the disclosures of estimates and valuation assumptions in note 1.32 against the requirements of UK-adopted international accounting standards.

I reviewed the properties in the property portfolio to confirm whether or not they were specialised assets and considered the implications of this assessment for the valuation methodology.

### Key observations

I found that the Group's key controls over the valuation process to be designed and implemented adequately and that asset valuations have been prepared using an appropriate methodology and appropriate assumptions. Using the work of my external property valuation specialists, I also found that for a sample of individual properties the valuations were materially appropriate.

However, my audit found that irrecoverable VAT had initially been incorrectly excluded from the depreciated replacement cost valuations of four specialist properties held by the Government Property Agency. This led to an adjustment increasing the value of these properties as at 31 March 2023 by £9.5 million.

The disclosures within note 1.32 of the financial statements provide further details of the key assumptions underpinning the valuations.

## Key audit matter 2: Valuation of investments and associated put options

### Description of risk

The Cabinet Office holds investments in associate undertakings, Shared Services Connected Limited (SSCL) and Crown Hosting Data Centres Limited (CHDC). The Cabinet Office also holds put options relating to those investments, which gives it the right but not the obligation to sell its shares to the other shareholder at a specified price within a specified time frame.

The Cabinet Office values these investments and put options annually and these valuations are significant estimates. At 31 March 2023, investments in associate undertakings were valued at £33.8 million (£29.2 million at 31 March 2022) and the put options were valued at £18.6 million (£19.2 million at 31 March 2022).

As described in note 1.23 and note 10, investments are revalued annually based on the Department's share of the net assets of the associates. The associates' and Department's reporting periods are not coterminous and so the Department uses the associates' most recent audited financial statements adjusted, where necessary, for significant transactions up to the Department's reporting date of 31 March.

As described in note 1.27 and note 11, put options are valued as standalone derivative assets. The valuation methodology used by the Cabinet Office is not, however, based on normal industry practice which is that the value is the difference between the sale price if the shares were sold to the other shareholder and the value of the underlying shares. This involves using option pricing models, underpinned by various scenarios in which the put option will have value and scenarios in which the put options will have no value at the exercise or maturity dates. The Cabinet Office's management has elected not to engage an external expert to prepare this valuation on its behalf, instead using its own staff to prepare a valuation. Given the complexity of the valuation, I have engaged an auditor's expert to provide the skills and experience required to form an opinion on whether the valuation of the put options could be materially misstated.

As at 31 March 2023, SSCL's put option is the only material put option recognised in the financial statements. This option is exercisable between 1 January 2022 and 1 January 2024. The Department had not exercised its put option in SSCL before 31 March 2023, nor in the period up to the date of my audit certificate.

**How the scope of my audit responded to the risk**

I assessed the design and implementation of controls that management has in place over the valuation of investments in undertakings and the valuation of put options. These controls include management attendance at shareholder committee meetings and internal review and challenge of the valuation calculation.

I validated the valuation of the investment in associate undertakings to supporting evidence including the audited financial statements of the undertakings and the Department's assessment of significant events in the period between the end of the associate's reporting period and the end of the Department's reporting period. I reviewed the appropriateness of the Department's assumptions, methodology and data inputs.

I engaged an auditor's expert to derive, based on available information obtained from the Department and SSCL, a valuation range which shows the maximum potential error in management's valuation of the SSCL put option, based on options pricing modelling. I then assessed whether the valuation reported in the financial statements, both for SSCL and CHDC, could be materially misstated.

I met with my auditor's expert to discuss and understand the key assumptions and inputs in the modelling which supported the maximum potential error range. I challenged and validated the reasonableness of these ranges through further enquiries of the expert and of Cabinet Office management.

I also reviewed the appropriateness of disclosures over the valuation of the investments and put options, including the sensitivity analysis in notes 11.1 and 11.2 of the financial statements.

### Key observations

My testing of the valuation of the investments in associates identified no errors or significant issues. I found that the valuation was consistent with the audited financial statements of the undertakings and that no adjustments were required.

Following my review of the auditor's expert work, the financial information and forecasts obtained from the associate, and my enquiries about SSCL and CHDC activities, I challenged the Department's valuation of its put option in SSCL. In response to the findings of my audit, the Department reassessed the value of this option as at 31 March 2023, which led to a £5.4 million reduction in the value of this asset. I am satisfied that this valuation is materially accurate and concluded that there is no material misstatement in the valuation of both put options.

## Key audit matter 3: Valuation of financial instruments and indemnities issued to the Official Receiver in respect of Carillion plc and UKCloud Ltd

### Description of risk

Carillion plc was a large company that provided services to many public sector organisations. Carillion plc and some of its subsidiaries filed for compulsory liquidation in January 2018. As part of the Government's response, the Cabinet Office provided funds of £150 million to the Official Receiver as liquidator to continue delivering services to public sector customers. The Official Receiver is progressing the liquidation and is recouping its operating costs through the liquidation of assets and from the customers of those services.

As at 31 March 2023, the Cabinet Office's net contribution, after deducting recoveries received from the Official Receiver, was £74.5 million (£74.5 million at 31 March 2022). No recoveries have been received from the Official Receiver in 2022-23 or in 2021-22, following recoveries of £25.0 million in 2020-21, £40.0 million in 2019-20 and £10.5 million in 2018-19.

The Cabinet Office recognises a financial asset in the financial statements representing the remaining expected recoveries, measured at fair value through profit and loss, in line with International Financial Reporting Standard 9 (IFRS 9). As at 31 March 2023, it has recognised an asset of £46.3 million (£19.3 million at 31 March 2022). The fair value is a significant estimate based on the forecast net final cost of the liquidation prepared by the Special Managers appointed by the Official Receiver.

In addition to providing funds, the Government has indemnified the Official Receiver for actions it undertakes as Official Receiver in respect of any claims and proceedings that are made against them personally.

UKCloud Ltd and its parent, Virtual Infrastructure Group Ltd, provided cloud computing services to many public sector customers. UKCloud Ltd and Virtual Infrastructure Group Ltd filed for compulsory liquidation in October 2022. During 2022-23, the Cabinet Office has provided funding of £20 million and an indemnity, on the same terms as for Carillion plc, to the Official Receiver in respect of its liquidation of these companies. As in the case of Carillion plc, the Official Receiver is progressing the liquidation and recouping its operating costs through the liquidation of assets. The Official Receiver has appointed Special Managers to assist with the liquidation.

As for its funding of the Carillion liquidation, the Cabinet Office recognises a financial asset in the financial statements, representing the expected recoveries from the Official Receiver in respect of the UKCloud Ltd liquidation, measured at fair value through profit and loss, in line with International Financial Reporting Standard 9 (IFRS 9). As at 31 March 2023, it has recognised an asset of £7m (£nil at 31 March 2022). The fair value is a significant estimate based on the forecast net final cost of the liquidation prepared by the Special Managers appointed by the Official Receiver.

The Cabinet Office has classified both the indemnity to the Official Receiver in respect of UKCloud Ltd and the indemnity relating to Carillion plc, as insurance contracts under IFRS 4. The Department is not aware of any potential claims against either the Carillion or the UKCloud indemnity to date so it has assessed the value of the potential liability at year-end as nil.

**How the scope of my audit responded to the risk**

I assessed the design and implementation of controls that management has in place over the valuation of the Carillion funds, accounting for UKCloud related transactions and valuation of the year-end liabilities in respect of indemnities. These controls include management's regular engagement with the independent Special Managers and review by appropriate departmental staff of the Special Managers' work and conclusions.

I reviewed the basis for the recognition of the balance of these funds as a financial asset given that the agreement with the Official Receiver gives the Cabinet Office a contractual right to receive unspent funding. I also considered the classification of the financial asset as fair value through profit and loss under IFRS 9.

A key input in the measurement of this asset is the "base case" scenario assessed by the Special Managers, which estimates the costs of the remaining liquidation process. The value of the asset is then calculated as a present value of the difference between the original funding, funds returned to the end of the financial year and the base case scenario cost. I have reviewed the information provided by the Special Managers outlining the base forecast of the cost of the liquidation. I have reperformed the calculations in the valuation model and challenged the inputs based on available information, and I am content the financial asset has been materially accurately calculated and recognised in the financial statements.

Key inputs:

- For Carillion plc, funding provided of £150 million, funds returned of £75.5 million and base case scenario future cost of £27.2 million.
- For UKCloud Ltd, funding provided of £20 million, funds returned of nil and base case scenario future cost of £12.8 million.

Financial asset valuations:

- For Carillion plc, £46.3 million (£19.3 million at 31 March 2022).
- For UKCloud Ltd, £7 million

I have undertaken procedures to allow me to place reliance on the Special Managers as management experts, given they are best placed to provide an estimate of the costs of liquidation. I am content that the estimation of these key inputs is reasonable. I have considered the valuation of the financial asset against IFRS 13 *Fair Value Measurement*. I have reviewed the adequacy of the disclosures including the sensitivity analysis in note 14.1 of the financial statements.

I have also assessed the accounting treatment of the indemnities issued to the Official Receivers in these two cases. I challenged the Department on its assessment against financial reporting standards IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, IFRS 9 *Financial Instruments* or IFRS 4 *Insurance Contracts*. I concluded that, on balance, the indemnity meets the definition of an insurance contract and that the financial liability measurement at year end is nil, on the basis of the probability weighted assessment of future cash flows.

**Key observations**

Based on the audit work completed, I am satisfied that the balance recognised in the financial statements as a financial asset, and the related disclosures, are appropriate. I am also satisfied that the measurement of both potential liabilities at nil value is reasonable and that disclosure of the contingent liabilities is sufficient.

## Key audit matter 4: Implementation of *IFRS 16: Leases*

**Description of risk**

The Cabinet Office group has adopted *IFRS 16: Leases* for the first time in 2022-23. IFRS 16 introduced a new model for lease accounting. As noted in the accounting policies in note 1.33, for lessees, the distinction between operating leases and finance leases has been removed and almost all leases, previously classified as operating leases are now recognised on the Consolidated Statement of Financial Position.

As disclosed in note 20, the new standard has had a significant impact on the group's Consolidated Statement of Financial Position. As at 1 April 2022, the Cabinet Office group recognised £450 million of right-of-use assets and £833 million of additional lease liabilities in respect of leases which were previously classified as operating leases.

The implementation of IFRS 16 has required the Cabinet Office to make a number of significant judgements which are disclosed in note 1.32. These include judgements around lease terms, which are key for determining the length of the lease and, consequently, the value of any associated lease liability. Successful implementation of the standard is also dependent upon ensuring that entities have identified all contracts containing a lease and that these are all reflected in the adjustment to opening reserves made on implementation.

### How the scope of my audit responded to the risk

I reviewed management's controls for identifying lease contracts, determining the classification of leases and assessing the impact of IFRS 16 on these arrangements.

I audited the adjustments made to the financial statements to implement IFRS 16 on 1 April 2022 to assess whether the adjustment was complete and calculated correctly.

I tested a sample of new leases and leases transferred to the Government Property Agency during the year to confirm that their treatment was in line with IFRS 16 and HM Treasury's application guidance. This included a review of management's judgements in respect of determining lease terms, applying a low value threshold and determining the value of right-of-use assets.

I reviewed the disclosures on IFRS 16, including the accounting policies, the presentation of first-time adoption and the reconciliation of IAS 17 lease commitments as at 31 March 2022 to the IFRS 16 lease liabilities position as at 1 April 2022.

### Key observations

I found the Group's key controls over the implementation of IFRS 16 to be designed and implemented appropriately.

During my audit of the Government Property Agency's leases, I identified errors in the way that it had accounted for VAT in certain lease liability calculations. In addition, my audit noted instances where the Agency had excluded a number of lease receivables and had inappropriately derecognised a right of use asset for some properties where expected sub-tenancy arrangements had not materialised at 31 March 2023. I was satisfied, however, that the cumulative impact of these errors, which were not adjusted, was not material. I also identified immaterial errors in the initial postings relating to consolidation of IFRS16 position for the Group, which the Department adjusted in the final financial statements.

In the course of completing my work, I did not identify any material misstatements.

## Key audit matter 5: Regularity of expenditure in respect of legal costs

### Description of risk

During the audit, I became aware that the Department incurred costs in relation to legal services for the duration of the Committee of Privileges' inquiry into whether the former Prime Minister, Rt Hon Boris Johnson, misled Parliament.

Following approval by the then Permanent Secretary to Number 10 Downing Street, the Department awarded a contract to a legal firm in August 2022 for a total amount of £129,000 (plus VAT) including disbursements. In December 2022, the Department's Principal Accounting Officer approved an increase in the contract value to £222,000 (exc VAT), in April 2023 to £245,000 (exc VAT), based on a submission in March 2023, and in July 2023 to £265,500 (exc. VAT). The contract end date was 20 July 2023. As at 31 March 2023, the total external legal costs incurred by Cabinet Office in relation to this matter amounted to around £237,000 (exc. VAT).

While the amount is not quantitatively material, the use of public money in this matter has received widespread comment in Parliament and the media and there has therefore been significant public interest as to whether these costs are a legitimate use of public money. Given the interest in and sensitivity of this expenditure, significant effort has been directed by my audit team into assessing whether these costs are regular and meet the expectations set out in Managing Public Money. I therefore consider this to be a key audit matter.

**How the scope of my audit responded to the risk**

While my remit does not extend to questioning government policies, I examined whether these legal costs were within the framework of authorities for public expenditure, and whether the Department followed expected procedures.

The Department considered this expenditure to be permissible within the existing guidance, notably the Cabinet Manual[43] which sets out the main laws, rules and conventions affecting the conduct and operation of government and Managing Public Money[44] which is the key guidance on how to administer public funds. The Department also considered precedents for such expenditure and concluded that public funding for legal expenses for serving and former prime ministers had been approved on previous occasions, although it recognised that none of these previous examples was an exact precedent for this case.

The Department is of the view that Mr Johnson was entitled to receive legal support for performance of his duties, that speaking at Prime Minister's Questions is a performance of the Prime Minister's function and that it was the answers he gave in performance of those duties that prompted the matter to be referred to the Committee of Privileges on 21 April 2022.[45]

The Department concluded that this expenditure did not meet the definition of novel, contentious or repercussive expenditure as set out in Managing Public Money and, as such, it did not need to consult with HM Treasury before incurring the expenditure. The Principal Accounting Officer did not seek a ministerial direction, having concluded that it was not necessary to do so because he was satisfied that the expenditure met the required four standards for projects and proposals of regularity, propriety, value for money and feasibility.

I enquired with the Department about the approval levels for this expenditure. I reviewed the relevant submissions and approvals from the Permanent Secretary of 10 Downing Street at the time, and from the Prime Ministers in post following Mr Johnson's departure from office in September 2022.

43 Cabinet Manual – GOV.UK (www.gov.uk)
44 Managing public money – GOV.UK (www.gov.uk)
45 UK Parliament Votes & Proceedings, 21 April 2022 – (www.commonsbusiness.parliament.uk)

The then Permanent Secretary to No 10 Downing Street had delegated authority to approve expenditure relating to that office. She took advice from the Cabinet Office's legal, commercial and Propriety & Ethics teams before approving the initial payment of legal expenses in August 2022. After the Permanent Secretary's departure in September 2022, the Department's Principal Accounting Officer confirmed that he was content for the contractual arrangements to continue.

I have considered this expenditure against the criteria in Managing Public Money, specifically whether it could be considered novel, contentious, or repercussive. Managing Public Money sets out that Accounting Officers should obtain HM Treasury approval for this type of spending proposal, irrespective of size and even if within delegated limits. The guidance further recommends that Accounting Officers should prepare Accounting Officer assessments for any such proposals involving the use of public funds.

I also reviewed the invoices based on which amounts have been recorded in the 2022-23 financial statements.

**Key observations**

I have considered the precedents cited by the Department in concluding that this proposed expenditure was not novel, contentious or repercussive, and did not find these to be wholly persuasive. Most of the cases noted relate to legal advice provided to former Prime Ministers to support their evidence sessions with public inquiries, which is a well-established practice. For example, the Department is currently incurring legal costs to support current and former ministers likely to provide evidence to the COVID-19 inquiry, and I consider this to be clearly consistent with the Cabinet Manual guidance and that this expenditure is neither novel nor contentious.

In my view, these examples are substantively different from an investigation by the Committee of Privileges into a potential contempt of the House by a Prime Minister.

Paragraph 6.23 of the Cabinet Manual notes the practice for ministers "to be indemnified by the Crown for any actions taken against them for things done or decisions made in the course of their ministerial duties". However, this guidance clarifies that some legal proceedings against ministers may have a more "personal" aspect to them. Paragraph 6.26 of the guidance notes that "Decisions about whether public funds should meet a minister's costs in bringing or defending any such proceedings, or any damages awarded against a minister, are for the relevant accounting officer, who should be consulted about the matter at the earliest opportunity." The Department argued that this guidance's reference to matters of a more personal nature was irrelevant, as Mr Johnson was being investigated by a parliamentary committee for his conduct in performing his prime ministerial duties, not for his actions as a private individual.

I found the Department's judgement to meet Mr Johnson's legal expenses from public funds to be a borderline one and requested that the Department seek a view from HM Treasury as to whether this expenditure was novel, contentious or repercussive. Under Managing Public Money, it is HM Treasury's responsibility to set the ground rules for the administration of public money and to account to Parliament for doing so.

I have reviewed both the Department's submission and the response from the HM Treasury's Director-General of Public Spending, both sent in June 2023. The Department's submission noted that "There is no case that is exactly analogous to the circumstances of the Privileges Committee's inquiry into Mr Boris Johnson MP" and that "the Government's approach to funding the former Prime Minister's legal advice is in line with established precedent set by both public inquiries and litigation where the matters relate to the minister's time in office". The submission noted the relevant parts of the Cabinet Manual and argued that the expenditure is not novel, contentious or repercussive based on a "long-standing principle that former Ministers may be supported with legal representation after they have left office when matters relate to their time and conduct as a Minister".

The Director-General of Public Spending at HM Treasury confirmed that, as a matter of principle, it is for an Accounting Officer to judge whether something is novel, contentious or repercussive but noted that the Department had clearly set out its reasoning for this judgement in its submission. HM Treasury further noted that there was established policy relating to meeting the legal costs of Ministers set out in the Cabinet Manual, which states that decisions about whether public funds can be used to meet legal costs should be made by the relevant Accounting Officer. Following consultation with the Treasury Officer of Accounts, the Director-General of Public Spending said that, given the Accounting Officer's conclusion that this expenditure was not novel, contentious or repercussive, he agreed that the spend should therefore be regarded as regular.

I also examined the Department's processes for approving this expenditure. The then Permanent Secretary for Number 10 Downing Street received assurances from the Cabinet Office's legal, commercial and Propriety & Ethics teams prior to approving a proposal to use public funds to meet the legal expenses of Mr Johnson in responding to the Committee of Privileges' inquiry. However, the Permanent Secretary for Number 10 was not appointed as an Accounting Officer. I have seen evidence of the Cabinet Office's Principal Accounting Officer's involvement from September 2022, but not at the point of the initial contract award in August 2022.

In view of the additional assurances provided by HM Treasury, I have not qualified my regularity audit opinion in respect of this matter. In my view, however, the Department's Principal Accounting Officer should have approved this expenditure before it was incurred, supported by a formal Accounting Officer assessment given its nature, in line with the guidance in Managing Public Money.

I have also confirmed that the amounts recorded in the financial statements in respect of this expenditure are accurate, based on the underlying invoices.

## Application of materiality

### Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the Department and its group's financial statements as a whole as follows:

| | Departmental group – including agency | Department – core |
|---|---|---|
| **Materiality** | £24 million | £15 million |
| **Basis for determining overall account materiality** | 1% of the value of property assets<br><br>For 2021-22, materiality was set at £28.9 million based on 1% of group gross expenditure. | 1% of gross expenditure<br><br>For 2021-22, materiality was set at £19.6 million based on 1% of core gross expenditure. |
| **Rationale for the benchmark applied** | The departmental group's accounts are increasingly dominated by property assets, and expenditure tends to increase and decrease depending on activities undertaken. Property assets are fundamental to the Government Property Agency's objectives, and the Government Property Agency is a significant component of the group. | The key driver of the core Department's account is expenditure. |
| **Particular classes of transactions, account balances and disclosures where an additional level of materiality has been applied** | £20 million applicable to all classes of transactions, balances and disclosures not directly related to property assets | £11,000 applicable to Public Duty Cost Allowance |

| | | |
|---|---|---|
| **Basis for determining residual account materiality** | 1% of gross expenditure (excluding transactions directly related to property such as depreciation) of £2.0 billion (2021-22: no residual materiality was required) | 2% of total Public Duty Cost Allowance expenditure of £543,000 (2021-22: same basis used) |
| **Rationale for the benchmark applied** | To recognise the sensitivity of financial statement users to transactions and balances reflecting taxpayer-backed financial activity. | Payments to the offices of former Prime Ministers are separately disclosed in the financial statements and are of high public interest. |

### Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2022-23 audit (2021-22: 75%). In determining materiality, I considered the elements of the financial statements, expected interest of the users of the financial statements, the nature and environment of the department and its group and how it is financed. In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

### Other Materiality Considerations

My assessment of group materiality has changed this year compared to the prior period. Firstly, I changed the basis for materiality as the value of property transferred to the Government Property Agency continues to increase. I have concluded that property values are now a significant element of the financial statements as a whole and therefore I have determined overall group materiality should be linked to these values. Secondly, the additional level of materiality based on expenditure has decreased compared to the prior period, since expenditure has decreased. In 2021-22, expenditure was higher because it included one-off costs relating to the COP26 and G7 conferences, and because expenditure related to Cabinet Office's response to the COVID-19 pandemic has continued to decrease.

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their nature and would influence the decisions of users if not corrected. Such an example is any error reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

### Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Committee would have decreased net expenditure and increased net assets by £0.6 million.

## Audit scope

The scope of my Group audit was determined by obtaining an understanding of the Department and its Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The Cabinet Office Group has total assets of £3.7 billion and gross expenditure of £1.9 billion. The Group's largest components are the Core Department and the Government Property Agency. Non-significant components in the group are the Equality and Human Rights Commission, the Civil Service Commission and the Office of the Registrar of Consultant Lobbyists. The audits of all significant and non-significant components are overseen by the same engagement director.

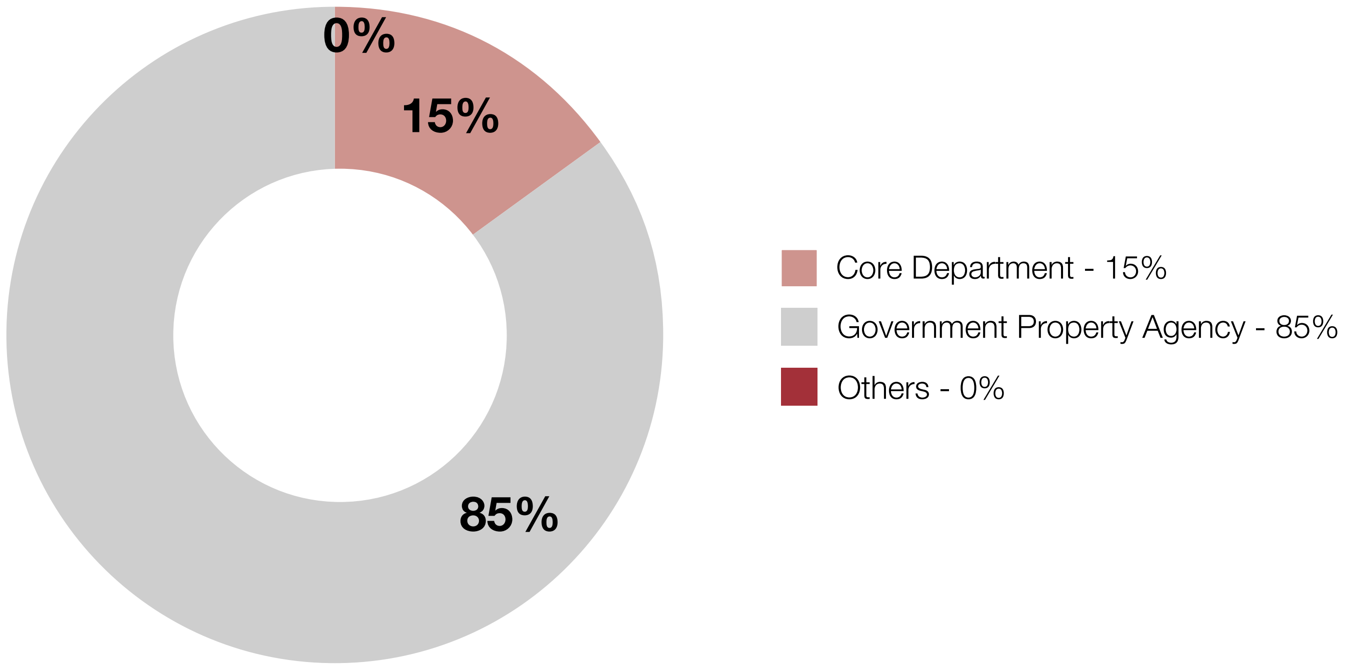
I have audited the full financial information of the Core Department and of the Government Property Agency, as well as the group consolidation. I have completed analytical procedures on the financial information of the non-significant components for which the audit of the financial information was complete or well progressed at the point of my analytical procedures.

As group auditor, I have gained assurance from the auditors of the significant components and engaged regularly on the group significant risks such as valuation of the property assets and the implementation of IFRS16 Leases across the group.

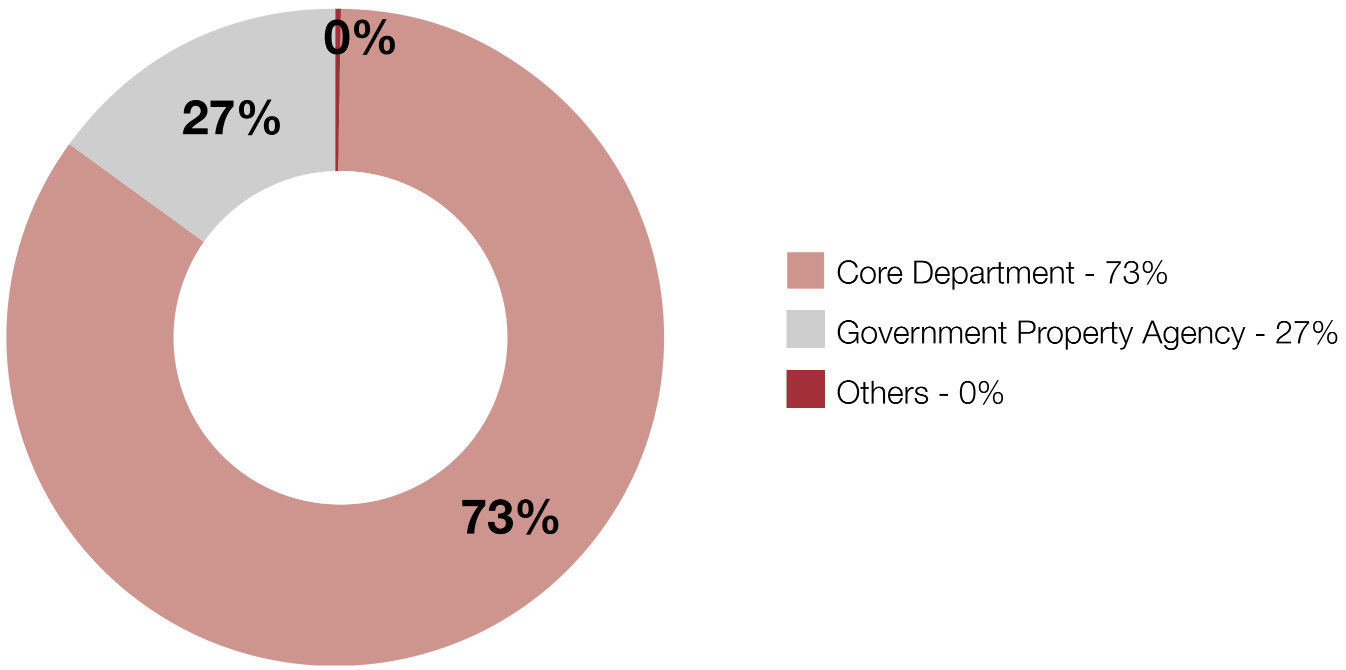
This work covered substantially all of the Group's assets and gross expenditure, and together with the procedures performed at group level, gave me the evidence I needed for my opinion on the group financial statements as a whole.

I have considered whether the classification of transactions reported in the financial statements against control totals within the Statement of Outturn against Parliamentary Supply is appropriate. I have reviewed reconciling items between the Statement of Outturn against Parliamentary Supply and the financial statements to ensure that these are appropriate. I considered the outturn against the supply voted by Parliament to determine if these control totals have been breached. I have not identified any matters to report in this regard.

### Gross assets of individual components of the Cabinet Office group at 31 March 2023




### Gross expenditure of individual components of the Cabinet Office group for the year ended 31 March 2023



## Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- Adequate accounting records have not been kept by the Department and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Department and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department and its Group will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion.

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

### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department and its Group's accounting policies.
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, and Supply and Appropriation (Main Estimates) Act;
- inquired of management, the Department's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams and the relevant internal and external specialists, including on the valuation of property and financial instruments regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department and Group's framework of authority and other legal and regulatory frameworks in which the Department and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department and its Group. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act, employment law and tax legislation.

I performed specific risk assessments relating to non-compliance with laws and regulations and fraud, including reviewing the Department's approach to material estimates presented within the accounts including the assumptions used in valuing financial instruments.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, I reperformed a sample of property reconciliations by agreeing them to the underlying system reports; reviewed income streams not covered by the property reconciliations and considered whether management's estimates in respect of the year-end balances were reasonable; performed a retrospective review of 2021-22 balancing changes based on the year-end reconciliations against the amounts invoiced to tenants to identify whether there were any indications of management bias; and considered disputes with tenants and analysed credit notes raised after year-end and debts written-off to consider whether there were any indications of improper revenue recognition.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

### Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

**Gareth Davies** **15 September 2023**
**Comptroller and Auditor General**
National Audit Office
157-197 Buckingham Palace Road Victoria
London SW1W 9SP

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

1.1 The Government Property Agency ('GPA') is an executive agency of the Cabinet Office and a significant component of the Cabinet Office group. Its mission is to create a *'transformed, shared, sustainable and value for money Government estate supporting civil servants to work productively in every nation and region of the UK'*.

1.2 As a central government body, GPA is required to comply with the Cabinet Office Spending Controls. These state that *'all central government organisations, including departments and the bodies they sponsor, must obtain approval from the Cabinet Office when they want to spend money on specified activities'*. The specified activities include commercial spend on all contracts with a value greater than £20 million.

1.3 I draw attention to the disclosures that the Cabinet Office has made on page 76 of the Annual Report. This explains the circumstances which led to the GPA entering into a contract for physical site security without receiving approval under the Cabinet Office Spending Controls. Although GPA has not incurred any expenditure on this contract in 2022-23, the total anticipated spend is £179 million excluding VAT over the period of the contract.

1.4 As approval of this contract has not been received under the Cabinet Office Spending Controls, I have concluded that any expenditure incurred on the contract would be irregular. However, given that GPA and, as a result, the Cabinet Office group have not incurred any expenditure under the contract in 2022-23, I have not modified my regularity opinion in this respect. There is a significant risk that I am required to modify my regularity opinion in a future year if a material level of irregular expenditure is reflected in the financial statements.

**Gareth Davies** **15 September 2023**
**Comptroller and Auditor General**
National Audit Office
157-197 Buckingham Palace Road Victoria
London SW1W 9SP

# Financial Statements

# Consolidated statement of comprehensive net expenditure

## For the year ended 31 March 2023

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

| £000 | Note | 2022-23 Core department and agency | 2022-23 Departmental group | 2021-22 Core department and agency | 2021-22 Departmental group |
|---|---|---|---|---|---|
| Revenue from contracts with customers | 5 | (784,559) | (783,978) | (783,282) | (783,096) |
| Other operating income | 5 | (115,794) | (115,891) | (193,837) | (193,583) |
| Non-cash income | 5 | (31,654) | (31,632) | (783,603) | (783,562) |
| **Total operating income** | 5 | **(932,007)** | **(931,501)** | **(1,760,722)** | **(1,760,241)** |
| Staff costs | 4 | 723,811 | 740,185 | 721,615 | 735,795 |
| Purchase of goods and services | 4 | 795,010 | 798,604 | 1,221,906 | 1,225,872 |
| Rentals under operating leases | 4 | 31,688 | 31,723 | 152,472 | 152,671 |
| Geospatial data | 4 | 128,919 | 128,920 | 125,216 | 125,216 |
| Grants | 4 | 55,324 | 34,034 | 36,394 | 16,931 |
| Depreciation, impairment and property gains | 4 | 186,955 | 187,828 | 507,191 | 507,796 |
| Provisions and other non-cash costs | 4 | (18,420) | (18,592) | 3,521 | 3,636 |
| **Total operating expenditure** | | **1,903,287** | **1,902,702** | **2,768,315** | **2,767,917** |
| **Net operating expenditure** | | **971,280** | **971,201** | **1,007,593** | **1,007,676** |
| Finance income | 5 | (54,719) | (54,613) | (25,055) | (25,055) |
| Finance expenditure | 4 | 54,468 | 54,478 | 32,329 | 32,329 |
| Non-cash interest cost on pension scheme liabilities | 19 | - | 21 | - | 17 |
| **Net finance (income) / expenditure** | | **(251)** | **(114)** | **7,274** | **7,291** |
| Share of associates' results | 10 | (8,719) | (8,719) | (7,230) | (7,230) |
| Fair value (gain) / loss on financial assets – associate put options | 11.1, 11.2 | 567 | 567 | 24,104 | 24,104 |
| **Net associates (non-cash)** | | **(8,152)** | **(8,152)** | **16,874** | **16,874** |
| **Net expenditure for the year** | | **962,877** | **962,935** | **1,031,741** | **1,031,841** |

| £000 | Note | 2022-23<br>Core department and agency | 2022-23<br>Departmental group | 2021-22<br>Core department and agency | 2021-22<br>Departmental group |
|---|---|---|---|---|---|
| **Other comprehensive (income)/expenditure** | | | | | |
| **Items that will not be reclassified to net operating expenditure:** | | | | | |
| Net (gain) / loss on revaluation of: | | | | | |
| property, plant and equipment | 4, 6 | 166,929 | 166,895 | (253,127) | (253,153) |
| intangible assets | 7 | (1,869) | (1,871) | (3,908) | (3,911) |
| Right of Use assets | | (1) | (1) | - | - |
| Share of associates' foreign exchange (gains) / losses | 10 | - | - | (9) | (9) |
| Actuarial (gain)/loss on pension scheme liabilities | 19 | - | (211) | - | 120 |
| **Total other comprehensive (income) / expenditure** | | **165,059** | **164,812** | **(257,044)** | **(256,953)** |
| **Comprehensive net expenditure for the year** | | **1,127,936** | **1,127,747** | **774,697** | **774,888** |

Notes 1 to 25 form part of these accounts.

# Consolidated statement of financial position

## As at 31 March 2023

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

| £000 | | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2022 |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 6 | 1,953,589 | 1,954,689 | 2,032,512 | 2,033,452 |
| Right of use assets | 20.2 | 395,763 | 396,927 | - | - |
| Intangible assets | 7 | 109,690 | 109,756 | 50,654 | 50,826 |
| Investments in associates | 10 | 33,752 | 33,752 | 29,161 | 29,161 |
| Trade and other receivables | 14 | 136,978 | 136,978 | 135,612 | 135,665 |
| Investment in sublease and unguaranteed residual value | 20.3 | 541,797 | 541,823 | - | - |
| Other financial assets | 11.2, 11.3 | 6,953 | 6,953 | 10,352 | 10,352 |
| **Total non-current assets** | | **3,178,522** | **3,180,878** | **2,258,291** | **2,259,456** |
| **Current assets** | | | | | |
| Assets classified as held for sale | 12 | 4,648 | 4,648 | 1,000 | 1,000 |
| Inventories | | 266 | 266 | 404 | 404 |
| Trade and other receivables | 14 | 323,684 | 324,213 | 365,364 | 365,748 |
| Investment in sublease and unguaranteed residual value | 20.3 | 109,807 | 109,563 | - | - |
| Other financial assets | 11.1, 11.2 | 18,030 | 18,030 | 17,560 | 17,560 |
| Cash and cash equivalents | 13 | 71,198 | 71,229 | 230,257 | 230,633 |
| **Total current assets** | | **527,633** | **527,949** | **614,585** | **615,345** |
| **Total assets** | | **3,706,155** | **3,708,827** | **2,872,876** | **2,874,801** |

| £000 | Note | As at 31 March 2023 Core department and agency | As at 31 March 2023 Departmental group | As at 31 March 2022 Core department and agency | As at 31 March 2022 Departmental group |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Trade and other payables | 15 | (488,466) | (491,050) | (671,595) | (673,874) |
| Lease liabilities | 20.4 | (131,039) | (131,487) | - | - |
| Provisions | 16 | (24,571) | (24,571) | (9,261) | (9,261) |
| Retirement benefit obligations | 19 | - | (116) | - | (105) |
| **Total current liabilities** | | **(644,076)** | **(647,224)** | **(680,856)** | **(683,240)** |
| **Total assets less current liabilities** | | **3,062,079** | **3,061,603** | **2,192,020** | **2,191,561** |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 15 | (456,269) | (456,269) | (559,245) | (559,245) |
| Lease liabilities | 20.4 | (907,263) | (907,705) | | |
| Provisions | 16 | (92,807) | (92,934) | (94,539) | (94,882) |
| Retirement benefit obligations | 19 | - | (1,010) | - | (1,316) |
| **Total non-current liabilities** | | **(1,456,339)** | **(1,457,918)** | **(653,784)** | **(655,443)** |
| **Total assets less total liabilities** | | **1,605,740** | **1,603,685** | **1,538,236** | **1,536,118** |
| **Taxpayers' equity and other reserves** | | | | | |
| General fund | | 827,564 | 825,452 | 584,274 | 582,105 |
| Revaluation reserve | | 778,176 | 778,233 | 953,962 | 954,013 |
| **Total equity** | | **1,605,740** | **1,603,685** | **1,538,236** | **1,536,118** |

Notes 1 to 25 form part of these accounts.

**Sir Alex Chisholm, Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer**

Thursday 14 September 2023

# Consolidated statement of cash flows

## For the year ended 31 March 2023

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

| £000 | Note | 2022-23 Core department and agency | 2022-23 Departmental group | 2021-22 Core department and agency | 2021-22 Restated Departmental group |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Net operating expenditure | CSoCNE | (971,280) | (971,201) | (1,007,593) | (1,007,676) |
| Adjustments for non-cash expenditure | 4 | 123,475 | 124,161 | 510,712 | 511,432 |
| Adjustments for non-cash income | 5 | (31,654) | (31,632) | (783,603) | (783,562) |
| Increase in trade and other receivables and sublease receivables | 14, 20.3 | (611,290) | (611,157) | (21,501) | (21,231) |
| **Less movements in receivables relating to items not passing through the CSoCNE or related to non-cash costs:** | | | | | |
| Amounts relating to long-term and short-term debtors which offset dilapidation provision | 14, 20.3 | 17,995 | 17,995 | 19,814 | 19,814 |
| Amounts relating to settlement of AXELOS Limited financial asset | 10 | - | - | (18,592) | (18,592) |
| Movement in amounts relating to provision for credit losses | 4 | 3,159 | 3,159 | 2,087 | 2,087 |
| Amounts relating to bad debt write off | 4 | (5) | (5) | (327) | (327) |
| Movement in IFRS 16 lease receivables | | 651,604 | 651,386 | - | - |
| (Increase) / decrease in inventories | | 138 | 138 | 204 | 204 |
| Increase / (decrease) in trade and other payables | 15, 20.4 | 752,198 | 753,387 | 792,580 | 792,771 |

| £000 | Note | 2022-23 Core department and agency | 2022-23 Departmental group | 2021-22 Core department and agency | 2021-22 Restated Departmental group |
|---|---|---|---|---|---|
| **Less movements in payables relating to items not passing through the CSoCNE:** | | | | | |
| Amounts due to/(from) the Consolidated Fund for supply | 15 | (58,820) | (58,820) | (9,477) | (9,477) |
| Amounts relating to PFI liabilities transferred as non-budget | 21 | 32,568 | 32,568 | (500,757) | (500,757) |
| Amounts payable to the Consolidated Fund | 15 | 208,407 | 208,404 | (213,136) | (213,196) |
| Movement in capital accruals relating to investing activities | | (34,190) | (34,065) | (14,099) | (14,318) |
| Movement in IFRS 16 lease liabilities | 20.4, 20.7 | (960,314) | (961,647) | - | - |
| Use of provisions | 16, 17 | (1) | (152) | (3,428) | (3,570) |
| **Net cash inflow / (outflow) from operating activities** | | **(878,010)** | **(877,481)** | **(1,247,116)** | **(1,246,398)** |
| **Cash flows from investing activities** | | | | | |
| Purchase of non-financial assets | | | | | |
| Purchase of property, plant and equipment | 6 | (231,270) | (231,758) | (136,384) | (136,849) |
| Purchase of intangible assets | 7 | (73,806) | (73,813) | (31,347) | (31,371) |
| Loans to local government | 11.3 | 2,324 | 2,324 | (1,592) | (1,592) |
| Dividends received from associates | 10 | 4,128 | 4,128 | 42,372 | 42,372 |
| Proceeds from disposal of property, plant and equipment | 6 | - | - | 1 | 1 |
| Proceeds from disposal of financial assets | | | | | |
| shareholding in AXELOS Limited | | - | - | 148,903 | 148,903 |
| shareholding in Integrated Debt Services Limited | 10 | - | - | 5,500 | 5,500 |
| shareholding in Behavioural Insights Limited | 10 | - | - | 6,600 | 6,600 |
| Amounts relating to settlement of AXELOS Limited financial asset | 10 | - | - | 18,592 | 18,592 |
| Movement in capital accruals | | 34,190 | 34,065 | 14,099 | 14,318 |
| **Net cash inflow / (outflow) from investing activities** | | **(264,434)** | **(265,054)** | **66,744** | **66,474** |

| £000 | | 2022-23 | 2022-23 | 2021-22 | 2021-22 |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Restated Departmental group |
| **Cash flows from financing activities** | | | | | |
| From the Consolidated Fund (supply) – current year | CSoCTE | 1,238,254 | 1,238,254 | 1,382,556 | 1,382,556 |
| From the Consolidated Fund (supply) – prior year | CSoCTE | 9,477 | 9,477 | 13,933 | 13,933 |
| Capital element of payments in respect of finance leases | CSoCNE | (88,579) | (88,517) | - | - |
| Capital element of payments in respect of PFI contracts | CSoCNE | (12,618) | (12,618) | - | - |
| Interest income | CSoCNE | 54,719 | 54,613 | 25,055 | 25,055 |
| Interest expense | CSoCNE | (9,408) | (9,403) | (32,329) | (32,329) |
| **Net financing** | | **1,191,845** | **1,191,806** | **1,389,215** | **1,389,215** |
| **Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund** | | **49,401** | **49,271** | **208,843** | **209,291** |
| Payments of amounts due to the Consolidated Fund | 15 | (208,460) | (208,675) | (105) | (262) |
| **Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund** | | **(159,059)** | **(159,404)** | **208,738** | **209,029** |
| **Cash and cash equivalents at the beginning of the period** | **13** | **230,257** | **230,633** | **21,519** | **21,604** |
| **Cash and cash equivalents at the end of the period** | **13** | **71,198** | **71,229** | **230,257** | **230,633** |

Notes 1 to 25 form part of these accounts.

# Consolidated statement of changes in taxpayers' equity

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

### Core department and agency for the year ended 31 March 2023

| £000 | | General fund | Revaluation reserve | Taxpayers' equity |
|---|---|---|---|---|
| | Note | Core department and agency | Core department and agency | Core department and agency |
| **Balance at 1 April 2021** | | 735,820 | 402,629 | 1,138,449 |
| Net parliamentary funding – drawn down | | 1,382,556 | - | 1,382,556 |
| Net parliamentary funding – deemed | 15 | 13,933 | - | 13,933 |
| Supply payable adjustment | 15 | (9,477) | - | (9,477) |
| Cash surrenderable to the Consolidated Fund – consideration from disposal of shareholdings in associates | 10 | (213,006) | - | (213,006) |
| Cash surrenderable to the Consolidated Fund – consideration from minor disposals | 5, SOPS 4 | (235) | - | (235) |
| Comprehensive net expenditure for the year | CSoCNE | (1,031,741) | - | (1,031,741) |
| Non-cash charges – auditors' remuneration | 4 | 754 | - | 754 |
| Notional corporate services recharges income | 5 | (41) | - | (41) |
| **Movements in reserves** | | | | |
| Net gain / (loss) on revaluation of property, plant and equipment | CSoCNE | - | 253,127 | 253,127 |
| Net gain / (loss) on revaluation of intangible assets | CSoCNE | - | 3,908 | 3,908 |
| Share of associates' foreign exchange gains / (losses) | 10 | - | 9 | 9 |
| Transfers between reserves – asset transfers | | (308,370) | 308,370 | - |
| Transfers between reserves – other transfers | | 14,081 | (14,081) | - |
| **Balance at 31 March 2022** | | **584,274** | **953,962** | **1,538,236** |
| IFRS 16 transition adjustment | | 5,524 | - | 5,524 |
| **Balance at 1 April 2022** | | **589,798** | **953,962** | **1,543,760** |
| Net parliamentary funding – drawn down | | 1,238,254 | - | 1,238,254 |
| Net parliamentary funding – deemed | 15 | 9,477 | - | 9,477 |
| Supply payable adjustment | 15 | (58,820) | - | (58,820) |
| Consideration surrendered from other minor disposals | 5, SOPS 4 | (53) | - | (53) |

| £000 | | General fund | Revaluation reserve | Taxpayers' equity |
|---|---|---|---|---|
| | Note | Core department and agency | Core department and agency | Core department and agency |
| Comprehensive net expenditure for the year | CSoCNE | (962,877) | - | (962,877) |
| Non-cash charges – auditors' remuneration | 4 | 1,080 | - | 1,080 |
| Notional corporate services recharges income | 4 | (22) | - | (22) |
| **Movements in Reserves** | | | | |
| Net gain / (loss) on revaluation of property, plant and equipment | CSoCNE | - | (166,929) | (166,929) |
| Net gain / (loss) on revaluation of intangible assets | CSoCNE | - | 1,869 | 1,869 |
| Net gain/(loss) on revaluation of right of use assets | CSoCNE | - | 1 | 1 |
| Transfers between reserves – asset transfers | 6.4 | 1,355 | (1,355) | - |
| Transfers between reserves – other transfers | | 9,372 | (9,372) | - |
| **Balance at 31 March 2023** | | **827,564** | **778,167** | **1,605,740** |

## Departmental group for the year ended 31 March 2023

| £000 | | General fund | Revaluation reserve | Taxpayers' equity |
|---|---|---|---|---|
| | Note | Departmental group | Departmental group | Departmental group |
| **Balance at 1 April 2021** | | **734,006** | **402,691** | **1,136,697** |
| Net parliamentary funding – drawn down | | 1,382,556 | - | 1,382,556 |
| Net parliamentary funding – deemed | 15 | 13,933 | - | 13,933 |
| Supply payable adjustment | 15 | (9,477) | - | (9,477) |
| Cash surrenderable to the Consolidated Fund – Registrar of Consultant Lobbyists registration fees | 15 | (216) | - | (216) |
| Cash surrenderable to the Consolidated Fund – consideration from disposal of shareholdings in associates | 10 | (213,006) | - | (213,006) |
| Cash surrenderable to the Consolidated Fund – consideration from minor disposals | 5, SOPS 4 | (235) | | (235) |
| Comprehensive net expenditure for the year | CSoCNE | (1,031,841) | - | (1,031,841) |
| Non-cash charges – auditors' remuneration | 4 | 754 | - | 754 |

| £000 | Note | General fund | Revaluation reserve | Taxpayers' equity |
|---|---|---|---|---|
| | | Departmental group | Departmental group | Departmental group |
| **Movements in reserves** | | | | |
| Net gain / (loss) on revaluation of property, plant and equipment | CSoCNE | - | 253,153 | 253,153 |
| Net gain / (loss) on revaluation of intangible assets | CSoCNE | - | 3,911 | 3,911 |
| Share of associates' foreign exchange gains / (losses) | 10 | - | 9 | 9 |
| Actuarial gain / (loss) on pension scheme liabilities | | (120) | - | (120) |
| Transfers between reserves – asset transfers | | (308,370) | 308,370 | - |
| Transfers between reserves – other transfers | | 14,121 | (14,121) | - |
| **Balance at 31 March 2022** | | **582,105** | **954,013** | **1,536,118** |
| IFRS 16 transition adjustment | | 5,592 | - | 5,592 |
| Late 2021-22 ALB adjustment made in 2022-23 | | 3 | - | 3 |
| **Balance at 1 April 2022** | | **587,700** | **954,013** | **1,541,713** |
| Net parliamentary funding – drawn down | | 1,238,254 | - | 1,238,254 |
| Net parliamentary funding – deemed | 15 | 9,477 | - | 9,477 |
| Supply payable adjustment | 15 | (58,820) | - | (58,820) |
| Cash surrenderable to the Consolidated Fund – Registrar of Consultant Lobbyists registration fees | 15 | (219) | - | (219) |
| Consideration surrendered from other minor disposals | 5, SOPS 4 | (53) | - | (53) |
| Comprehensive net expenditure for the year | CSoCNE | (962,935) | - | (962,935) |
| Non-cash charges – auditors' remuneration | 4 | 1,080 | - | 1,080 |
| **Movements in Reserves** | | | | |
| Net gain / (loss) on revaluation of property, plant and equipment | CSoCNE | - | (166,895) | (166,895) |
| Net gain / (loss) on revaluation of intangible assets | CSoCNE | - | 1,871 | 1,871 |
| Net gain/(loss) on revaluation of right of use assets | CSoCNE | - | 1 | 1 |
| Actuarial gain / (loss) on pension scheme liabilities | | 211 | - | 211 |
| Transfers between reserves – asset transfers | | 1,355 | (1,355) | - |
| Transfers between reserves – other transfers | | 9,402 | (9,402) | - |
| **Balance at 31 March 2023** | | **825,452** | **778,233** | **1,603,685** |

Notes 1 to 25 form part of these accounts.

# Notes to the consolidated financial statements

## 1 Accounting policies, key accounting estimates and judgements

### 1.1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual issued by HM Treasury. The accounting policies contained in the Government Financial Reporting Manual apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the Government Financial Reporting Manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Cabinet Office for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the Cabinet Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.2 Basis of preparation

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

### 1.3 Basis of consolidation

These accounts comprise a consolidation of the core department, its executive agency and those arm's length bodies which fall within the departmental boundary as defined in the Government Financial Reporting Manual and make up the 'departmental group'. A list of all those entities within the departmental boundary is given at note 24.

The financial reporting year for the core department, its executive agency and arm's length bodies is coterminous and their accounting policies are not materially different. Transactions between these entities are eliminated.

### 1.4 Going concern

The financial statements for the Cabinet Office have been prepared on the basis that the department is a going concern. Financial provision for its activities is included in the 2021 Spending Review which set out budgets for 2022-23 to 2024-25. Parliament has authorised spending for 2023-24 in the Central Government Main Supply Estimates 2023-24 (HC 1134).

The financial statements for the Civil Service Commission, the Registrar of Consultant Lobbyists and the Equality and Human Rights Commission (EHRC) have been prepared on the basis that they are going concerns financed by grant-in-aid from the Cabinet Office.

The Government Property Agency (GPA) is 'supply-financed' by the Cabinet Office and invoices property costs to the tenant occupiers with the longer term intention that it becomes a self-funding agency.

In common with other government departments, the group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. The department considers there is no reason to believe that future approvals will not be forthcoming.

## 1.5 Restated amounts

Prior year comparatives are restated for machinery of government transfers of function. There were no machinery of government transfers in 2022-23, and therefore no restatements have been required.

Machinery of government changes, which involve the transfer of functions or responsibilities between two or more government departments, are accounted for as a business combination using merger accounting principles in accordance with the Government Financial Reporting Manual.

Accordingly, the results, balances and cash flows relating to the in-year transferred functions or responsibilities are written in or out of the accounts from the start of the financial year and prior year comparatives are restated, with corresponding adjustments being made to the general fund. The historic carrying values of assets and liabilities are not adjusted to fair value, but, where appropriate, adjustments are made to achieve uniformity of accounting policies.

In doing so, it appears that the department always existed in its present form. This enables the user of the accounts to make useful comparisons between the data from the prior year to the current year – see note 2.

## 1.6 Transfer by absorption

There were no transfers by absorption in 2021-22 or 2022-23.

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

In accordance with the Government Financial Reporting Manual, the carrying value of the assets and liabilities of the combining bodies or functions are not adjusted to fair value on consolidation. There is no recognition of goodwill and no restatement of comparatives in the primary financial statements. The recorded amounts of net assets/liabilities are brought into the financial statements of the transferee and written out of those of the transferor from the date of transfer.

The net asset/liability carrying value is recorded against non-operating gain/loss through net expenditure. Any revaluation reserves are transferred in full with the remaining balance transferred to the general fund.

## 1.7 Operating segments

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

# Accounting policies for expenditure

## 1.8 Employee benefits

### Short-term benefits

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

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

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

**Termination benefits**

Termination benefits include lump sum payments and payments in lieu of notice. The department makes provision for termination benefits in cases of compulsory redundancy on announcement of a detailed plan. The department makes a provision for voluntary redundancies on issue of offer letters to employees and where there is full or oversubscription by employee applications to the scheme.

The department then accrues for termination benefits in cases of both voluntary and compulsory redundancy at the point at which the employee has accepted the offer made by the department, and then reverses the earlier provision.

## 1.9 Pensions

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

The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Civil Service pension arrangements of amounts calculated on an accruing basis.

Liability for payment of future benefits is a charge on the Civil Service pension arrangements. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

Pension benefits for former chairs of the EHRC and its legacy organisations are provided under a 'broadly by analogy' scheme. The scheme disclosures are stated in accordance with 'IAS 19: Employee Benefits'. This scheme is an unfunded defined-benefit scheme managed by the Home Office shared service centre, and any pensions are administered by it in accordance with the standard rules (by analogy with the PCSPS).

Where actuarial gains and losses arise from changes to actuarial assumptions when revaluing future benefits, and from actual experience in respect of scheme liabilities and investment performance of scheme assets being different from previous assumptions, then the actuarial gains and losses are recognised directly in taxpayers' equity for the year.

## 1.10 Grants

Grants are unrequited payments made by the department to outside bodies to reimburse expenditure on agreed items or functions. They are often only paid on statutory conditions being met. Grants may be resource or capital. The department recognises grant expenditure at the point of cash disbursement where there is no material difference from accruals accounting.

Under the terms and conditions of some grants, the unspent element may be returned to the department if the conditions are not met, or if the grant is no longer required. This would be recognised at the point of cash receipt.

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

## 1.11 Repayable Grants

Where grants are not unrequited and the grant agreement stipulates a non-interest bearing future repayment to the department, such grants are treated as below market rate of interest loans in accordance with IAS 20.

The department has entered into such arrangements with local authorities, which have been classified as financial assets measured at amortised cost in accordance with IFRS 9, and held within a business model whose objective is to collect contractual cash flows on specified future dates payments of principal outstanding.

Repayable grants are subsequently measured using the effective interest rate, based on the financial instrument discount rate from HM Treasury. At 31 March 2023, the nominal rate was 1.9% (2021-22: 1.9%).

The department recognises an expected loss provision in the CSoCNE and reassesses at the reporting date the lifetime expected loss provision and re-measures accordingly to the extent that the credit risk has increased significantly since initial recognition or the previous reporting date.

Where the department has no reasonable expectation of recovering some or all of the repayable grant, the department impairs the gross carrying value of the grant to the CSoCNE accordingly.

Further details can be found in note 11.3.

## 1.12 Leases

Cabinet Office accounts for leases in accordance with IFRS 16 with effect from 1 April 2022. See 1.33 for judgements and transition approach.

### Cabinet Office as a lessee

For arrangements where Cabinet Office is the lessee and the lease is in scope of IFRS 16, Cabinet Office recognises a right of use asset and corresponding lease liability.

The right of use asset is initially measured at cost, which comprises the present value of unavoidable future lease payments, adjusted for any initial direct costs, prepayments or incentives and an estimate of any repair or restoration costs. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. Depreciation expenditure is recorded in the CSoCNE.

Right of use assets are subsequently measured at fair value, with amortised cost being used as a proxy for fair value in the vast majority of cases. For a small portion of leases, amortised cost is assessed to not be an appropriate proxy for fair value, for example in the case of long leases with peppercorn rents. These leases are subject to professional valuation in accordance with current RICS valuation standards.

Right of use assets are tested for impairment in accordance with IAS 16 Impairment of Assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. Cabinet Office recognises interest on the lease liability as a finance cost in the CSoCNE.

Cabinet Office has applied the exemption for short-term leases (less than 12 months) and low value assets. In these cases, the leases are accounted for as short-term leases and the lease payments associated with them are recognised as an expense from short-term leases.

**Cabinet Office as a lessor**

Cabinet Office classifies its subleases as finance leases or operating leases. A sublease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset. If the sublease does not transfer substantially all the risks and rewards of ownership then the lease is classified as an operating lease.

Where it is determined that as lessor, a finance lease is the appropriate treatment, the right of use asset (or in some cases freehold property asset) has been derecognised in favour of a lease receivable asset, which is amortised in a similar manner to the lease liability but with interest recognised as finance income in the CSoCNE. A gain or loss on disposal of the right of use or freehold property asset has been recognised in the CSoCNE at the time of the recognition of the lease receivable.

Where it is determined that as lessor, an operating lease is the appropriate treatment, Cabinet Office recognises rental income in the CSoCNE on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

## Accounting policies for income

### 1.13 'IFRS 15: revenue from contracts with customers'

IFRS 15 is the relevant accounting standard for revenue recognition based on the transfer of control rather than the transfer of risks and rewards of ownership, and on satisfaction of performance obligations. The core principle of this standard is that an entity shall recognise revenue that reflects the consideration to which the entity expects to be entitled in exchange for a transfer of promised goods or services.

Under IFRS 15, revenue is recognised at the point when:

- control of goods and services is transferred under contractual arrangements and services to the customer
- performance obligations are satisfied, whether at a point in time or over time

A 'point in time' is most likely to apply when transferring goods to a customer, and 'over time' when transferring services to a customer.

For service provision, the point of recognition is dependent on contract terms. Revenue is measured based on consideration specified in a contract. Revenue related to performance obligations recognised over time as the service is rendered is measured by reference to either input (resources consumed in satisfying a performance obligation) or output (measurements of value to the customer of services transferred) methods. The department generally measures revenue by reference to input and operates various cost recovery models. Most of the department's performance obligations relate to services satisfied over time, such as assurance reviews, Fast Stream recruitment and supply of IT hardware and licences – see note 5.

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.

A contract liability is recognised where the department has billed the customer but deferred income into the following financial year, in line with a performance obligation being satisfied over a 12 month period.

In 2021-22, the department received significant sponsorship income in relation to the 26th Conference of the Parties (COP26). Formal contracts were put in place between the sponsor and the department, setting out the rights and obligations for each party from the arrangement. Cash sponsorship income is therefore recognised under revenue from contracts with customers. See note 1.16.

### 1.14 Government Property Agency non-rental income

Non-rental income from properties has been recognised in accordance with IFRS 15. This income arises from tenant leases, which provide for the recovery of all or a portion of the operating expense incurred by the GPA. The non-rental element of the contract is separated from the lease rental element and assessed by reference to the operating costs incurred in relation to each lease and rental space. Non-rental income is recognised in the same period as the expenses are incurred.

This income is recognised when it is received, or when the right to receive payment is established by the contract.

Non-rental income includes fees for commercial advisory work such as lease term renegotiation, whereby the GPA receives a share of any savings achieved (gain share), compared to the terms of the existing lease arrangement.

### 1.15 Rental income

Rental income, including fixed rental uplifts, is recognised in accordance with IFRS 16 on a straight-line basis over the term of the lease, which is considered to be the date of the lease commencement to the earliest termination date. A rent adjustment based on open-market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews.

Lease incentives, such as rent-free periods and contributions towards tenant costs, are recognised evenly over the lease term. Incentives for the agreement of a new or renewed operating lease given to tenants are recognised as a reduction of the rental income over the lease term, irrespective of the incentive's nature or form, or the timing of payments.

### 1.16 Other income

Dividends are recognised when the department's right to receive payment has been established.

The notional digital apprenticeship service grant income offsets the notional grant expenditure which represents apprenticeship training received and funded through the levy paid. See notes 4 and 5.

In 2021-22 the department received value in kind sponsorship for COP26 where goods or services were provided rather than cash.

As with cash sponsorship, a formal contract was in place and each party had rights and obligations from the arrangement. As it is material, the value in kind sponsorship is therefore recognised in the financial statements via notional offsetting income and expenditure transactions reflecting the value received from the transactions based on the opportunity cost of the arrangement. See note 1.13.

Capital grant in kind is the mechanism for deemed funding of non-current assets. This offsets donated assets and assets transfers from other government departments for nil consideration – see notes 5, 6 and 7. This recognition criteria is set out in the Government Financial Reporting Manual and results in assets recognised as donated assets with equal and opposite capital grant in kind income in accordance with IAS 20.

### 1.17 Income payable to the Consolidated Fund and recognised in the CSoCNE

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

Cabinet Office receives miscellaneous income for the sale of materials purchased to produce face coverings which are no longer required. HM Treasury has advised that this income should be returned to the Consolidated Fund.

## Accounting policies for assets and liabilities

### 1.18 Property, plant and equipment

Property, plant and equipment is recognised initially at cost, and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques, which are treated as heritage assets that are non-depreciating, and properties surplus to requirement. Cost comprises the value of the donated asset or the amount of cash paid to acquire the asset, and includes any costs necessary to bring the asset to working condition for its intended use.

The capitalisation threshold for expenditure on property, plant and equipment for the core department and agencies is £5,000. The EHRC is an arm's length body and has a capitalisation threshold for expenditure on property, plant and equipment of £3,000. This difference in recognition criteria has been assessed to have an immaterial impact on the net book value of property, plant and equipment reported by the departmental group.

Freehold properties which are held for their service potential (i.e. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use using a method determined by Jones Lang LaSalle Ltd. For non-specialised assets current value in existing use is interpreted as market value in existing use as defined in the Royal Institute of Chartered Surveyors (RICS) Red Book as 'existing use value'. For specialised assets current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential.

Each property is revalued on a rotational basis on a five-year cycle, commencing at the point of acquisition or onboarding into the GPA. Valuations are based on a number of key assumptions, including an estimate of future rental income, anticipated future costs, floor areas and a discount rate. The valuers also compare their valuations to market data for other similar assets.

In the intervening years, if material, changes in fair value are determined using desktop valuation exercises undertaken by independent qualified valuation experts without re-inspection, or by using published indices reflecting current prices on an active market for similar property.

Other operational assets are revalued to open-market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable due to their specialised nature. Published indices appropriate to the category of asset are normally used to estimate value.

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

Art and antiques have been inherited by the department since its earliest existence and are held mainly in 10 Downing Street and 70 Whitehall. Some art and antiques qualify as heritage assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Some heritage assets that have been transferred to the GPA are immaterial and on that basis are neither revalued, depreciated nor indexed. Art and antiques are subject to professional valuation on the basis of insurance value every five years, with the revaluation being taken into the revaluation reserve. They are not depreciated or indexed. Further information regarding the 2022-23 art and antique valuation approach can be found in note 1.32.

### 1.19 Depreciation and impairment on property, plant and equipment

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

Asset lives are within the following ranges.

| | |
|---|---|
| Freehold buildings, including dwellings | 10 to 50 years |
| Leasehold building improvements | Over the remaining term of the lease |
| Information technology and office equipment | 2 to 14 years |
| Plant and machinery | 3 to 25 years |
| Furniture and fittings | 3 to 15 years |

Assets in the course of construction are not depreciated until the assets are available for use. No depreciation is provided on freehold land and items for collections as they have unlimited or very long estimated useful lives, nor on non-current assets held for sale.

Assets continue to depreciate until they are derecognised, even if during that period they are idle.

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

## 1.20 Donated assets

The value of donated assets is recognised as capital grant in kind income and credited to the general fund. Any associated revaluation reserves are also transferred in full, with a corresponding opposite entry debited from the general fund on transfer. For details of property, plant and equipment donated to the GPA in 2022-23, see note 6.4. Any subsequent revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the CSoCNE, in which case the increase is recognised in the CSoCNE.

A revaluation deficit is recognised in the CSoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

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

The Civil Service Club is recognised as a donated asset. Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Late Majesty Queen Elizabeth II, and part of the sum subscribed was, by her wish, applied to some object of general benefit to the Civil and Foreign Services. Consequently the Civil Service Club was purchased.

## 1.21 Intangible assets

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

Intangible assets are measured on initial recognition at cost. The capitalisation threshold for expenditure on intangible assets for the core department and agencies is £5,000. The EHRC has a capitalisation threshold for expenditure on intangible assets of £3,000. This difference in recognition criteria has been assessed to have an immaterial impact on the net book value of intangible assets reported by the departmental group. Following initial recognition, intangible assets are carried at fair value in the CSoFP where an active market exists. Where no active market exists, the department uses published indices to assess the depreciated replacement cost.

Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Development expenditure is recognised as an intangible asset in line with the process above when the department can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use

- its intention to complete and its ability to use the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

## 1.22 Amortisation of intangible assets

Intangible assets are currently assessed to have a finite life of between three and ten years, and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each financial year. Assets in the course of construction are not amortised until brought into use. Externally acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to six years.

## 1.23 Investments in associates

An associate is an entity over which the department has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies. It is assumed that associate status exists where the department has a shareholding of at least 20%, but no more than 50%.

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

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

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

In cases where the associate's and the department's reporting periods are greater than three months apart, the associate prepares unaudited financial statements for the department, as at the department's reporting date. In cases where the associate's and the department's accounting policies are not uniform, adjustments are made where material.

## 1.24 Assets classified as held for sale

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

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

## 1.25 Cash and cash equivalents

Cash in the CSoFP comprises cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

## 1.26 Impairment of financial assets

In accordance with 'IFRS 9: financial instruments' as adapted by the Government Financial Reporting Manual, the department has developed a provision matrix to estimate expected credit losses which groups receivables by sector (private, public and central government departments) and factors in historical experience of write offs and age of the debt. Market information is taken into account where available.

## 1.27 Financial assets

Financial assets are recognised when the department becomes party to the contracts that give rise to them.

The department determines the classification of its financial assets at initial recognition in accordance with IFRS 9 and, where allowed and appropriate, re-evaluates this designation at the end of each financial year. The department considers whether a contract contains an embedded derivative when the entity first becomes party to it.

The subsequent measurement of financial assets depends on their classification. A financial asset is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

The following classifications are currently applicable.

### Investments in other bodies

Public dividend capital is shown at historical cost, less any impairment. The Cabinet Office has public dividend capital held within the Crown Commercial Service. The Cabinet Office assesses at 31 March whether there is any indication that the investment may be impaired. If any such indication exists, the department estimates the recoverable amount of the investment, recognising an impairment loss in the CSoCNE to the amount by which the carrying amount of the investment exceeds its recoverable amount. Dividends are recognised when the department's right to receive payment is established.

### Receivables

Trade receivables and other contract receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

The Cabinet Office holds financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost, less loss allowance.

Provision is made when there is reasonable and supportable information, including that which is forward-looking, that the department will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Details about the department's impairment policies and calculation of loss allowance are provided in notes 1.26 and 1.32.

#### Receivables – repayable grants

The department has entered into below market rate of interest loan arrangements with local authorities, which have been classified as financial assets measured at amortised cost in accordance with IFRS 9, and held within a business model whose objective is to collect contractual cash flows on specified future dates payments of principal outstanding. See notes 1.11 and 11.3.

#### Put option arrangements

The department holds put options over the equity of its investments in certain associates, which allow it to put its shareholdings to the other shareholder at their fair value over a specified period.

The amount that may become receivable under the option on exercise is initially recognised at fair value through profit or loss, and is subject to re-measurement to fair value at the end of each reporting period.

The receivable is calculated at formula values linked to the associates' net cash or debt positions and prior year earnings, or future year forecasts, and is stated net of the fair value of the investment. See note 1.23, investments in associates.

In the event that the option expires unexercised, the asset will be de-recognised with a corresponding adjustment to profit or loss.

### 1.28 Value added tax (VAT)

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

### 1.29 Financial liabilities

Financial liabilities are classified as other financial liabilities in the financial statements. Financial liabilities are derecognised when the contract that gives rise to them is settled, sold, cancelled or expires.

#### Insurance liabilities

Insurance contracts are contracts under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified future event (the insured event) adversely affects the policyholder and are accounted for under 'IFRS 4: insurance contracts'.

Insurance contracts and reinsurance contracts are accounted for on the date the contract is approved by the department. Insurance and reinsurance liabilities are measured at fair value and cover both reported and unreported claims covered by the insurance and reinsurance contract at the reporting date; the fair value recognised is based on the experience of historic and expected materialisation probabilities of the specified or comparable insured events. Possible future claims relating to catastrophe are not included in the calculation of the insurance or reinsurance liabilities.

The fair value for insurance liabilities is calculated using the income approach under IFRS 13, which reflects the present value of future cash outflows that are expected to occur. The discount rate used is the financial instrument nominal rate of 1.9% as set by HM Treasury. The cash outflows include the claims losses and the related claims handling expenses incurred.

Insurance and reinsurance liabilities are recognised in the CSoCNE when they are written. Insurance liabilities are further subject to a liability adequacy test at the reporting date. To the extent that the liability adequacy test reveals a measurement gain or loss, this is immediately recognised in the CSoCNE. Claims and associated expenses are recognised when they are incurred.

**Other financial liabilities**

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

## 1.30 Provisions

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

For early departure costs, the department establishes a provision for the estimated payments discounted by the HM Treasury rate for post-employment benefits of (1.70)% (2021-22: (1.30)%) in real terms, effective from 31 March 2023. Where discounting is used, the increase in the provision due to borrowing costs is recognised as a finance cost.

For dilapidations, a provision is made for estimated cost based valuations where the likelihood of settlement is material and imminent, or via the use of industry standard calculations or methodologies. Where the GPA enters into sublease arrangements with tenants which include rights to recharge the respective dilapidation charge upon exit, the GPA recognises a corresponding receivable, calculated on the same basis, in the CSoFP. The difference between the dilapidation liability and receivable arises from the GPA's own occupational footprint or sublease voids and is recognised in the CSoCNE accordingly.

## 1.31 Contingent liabilities and contingent assets

Contingent assets and liabilities are not recognised in the CSoFP but are disclosed in the notes to the accounts in accordance with 'IAS 37: provisions, contingent liabilities and contingent assets'.

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

Where the time value of money is material, contingent liabilities, which are required to be disclosed under IAS 37, are stated at discounted amounts and the amount reported to Parliament separately noted. The department discloses a contingent asset where it is probable that there will be an inflow of economic benefits from an event whose outcome is uncertain. An estimate of the financial effect is indicated where possible.

# Accounting estimates and judgements

## 1.32 Judgements and key sources of estimation uncertainty

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

In the process of applying the department's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

### Revenue from contracts with customers

Judgements are applied to the measurement and timing of revenue recognition and related balances for contract assets, trade receivables and accrued and deferred income. These are based on a review of individual contracts or memorandum of understandings which are assessed against IFRS 15, and balances are recognised in the context of satisfaction of performance obligations over time, or at a point in time. See note 1.13.

### Development costs

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

### Untaken annual leave

Annual leave untaken at year-end is accrued. The average number of days' leave not taken for each grade is calculated from a random sampling exercise performed at year-end and multiplied by the average salary and staff in post at year-end.

### Staff engaged on capital projects

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

### Materiality of accruals

A materiality of £10,000 per line is applied to accruals, unless its application could impact a disclosure. It is reviewed annually in line with overall materiality limits.

### GPA private finance initiative (PFI) arrangements

The GPA is party to PFIs. The classification of such arrangements as service concession arrangements requires the GPA to determine whether it controls the infrastructure based on an evaluation of the terms and conditions of the arrangements.

This evaluation represents a significant source of judgement uncertainty.

PFI transactions are accounted for on a control approach based on the Government Financial Reporting Manual, which uses 'IFRIC 12: service concession arrangements' to inform its treatment. The GPA is considered to control the infrastructure in a service concession arrangement if:

- the GPA controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price
- the GPA controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise

Where it is determined that such arrangements are not in scope of IFRIC 12, the GPA assesses such arrangements under IFRS 16 as set out in Note 1.15.

Where it is determined that arrangements are in scope of IFRIC 12, the GPA recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IFRS 16, with the service element and the interest charge recognised as incurred over the term of the concession arrangement. Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques.

In determining the interest rate implicit in the contract, the GPA applies the risk-free market rate at the time that the contract was signed. The rate is not changed unless the infrastructure element or the whole contract is renegotiated. The risk-free rate is determined by reference to the real rate set by HM Treasury.

The nominal rate is then calculated by adjusting this real term rate by the UK inflation rate.

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

On initial recognition of Public-Private partnership arrangements or PFI contracts under IFRS, the GPA measures the non-current asset in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the period end, which will normally be the outstanding liability in respect of the asset (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment. Liabilities are measured using the appropriate discount rate.

Revenue received under any revenue sharing provision in the service concession arrangement is recognised when all the conditions set by IFRS 15 have been satisfied. See note 21.

**Impairment of assets**

The department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. See notes 6, 7 and 8.

Impairments of non-current assets that are due to a clear consumption of economic benefit are recognised in the CSoCNE rather than set against an available revaluation reserve. The financial performance of associate companies is assessed annually for indication of any impairment.

For current receivables, such as trade receivables, accrued income and other receivables, a provision is taken against public and private sector debt by reference to payment history and economic conditions against settlement terms using a provision matrix. Debt provisions are established for private sector debt when current, for public sector debt when 91 days overdue and for other government departments' debt when 361 days overdue. These increase as the age of the debt increases.

Debts are written off in cases where the Cabinet Office is unable to collect or where debt is deemed uneconomic to collect. See note 1.27.

For non-current receivables, such as deferred consideration, criteria specific to the debtor organisation are applied in assessing the impact of its financial position on its ability to settle its debt – for example reviewing borrowing arrangements, financial ratio and market share.

**Transfer of assets between other government departments**

The transfer of assets and programmes to the department, are assessed for recognition and application in accordance with the Government Financial Reporting Manual and other frameworks covering all such transfers.

Where it can be demonstrated that a 'transfer of function' has taken place within a departmental group, the transfer has been applied as transfer by absorption, with net assets being brought onto the accounts at carrying value from the date of transfer and recognition of a non-operating gain (or loss) on transfer.

Where individual assets are transferred without a function, they are transferred at fair value from the date of transfer with an equal and opposite operating capital grant in kind. This treatment aligns with that applied in 'IAS 20: accounting for government grants and disclosure of government assistance' to assets funded by way of grant, where assets are transferred for nil consideration and considered to be donated assets in kind.

Freehold properties onboarded from other government entities are subject to measured surveys and valuations by professional valuers following guidance set by RICS and agreed with the transferring department with the transfer being at fair value in accordance with the Government Financial Reporting Manual.

**IAS 16: property, plant and equipment**

IAS 16 has been applied to all of the property, plant and equipment held by the department. The prime objective of the GPA, is to facilitate the efficient use of government assets. These assets are therefore not being held to generate a return or for capital appreciation.

The adoption of 'IAS 40: investment property' is not considered to be appropriate, as assets are considered to be operational rather than investment assets.

The budgeting consequences of adopting IAS 16 will be no different than if properties had remained on an individual department's books. On this basis, HM Treasury has agreed to the GPA adopting IAS 16.

**Determining whether an arrangement contains a lease**

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

**Lease classification**

Cabinet Office as lessee – The Cabinet Office follows IFRS 16 Leases in determining whether an arrangement contains a lease. The Cabinet Office makes judgement about the classification of long-term arrangements as containing a lease based on an evaluation of the terms and conditions of each arrangement, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset.

For arrangements where the Cabinet Office is the lessee and the lease is in scope of IFRS 16, the Cabinet Office recognises a right of use asset and corresponding lease liability. The Cabinet Office determines the fair value of its lease liabilities and its associated right of use assets based on judgements on the appropriate discount rate to use and the applicable lease term.

Cabinet Office cannot ordinarily determine the implicit rate of interest inherent within its leases and uses the Government incremental borrowing rate as promulgated by HM Treasury. For leases that commenced or are remeasured after 1 January 2023, the HM Treasury discount rate is 3.51%. For leases that commenced or are remeasured prior to 1 January 2023, the HM Treasury discount rate is 0.95%.

The lease term for each lease liability is derived based on an assessment of whether each break and renewal option is reasonably certain to be exercised. This assessment is determined with consideration of the GPA's estate strategy, amongst other relevant factors.

Cabinet Office as lessor – The Cabinet Office makes a judgement as to whether a lease should be classified as a finance or operating lease under IFRS 16 based on whether or not the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset.

While other factors are considered, the main criterion is whether the lease term accounts for the majority of the useful economic life of the underlying asset. A lease term in excess of 75% of the expected useful economic life of the underlying asset would typically be assessed as a finance lease, but this could be overridden by assessment of other relevant factors set out under IFRS 16.

Where a lease is assessed as a finance lease, the GPA values its associated lease receivable asset using the interest rate implicit in the lease.

The lease term for the lease receivable asset is derived based on an assessment of whether each break and renewal option is reasonably certain to be exercised. This assessment is determined with consideration of the GPA's estate strategy, among other relevant factors.

### Leasehold improvements

When leases have been assigned from other government departments to the GPA and historic property leasehold improvements have taken place, a review of the head lease and the terms of occupation agreement is undertaken by the GPA.

If the majority of the improved property is occupied by a sole tenant and the occupant's tenancy is for the life of the head lease, then the tenant is deemed to be in receipt of economic benefit. Therefore the asset continues to be recognised by the tenant rather than the GPA.

Where the improvements are deemed to be for the benefit of all tenants, the life of those improvements extends past individual tenancies, and the cost is collected via increased rent payments, the GPA recognises the leasehold improvements within property, plant and equipment.

### Property valuations

Freehold properties held by the core department and the GPA are shown at fair value, as calculated by independent qualified valuation experts every five years. Each property is revalued on a rotational basis on a five-year cycle, commencing at the point of acquisition or onboarding into the GPA.

Valuations are based on a number of key assumptions, including an estimate of future rental income, anticipated future costs and a discount rate. The valuers also compare their valuations to market data for other similar assets in accordance with relevant RICS guidance.

In the intervening years, if material, changes in fair value are determined by reference to desktop valuation exercises undertaken by independent qualified valuation experts without re-inspection, or by reference to published indices reflecting current prices on an active market for similar property.

Properties are valued primarily using the existing use value approach and estimated using the investment method. Key inputs and assumptions are the floor areas, estimated market rent and yield.

Specialised properties are carried at depreciated replacement cost to a modern equivalent basis in accordance with the Red Book, adjusted for functional obsolescence. A property is considered specialised if it is rarely, if ever, sold in the market due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.

Valuations are prepared based on level 2 inputs – inputs that can be corroborated by observable market data – as per the 'IFRS 13: fair value measurement' hierarchy of inputs. In preparing these valuations, consideration is given also to some level 3 unobservable inputs, rent free periods and other inducements and interpretation of observable rents and yields which can be applied to the subject property.

Property valuations are derived from independent professional valuers' estimates of market rental values and expected yields for each property.

**Put options**

The department has the contractual benefit of put options in relation to its investments in certain associate companies. Under these put options, the Cabinet Office can require the co-investors in its associates to purchase its investments in those associates at the higher of associate-specific contractually set formula values linked to the associates' net cash or debt positions and earnings or fair value of the Cabinet Office's equity shareholding, as determined by an independent expert. The put options are not capable of separate realisation. They can only be realised together with the underlying investments to which they are linked.

In valuing put options, the Cabinet Office has made assumptions about the future performance of some of its associates based on the best and reasonably available evidence. Sensitivity surrounding assumptions about future earnings, choice of discount rates, selection of the most appropriate measurement date, valuation based on formula values or fair values, and management judgement when assessing for indicators of impairment could have a significant effect on the fair value of the reported derivative financial assets.

Sensitivity analysis regarding judgements and key sources of estimation uncertainty of put option valuations can be found in note 11, financial assets.

**Insurance liabilities**

The department has issued indemnities that are considered insurance contracts and are assessed under IFRS 4.

This relates to the indemnities to the Official Receiver of Carillion plc and Virtual Infrastructure Group Ltd and UK Cloud Ltd against all claims, proceedings, costs and expenses incurred in connection with their appointment as liquidator of the companies to the extent that such liabilities arise as a consequence of the carrying out the proper performance of their duties as liquidator of the companies; and the maintaining, securing and funding the ongoing operation of the companies' undertakings, and distributing the assets of the companies in the ordinary course of their duties as liquidator of the companies. The department has also granted to the trustees of the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) a post-wind-up indemnity against future personal liability claims in relation to their administration of the scheme.

Such indemnities are novel, with no prior comparable insurance contracts from which to benchmark an insurance liability, are unaffected by observable changes in market conditions, and there are no reasonable shared characteristics of insurance risk for concentration or aggregation purposes. Accordingly, significant management judgement is required based on anecdotal assessment of the probability and value of expected cash flow claims materialising, including those from the insured party. Outcomes over or under anecdotal expectations of future cash flows relating to claims could have a significant financial impact on the department's financial statements.

**Provisions**

Provisions are based on the best estimate of the amount required to settle the obligation following an assessment of risks and uncertainties, terms of legal agreements, and where appropriate, independent professional valuation reports.

HM Treasury discount rates for general provisions and post-employment benefits are applied where appropriate. See notes 1.30 and 16.

**Retirement benefit obligations – EHRC**

The pension scheme for the former chair of the EHRC, and for the former chairs and deputy chairs of legacy commissions, is unfunded and exposes the EHRC to uncertainty, arising from the actuarial valuation of the scheme which uses factors such as changes in life expectancy and discount rates to calculate the scheme's total liability. See note 19.

**Art and antiques valuations**

Townley Valuation Services Limited valued art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall estate throughout 2022-23 on the basis of insurance value being the likely cost of replacing the items.

## 1.33 Changes in accounting policy and disclosures

**Changes in accounting policies**

IFRS 16 Leases are now applicable to Cabinet Office from 1 April 2022. The standard introduces new or amended requirements with respect to lease accounting. A new accounting policy for IFRS 16 has been adopted. See 1.12 Leases.

**New and amended standards adopted**

Cabinet Office adopted IFRS 16 in accordance with the modified retrospective approach. Previously, where the Cabinet Office entered a lease as a lessee, each lease contract was recognised either as a finance lease or an operating lease, with the accounting treatment appropriate for each category. Under IFRS 16, lease contracts are recognised in right of use assets and in lease liabilities by a debt corresponding to the discounted value of future payments.

The transition method used consists of recognising the cumulative effect of the initial application as an adjustment to opening equity by considering that the right-of-use of the underlying asset is equal to the amount of the lease liability, adjusted by amounts of rent paid in advance, lease incentives received from the landlord and repair costs.

Cabinet Office has applied the practical expedient not to reassess whether a contract is or contains a lease at the date of initial application. As part of the initial application the department chose to apply the relief option, which allowed it to adjust the right of use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application. Cabinet Office has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases. Cabinet Office has applied the practical expedient for short-term leases (less than 12 months) and low value assets. In these cases, the leases are accounted for as short-term leases and the lease payments associated with them are recognised as an expense from short-term leases.

The discount rates applied as of the transition date are based on the department's incremental borrowing rate. The measurement on leases that commence or are remeasured in accordance with IFRS 16 prior to January 2023 and in the 2022 calendar year, have used a discount rate of 0.95%. The discount rate used for leases for the full calendar year 2023 is 3.51%.

Disclosures regarding right-of-use assets and lease liabilities and other disclosures can be found under the relevant balance sheet items and note 1.14.

For the impact of the first time application of IFRS 16 on the 2022 financial statements, please see note 20.

## 1.34 Impending application of newly issued accounting standards not yet effective

**IFRS 17: Insurance contracts**

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

**Impact**

This standard is due to be adopted by the public sector by 1 April 2025. The Cabinet Office will assess whether any indemnities provided fall within scope of the standard in advance of this date. Current indemnities are set out in the accountability report, section 4.3.

## 2 Restatement of prior year comparatives

Three machinery of government transfers were announced which would have an impact on the Cabinet Office accounts in 2022-23. The responsibility for union and devolution policy was to move to the Cabinet Office from the Department for Levelling-up, Housing and Communities, the Brexit Opportunities Unit was to move from the Cabinet Office to the Department for Business, Energy and Industrial Strategy and the EU and Northern Ireland units were to transfer to the Foreign, Commonwealth and Development Office (FCDO).

It was subsequently announced that responsibility for union and devolution policy would remain in the Department for Levelling Up, Housing and Communities, and the Brexit Opportunities Unit will be transferred to the new Department for Business and Trade in 2023-24. The EU and Northern Ireland units did transfer to FCDO in 2022-23 but are not material enough to require a restatement to the 2021-22 accounts.

# 3 Statement of net outturn by operating segment

**Performance report**

This segmental analysis aligns with the Cabinet Office's objectives as set out in the 2022-23 supply estimate. Descriptions of the activities carried out under each operating segment are located in the performance report.

Financial information was reported through a regular performance report, which adopted the same segmental analysis shown below. The performance report was reviewed by the Cabinet Office Board, chaired by the Minister for the Cabinet Office, and also by the Executive Committee, chaired by the Principal Accounting Officer.

**Net assets**

The vast majority of the Cabinet Office's net assets relate to property held by the GPA (objective F) so are not included in management reporting.

## 3.1 Resource DEL

| £000 | Gross resource expenditure | Gross resource income | 2022-23 net resource outturn | 2021-22 restated net resource outturn |
|---|---|---|---|---|
| **Operating segment** | | | | |
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | 25,805 | (193) | 25,612 | 60,267 |
| **B:** Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 131,352 | (87,362) | 43,990 | 37,140 |
| **C:** Advance equality of opportunity across the UK | 33,004 | (151) | 32,853 | 16,703 |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 834,529 | (453,441) | 381,088 | 495,341 |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 235,738 | (13,761) | 221,977 | 563,094 |
| **F:** Executive agency – GPA | 457,740 | (476,566) | (18,826) | (12,246) |
| **Subtotal** | **1,718,168** | **(1,031,474)** | **686,694** | **1,160,299** |

| £000 | Gross resource expenditure | Gross resource income | 2022-23 net resource outturn | 2021-22 restated net resource outturn |
|---|---|---|---|---|
| **Ring-fenced depreciation, amortisation and impairment** | | | | |
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | - | - | - | - |
| **B:** Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 19,250 | - | 19,250 | 17,180 |
| **C:** Advance equality of opportunity across the UK | 1,099 | - | 1,099 | - |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 31,193 | - | 31,193 | 16,009 |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 5,107 | - | 5,107 | 5,095 |
| **F:** Executive agency – GPA | 71,779 | - | 71,779 | 40,237 |
| **Subtotal ring-fenced depreciation, amortisation and impairment** | **128,428** | **-** | **128,428** | **79,106** |
| **Total** | **1,846,596** | **(1,031,474)** | **815,122** | **1,239,405** |

## 3.2 Capital

| £000 | Gross capital expenditure | Gross capital income | 2022-23 net capital outturn | 2021-22 restated net capital outturn |
|---|---|---|---|---|
| **Operating segment** | | | | |
| **A:** Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security | - | - | - | - |
| **B:** Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 26,219 | - | 26,219 | 20,236 |
| **C:** Advance equality of opportunity across the UK | 700 | - | 700 | 490 |
| **D:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions | 189,537 | - | 189,537 | 143,419 |
| **E:** Support the design and implementation of government's and Prime Minister's priorities | 2,212 | (6) | 2,206 | 5,768 |
| **F:** Executive agency – GPA | 721,180 | (517,026) | 204,154 | 101,757 |
| **Total** | **939,848** | **(517,032)** | **422,816** | **271,670** |

# 4 Expenditure

| £000 | Note | 2022-23 Core department and agency | 2022-23 Departmental group | 2021-22 Core department and agency | 2021-22 Departmental group |
|---|---|---|---|---|---|
| **Staff costs** | | | | | |
| Wages, salaries and fees | | 508,456 | 519,896 | 502,838 | 512,988 |
| Social security costs | | 61,212 | 62,419 | 57,268 | 58,262 |
| Apprenticeship levy | | 2,669 | 2,704 | 2,550 | 2,579 |
| Other pension costs | | 117,133 | 119,901 | 117,634 | 120,020 |
| Untaken annual leave – change in provision | | (5,236) | (5,208) | (597) | (674) |
| Agency/temporary | | 58,745 | 59,118 | 49,063 | 49,316 |
| Chairs and commissioners' emoluments | | 127 | 434 | 35 | 411 |
| Termination benefits | | 4,433 | 4,568 | 272 | 272 |
| Inward secondments | | 7,840 | 8,034 | 13,357 | 13,500 |
| Recoveries in respect of outward secondments | | (3,207) | (3,320) | (3,242) | (3,316) |
| Staff engaged on capital projects | | (28,361) | (28,361) | (17,563) | (17,563) |
| **Total staff costs[1]** | | **723,811** | **740,185** | **721,615** | **735,795** |
| **Goods and services** | | | | | |
| Accommodation and utilities | | | | | |
| Core department[2] | | 35,396 | 35,887 | 193,313 | 193,839 |
| Executive agency | | 161,332 | 161,332 | 128,553 | 128,553 |
| IT costs | | 163,546 | 164,399 | 146,204 | 146,995 |
| Professional services | | 83,125 | 83,962 | 85,478 | 86,166 |
| Supplies and services | | 68,373 | 69,053 | 298,475 | 299,507 |
| Clinical and medical | | - | - | 298 | 298 |
| Consultancy | | 21,331 | 21,331 | 29,409 | 29,409 |
| Business rates | | 74,790 | 74,832 | 61,494 | 61,595 |
| Pensions administration | | | | | |
| PCSPS and CSOPS[3] | | 27,283 | 27,283 | 30,188 | 30,188 |
| Royal Mail Statutory Pension Scheme | | 6,019 | 6,019 | 5,654 | 5,654 |
| Other staff-related costs[4] | | 34,354 | 34,645 | 160,380 | 161,019 |

1 Further analysis is located in note 2 of the remuneration and staff report and note 4.1 (losses and special payments) of the parliamentary accountability disclosures.
2 The Downing Street complex is a working building, as well as containing two ministerial residences. The government is legally required to maintain the complex to the high standards appropriate to its Grade 1 and 2 listed status in consultation with Historic England. Across successive governments, Prime Ministers have received an annual allowance of up to £30,000 a year from the public purse to contribute towards the costs associated with maintaining and furnishing the residency within the Downing Street estate. During 2022-23, Cabinet Office spent £7,015 (2021-22: £4,640) through Mitie Facilities Management Limited on works for the 11 Downing Street residence, which included painting. These works contribute to the assets owned and held by the nation for use by ministers.
3 Principal Civil Service Pension Scheme and Civil Servants and Others Pension Scheme.
4 Other staff-related costs' includes the cost of conferences which in 2021-22 included the COP26 and G7 events.

| £000 | Note | 2022-23<br>Core department and agency | 2022-23<br>Departmental group | 2021-22<br>Core department and agency | 2021-22<br>Departmental group |
|---|---|---|---|---|---|
| Travel, subsistence and hospitality | | 24,858 | 25,169 | 49,156 | 49,268 |
| PFI service charges | 21 | 92,554 | 92,554 | 30,219 | 30,219 |
| Lord Lieutenants' expenses | | 1,529 | 1,529 | 1,249 | 1,249 |
| Grant fund management | | (98) | (98) | 1,289 | 1,289 |
| Public Duty Cost Allowance | 4.1 | 618 | 618 | 543 | 543 |
| Auditors' remuneration and expenses – arm's length bodies | | - | 89 | 4 | 81 |
| **Total goods and services** | | **795,010** | **798,604** | **1,221,906** | **1,225,872** |
| **Rentals under operating leases** | | | | | |
| Core department | | (2,724) | (2,689) | 14,357 | 14,556 |
| Executive agency | | 34,412 | 34,412 | 138,115 | 138,115 |
| **Total rentals under operating leases** | | **31,688** | **31,723** | **152,472** | **152,671** |
| **Geospatial data** | | | | | |
| Geospatial data resource | | 6,618 | 6,618 | 6,372 | 6,372 |
| Geospatial data capital (under ESA10 definition) | | 122,301 | 122,302 | 118,844 | 118,844 |
| **Total geospatial data** | | **128,919** | **128,920** | **125,216** | **125,216** |
| **Grants** | | | | | |
| Resource grants to local authorities | | 2,492 | 2,492 | 10,351 | 10,351 |
| Resource grants to private sector and non-profit bodies | | 1,080 | 1,080 | 1,606 | 1,606 |
| Resource grants to central government bodies[5] | | 20,000 | 20,000 | - | - |
| Resource grants to NDPBs | | 46 | 46 | - | - |
| Capital grants to private sector | | 109 | 109 | - | - |
| Capital grants to arm's length bodies and other central government bodies | | 8,197 | 8,197 | 3,784 | 3,784 |
| Grant-in-aid to the Chequers Trust under the Chequers Estate Act 1958 | | 1,300 | 1,300 | 980 | 980 |
| Grant-in-aid to Civil Service welfare bodies | | 810 | 810 | 210 | 210 |
| Grant-in-aid to arm's length bodies[6] | | 21,290 | - | 19,463 | - |
| **Total grants[7]** | | **55,324** | **34,034** | **36,394** | **16,931** |

5 To ensure the Official Receiver has sufficient liquidity to maintain public service continuity when managing Virtual Infrastructure Group Ltd and UK Cloud Ltd in liquidation, the Government is providing working capital and underwriting centrally the costs and liabilities of the Official Receiver who will seek to recoup his operating costs through liquidation of assets from customers of those services. This process is ongoing; there is no current anticipation that additional liquidity will be provided by government.

6 Grant-in-aid to arm's length bodies has been eliminated on consolidation – Registrar of Consultant Lobbyists, £0.295 million (2021-22: £0.241 million), Civil Service Commission, £2.335 million (2021-22: £2.107 million), EHRC, £18.661 million (2021-22: £17.115 million).

7 Includes grants paid using powers under section 70 of the Charities Act 2006. See 'Report on the use of powers under section 70 of the Charities Act 2006' in Annex B to the annual report and accounts.

| £000 | Note | 2022-23 Core department and agency | 2022-23 Departmental group | 2021-22 Core department and agency | 2021-22 Departmental group |
|---|---|---|---|---|---|
| **Depreciation, impairment and property gains** | | | | | |
| Depreciation | 6 | 68,082 | 68,446 | 61,879 | 62,311 |
| Amortisation | 7 | 15,488 | 15,602 | 13,692 | 13,845 |
| Depreciation of right of use asset | 20.2 | 41,588 | 41,984 | - | - |
| Impairment | | | | | |
| Property, plant and equipment | 6, 8 | 1,307 | 1,307 | 534 | 534 |
| Intangible assets | 7, 8 | - | - | 1 | 1 |
| Right of use asset | | 94 | 94 | - | - |
| Trade Receivables | 8, 14.3 | (3,159) | (3,159) | (2,087) | (2,087) |
| Revaluation | | | | | |
| Property, plant and equipment | 6, 8 | 58,542 | 58,542 | 84,769 | 84,771 |
| Intangible assets | 7, 8 | - | - | - | 18 |
| Local government loans | 11.3 | - | - | (7,170) | (7,170) |
| Write off | | | | | |
| Intangible assets | 7, 8 | 1,202 | 1,202 | 2,527 | 2,527 |
| Bad debt | | 5 | 5 | 327 | 327 |
| Gain/loss on disposal of right of use assets | 20 | 5,808 | 5,807 | - | - |
| Gain on disposal of shareholding in associate | 10 | - | - | (148,405) | (148,405) |
| Gain/loss on emeasurement of right of use assets | 20 | (2,002) | (2,002) | - | - |
| Loss on change in fair value of assets held for sale | | - | - | 300 | 300 |
| Capital grant in kind – intangible assets | 7 | - | - | 67 | 67 |
| Grant in kind – PFI liabilities | 21 | - | - | 500,757 | 500,757 |
| **Total depreciation, impairment and property gains** | | **186,955** | **187,828** | **507,191** | **507,796** |

| £000 | Note | 2022-23 Core department and agency | 2022-23 Departmental group | 2021-22 Core department and agency | 2021-22 Departmental group |
|---|---|---|---|---|---|
| **Provisions and other non-cash costs** | | | | | |
| Provisions provided for in year and written back | 16 | (792) | (963) | (6,306) | (6,192) |
| Borrowing costs | 16 | - | (1) | 18 | 19 |
| Expected loss allowance | 11.3 | 38 | 38 | 407 | 407 |
| Auditors' remuneration and expenses[8] | | 1,080 | 1,080 | 754 | 754 |
| Value in kind sponsorship – COP26 | 5.1 | - | - | 7,318 | 7,318 |
| Notional digital apprenticeship service grant | 5 | 1,204 | 1,204 | 1,330 | 1,330 |
| Non-cash PFI adjustments | | (19,950) | (19,950) | - | - |
| **Total provisions and other non-cash costs** | | **(18,420)** | **(18,592)** | **3,521** | **3,636** |
| **Total operating expenditure** | | **1,903,287** | **1,902,702** | **2,768,315** | **2,767,917** |
| **Finance costs** | | | | | |
| PFI service charges | 21 | 45,060 | 45,075 | 29,660 | 29,660 |
| Effective interest expense | | | | | |
| Carillion working capital payable to the Consolidated Fund | | 231 | 231 | 1,478 | 1,478 |
| Deferred consideration payable to the Consolidated Fund for Sunningdale Park | | 138 | 138 | 647 | 647 |
| Right of use asset lease liabilities | | 9,039 | 9,034 | - | - |
| Loans to local authorities | 11 | - | - | 493 | 493 |
| Interest expense on late VAT payment | | - | - | 51 | 51 |
| **Total finance expenditure** | | **54,468** | **54,478** | **32,329** | **32,329** |
| **Total[9]** | | **1,957,755** | **1,957,180** | **2,800,644** | **2,800,246** |

8 During the year the core department, its executive agency and its arm's length bodies have not purchased any non-audit services from its auditor, the National Audit Office (2021-22: £nil). The total group fee comprises: Cabinet Office £0.552 million (2021-22: £0.330 million), the GPA £0.295 million (2021-22: £0.212 million), Civil Service Pension Scheme £0.177 million (2021-22: £0.160 million) and Royal Mail Pension Scheme £0.057 million (2021-22: £0.052 million). The core department bears the audit fee on behalf of the Principal Civil Service Pension Scheme and Royal Mail Statutory Pension Scheme.

9 The Rt Hon Boris Johnson was eligible to claim the Public Duty Cost Allowance however no claims were received in 2022-23.

## 4.1 Public Duty Cost Allowance

| £ | 2022-23 | 2021-22 |
|---|---|---|
| The Rt Hon. Sir John Major | 115,000 | 115,000 |
| The Rt Hon. Sir Tony Blair | 115,000 | 115,000 |
| The Rt Hon. Gordon Brown | 114,627 | 114,655 |
| The Rt Hon. David Cameron | 108,312 | 106,747 |
| The Rt Hon. Lady Theresa May | 113,422 | 80,083 |
| The Rt Hon. Elizabeth Truss | 23,310 | - |
| Staff pension costs | 27,996 | 11,500 |
| **Total[10]** | **617,667** | **542,985** |

The Public Duty Cost Allowance was introduced to assist former Prime Ministers still active in public life. The Public Duty Cost Allowance is a reimbursement of incurred expenses for necessary office and secretarial costs arising from fulfilling public duties to a maximum of £115,000.

In addition to the Public Duty Cost Allowance paid, former Prime Ministers are entitled to claim a pension allowance to contribute towards their office staff pension costs. This pension allowance is limited to a maximum of 10% of their office cost allowance.

10 The Rt Hon Boris Johnson was eligible to claim the Public Duty Cost Allowance however no claims were received in 2022-23.

# 5 Income

| £000 | Note | 2022-23<br>Core department and agency | 2022-23<br>Departmental group | 2021-22<br>Core department and agency | 2021-22<br>Departmental group |
|---|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | | |
| **Pensions** | | | | | |
| Central management of Civil Service pension arrangements | | 34,568 | 34,568 | 34,695 | 34,695 |
| **Sales of services** | | | | | |
| Government Commercial Function | | 147,986 | 147,986 | 131,400 | 131,400 |
| Government Digital Service | | 36,544 | 36,544 | 79,008 | 79,008 |
| Government Business Services | | 34,302 | 34,300 | 35,164 | 35,162 |
| Government Communication Service | | 15,258 | 15,258 | 18,225 | 18,225 |
| Office of the Parliamentary Counsel | | 8,147 | 8,147 | 8,373 | 8,373 |
| Chief Digital Information Officer | | 3,040 | 3,040 | 3,324 | 3,324 |
| Geospatial Commission | | 4,760 | 4,760 | 3,527 | 3,527 |
| VIP transport aircraft service | | 2,664 | 2,664 | 2,062 | 2,062 |
| Infrastructure and Projects Authority | | 2,333 | 2,333 | 1,867 | 1,867 |
| National Fraud Initiative | | 1,597 | 1,597 | 1,729 | 1,729 |
| **Government Security Group** | | | | | |
| UK Security Vetting | | 57,183 | 57,183 | 56,549 | 56,549 |
| Other Government Security Group | | 29,358 | 29,358 | 42,922 | 42,922 |
| **Civil Service HR** | | | | | |
| HR expert services – Fast Stream | | 88,789 | 88,787 | 87,835 | 87,831 |
| Other HR expert services | | 20,586 | 20,586 | 8,589 | 8,589 |
| Other Civil Service HR | | 8,754 | 8,754 | 20,566 | 20,566 |
| **Non-rental income from properties** | | | | | |
| Core department | | 853 | 68 | 778 | 419 |
| Executive agency | | 279,224 | 279,224 | 206,992 | 206,992 |
| **Income from sponsorship** | | | | | |
| Conference of the Parties 26 | | - | - | 33,275 | 33,275 |
| Conference of the Parties 27 | 5.1 | 800 | 800 | - | - |
| Great Campaign – World Cup 2022 | 5.1 | 150 | 150 | - | - |
| **Income payable to the Consolidated Fund** | | | | | |
| Registration fees from consultant lobbyists | SOPS 4 | - | 206 | - | 177 |
| **Other revenue from contracts with customers** | | | | | |
| Various cost recoveries | | 7,663 | 7,665 | 6,402 | 6,404 |
| **Total revenue from contracts with customers** | | **784,559** | **783,978** | **783,282** | **783,096** |

| £000 | Note | 2022-23 Core department and agency | 2022-23 Departmental group | 2021-22 Core department and agency | 2021-22 Departmental group |
|---|---|---|---|---|---|
| **Rental income from IFRS 16 operating subleases** | | | | | |
| Rental income from IFRS 16 operating subleases | | 113,428 | 113,401 | 184,925 | 184,527 |
| **Income from grants** | | | | | |
| Capital grants from other government departments for the fit out of properties | | 2,313 | 2,313 | 8,677 | 8,677 |
| Other resource grants | | - | 90 | - | 100 |
| **Other income** | | | | | |
| Other income from disposals – non-budget | SOPS 4 | 53 | 53 | 235 | 235 |
| Other income for the EHRC | | - | 34 | - | 44 |
| **Total other income** | | **115,794** | **115,891** | **193,837** | **193,583** |
| **Non-cash income** | | | | | |
| Capital grant in kind – transfer of assets in from other government departments | | 30,428 | 30,428 | 774,914 | 774,914 |
| Value in kind sponsorship – COP26 | 4, 5.1 | - | - | 7,318 | 7,318 |
| Notional digital apprenticeship service grant | 4 | 1,204 | 1,204 | 1,330 | 1,330 |
| Notional corporate services recharge to arm's length bodies | 4 | 22 | - | 41 | - |
| **Total non-cash income** | | **31,654** | **31,632** | **783,603** | **783,562** |
| **Total operating income** | | **932,007** | **931,501** | **1,760,722** | **1,760,241** |
| **Finance income** | | | | | |
| Dividend from Crown Commercial Service | 11 | 36,000 | 36,000 | 15,000 | 15,000 |
| Effective interest income | | | | | |
| AXELOS deferred consideration receivable | | - | - | 7,258 | 7,258 |
| Carillion working capital receivable | | 231 | 231 | 1,478 | 1,478 |
| Sunningdale Park deferred consideration receivable | | 138 | 138 | 647 | 647 |
| Right of use asset investment in sublease | 20.8 | 18,186 | 18,080 | - | - |
| Interest receivable from loans to local authorities | 11 | 164 | 164 | 488 | 488 |
| Earned interest income – AXELOS shareholder loan | | - | - | 184 | 184 |
| **Total finance income** | | **54,719** | **54,613** | **25,055** | **25,055** |
| **Total income** | | **986,726** | **986,114** | **1,785,777** | **1,785,296** |

## 5.1 Sponsorship

The department strictly follows the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines on handling sponsorship arrangements with the private sector. During 2022-23, the Cabinet Office agreed the following private sector sponsorship in relation to the following events.

| £000 | Event | Cash | Value in kind[11] | Total |
|---|---|---|---|---|
| National Grid PLC | Conference of the Parties 27 | 160 | - | 160 |
| SSE PLC | Conference of the Parties 27 | 160 | - | 160 |
| NatWest Group | Conference of the Parties 27 | 160 | - | 160 |
| GlaxoSmithKline Ltd | Conference of the Parties 27 | 160 | - | 160 |
| Reckitt Benckiser Corporate Services Ltd | Conference of the Parties 27 | 160 | - | 160 |
| Gleeds International Ltd | Great Campaign – World Cup 2022 | 150 | - | 150 |
| **Total** | | **950** | **-** | **950** |

11 For value in kind sponsorship, matching expenditure is recognised in note 4.

## Income streams – Revenue from contracts with customers

### Identification of a contract

The basis of the different income streams of Cabinet Office are set out below:

| Income stream | Basis for identifying a contract | Performance obligation |
|---|---|---|
| Sale of goods and services | For services provided by the Cabinet Office a contractual arrangement is entered into in the form of a memorandum of understanding or other engagement letter that sets out the services to be provided in return for a fee | The delivery of goods and services as set out in the initial or subsequently revised contract |
| Subscription services | For services provided by the Cabinet Office a contractual arrangement is entered into in the form of a memorandum of understanding or other engagement letter that sets out the services to be provided and period covered in return for a fee. These services include: GOV.UK Verify and the National Fraud Initiative | Access to services for the time period stated (usually in multiples of 12 months) |
| Statutory services through the Registrar of Consultant Lobbyists | A contract is implied through the Transparency of Lobbying, NonParty Campaigning and Trade Union Administration Act 2014 | Membership of the register up to 31 December of the year joined |

### Pensions

The Cabinet Office is responsible for the management of the PCSPS and the Royal Mail Statutory Pension Scheme. MyCSP Ltd provides administration services for PCSPS and Capita Pension Solutions for the Royal Mail Statutory Pension Scheme. The PCSPS directly funds its scheme management costs whereas the Cabinet Office is directly responsible for the Royal Mail Statutory Pension Scheme administration costs.

### Government Commercial Function

The Government Commercial Organisation is a professional organisation of commercial specialists housed within the Government Commercial Function. It employs senior commercial staff across central government who are deployed into departments to carry out the departments' commercial activities. An operational charge is levied annually based on the headcount of the specialists deployed in a department to fund the operational costs incurred in the running of the Government Commercial Organisation. Also included in Government Commercial Function income is the complex transactions team which increases commercial capability on complex deals by providing direct commercial support to departments.

### Government Security Group

The Government Security Group income is derived from working across government in relation to various programmes and activities that support the Security Strategy. Income is mainly driven from security vetting services (by UK Security Vetting), provision of secure IT to allow sharing of information at certain classification levels, in addition to oversight on specialist Security Centres and Security apprenticeships.

### Government Digital Service

The Government Digital Service received income from various sources, including:

- GOV. UK Verify, which provides a common citizen identity assurance for departmental services, enabling complex and risky transactions, such as financial transactions or where personal data is being shared, to go online
- GOV.UK Notify, which enables service teams across government to send text messages, emails or letters to their users
- GOV.UK PaaS (Platform as a Service), which supplies a hosting platform for departments to develop digital services
- GDS Expert Services, which supply digital specialist staff to assist departments

### Conference of the Parties (COP27)

To offset the costs of hosting a pavilion at COP27, the Cabinet Office sought corporate sponsorship. Sponsors made a financial contribution to construct, deliver and promote a safe, secure and successful pavilion at COP27.

All sponsorship was within the context of legal agreements giving sponsors a rights package for their contribution.

Sponsors were selected according to strict criteria, focusing on credible climate commitments and transparent action, using both the science based targets initiative and the UN's Race to Zero campaign as evidence of genuine ambition. Collaboration between government and business is critical if we are to tackle climate change and our sponsorship partnerships made an important contribution in delivering COP27 objectives, from strong and credible voices across a range of business sectors.

### The Office of the Parliamentary Counsel

The Office of the Parliamentary Counsel is responsible for drafting all government primary legislation and the drafting and vetting of some statutory instruments. The office operates at full cost recovery from other government departments.

### Government Communication Service

The Government Communication Service has three main income sources. A 1% levy on all government spend through external communications frameworks held by the Crown Commercial Service is used to fund a range of support to departments and arm's length bodies provided by the Cabinet Office on behalf of the government communications profession. Income is received from the Foreign, Commonwealth and Development Office and external bodies for the GCS International team to support partner governments to strengthen their capacity to communicate effectively to support domestic and international objectives. Finally, income is received from other government departments for staff provided through the GCS Flex Team to meet short-term staffing requirements.

### Chief Digital Information Officer

The Chief Digital and Information Office provides a fully managed IT service to the Crown Commercial Service, the Department for Digital, Culture, Media and Sport, the GPA, and the Office of the Secretary of State for Scotland, recovering all costs.

### Geospatial Commission

Our public sector data contracts cover the whole of Great Britain and provide access to the whole of the public sector across Great Britain. As the procurement of data is a devolved matter, our income is derived from Scottish and Welsh governments, who we charge for the access to the data through our contracts. This delivers increased value for money. Under the Public Sector Geospatial Agreement, a gainshare may be realised if Ordnance Survey data royalties exceed targets, which generates an additional income.

### National Fraud Initiative

The National Fraud Initiative is a data matching exercise to help prevent and detect fraud and error. Conducted under statutory data matching powers set out in the Local Audit and Accountability Act 2014 it involves public and private sector organisations from across the UK, including local authorities, NHS trusts, government departments and police authorities.

### Infrastructure and Projects Authority

Infrastructure and Projects Authority income is received from recharging the costs of expert consultants with specialist knowledge and skills, which are required to undertake assurance reviews for major government projects. In addition, the Infrastructure and Projects Authority recovers its costs incurred in delivering advice and training support to overseas institutions in support of trade missions involving national infrastructure planning and UK infrastructure expertise overseas.

### Government Business Services

Government Business Services brings together back office transaction work, incorporating the four areas of: shared services strategy, Government Recruitment, Civil Service and Royal Mail Pensions, and the platforms and services to support these.

Government Recruitment, including both the digital recruitment team and the Government Recruitment Service, operates on a full cost recovery basis through a combination of annual platform charges, core service charges and charges for bespoke services from a ‘menu’.

Government Business Services also recovers costs indirectly via Civil Service HR to fund the ongoing running, maintenance and development of the Civil Service Learning website and support on analytical and insight areas commissioned by Civil Service HR.

### Dedicated transport aircraft service

This is a dedicated leased transport aircraft service for the Prime Minister and ministerial air travel requirements, which is paid for centrally by the Cabinet Office. All associated income relates to a full recovery of costs, plus an administration fee, when other government departments use the aircraft service.

### Civil Service HR

Civil Service HR is accountable for cross-Civil Service HR policy and the provision of HR services, and is the centre of the Civil Service HR profession and function. Civil Service HR shares HR expertise and maximises buying power across the Civil Service in a joined-up and effective manner, to deliver professional and more efficient HR services.

Civil Service HR income is driven in two ways: all departments pay towards a number of 'core' services through a memorandum of understanding, and government departments and agencies that require additional and bespoke services from a 'menu' (including fast stream recruitment) are recharged directly for the services they request.

### Income from properties

The GPA provides departments and arm's length bodies with office space across the country. The principal source of income comes from charging these occupiers property costs (primarily rent, rates, facilities management, ICT and utilities). In addition, the GPA receives management fees from the client department for property and project services provided.

## Income streams – Other operating income

### Dividends

The dividend which the Cabinet Office receives from the Crown Commercial Service increased to £36 million in 2022-23 (2021-22: £15 million). It covered some of the costs of the complex transaction, continuous improvement, markets and suppliers, and policy teams, which previously transferred from the Crown Commercial Service to the Cabinet Office and included money to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers.

### Income from grants

The GPA received contributions through capital grants from the other government departments for the fit out of GPA-held properties that the other government departments are occupying. The GPA also received capital grant funding from Salix Finance through the Public Sector Decarbonisation Scheme in 2021-22. In addition, the GPA recorded non-cash capital grant in kind income for the properties that were transferred in-year from other government departments for nil consideration.

# 6 Property, plant and equipment

## Consolidated 2022-23

| Departmental group £000 | Land | Buildings | Leasehold improvements | Dwellings | Information technology | Plant and machinery | Furniture and fittings | Art and antiques | Payments on account and assets under construction | 2022-23 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | | | |
| **At 1 April 2022** | **898,758** | **895,647** | **148,733** | **27,472** | **122,271** | **9,663** | **15,971** | **5,815** | **112,529** | **2,236,859** |
| IFRS 16 transition adjustment | - | (42,060) | - | - | - | - | - | - | - | (42,060) |
| Additions | - | 158 | 153 | - | 13,155 | - | 653 | - | 217,639 | 231,758 |
| Donations | - | - | - | - | - | - | - | 6 | - | 6 |
| Disposals[12] | - | - | (212) | - | (1,939) | - | (24) | - | - | (2,175) |
| Impairments[13] | (6,568) | (51,907) | - | 32 | - | - | - | (25) | (1,307) | (59,775) |
| Reclassifications[14] | - | 6,969 | 27,726 | 1 | 4,024 | 7 | 1,223 | - | (40,002) | (52) |
| Transfer to assets held for sale | (1,169) | (2,728) | - | - | - | - | - | - | - | (3,897) |
| Transfer of function and capital grant in kind[15] | 4,145 | 13,511 | 12,631 | - | - | - | - | - | 135 | 30,422 |
| Revaluations[13] | (231,517) | (23,138) | 13,185 | 492 | 13,766 | 916 | 1,313 | 3,595 | - | (221,388) |
| **At 31 March 2023** | **663,649** | **796,452** | **202,216** | **27,997** | **151,277** | **10,586** | **19,136** | **9,391** | **288,994** | **2,169,698** |
| **Depreciation** | | | | | | | | | | |
| **At 1 April 2022** | **-** | **72,129** | **49,101** | **9,710** | **65,408** | **1,331** | **5,728** | **-** | **-** | **203,407** |
| Charged in year | - | 25,200 | 17,818 | 276 | 21,712 | 949 | 2,491 | - | - | 68,446 |
| Disposals[12] | - | - | (212) | - | (1,939) | - | (24) | - | - | (2,175) |
| Transfer to assets held for sale | - | (250) | - | - | - | - | - | - | - | (250) |
| Revaluations[13] | - | (66,659) | 3,395 | 387 | 7,800 | 126 | 532 | - | - | (54,419) |

12 Disposals include retired assets. Their values are fully written down and they are no longer in use.
13 Revaluations and impairments arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued.
14 Property, plant and equipment reclassifications net nil with intangibles reclassifications. See note 7.
15 Additions to transfer of function and capital grant in kind relate to assets donated to the GPA. See note 6.4.

| Departmental group £000 | Land | Buildings | Leasehold improvements | Dwellings | Information technology | Plant and machinery | Furniture and fittings | Art and antiques | Payments on account and assets under construction | 2022-23 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 31 March 2023** | **-** | **30,420** | **70,102** | **10,373** | **92,981** | **2,406** | **8,727** | **-** | **-** | **215,009** |
| **Carrying amount at 31 March 2023** | **663,649** | **766,032** | **132,114** | **17,624** | **58,296** | **8,180** | **10,409** | **9,391** | **288,994** | **1,954,689** |
| **Carrying amount at 31 March 2022** | **898,758** | **823,518** | **99,632** | **17,762** | **56,863** | **8,332** | **10,243** | **5,815** | **112,529** | **2,033,452** |
| **Asset financing:** | | | | | | | | | | |
| Owned | 663,649 | 551,882 | 132,114 | 17,624 | 58,296 | 8,180 | 10,409 | 9,391 | 288,994 | 1,740,539 |
| Finance leased | - | 214,150 | - | - | - | - | - | - | - | 214,150 |
| PFI and other service concession arrangements | - | - | - | - | - | - | - | - | - | - |
| **Carrying amount at 31 March 2023** | **663,649** | **766,032** | **132,114** | **17,624** | **58,296** | **8,180** | **10,409** | **9,391** | **288,994** | **1,954,689** |
| **Of the total:** | | | | | | | | | | |
| Department | 23,098 | 44,913 | 4,861 | 11,287 | 49,128 | - | 1,360 | 9,300 | 5,605 | 149,754 |
| Executive agency | 640,551 | 721,119 | 126,999 | 6,337 | 8,620 | 8,180 | 8,848 | 91 | 281,194 | 1,801,938 |
| Other designated bodies | - | - | 254 | - | 548 | - | 201 | - | 2,195 | 2,997 |
| **Carrying amount at 31 March 2023** | **663,649** | **766,032** | **132,114** | **17,624** | **58,296** | **8,180** | **10,409** | **9,391** | **288,994** | **1,954,689** |

## Consolidated 2021-22

| Departmental group £000 | Land | Buildings | Leasehold improvements | Dwellings | Information technology | Plant and machinery | Furniture and fittings | Art and antiques | Payments on account and assets under construction | 2021-22 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | | | |
| **At 1 April 2021** | **358,991** | **487,111** | **123,800** | **25,593** | **90,092** | **8,599** | **9,584** | **5,642** | **31,655** | **1,141,067** |
| Additions | - | 1,917 | 150 | - | 17,269 | - | 44 | - | 117,469 | 136,849 |
| Donations | - | - | - | - | - | - | - | 9 | - | 9 |
| Disposals[16] | - | - | (5,906) | - | (597) | - | (1,481) | (1) | - | (7,985) |
| Impairments[17] | - | (86,091) | 733 | 543 | (17) | (194) | - | - | (329) | (85,355) |
| Reclassifications[18] | - | 3,031 | 21,988 | 4 | 5,021 | 34 | 5,823 | - | (36,266) | (365) |
| Transfer of function and capital grant in kind | 337,605 | 436,107 | 719 | - | - | 420 | - | 54 | - | 774,905 |
| Revaluations[17] | 202,162 | 53,572 | 7,249 | 1,332 | 10,503 | 804 | 2,001 | 111 | - | 277,734 |
| **At 31 March 2022** | **898,758** | **895,647** | **148,733** | **27,472** | **122,271** | **9,663** | **15,971** | **5,815** | **112,529** | **2,236,859** |
| **Depreciation** | | | | | | | | | | |
| **At 1 April 2021** | **-** | **28,933** | **37,129** | **8,622** | **45,529** | **445** | **3,892** | **-** | **-** | **124,550** |
| Charged in year | - | 25,702 | 15,720 | 551 | 16,726 | 851 | 2,761 | - | - | 62,311 |
| Donations | - | - | - | - | - | - | - | - | - | - |
| Disposals[16] | - | - | (5,906) | - | (597) | - | (1,481) | - | - | (7,984) |
| Impairment[17] | - | - | - | - | - | (6) | 132 | - | - | 126 |
| Reclassifications[18] | - | - | - | - | - | - | - | - | - | - |
| Revaluations[17] | - | 17,494 | 2,158 | 537 | 3,750 | 41 | 424 | - | - | 24,404 |

16 Disposals include retired assets. Their values are fully written down and they are no longer in use.
17 Revaluations and impairments arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued.
18 Property, plant and equipment reclassifications net nil with intangibles reclassifications. See note 7.

| Departmental group £000 | Land | Buildings | Leasehold improvements | Dwellings | Information technology | Plant and machinery | Furniture and fittings | Art and antiques | Payments on account and assets under construction | 2021-22 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 31 March 2022** | **-** | **72,129** | **49,101** | **9,710** | **65,408** | **1,331** | **5,728** | **-** | **-** | **203,407** |
| **Carrying amount at 31 March 2022** | **898,758** | **823,518** | **99,632** | **17,762** | **56,863** | **8,332** | **10,243** | **5,815** | **112,529** | **2,033,452** |
| **Carrying amount at 1 April 2021** | **358,991** | **458,178** | **86,671** | **16,971** | **44,563** | **8,154** | **5,692** | **5,642** | **31,655** | **1,016,517** |
| **Asset financing:** | | | | | | | | | | |
| Owned | 898,758 | 611,408 | 99,632 | 17,762 | 56,863 | 8,332 | 10,243 | 5,815 | 112,529 | 1,821,342 |
| Finance leased | - | 42,060 | - | - | - | - | - | - | - | 42,060 |
| PFI and other service concession arrangements | - | 170,050 | - | - | - | - | - | - | - | 170,050 |
| **Carrying amount at 31 March 2022** | **898,758** | **823,518** | **99,632** | **17,762** | **56,863** | **8,332** | **10,243** | **5,815** | **112,529** | **2,033,452** |
| **Of the total:** | | | | | | | | | | |
| Department | 33,068 | 47,982 | 6,723 | 10,469 | 48,861 | - | 1,241 | 5,699 | 2,195 | 156,238 |
| Executive agency | 865,690 | 775,536 | 92,618 | 7,293 | 7,555 | 8,332 | 8,807 | 116 | 110,327 | 1,876,274 |
| Other designated bodies | - | - | 291 | - | 447 | - | 195 | - | 7 | 940 |
| **Carrying amount at 31 March 2022** | **898,758** | **823,518** | **99,632** | **17,762** | **56,863** | **8,332** | **10,243** | **5,815** | **112,529** | **2,033,452** |

## 6.1 Valuation

### Land and buildings

Land and buildings, including dwellings, are restated to fair value every five years using professional valuations prepared in accordance with current RICS Valuation Standards. Each property is revalued on a rotational basis on a five-year cycle commencing at the point of acquisition or onboarding into the GPA.

In the intervening years, land and buildings, including dwellings, are expressed at their fair value determined by reference to desktop valuation exercises undertaken by independent, qualified valuation experts without re-inspection or through the application of indices published by the Office for National Statistics and Morgan Stanley Capital International, as advised by the GPA's professional property advisers, Jones Lang LaSalle Ltd, and in accordance with the RICS Appraisal and Valuation Manual and the Government Financial Reporting Manual.

In accordance with the RICS Valuation – Global Standards 2017: UK national supplement, where land and buildings have been valued on an existing use value basis, the valuation ignores any element of hope value for an alternative use, any value attributable to goodwill, and any possible increase in value due to special investment or financial transactions which would leave the owner with a different interest from the one which is to be valued.

Such goodwill could have an otherwise significant financial impact; notably regarding the department's Downing Street and Whitehall properties, of which possess historical, geophysical and artistic qualities. The value attributable to such goodwill is unquantifiable.

Specialised properties are carried at depreciated replacement cost (DRC) to a modern equivalent basis in accordance with the Red Book, adjusted for functional obsolescence. A property is considered specialised if it is rarely, if ever, sold in the market due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.

Specialised properties are carried at depreciated replacement cost (DRC) to a modern equivalent basis in accordance with the Red Book, adjusted for functional obsolescence. A property is considered specialised if it is rarely, if ever, sold in the market due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.

Properties on Downing Street were valued in March 2023 by Jones Lang LaSalle Ltd.

### Art and antiques

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

Included within art and antiques are gifts to past and present Prime Ministers. These were held as at March 2023 on the basis of best estimate of the price at auction. Gifts are further subject to professional valuation on a regular basis as required.

### All other tangible non-heritage assets

All other tangible non-heritage non-current assets are revalued annually using indices published by the Office for National Statistics or the RICS Building Cost Information Service, where a suitable index exists for the respective asset category.

## 6.2. Assets under construction

Assets under construction of £288.993 million (2021-22: £112.529 million) relate to building improvement works at GPA and Cabinet Office properties, and Cabinet Office IT projects which have yet to come into use.

## 6.3 Leasehold improvements

Leasehold improvements relate to the following buildings:

| | 2022-23 | 2021-22 |
|---|---|---|
| 10 South Colonnade, London | 61,353 | 63,252 |
| 23 Stephenson Street, Birmingham | 19,641 | 19,300 |
| Feethams House, Darlington | 11,186 | - |
| Fletton Quays, Peterborough | 10,752 | - |
| 102 Petty France, London | 6,319 | - |
| Soapworks, Salford | 5,242 | - |
| Clive House, London | 3,515 | 3,956 |
| 10 Victoria Street, London | 3,016 | 3,833 |
| 35 Great Smith Street, London | 2,010 | 1,426 |
| 2 St Paul's Place, Sheffield | 1,577 | - |
| 10 Whitechapel, London | 1,272 | 1,064 |
| Apex Court, Nottingham | 1,179 | - |
| Dorland House, London | 1,074 | 1,730 |
| Windsor House, London | 1,015 | 1,435 |
| Other | 2,964 | 3,636 |
| **Total** | **132,115** | **99,632** |

## 6.4 Asset transfers

The GPA was donated assets to the value of £30.421 million (2021-22: £774.905 million). No restrictions have been placed on these assets by the donor.

| £000 | Note | 2021-22 | 2020-21 |
|---|---|---|---|
| **CSoFP** | | | |
| **Increase in non-current assets** | | | |
| Department of Health and Social Care | | - | 720 |
| Office for National Statistics | | - | 30,215 |
| Home Office | | 5,908 | 377,802 |
| Department for Environment, Food & Rural Affairs | | 135 | - |
| The Wales Office | | - | 5,000 |
| NHS Business Services Authority | | 4,655 | - |
| Ministry of Justice | | 6,723 | - |
| Driver and Vehicle Standards Agency | | 2,450 | - |
| Maritime and Coastguard Agency | | 10,550 | - |
| HM Revenue and Customs | | - | 207,424 |
| HM Treasury | | - | 150,528 |
| Department for Digital, Culture, Media and Sport | | - | 3,000 |
| Other | | - | 216 |
| **Total increase in non-current assets** | | **30,421** | **774,905** |

| £000 | Note | 2021-22 | 2020-21 |
|---|---|---|---|
| **Recognition of these non-current assets is fully supported by capital grant in kind income recognised in the CSoCNE** | | | |
| **CSoCNE** | | | |
| Capital grant in kind income | 5 | (30,421) | (774,905) |
| **Total capital grant in kind income** | | **(30,421)** | **(774,905)** |
| **Transfer of revaluations reserve through general reserve** | | | |
| General reserve | CSoCTE | 1,355 | 308,370 |
| Revaluation reserve | CSoCTE | (1,355) | (308,370) |
| **CSoFP** | | | |
| **Increase in liabilities** | | | |
| Home Office | | - | (228,385) |
| HM Revenue and Customs | | - | (167,317) |
| HM Treasury | | - | (105,055) |
| **Total increase in liabilities** | 21 | **-** | **(500,757)** |
| **CSoCNE** | | | |
| PFI onboarding liability transfers | 4 | - | 500,757 |
| **Total PFI onboarding liability transfers** | | **-** | **500,757** |

# 7 Intangible assets

## Consolidated 2022-23

| Departmental group £000 | Purchased software licences | IT software | Website | Payments on account and assets under construction | Total |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| **At 1 April 2022** | **976** | **37,696** | **10,330** | **35,003** | **84,005** |
| Additions | - | (119) | - | 73,932 | 73,813 |
| Disposals[19] | (7) | (5,734) | (2,593) | - | (8,334) |
| Write offs | - | - | - | (1,202) | (1,202) |
| Reclassifications[20] | 69 | 12,317 | 9,228 | (21,563) | 51 |
| Revaluations[21] | 28 | 2,086 | 983 | - | 3,097 |
| **At 31 March 2023** | **1,066** | **46,246** | **17,948** | **86,170** | **151,430** |
| **Amortisation** | | | | | |
| **At 1 April 2022** | **350** | **26,524** | **6,305** | **-** | **33,179** |
| Charged in year | 420 | 9,381 | 5,801 | - | 15,602 |
| Disposals[19] | (7) | (5,734) | (2,593) | - | (8,334) |
| Revaluations[21] | 6 | 1,008 | 213 | - | 1,227 |
| **At 31 March 2023** | **769** | **31,179** | **9,726** | **-** | **41,674** |
| **Carrying amount at 31 March 2023** | **297** | **15,067** | **8,222** | **86,170** | **109,756** |
| **Carrying amount at 31 March 2022** | **626** | **11,172** | **4,025** | **35,003** | **50,826** |
| **Asset financing:** | | | | | |
| Owned | 297 | 15,067 | 8,222 | 86,170 | 109,756 |
| **Carrying amount at 31 March 2023** | **297** | **15,067** | **8,222** | **86,170** | **109,756** |
| **Of the total:** | | | | | |
| Department | 32 | 15,001 | 8,222 | 82,173 | 105,428 |
| Executive agency | 265 | - | - | 3,997 | 4,262 |
| Other designated bodies | - | 66 | - | - | 66 |
| **Carrying amount at 31 March 2023** | **297** | **15,067** | **8,222** | **86,170** | **109,756** |

19 Disposals include retired assets. Their values are fully written down and they are no longer in use.
20 Property, Plant and Equipment reclassifications net nil with intangibles reclassifications. See note 6.
21 Revaluations and impairments arise as a result of the application of published indices and annual impairment reviews which ensure the asset base is correctly valued.

## Consolidated 2021-22

| Departmental group £000 | Purchased software licences | IT software | Website | Payments on account and assets under construction | 2020-21 Total |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| **At 1 April 2021** | **545** | **36,303** | **5,273** | **10,895** | **53,016** |
| Additions | - | 23 | - | 31,348 | 31,371 |
| Disposals[22] | - | (1,922) | - | - | (1,922) |
| Write offs | - | (3,226) | - | - | (3,226) |
| Impairments[23] | - | (1) | - | - | (1) |
| Reclassifications[24] | 409 | 3,123 | 4,073 | (7,240) | 365 |
| Transfer of asset to the Crown Commercial Service | - | (400) | - | - | (400) |
| Revaluations[23] | 22 | 3,796 | 984 | - | 4,802 |
| **At 31 March 2022** | **976** | **37,696** | **10,330** | **35,003** | **84,005** |
| **Amortisation** | | | | | |
| **At 1 April 2021** | **133** | **18,679** | **2,567** | **-** | **21,379** |
| Charged in year | 212 | 10,027 | 3,606 | - | 13,845 |
| Disposals[22] | - | (1,922) | - | - | (1,922) |
| Write offs | - | (699) | - | - | (699) |
| Transfer of asset to the Crown Commercial Service | - | (333) | - | - | (333) |
| Revaluations[23] | 5 | 772 | 132 | - | 909 |
| **At 31 March 2022** | **350** | **26,524** | **6,305** | **-** | **33,179** |
| **Carrying amount at 31 March 2022** | **626** | **11,172** | **4,025** | **35,003** | **50,826** |
| **Carrying amount at 31 March 2021** | **412** | **17,624** | **2,706** | **10,895** | **31,637** |
| **Asset financing:** | | | | | |
| Owned | 626 | 11,172 | 4,025 | 35,003 | 50,826 |
| **Carrying amount at 31 March 2022** | **626** | **11,172** | **4,025** | **35,003** | **50,826** |
| **Of the total:** | | | | | |
| Department | 94 | 11,000 | 4,025 | 33,127 | 48,246 |
| Executive agency | 532 | - | - | 1,876 | 2,408 |
| Other designated bodies | - | 172 | - | - | 172 |
| **Carrying amount at 31 March 2022** | **626** | **11,172** | **4,025** | **35,003** | **50,826** |

22 Disposals include retired assets. Their values are fully written down and they are no longer in use.
23 Revaluations and impairments arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued.
24 Property, plant and equipment reclassifications net nil with intangibles reclassifications. See note 6.

### 7.1 Purchased software licences

Purchased software licences are valued at purchase cost and are not revalued annually as an appropriate index is not available. There can be a revaluation adjustment when being brought into use from Assets Under Construction,

### 7.2 IT software and website

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

### 7.3 Assets under construction

Assets under construction of £86.169 million (2021-22: £35.003 million) relate to Cabinet Office IT and cross-government IT projects which have yet to come into use.

### 7.4 Material intangibles

| Description | Carrying amount (£000) | Remaining amortisation period (years) |
|---|---|---|
| One Login for Government – software | 41,260 | 3 |
| GOV.UK – websites | 18,665 | 2 |
| Cross-government secure IT – software | 9,547 | 1 |
| National Underground Asset Register – Software | 8,182 | 1 |
| Vetting Transformation Programme – Software | 6,643 | 2 |

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

The Transforming Government Security Group programme is delivering more efficient shared services through the further development of the cluster security units and the establishment of centres of excellence. To help the government to manage information security risk, the Government Security Group has continued to deliver and expand the use of a cross-government secure IT service in line with strategic priorities and the National Cyber Security Strategy.

The Geospatial Commission is building a digital map of underground pipes and cables that will revolutionise the way we install, maintain, operate and repair our buried infrastructure - the National Underground Asset Register (NUAR). The emerging service is improving the efficiency and safety of underground works by providing secure access to privately and publicly owned location data about the pipes and cables beneath our feet.

The Vetting Transformation Programme aims to deliver assured, timely, cost effective vetting to UK personnel security teams across government and the wider public sector.

# 8 Impairments

| £000 | | 2022-23 | | 2021-22 | |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Charged to CSoCNE** | | | | | |
| Impairment of property, plant and equipment | 4 | 1,307 | 1,307 | 534 | 534 |
| Impairment of intangible assets | 4 | - | - | 1 | 1 |
| Impairment – right of use asset | 4 | 94 | 94 | - | - |
| Impairment of trade receivables | 14.3 | 1,121 | 1,121 | 7,525 | 7,525 |
| Impairment of trade receivables – write back | 14.3 | (4,280) | (4,280) | (9,612) | (9,612) |
| Revaluation of property, plant and equipment | 4 | 58,542 | 58,542 | 84,769 | 84,771 |
| Revaluation of intangible assets | 4 | - | - | - | 18 |
| Write off of intangible assets | 4 | 1,202 | 1,202 | 2,527 | 2,527 |
| **Total charged to the CSoCNE** | | **57,986** | **57,986** | **85,744** | **85,764** |
| Taken through revaluation reserve | | - | - | 10,530 | 10,534 |
| **Total** | | **57,986** | **57,986** | **96,274** | **96,298** |

### Impairment of trade receivables – write back

Write back of £4.280 million (2021-22: £9.612 million) reflects positive outcomes on the collection of receivables that were outstanding at 31 March 2022 due to additional resources being dedicated to addressing outstanding debt.

### Revaluation of property, plant and equipment

There was a devaluation of £58.542 million (2021-22: £84.771 million), prior year mainly related to updated valuations of new properties onboarded by the GPA.

### Write off of intangible assets

Write off of £1.202 million (2021-22: £2.527 million), prior year relates to the abandonment of Cabinet Office agile IT projects under construction.

### Impairment taken through revaluation reserve

Prior year predominantly relates to freehold buildings onboarded to the GPA in 2021-22 professionally revalued by Jones Lang LaSalle Ltd.

## 9 Financial instruments

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

**Liquidity risk**

Exposure to liquidity risk is low. The cash requirements of the department are met through the parliamentary estimates process and income charged to bodies funded by Parliament.

**Credit risk**

Credit risk from receivables is low. Counterparties are mainly other government departments and debts are actively pursued by an internal credit control function. Receivables are impaired when there is evidence that credit losses may arise and stated net of any provision. Impairments and bad debt write offs are detailed at notes 4 and 14.

Net credit risk to the department from the working capital investment in the Carillion plc and Virtual Infrastructure Group Ltd and UK Cloud Ltd liquidation is low. All future cash flow receipts from the Official Receiver are repayable to the Consolidated Fund. The department manages this risk by recognising as a financial asset only the fair value of the receivable, rather than the present value of the total investment in net working capital outstanding. The fair value considerations are detailed at note 14.1.

**Interest rate risk**

There is no exposure, since material deposits are held with the Government Banking Service.

**Exchange rate risk**

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

**Market risk**

The GPA is exposed to movements in the property market as the GPA's assets consist predominantly of land and buildings. The GPA is not exposed to significant market risk in relation to rents because rent costs are passed through to tenants. The risks associated with vacant space are mitigated in a number of ways. Tenants remain liable for the void cost as part of their occupation agreement if they exit early.

Onboarded departments retain the risk until the earlier of:

- the date the space is re-let
- the date the next Spending Review period expires (31 March 2025)
- the date that is three years after the date of the property transfer
- the date that the GPA disposes of the transferred property

The GPA retains some of the risks for hubs and risks for the Whitehall campus. The GPA expects to have a small level of vacant space during 2023-24. The expected vacant space mainly relates to properties where there is ongoing major transformation and refurbishment works which will deliver long-term savings.

### Fair value hierarchy

The department uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All of the financial assets and liabilities measured at fair value fall within level 2 or 3.

### Public dividend capital

The department holds public dividend capital in the Crown Commercial Service. This financial asset is carried at historical cost less any impairment. Information on the Crown Commercial Service, a body outside the departmental boundary, is included at note 11.3.

### Put options valuation risk

The department is exposed to concentrated valuation risk of its derivative financial assets held at fair value through profit or loss in relation to its put options over its investments in certain associates – see note 11. This risk would arise at the point at which the department exercises its respective put options, attributable to inherent valuation uncertainty when measuring fair value and the corresponding sale consideration owed to the department. The department limits its valuation risk in a manner attributable to the terms and conditions of the put options, which require the appointment of an independent expert as to minimise any valuation uncertainty and derive a reliable fair value. Quantitative risk analysis is further given in note 11.

## 10 Investments in associates

| £000 | Note | Shared Services Connected Limited | AXELOS Limited | Behavioural Insights Limited | Integrated Debt Services Limited | Crown Hosting Data Centres Limited | Total departmental group |
|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | |
| **At 1 April 2021** | | **24,961** | **40,422** | **2,013** | **3,630** | **366** | **71,392** |
| Disposals | | - | (3,193) | (1,879) | (2,026) | - | (7,098) |
| Dividend received | | (3,000) | (36,646) | (349) | (2,000) | (377) | (42,372) |
| Share of results | CSoCNE | 6,660 | (583) | 206 | 396 | 551 | 7,230 |
| Share of foreign exchange gains / (losses) | CSoCNE | - | - | 9 | - | - | 9 |
| **At 31 March 2022** | | **28,621** | **-** | **-** | **-** | **540** | **29,161** |
| Disposals | | - | - | - | - | - | - |
| Dividend received | | (3,500) | - | - | - | (628) | (4,128) |
| Share of results | CSoCNE | 8,125 | - | - | - | 594 | 8,719 |
| Share of foreign exchange gains / (losses) | CSoCNE | - | - | - | - | - | - |
| **At 31 March 2023** | | **33,246** | **-** | **-** | **-** | **506** | **33,752** |

The department accounts for its investments in associates using the equity method in accordance with 'IAS 28: investments in associates and joint ventures', and presents disclosures required by 'IFRS 12: disclosure of interests in other entities'. For additional information, see note 24.

The Cabinet Office commercial models team has stewardship of the Cabinet Office's shareholdings in these associate companies and manages relationships with their directors.

**Shared Services Connected Limited**

The department has a 25% equity shareholding in Shared Services Connected Limited (SSCL), which provides business support services for public sector organisations and agencies. The remainder of the equity is owned by Sopra Steria Limited. SSCL began trading on 1 November 2013 and its head office is in Hertfordshire, UK. There has been no change in the department's ownership during the year to 31 March 2023 or the previous year.

The department has the benefit of a put option, exercisable between 1 January 2022 and 1 January 2024, giving it the right but not the obligation to sell its 25% shareholding to Sopra Steria Limited at the higher of a formula value based on a multiple of adjusted earnings and net cash/borrowings and fair value based on 25% of the sale value of the whole company as determined by an independent expert.

SSCL prepares its accounts on an FRS 101 (IFRS with limited disclosure) basis.

There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of SSCL's financial statements is 31 December, the same date as its major shareholder. When applying the equity method of accounting, SSCL's 2022 audited financial statements have been used and adjustments have been made for the effects of transactions between 1 January 2023 and 31 March 2023. SSCL's published accounts may be found at: companieshouse.gov.uk.

As at the department's reporting date, SSCL reported unaudited cash of £127.676 million, non-current assets of £8.603 million, and other net liabilities of £3.256 million. Unaudited revenue for the period 1 January to 31 March 2023 was £70.877 million and profit after tax was £7.586 million.

**Crown Hosting Data Centres Limited (CHDC)**

The department has a 25.1% shareholding in CHDC which provides public sector customers with assured, low-cost, secured, scalable and flexible data centre colocation services, coupled with low-latency connectivity between data centres. The remainder of the equity is owned by Ark Data Centres Limited. CHDC began trading on 16 March 2015 and its head office is in Wiltshire, UK. There has been no change in the department's shareholding during the year to 31 March 2023 or the previous year.

The department has the benefit of a put option, giving it the right but not the obligation to sell its 25.1% shareholding to Ark Data Centres Limited at the higher of a formula value based on a multiple of adjusted earnings and net cash/borrowings and fair value based on 25.1% of the fair market value of the whole company (assuming a willing buyer and willing seller) as determined by an independent expert.

CHDC prepares its accounts on an FRS 102 basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required.

The reporting date of its financial statements is 30 June, the same date as its major shareholder. When applying the equity method of accounting, its 2022 audited financial statements were used and adjustments were made for the effects of transactions between 1 July 2022 and 31 March 2023. Its published accounts may be found at: companieshouse.gov.uk.

As at the department's reporting date, CHDC reported unaudited cash of £0.118 million, current assets of £4.382 million and current liabilities of £2.480 million. Unaudited revenue for the period 1 July 2022 to 31 March 2023 was £41.966 million and profit after tax was £1.794 million.

# 11 Financial assets

As at 31 March 2023, put options are exercisable in relation to the department's investment in both SSCL and CHDC.

Under its put options, the Cabinet Office can require the co-investors in its associates to purchase its investments in those associates at the higher of:

i) An associate specific contractually set formula value linked to the associates' net cash or debt positions and earnings; and

ii) the fair value of the investment as a whole as determined by an independent expert by reference to the fair value of the company as a whole.

The put options are not capable of separate realisation. They can only be realised together with the underlying investments to which they are linked.

The corresponding derivative financial assets are presented as standalone financial instruments. They are stated at the highest present values at the reporting date, calculated over the shorter of the remaining option exercise periods and the foreseeable future, of:

i) the exercise prices of the put options; less,

ii) the open market values of the underlying investments to which they relate if sold without the benefit of the put option

Present values at the reporting date are determined by discounting future values back to the reporting date at the associate's estimated cost of equity. Values are stated net of any impairments associated with indicators linked to the co-investors' assessed ability to satisfy their obligations under the options if called.

The fair value of put options are calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and are based on techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

In valuing put options, the Cabinet Office has made assumptions about the future performance of some of its associates based on the best and reasonably available evidence. Sensitivity surrounding assumptions about future earnings, choice of discount rates, selection of the most appropriate measurement date, valuation based on formula values or fair values, and management judgement when assessing for indicators of impairment could have a significant effect on the fair value of the reported derivative financial assets.

Derivative financial assets relating to put options expected to be exercised, lapse or be otherwise realised within 12 months of the reporting date are presented as current financial assets.

Current derivative financial assets can be found at 11.1, non-current derivative financial assets at 11.2 and investments in other public sector bodies at 11.3.

## 11.1 Current assets

### Derivative financial assets at fair value through profit or loss

The department has the contractual benefit of current put options in relation to its investments in certain associates.

| £000 | Total |
|---|---|
| | Departmental group |
| **Balance at 1 April 2021** | **9,410** |
| Fair value gain / (loss) on financial assets – associate put options | (3,910) |
| Disposals | (5,500) |
| Reclassification | 15,347 |
| **Balance at 31 March 2022** | 15,347 |
| Fair value gain / (loss) on financial assets – associate put options | (347) |
| Disposals | - |
| Reclassification | - |
| **Balance at 31 March 2023** | **15,000** |

### Shared Services Connected Limited (SSCL)

The exercise price of the SSCL option has been determined by reference to what management considers would be the open market value of the company as a whole. In deriving the fair value, the department has used a market approach, relying on earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation, and amortisation (EBITDA) on which comparable quoted companies traded at the reference date and applying what management considers an appropriate adjustment for the quality of SSCL's business relative to those of the comparable companies and a control premium attributable to the acquisition of a 100% interest.

The open market value of the underlying investment if sold without the benefit of the put option has similarly been based on a market approach based on the multiples of current and future earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation, and amortisation (EBITDA) on which comparable quoted companies traded at the reference date and applying what management considers an appropriate adjustment for the quality of SSCL's business relative to those of the comparable companies and an illiquidity discount to reflect the lack of an active market in SSCL's shares and the potentially limited market appetite for the stake.

This approach is subject to a high degree of valuation uncertainty, with the key assumptions affecting the SSCL option valuation being:

- the choice of comparable traded companies and the appropriate adjustment to reflect the quality of SSCL's business relative to those of the comparable companies;
- the control premium that a willing market participant would apply to the acquisition of a 100% equity stake;
- the illiquidity discount that a willing market participant would apply to reflect the lack of an active market in SSCL's shares and the potentially limited market appetite for the stake;

- the discount rate applied in discounting future values to the reporting date; and
- SSCL's future EBIT and EBITDA.

A 5% increase/decrease in the adjustment factor to reflect the quality of SSCL's business relative to comparable traded companies would result in a £0.8 million decrease and £0.9 million increase respectively in the value of the derivative. A 5% increase/decrease in the control premium would result in a £3.4 million increase and £3.1 million decrease respectively in the value of the derivative. A 5% increase/decrease in the illiquidity discount would result in a £3.1 million increase and £3.0 million decrease respectively in the value of the derivative. A 5% increase/decrease in forecast EBIT / EBITDA would result in a £0.5 million increase and a £0.4 million decrease respectively in the value of the derivative.

In valuing the derivative, an option pricing model has not been used. Management has judged that the difference in value between an option pricing model based approach and the market based approach discussed above should not be material.

Over the next few years management expect SSCL to bid for a small number of major tenders. These are likely to include both potential new business and tenders to replace existing business contracted under the ISSC2 framework agreement which is due to expire in late 2025. Different bidders may attach different probabilities to SSCL's chances of winning these major tenders and these may affect their view of the relative quality of SSCL's business. Such perceptions could have a significant impact, upwards or downwards, on the value of the derivative.

**Explanations of variances between 2022-23 and 2021-22 valuation**

The small 2022-23 decrease in the value of the derivative is driven by a reduction in the assumed control premium partially offset by the general increase in earnings and profitability within SSCL during the year and, combined with expected growth in 2023-24.

## 11.2 Non-current assets

### Derivative financial assets at fair value through profit or loss

The department has the contractual benefit of non-current put options in relation to its investments in certain associates.

| £000 | Total |
|---|---|
| | Departmental group |
| **Balance at 1 April 2021** | **39,401** |
| Fair value gain / (loss) on financial assets | (20,194) |
| Reclassification | (15,347) |
| **Balance at 31 March 2022** | **3,860** |
| Fair value gain / (loss) on financial assets | (220) |
| Reclassification | - |
| **Balance at 31 March 2023** | **3,640** |

**Crown Hosting Data Centres Limited (CHDC)**

The value of the CHDC option has been based on the exercise price of the option less the stand-alone value of the CHDC shares without the option discounted back to the reporting date where a future measurement date has been used, net of any impairments associated with indicators linked to the co-investor's assessed ability to satisfy its obligations if called.

The exercise price of the option has been based on the formula value of the option as determined by the shareholder agreement. In deriving the formula value, the department has projected CHDC's future earnings over the period to 2031 assuming that they will decline after the new Framework closes to new business in 2029. The stand-alone value of the CHDC shares without the option is based on the present value of the future dividends that would be received by the co-investor following a sale based on its estimated weighted average cost of capital and assuming CHDC can sustain a 100% pay-out ratio after 2023.

Such an approach is subject to a high degree of valuation uncertainty, with the key assumptions limiting the accuracy of the CHDC option valuation being:

- CHDC's projected EBITDA;
- The co-investor's weighted average cost of capital;
- CHDC's pay out ratio after 2023; and
- CHDC's cost of equity.

A 10% increase/decrease in CHDC's projected EBITDA would result in a £0.4 million increase / decrease in the value of the CHDC option respectively. A 1% increase/decrease in the co-investor's weighted average cost of capital would result in a £0.1 million increase / £0.1 million decrease in the value of the CHDC option respectively. A 10% reduction in CHDC's pay-out ratio would result in a £0.4 million increase in the value of the CHDC option. A 1% increase/decrease in CHDC's cost of equity would result in a decrease/ increase of less than £0.1 million in the option value respectively.

In valuing the CHDC option, an option pricing model has not been used. Option pricing models used in industry practice may reduce valuation uncertainty and sensitivity ranges. Management has judged that the difference in fair value between an option pricing model based approach and the approach discussed above is not expected to be material.

## 11.3 Investments in other public sector bodies

The core department holds investments in other public sector bodies.

| £000 | Public dividend capital in Crown Commercial Service | Local government loans | Total departmental group |
|---|---|---|---|
| **Balance at 1 April 2021** | **350** | **-** | **350** |
| Additions | - | 3,456 | 3,456 |
| Loan repayments | - | (1,864) | (1,864) |
| Revaluations | - | 7,170 | 7,170 |
| Expected loss allowance | - | (407) | (407) |
| **Balance at 31 March 2022** | **350** | **8,355** | **8,705** |
| Additions | - | 164 | 164 |
| Loan repayments | - | (2,488) | (2,488) |
| Expected loss allowance | - | (38) | (38) |
| **Balance at 31 March 2023** | **350** | **5,993** | **6,343** |
| Of which: | | | |
| Current asset | - | 3,030 | 3,030 |
| Non-current asset | 350 | 2,963 | 3,313 |
| **Balance at 31 March 2023** | **350** | **5,993** | **6,343** |

### Public dividend capital in Crown Commercial Service

In accordance with the Government Financial Reporting Manual, the Cabinet Office's investment in the Crown Commercial Service is shown at its historical cost.

A dividend of £36 million (2021-22: £15 million) was received for the year ended 31 March 2023 – see note 5. It covered the costs of the complex transaction, continuous improvement, markets and suppliers, and policy teams which previously transferred from the Crown Commercial Service to the Cabinet Office and included money to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers, plus an additional surplus being held by the agency.

### Local government loans

The department holds investments in other public sector bodies in respect of loans with local authorities issued at below market rate of interest, which have been classified as financial assets measured at amortised cost in accordance with IFRS 9 held within a business model whose objective is to collect contractual cash flows on specified future dates.

A £7.170 million revaluation gain was prospectively recognised as at 1 April 2021 for loans distributed in a prior period held at £nil.

A lifetime expected credit loss is recognised based on a risk rating of individual loans with local authorities. When loans are rated as amber risk of future repayment, the department has provided 50% against the net present value of the loan. When loans are rated as red risk of future repayment, the department has provided 100% against the value of the loan.

Sustainable grants are subsequently measured using the effective interest rate, based on the financial instrument discount rate provided by HM Treasury. For loans recognised in 2022-23, the opening HM Treasury financial instrument nominal discount rate of 1.9% has been applied. Loans outstanding at the reporting date have been re-measured using the closing HM Treasury financial instrument nominal rate of 1.9%.

The department is exposed to significant credit and interest rate risk. A 1% increase/decrease in the discount rate applied to the closing loan position would result in a £0.223 million decrease or £0.238 million increase in fair value respectively. A one-year postponement of the repayment period would result in a £0.364 million decrease in fair value.

Non-recyclable loan repayments are recognised as income in the Statement of Parliamentary Supply.

## 12 Assets classified as held for sale

| £000 | | Total |
|---|---|---|
| | Note | Departmental group |
| **Balance at 1 April 2021** | | **1,300** |
| Transfer from property, plant and equipment | 6 | - |
| Change in fair value | 4 | (300) |
| **Balance at 31 March 2022** | | **1,000** |
| Transfer from property, plant and equipment | 6 | 3,648 |
| Change in fair value | 4 | - |
| **Balance at 31 March 2023** | | **4,648** |

The assets held for sale are surplus freehold properties. The properties are available for sale in their present condition, are being actively marketed and are expected to be disposed of within twelve months of the reporting date. One asset was held as an asset for sale on 31 March 2021, but the sale did not complete within twelve months as had been previously expected. Its value has been adjusted as at 31 March 2023 in line with the latest expectation on sale proceeds.

## 13 Cash and cash equivalents

| £000 | Total | Total |
|---|---|---|
| | Core department and agency | Departmental group |
| **Balance at 1 April 2021** | **21,519** | **21,604** |
| Net change in cash and cash equivalent balances | 208,738 | 209,029 |
| **Balance at 31 March 2022** | **230,257** | **230,633** |
| Net change in cash and cash equivalent balances | (159,059) | (159,404) |
| **Balance at 31 March 2023** | **71,198** | **71,229** |
| **The following balances at 31 March were held at:** | | |
| Government Banking Service – supply – Cabinet Office | 3,944 | 3,944 |
| Government Banking Service – supply – GPA | 67,254 | 67,254 |
| Government Banking Service – supply – EHRC | - | 31 |
| **Balance at 31 March 2023** | **71,198** | **71,229** |

## 13.1 Reconciliation of liabilities arising from financing activities

Amendments to IAS 7 introduced a requirement for an entity to provide disclosures that enabled users of the financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The table below provides a breakdown of movements in liabilities arising from financing activities

| £000 | Opening liabilities at 1 April 2022 | Effect of adoption | Cash flows (out) / in | Interest charged | Revaluation | Capital repayment | Interest paid | Closing liabilities at 31 March 2023 |
|---|---|---|---|---|---|---|---|---|
| Sunningdale deferred consideration payable to the Consolidated Fund | (7,287) | - | (7,425) | (138) | - | 7,287 | 138 | - |
| Carillion working capital payable to the Consolidated Fund | (19,252) | - | - | (231) | (26,795) | - | - | (46,278) |
| UK Cloud working capital payable to the Consolidated Fund | - | - | - | - | (6,979) | - | - | (6,979) |
| PFI service charges | (493,119) | - | (12,618) | - | 19,950 | 12,618 | - | (460,551) |
| Leases | - | (832,290) | (97,551) | (9,034) | (295,419) | 88,517 | 9,034 | (1,039,192) |
| **Total** | **(519,658)** | (832,290) | **(117,594)** | **(9,403)** | **(309,243)** | **108,422** | **9,172** | **(1,553,000)** |

# 14 Trade receivables, financial and other assets

| £000 | | | 2022-23 | | 2021-22 |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Current – amounts falling due within one year** | | | | | |
| VAT | | 1,004 | 1,000 | 3,929 | 3,922 |
| Trade receivables | | 42,558 | 42,460 | 62,622 | 62,490 |
| Contract assets under 'IFRS 15: revenue from contracts with customers' – trade receivables | | 40,262 | 40,262 | 45,572 | 45,572 |
| Deposits and advances | | 299 | 300 | 290 | 292 |
| Other receivables | | 11,084 | 11,086 | 9,627 | 9,627 |
| Deferred consideration on disposal of site at Sunningdale | | - | - | 7,287 | 7,287 |
| Amounts due from importing departments in respect of machinery of government transfers | | - | - | 34,057 | 34,057 |
| Prepayments | | 30,724 | 31,345 | 53,768 | 54,236 |
| Accrued income | | 71,294 | 71,301 | 24,766 | 24,819 |
| Contract assets under 'IFRS 15: revenue from contracts with customers' – accrued income | | 77,712 | 77,712 | 109,817 | 109,817 |
| Amounts from other government departments to offset provisions | | 3,685 | 3,685 | 5,859 | 5,859 |
| Current lease incentive receivable | | 2,738 | 2,738 | 6,118 | 6,118 |
| Carillion working capital receivable | 14.1 | 39,871 | 39,871 | 1,652 | 1,652 |
| Virtual Infrastructure Group Ltd and UK Cloud Ltd working capital receivable | 14.1 | 2,453 | 2,453 | - | - |
| **Total current assets** | | **323,684** | **324,213** | **365,364** | **365,748** |

| £000 | | 2022-23 | | 2021-22 | |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Non-current – amounts falling due after more than one year** | | | | | |
| Amounts from other government departments to offset provisions | | 102,653 | 102,653 | 82,485 | 82,485 |
| Prepayments, deposits and advances | | - | - | 5,437 | 5,490 |
| Non-current lease incentive receivable | | 23,392 | 23,392 | 30,090 | 30,090 |
| Carillion working capital receivable | | 6,407 | 6,407 | 17,600 | 17,600 |
| Virtual Infrastructure Group Ltd and UK Cloud Ltd working capital receivable | | 4,526 | 4,526 | - | - |
| **Total non-current assets** | | **136,978** | **136,978** | **135,612** | **135,665** |
| **Total** | | **460,662** | **461,191** | **500,976** | **501,413** |

## 14.1 Receivables from the Official Receiver

Following the collapse of Carillion PLC in January 2018 and UK Infrastructure UK Ltd and UK Cloud Ltd in October 2022, the Cabinet Office provided the Official Receiver with grants to be used as working capital to maintain public service continuity when managing the respective liquidations. Whilst progressing the liquidations, the Official Receiver is seeking to recoup his operating costs through liquidation of assets. Excess funds are then returned to Cabinet Office where possible and Cabinet Office recognises a financial asset in relation to those expected recoveries.

All recoveries are to be returned to the Consolidated Fund. Therefore, as well as recognising a financial asset, the Cabinet Office has also recognised a corresponding increase in Consolidated Fund extra receipts payable. This will remain subject to uncertainty until the liquidation is concluded and any gains or losses in the valuation of the financial asset will be reflected in the Consolidated Fund extra receipts payable.

The fair value of the financial assets are calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and is based on techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data. These include the ongoing management net costs to process the liquidation, and the associated costs of liquidation matters ongoing and outstanding.

When calculating fair value, the Cabinet Office has made assumptions about the eventual cost and time to complete the liquidation based on the best and reasonably available evidence. Sensitivity surrounding assumptions of the eventual cost of the liquidation, time to complete, choice of discount rate, and management judgement when assessing for indicators of impairment could have a significant effect on the fair value of the financial asset.

### Carillion

In January 2018, the Cabinet Office provided a grant of £150 million to the Official Receiver in respect of Carillion PLC. The net Cabinet Office contribution as at 31 March 2023 is £74.5 million, following recoveries from the Official Receiver of £25 million in 2020-21, £40 million in 2019-20 and £10.5 million in 2018-19.

The Official Receiver continues to progress the liquidation and is seeking to recoup his operating costs through liquidation of assets. Based on the latest estimate of the expected net cost of the liquidation to the Cabinet Office, a financial asset of £46.277 million has been recognised, representing the remaining expected recoveries, and is measured at fair value through profit and loss.

Movements to the opening balance of the financial asset at 1 April 2022 of £19.252 million to a 31 March 2023 closing balance of £46.277 million comprise £0.231 million attributable to the unwinding of effective finance income and £26.793 million fair value revaluation gain attributable to a decrease in the expected cost of the liquidation.

The liquidation is expected to continue for a further two years.

HM Treasury's discount rate of 1.9% for financial instruments has been used to calculate fair value. A 1% decrease/increase in the discount rate applied to the financial asset would result in a £1.390 million increase or £1.351 million decrease in fair value respectively. A 5% increase/decrease in the expected receipts of the liquidation would result in a £1.360 million increase/decrease in fair value respectively.

**UK Infrastructure and UK Cloud**

In October 2022, the Cabinet Office provided a grant of £20 million to the Official Receiver in respect of Infrastructure UK Ltd and UK Cloud Ltd. As no recoveries had been made by 31 March 2023, the net Cabinet Office contribution is £20 million.

The Official Receiver continues to progress the liquidation and is seeking to recoup his operating costs through liquidation of assets. Based on the latest estimate of the expected net cost of the liquidation to the Cabinet Office, a financial asset of £6.979 million has been recognised, representing the remaining expected recoveries, and is measured at fair value through profit and loss.

The liquidation is expected to continue for a further two years.

HM Treasury's discount rate of 1.9% for financial instruments has been used to calculate fair value. A 1% decrease/increase in the discount rate applied to the financial asset would result in a £0.114 million increase or £0.111 million decrease in fair value respectively. A 5% increase/decrease in the expected receipts of the liquidation would result in a £0.640 million increase/decrease in fair value respectively.

### 14.2 Provision for credit losses

An allowance for expected credit loss is determined by reference to payment history against settlement terms. The department has a policy of internally reviewing aged debt using specific criteria for write off. Trade receivables are non-interest bearing and are generally on 30 days' terms and are shown net of a provision for impairment. Movements in the provision for impairment of receivables were as follows.

| £000 | | 2022-23 | | 2021-22 | |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **At 1 April** | | **9,604** | **9,604** | **11,691** | **11,691** |
| Provided in the year | 4, 8 | 1,121 | 1,121 | 7,525 | 7,525 |
| Provisions written back in the year | 4, 8 | (40) | (40) | (9,715) | (9,715) |
| Provisions - written off debts recovered | 4, 8 | (4,240) | (4,240) | 103 | 103 |
| **At 31 March** | | **6,445** | **6,445** | **9,604** | **9,604** |

| Departmental group | Provision (%) | | | Provision (£000) | | | 2022-23 |
|---|---|---|---|---|---|---|---|
| | Private sector | Public sector | Other government department | Private sector | Public sector | Other government department | Total £000 |
| **Trade receivables** | | | | | | | |
| Current to 60 days | 2% | - | - | 21 | - | - | 21 |
| 61 to 90 days | 10% | - | - | 9 | - | - | 9 |
| 91 to 180 days | 30% | 50% | - | 57 | 171 | - | 228 |
| Over 180 days | 100% | 100% | - | 1,563 | 233 | - | 1,796 |
| Over 361 days | - | - | 100% | - | - | 249 | 249 |
| **Total trade receivables** | | | | **1,650** | **404** | **249** | **2,303** |
| **Other receivables** | | | | | | | |
| Current to 60 days | 2% | - | - | 25 | - | - | 25 |
| 61 to 150 days | 10% | - | - | 26 | - | - | 26 |
| 151 to 331 days | 30% | - | - | 199 | - | - | 199 |
| Over 331 days | 100% | - | - | 1,271 | - | - | 1,271 |
| **Total other receivables** | | | | **1,521** | **-** | **-** | **1,521** |
| GPA trade receivables[25] | | | | 676 | 593 | 1,351 | 2,620 |
| **Grand total** | | | | **3,847** | **997** | **1,600** | **6,444** |

25 The GPA applies a separate risk-based approach to providing for credit losses.

| Departmental group | | | Provision (%) | | | Provision (£000) | 2021-22 |
|---|---|---|---|---|---|---|---|
| | Private sector | Public sector | Other government department | Private sector | Public sector | Other government department | Total £000 |
| **Trade receivables** | | | | | | | |
| Current to 60 days | 2% | - | - | 18 | - | - | 18 |
| 61 to 90 days | 10% | - | - | 14 | - | - | 14 |
| 91 to 180 days | 30% | 50% | - | 88 | 58 | - | 146 |
| Over 180 days | 100% | 100% | - | 1,491 | 208 | - | 1,699 |
| Over 361 days | - | - | 100% | - | - | 582 | 582 |
| **Total trade receivables** | | | | **1,611** | **266** | **582** | **2,459** |
| **Other receivables** | | | | | | | |
| Current to 60 days | 2% | - | - | 18 | - | - | 18 |
| 61 to 150 days | 10% | - | - | 38 | - | - | 38 |
| 151 to 331 days | 30% | - | - | 190 | - | - | 190 |
| Over 331 days | 100% | - | - | 1,679 | - | - | 1,679 |
| **Total other receivables** | | | | **1,925** | **-** | **-** | **1,925** |
| GPA trade receivables[26] | | | | 71 | 3,887 | 1,262 | 5,220 |
| **Total receivables** | | | | **3,607** | **4,153** | **1,844** | **9,604** |
| Accrued income | | | | 1 | - | - | 1 |
| **Grand total** | | | | **3,608** | **4,153** | **1,844** | **9,605** |

26 The GPA applies a separate risk-based approach to providing for credit losses.

# 15 Trade payables, financial and other liabilities

| £000 | | 2022-23 | | 2021-22 | |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Current – Amounts falling due within one year** | | | | | |
| Other taxation and social security | | 15,129 | 15,443 | 16,406 | 16,685 |
| Contract liabilities under 'IFRS 15: revenue from contracts with customers' – deferred income | | 37,114 | 37,114 | 16,694 | 16,694 |
| Contract liabilities under 'IFRS 15: revenue from contracts with customers' – credit memos to be issued | | - | - | 6,989 | 6,989 |
| Trade payables | | 52,641 | 52,909 | 85,875 | 85,594 |
| Cash collected from lobbyists by the Cabinet Office on behalf of the Registrar of Consultant Lobbyists | | 215 | (3) | 209 | - |
| Refunds due to consultant lobbyists | | - | 1 | - | - |
| Other payables | | 13,569 | 14,263 | 15,613 | 16,072 |
| Other payables in respect of machinery of government transfers | | - | - | 6,209 | 6,209 |
| Accruals | | 203,994 | 204,689 | 228,043 | 229,528 |
| Accrual for untaken annual leave | | 13,323 | 13,669 | 18,881 | 19,187 |
| Deferred income | | 23,950 | 24,211 | 16,234 | 16,234 |
| Current lease incentive payable | | 18 | 18 | 5,017 | 5,037 |
| Imputed finance lease element of PFI contracts | 21 | 15,215 | 15,215 | 16,448 | 16,448 |
| Amounts issued from the Consolidated Fund for supply but not spend at year end | | 58,820 | 58,820 | 9,477 | 9,477 |
| Amounts payable to the Consolidated Fund – receivable | 14 | 42,324 | 42,324 | 8,939 | 8,939 |
| Amounts payable to the Consolidated Fund – received | SOPS4 | 12,154 | 12,373 | 220,561 | 220,777 |
| Amounts payable to the Consolidated Fund – received civil penalties | SOPS4 | - | 4 | - | 4 |
| **Total current liabilities** | | **488,466** | **491,050** | **671,595** | **673,874** |

| £000 | | 2022-23 | | 2021-22 | |
|---|---|---|---|---|---|
| | Note | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Non-current – amounts falling due after more than one year** | | | | | |
| Imputed finance lease element of PFI contracts | 21 | 445,336 | 445,336 | 476,671 | 476,671 |
| Non-current lease incentive payable | | - | - | 64,974 | 64,974 |
| Amounts payable to the Consolidated Fund – receivable | 14 | 10,933 | 10,933 | 17,600 | 17,600 |
| **Total non-current liabilities** | | **456,269** | **456,269** | **559,245** | **559,245** |
| **Total** | | **944,735** | **947,319** | **1,230,840** | **1,233,119** |

### 15.1. Insurance liabilities

**Indemnities for the Official Receiver**

The government has indemnified the Official Receiver, appointed as liquidator of Carillion plc and certain other companies in its group, and Virtual Infrastructure Group Ltd and UK Cloud Ltd for actions he undertakes as Receiver in respect of any claims and proceedings that are made against him personally.

The indemnities does not extend to any costs which may legitimately be charged to the company or companies in liquidation. This will enable the Official Receiver to ensure the orderly winding up of the group's activities and in particular to safeguard the continuity of public services. The indemnity for Carillion was provided on 15 January 2018. The Indemnity for Virtual Infrastructure Group Ltd and UK Cloud Ltd was provided on 17 October 2022.

The indemnities are assessed as an insurance contracts in scope of IFRS 4. A liability adequacy test indicates a fair value of both insurance liabilities at the reporting date of £nil. No claims have yet been brought against the Official Receiver and the probability of future claims is considered remote. The financial impact of such claims is unquantifiable.

The fair value of these insurance liabilities is calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and is based on techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data. This includes a probability assessment of future claims arising provided by the insured party themselves.

The department manages its insurance risk owed to the Official Receiver by indemnifying only those activities that arise as a consequence of the carrying out the proper performance of their duties as liquidator of the companies; and the maintaining, securing and funding the ongoing operation of the companies' undertakings, and distributing the assets of the companies in the ordinary course of their duties as liquidator of the companies; requiring immediate notice of any such incident or claim which may potentially fall within the ambit of these indemnities; and by retaining the right to terminate these indemnities by giving not less than 14 days' notice.

**Indemnity for the Commission for Racial Equality Pension and Life Assurance Scheme trustees**

The government has indemnified the trustees of the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) against future personal liability claims in relation to their administration of the scheme.

This indemnity is assessed as an insurance contract in scope of IFRS 4. A liability adequacy test indicates a fair value of the insurance liability at the reporting date of £nil. No claims have yet been brought against the trustees and the probability of future claims is considered remote. The financial impact of such claims is unquantifiable.

The fair value of the insurance liability is calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and is based on techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data.

The department manages its insurance risk owed to the trustees in that the indemnity only applies to the extent that such personal liability claims exceed the scheme's surplus assets and the trustee's private insurance maximum benefit.

# 16 Provisions for liabilities and charges

| £000 | Specific dilapidations | Onerous lease | Other provisions | Total |
|---|---|---|---|---|
| | Departmental group | Departmental group | Departmental group | Departmental group |
| **Balance at 1 April 2021** | **85,005** | **7,985** | **941** | **93,931** |
| Provisions offset by receivables | 19,814 | - | - | 19,814 |
| Provided in the year | 4,408 | 3,143 | 829 | 8,380 |
| Provisions not required written back | (6,625) | (7,012) | (935) | (14,572) |
| Provisions utilised in the year | (2,916) | (512) | (1) | (3,429) |
| Borrowing costs | 1 | 18 | - | 19 |
| **Balance at 31 March 2022** | **99,687** | **3,622** | **834** | **104,143** |
| Provisions offset by receivables | 17,995 | - | - | 17,995 |
| IFRS 16 transition adjustment | - | (3,622) | - | (3,622) |
| Provided in the year | 14,291 | - | 1 | 14,292 |
| Provisions not required written back | (14,427) | - | (828) | (15,255) |
| Provisions utilised in the year | (46) | - | (1) | (47) |
| Borrowing costs | (1) | - | - | (1) |
| **Balance at 31 March 2023** | **117,499** | **-** | **6** | **117,505** |
| **Of which:** | | | | |
| Core department and agency | 117,372 | - | 6 | 117,378 |
| Arm's length bodies | 127 | - | - | 127 |
| **Balance at 31 March 2023** | **117,499** | **-** | **6** | **117,505** |
| Core department and agency | 99,344 | 3,622 | 834 | 103,800 |
| Arm's length bodies | 343 | - | - | 343 |
| **Balance at 31 March 2022** | **99,687** | **3,622** | **834** | **104,143** |
| **Of which:** | | | | |
| Current liability | 24,570 | - | 1 | 24,571 |
| Non-current liability | 92,929 | - | 5 | 94,934 |
| **Balance at 31 March 2023** | **117,499** | **-** | **6** | **117,505** |
| **Of which:** | | | | |
| Current liability | 6,307 | 2,126 | 828 | 9,261 |
| Non-current liability | 93,380 | 1,496 | 6 | 94,882 |
| **Balance at 31 March 2022** | **99,687** | **3,622** | **834** | **104,143** |

### Analysis of expected timing of discounted flows – 2022-23

| £000 | Specific dilapidations | Onerous lease | Other provisions | Total |
|---|---|---|---|---|
| | Departmental group | Departmental group | Departmental group | Departmental group |
| Not later than one year | 24,570 | - | 1 | 24,571 |
| Later than one year and not later than five years | 25,577 | - | 2 | 25,579 |
| Later than five years | 67,352 | - | 3 | 67,355 |
| **Balance at 31 March 2023** | **117,499** | **-** | **6** | **117,505** |

### Analysis of expected timing of discounted flows – 2021-22

| £000 | Specific dilapidations | Onerous lease | Other provisions | Total |
|---|---|---|---|---|
| | Departmental group | Departmental group | Departmental group | Departmental group |
| Not later than one year | 6,307 | 2,126 | 828 | 9,261 |
| Later than one year and not later than five years | 24,124 | 1,496 | 2 | 25,622 |
| Later than five years | 69,256 | - | 4 | 69,260 |
| **Balance at 31 March 2022** | **99,687** | **3,622** | **834** | **104,143** |

### Specific dilapidations

A specific dilapidation provision is made where the department is required to bring a property into a good state of repair at the end of a lease. A provision is made for the estimated costs of these repairs based on a rate per square foot, which are subject to annual assessment and, where appropriate, valuation techniques to ensure that amounts recognised are appropriate, adhere to the relevant standard and are supportable. A provision is also written back when not required.

The majority of dilapidations relate to buildings managed by the GPA and occupied by tenants. Where appropriate, the charge is passed on to the occupying tenant and the GPA recognises a receivable balance in respect of these amounts – see note 14. The GPA considers these recharges to be virtually certain.

The department's provision for dilapidations is mostly calculated based on an estimated rate per square metre of floor space for each property, with more detailed physical inspections carried out for leases close to expiry. The rates used are estimated based on historic settlements of dilapidations on expired occupations of similar properties. While holding all other assumptions constant, if the average rate per square metre of floor space was 10% higher (lower), the department's dilapidation provision would increase (decrease) by £11.861 million.

### Onerous lease

An onerous lease provision is created where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Leases that were previously recognised as onerous, and therefore had a provision made against them, have been reclassified under IFRS 16. The leases are instead recognised as a right-of-use asset and rather than a provision, the right-of-use asset would be subject to an impairment test.

### Other provisions

One contract is in perpetuity, with £500 per year being paid to the Gresham Estate, and is provided for accordingly; the figure for amounts due later than five years is only provided for seven years and therefore reflected as such in the tables on the previous page.

In 2021-22 the Cabinet Office had a legal provision of £0.828m which was subject to legal privilege for which details are not given. The case has now concluded and the provision has been written back.

## 17 Contingent assets

The Cabinet Office have no contingent assets.

## 18 Contingent liabilities

### IR35

Since April 2017, the responsibility for the assessment of employment status of contingent workers has rested with the department. It is responsible for deciding whether engagements are inside of the off-payroll working rules or not, and informing the fee-paying agency so appropriate deductions can be made.

Since 2019, HM Revenue and Customs has been undertaking compliance work on the Cabinet Office's determinations for workers engaged since April 2017. The department applied the off-payroll rules with care, and is working with HM Revenue and Customs to resolve queries about the assessments. To date, the audit has found no fault, and the timing of the audit conclusion is unknown.

We have disclosed an unquantifiable contingent liability, as the department may be deemed liable for any tax unpaid because of an incorrect determination passed to the fee-paying agency. This could potentially be a material figure to the department.

### Legally privileged

The Cabinet Office has contingent liabilities subject to legal privilege for which details are not given to avoid prejudicing the position of the department, of which the likelihood of future outflow of economic resources is considered unlikely. The financial estimate of the maximum exposure under this liability is reliably estimated at less than £1 million.

# 19 Retirement benefit obligations

Pension liabilities comprise pension benefits for the former chair of the EHRC and former chairs and deputy chairs of legacy commissions. The benefits are provided under a scheme broadly by analogy with the PCSPS. The pension scheme is unfunded, with benefits being paid as they fall due and guaranteed by the commission. There is no fund and therefore no surplus, deficit or assets. The Government Actuary's Department has calculated the scheme liabilities at 31 March 2023.

| £000 | Total<br>Core department and agency | Total<br>Departmental group |
|---|---|---|
| **Balance at 1 April 2021** | **-** | **1,425** |
| Provisions utilised in the year | - | (141) |
| Net interest | - | 17 |
| Actuarial (gain) / loss | - | 120 |
| **Balance at 31 March 2022** | **-** | **1,421** |
| Provisions utilised in the year | - | (105) |
| Net interest | - | 21 |
| Actuarial (gain) / loss | - | (211) |
| **Balance at 31 March 2023** | **-** | **1,126** |
| **Of which:** | | |
| Core department and agency | - | - |
| Arm's length bodies | - | 1,126 |
| **Balance at 31 March 2023** | **-** | **1,126** |
| Core department and agency | - | - |
| Arm's length bodies | - | 1,421 |
| **Balance at 31 March 2022** | **-** | **1,421** |
| **Of which:** | | |
| Current liability | - | 116 |
| Non-current liability | - | 1,010 |
| **Balance at 31 March 2023** | **-** | **1,126** |
| Current liability | - | 105 |
| Non-current liability | - | 1,316 |
| **Balance at 31 March 2022** | **-** | **1,421** |

## Analysis of expected timing of discounted flows – 2022-23

| £000 | Retirement benefit obligations |
|---|---|
| | Departmental group |
| Not later than one year | 116 |
| Later than one year and not later than five years | 470 |
| Later than five years | 540 |
| **Balance at 31 March 2023** | **1,126** |

## Analysis of expected timing of discounted flows – 2021-22

| £000 | Retirement benefit obligations |
|---|---|
| | Departmental group |
| Not later than one year | 105 |
| Later than one year and not later than five years | 422 |
| Later than five years | 894 |
| **Balance at 31 March 2022** | **1,421** |

# 20 Leases

## 20.1 IFRS 16 Transition

| £000 | Note | As at 31 March 2022 Departmental group | First time application of IFRS 16 Departmental group | 1st April 2022 under IFRS 16 Departmental group |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | 6 | 2,033,452 | (42,060) | 1,991,392 |
| Right of use assets | 20.2 | - | 450,054 | 450,054 |
| Intangible assets | 7 | 50,826 | - | 50,826 |
| Investments in associates | 10 | 29,161 | - | 29,161 |
| Trade and other receivables | 14 | 135,665 | - | 135,665 |
| Sublease receivables | | - | 380,622 | 380,622 |
| Other financial assets | 11.2, 11.3 | 10,352 | - | 10,352 |
| **Total non-current assets** | | **2,259,456** | **788,616** | **3,048,072** |
| **Current assets** | | | | |
| Assets classified as held for sale | 12 | 1,000 | - | 1,000 |
| Inventories | | 404 | - | 404 |
| Trade and other receivables | 14 | 365,748 | (31,328) | 334,420 |
| Other financial assets | 11.1, 11.2 | 17,560 | - | 17,560 |
| Cash and cash equivalents | 13 | 230,633 | - | 230,633 |
| **Total current assets** | | **615,345** | **(31,328)** | **584,017** |
| **Total assets** | | **2,874,801** | **757,288** | **3,632,089** |
| **Current liabilities** | | | | |
| Trade and other payables | 15 | (673,874) | 11,997 | (661,877) |
| Lease liabilities | 20.4 | - | (106,960) | (106,960) |
| Provisions | 16 | (9,261) | 3,622 | (5,639) |
| Retirement benefit obligations | 19 | (105) | - | (105) |
| **Total current liabilities** | | **(683,240)** | **(91,341)** | **(774,581)** |
| **Total assets less current liabilities** | | **2,191,561** | **665,947** | **2,857,508** |
| **Non-current liabilities** | | | | |
| Trade and other payables | 15 | (559,245) | 64,975 | (494,270) |
| Lease liabilities | 20.4 | - | (725,330) | (725,330) |
| Provisions | 16 | (94,882) | - | (94,882) |
| Retirement benefit obligations | 19 | (1,316) | - | (1,316) |
| **Total non-current liabilities** | | **(655,443)** | **(660,355)** | **(1,315,798)** |
| **Total assets less total liabilities** | | **1,536,118** | **5,592** | **1,541,710** |
| **Taxpayers' equity and other reserves** | | | | |
| General fund | | 582,105 | 5,592 | 587,697 |
| Revaluation reserve | | 954,013 | - | 954,013 |
| **Total equity** | | **1,536,118** | **5,592** | **1,541,710** |

## 20.2 Right of use assets

| £000 | | | Departmental group |
|---|---|---|---|
| **Departmental group** | **Buildings** | **Transport** | **Total** |
| **Balance at 1 April 2022** | **-** | **-** | **-** |
| Effect of adoption of IFRS 16 | 401,695 | 48,359 | 450,054 |
| Additions | 473,362 | - | 473,362 |
| Disposals | (484,419) | - | (484,419) |
| Impairments | (94) | - | (94) |
| Revaluations | (1,321) | - | (1,321) |
| **Balance at 31 March 2023** | **389,223** | **48,359** | **437,582** |
| **Depreciation** | | | |
| **Balance at 1 April 2022** | **-** | **-** | **-** |
| Charged in year | 32,312 | 9,672 | 41,984 |
| Disposals | (6) | - | (6) |
| Revaluations | (1,323) | - | (1,323) |
| **Balance at 31 March 2023** | **30,983** | **9,672** | **40,655** |
| **Carrying amount at 31 March 2023** | **358,240** | **38,687** | **396,927** |
| **Carrying amount at 31 March 2022** | **-** | **-** | **-** |
| **Of the total:** | | | |
| Department | 25,263 | 38,687 | 63,950 |
| Executive agency | 331,813 | - | 331,813 |
| Other designated bodies | 1,164 | - | 1,164 |
| **Carrying amount at 31 March 2023** | **358,240** | **38,687** | **396,927** |

## 20.3 Investment in sublease and unguaranteed residual value

| £000 | | 2022-23 | | 2021-22 |
|---|---|---|---|---|
| | Core department and agency | Departmental group | Core department and agency | Departmental group |
| Current – amounts falling due within one year | 109,807 | 109,563 | - | - |
| Non-current – amounts falling due after more than one year | 541,797 | 541,823 | - | - |
| **Total** | **651,604** | **651,386** | **-** | **-** |
| Less than one year | 109,807 | 109,563 | - | - |
| One to Two Years | 91,386 | 91,329 | - | - |
| Two to Three Years | 81,676 | 81,676 | - | - |
| Three to Four Years | 75,415 | 75,415 | - | - |
| Four to Five Years | 72,020 | 72,020 | - | - |
| More than Five Years | 272,410 | 272,410 | - | - |
| Discount | (51,110) | (51,027) | - | - |
| **Total** | **651,604** | **651,386** | **-** | **-** |

## 20.4 Lease liabilities

| £000 | 22-23 | | 21-22 | |
|---|---|---|---|---|
| | Core department and agency | Departmental group | Core department and agency | Departmental group |
| Current - amounts falling due within one year | 131,039 | 131,487 | - | - |
| Non-current - amounts falling due after more than one year | 907,263 | 907,705 | - | - |
| **Total** | **1,038,302** | **1,039,192** | **-** | **-** |
| Less than one year | 131,039 | 131,487 | - | - |
| One to Two Years | 129,196 | 129,364 | - | - |
| Two to Three Years | 119,033 | 119,202 | - | - |
| Three to Four Years | 112,004 | 112,172 | - | - |
| Four to Five Years | 96,226 | 96,395 | - | - |
| More than Five Years | 501,366 | 501,368 | - | - |
| Discount | (50,562) | (50,796) | - | - |
| **Total** | **1,038,302** | **1,039,192** | **-** | **-** |

The majority of the groups lease liabilities are for buildings held by GPA. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the SoFP as a right of use asset and a lease liability. The nature of the GPA's activities, both as a freeholder and as a lessee, is that of managing properties to let to clients within central government.

GPA has 279 head leases as at 31 March 2023. The range of end dates for remaining head leases are between June 2023 and June 2110. The average remaining head lease term is 7 years.

There was one head lease which GPA judged that a break notice will be served for an early termination date. The lease liability and right of use asset on transition reflect the termination penalty payable. As a lessee the GPA does not have the ability to extend leases.

The GPA manages the liquidity risk inherent in the maturity analysis through entering into agreements which transfer substantially all of the risk and rewards through formal sub-leasing to clients. The GPA also seeks to match terms for the assets and liabilities, when entering into arrangements which creates finance lease receivables, with those of the head lease.

The GPA is committed to lease hub buildings which are under construction. The leases will commence when the construction reaches practical completion.

## 20.5 Amounts recognised in SoCNE

| £000 | 22-23 | | 21-22 | |
|---|---|---|---|---|
| | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Lease expenditure** | | | | |
| Depreciation of right of use asset | 41,588 | 41,984 | - | - |
| Effective interest expense – right of use asset lease liabilities | 9,039 | 9,034 | - | - |
| Impairment – right of use asset | 94 | 94 | - | - |
| Gain/Loss on disposal of right of use assets | 5,808 | 5,807 | - | - |
| Gain/Loss on remeasurement of right of use assets | (2,002) | (2,002) | - | - |
| **Total lease expenditure** | **54,527** | **54,917** | **-** | **-** |
| **Lease income** | | | | |
| Operating sublease income | (113,428) | (113,401) | - | - |
| Effective interest income – right of use asset investment in sublease | (18,185) | (18,079) | - | - |
| **Total lease income** | **(131,613)** | **(131,480)** | **-** | **-** |
| | | | | |
| **Net lease expenditure** | **(77,086)** | **(76,563)** | **-** | **-** |

## 20.6 Amounts recognised in SoCF

| £000 | 22-23 | | 21-22 | |
|---|---|---|---|---|
| | Core department and agency | Departmental group | Core department and agency | Departmental group |
| **Cash flows as lessee** | | | | |
| Effective interest expense – right of use asset lease liabilities | 9,039 | 9,034 | - | - |
| Repayment of principal | 88,579 | 88,517 | - | - |
| **Cash flows as lessor** | | | | |
| Effective interest income – right of use asset investment in sublease | (18,185) | (18,079) | - | - |

## 20.7 Reconciliation from operating leases

| (£000) | | Core department and agency | | | | Departmental group |
|---|---|---|---|---|---|---|
| | Land and buildings | Other | Total | Land and buildings | Other | Total £000 |
| **Operating leases where Cabinet Office is the lessee** | | | | | | |
| IAS 17 operating lease commitments at 31 March 2022 | 1,017,654 | 9,010 | 1,026,664 | 1,017,853 | 9,010 | 1,026,863 |
| Less leases treated as short term on initial adoption of IFRS 16 | (19,584) | (273) | (19,857) | (19,584) | (273) | (19,857) |
| Less leases of low value | (7) | - | (7) | (27) | - | (27) |
| Adjustment for different lease term assumptions under IFRS 16 | (61,546) | 41,023 | (20,523) | (60,406) | 41,023 | (19,383) |
| Adjustment for discounting of future cashflows | (123,076) | (1,401) | (124,477) | (123,110) | (1,401) | (124,511) |
| Eliminations | (30,338) | - | (30,338) | (30,795) | - | (30,795) |
| **IFRS 16 lease liability at 1 April 2022** | **783,103** | **48,359** | **831,462** | **783,931** | **48,359** | **832,290** |
| Right-of use assets derecognised and re-categorised as leases receivable | (379,278) | - | (379,278) | (378,821) | - | (378,821) |
| Reclassification of peppercorn rents to right-of-use assets under IFRS 16 | 42,060 | - | 42,060 | 42,060 | - | 42,060 |
| Amounts accrued for amortised expenditure during rent free periods | (69,887) | - | (69,887) | (69,887) | - | (69,887) |
| Amounts accrued for amortised rent receivable during rent free periods | 10,344 | - | 10,344 | 10,344 | - | 10,344 |
| Amounts accrued for deferred income and onerous leases | (10,620) | - | (10,620) | (10,620) | - | (10,620) |
| Amounts prepaid | 24,619 | - | 24,619 | 24,619 | - | 24,619 |
| **Right-of-use asset value at 1 April 2022** | **400,341** | **48,359** | **448,700** | **401,695** | **48,359** | **450,054** |

## 20.8 Operating leases with clients

| £000 | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Less than one year | 106,612 | 235,929 |
| One to Two Years | 102,700 | 228,393 |
| Two to Three Years | 100,263 | 211,880 |
| Three to Four Years | 99,793 | 199,152 |
| Four to Five Years | 97,345 | 192,038 |
| More than Five Years | 892,053 | 1,356,385 |
| **Total operating leases with clients** | **1,398,766** | **2,423,777** |

The Cabinet Office group has 522 sub leases as at 31 March 2023. The range of end dates for remaining sub leases are between June 2023 and June 2110. The average remaining sub lease term is 6.9 years. The group has recognised £18.1 million finance income from sub-leasing right of use assets. See note 5.

# 21 Commitments under private finance initiative (PFI) contracts and other service concession arrangements

**PFI contracts and other service concession arrangements held by the GPA**

| Property | Onboarded date | Original contract start date | Duration (years) | Description |
|---|---|---|---|---|
| London, 2 Marsham Street | 1 August 2021 | March 2002 | 29 | PFI contract covering construction and maintenance of 2 Marsham Street. The contract is for 29 years, expiring in 2032. At the end of the concession period (2032), the Home Office/the GPA will pay the lower of £137.5 million (residual value) or the adjusted open-market value to acquire the long lease. |
| London, 1 Horse Guards Road | 1 October 2021 | March 2000 | 35 | PFI contract covering refurbishment and maintenance of 1 Horse Guards Road. Initial contract with HM Treasury and PFI provider was signed in March 2000 for a 35-year term. |
| London, 100 Parliament Street | 1 October 2021 | December 2000 | 35 | PFI contract covering refurbishment and maintenance of 100 Parliament Street. Initial contract with HM Revenue and Customs and PFI provider was signed in December 2000 for a 35-year term. |

### Commitments under PFI and other service concession contracts

Details of the imputed finance lease charges under PFI service concession arrangements recognised in the CSoFP are as follows.

| £000 | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Rentals due not later than one year | 50,028 | 58,325 |
| Rentals due later than one year but not later than five years | 195,010 | 219,716 |
| Rentals due later than five years | 514,662 | 584,844 |
| **Sub-total** | **759,700** | **862,885** |
| Less interest element | (299,149) | (369,766) |
| **Present value of obligations** | **460,551** | **493,119** |

The present value of liabilities under PFI service concession arrangements recognised in the CSoFP are as follows.

| £000 | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Rentals due not later than one year | 15,215 | 16,448 |
| Rentals due later than one year but not later than five years | 67,388 | 64,822 |
| Rentals due later than five years | 377,948 | 411,849 |
| **Present value of obligations** | **460,551** | **493,119** |

Details of the minimum service charge under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

| £000 | As at 31 March 2023 | Restated as at 31 March 2022 |
|---|---|---|
| Not later than one year | 55,227 | 48,180 |
| Later than one year but not later than five years | 220,908 | 192,719 |
| Later than five years | 362,256 | 361,009 |
| **Total service element** | **638,391** | **601,908** |

Future commitments are estimates based on assumptions, using the best information available.

Prior year has been restated as during 22-23 it was identified that the opening liability in relation to the London, 2 Marsham Street contract was overstated as it included an estimate for indexation in future years which had not yet taken effect. This has therefore had an impact on the minimum lease charges.

### Charge to the CSoCNE

The total amount charged in the CSoCNE in respect of on-balance sheet (CSoFP) PFI and other service concession arrangements transactions was £137.6 million for the period to 31 March 2023 (31-Mar 2022: £59.8 million). Of this total the fixed and variable service charge element was £56.9 million (2021-22: £24.5 million) and the interest charges were £46.1 million (2021-22: £29.7 million).

# 22 Capital and other financial commitments

## 22.1 Capital commitments

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

| £000 | 2022-23 | | 2021-22 | |
|---|---|---|---|---|
| | Core department and agency | Departmental group | Core department and agency | Departmental group |
| Property, plant and equipment | 383,267 | 383,314 | 36,615 | 36,661 |
| Intangible assets | 12,302 | 11,114 | 18,821 | 18,821 |
| **Total** | **395,569** | **394,428** | **55,436** | **55,482** |

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

As at 31 March 2023 the £383.3 million in property, plant and equipment is made up of the following material contracts: £82 million in relation to new build construction work, £58.4 million in relation to construction fit outs, £54 million for design and build construction contracts and £31.9 million for the design to supplement workplace projects contracts.

## 22.2 Other financial commitments

The total undiscounted future minimum payments to which the department is committed, analysed by the period during which the payments will be made, are as follows.

| £000 | 2022-23 | | 2021-22 | |
|---|---|---|---|---|
| | Core department and agency | Departmental group | Core department and agency | Departmental group |
| Not later than one year | 356,993 | 356,993 | 260,749 | 260,749 |
| Later than one year and not later than five years | 808,066 | 808,066 | 556,045 | 556,045 |
| Later than five years | 323,861 | 323,861 | 329,986 | 329,986 |
| **Total** | **1,488,920** | **1,488,920** | **1,146,780** | **1,146,780** |

The department has entered into contracts (which are not leases or PFI contracts) for a range of services. The commitments of greatest value relate to the Public Sector Geospatial Agreement, and facilities management, outsourced enterprise resource management and pension arrangements. A continuing Corporate Travel lease for an airplane has this year been accounted for under IFRS 16, so has been excluded from these figures. A Group of administration related leases concluded in 2022-23 and no replacement commitments had been established as of March 2023.

Some contracts incorporate performance related adjustments to minimum contractual payments or annual uplifts based on an index, typically the retail price index or consumer price index. These potential adjustments are not reflected in the figures disclosed above.

Other contracts contain usage variability payments to which the department is virtually certain to be committed. In such circumstances forecast usage is used to calculate the commitment and this is reflected in the figures disclosed above.

## 23 Related party transactions

The following bodies are regarded as related parties with which the Cabinet Office has had various material transactions during the year.

Within government, the main suppliers to the Cabinet Office were HM Treasury, HM Revenue and Customs, the Home Office, the Foreign Commonwealth and Development Office, Government Legal Department and the Department for International Trade.

The main customers of the Cabinet Office were the Ministry of Defence, the Crown Commercial Service (CCS), the Home Office, the Department for Work and Pensions, the Foreign, Commonwealth and Development Office and the Ministry of Justice.

The CCS is an executive agency of the Cabinet Office, with trading fund status. The CCS brings together policy, advice and direct buying, providing commercial services to the public sector and saving money for the taxpayer.

The Cabinet Office is a sponsor of the Civil Service Commission and the Equality and Human Rights Commission, executive non-Departmental public body, and of the Registrar of Consultant Lobbyists, a corporation sole; see Note 24. Balances and transactions between the Department and its arm's length bodies have been eliminated on consolidation and are not disclosed in this Note. Neither the Registrar nor their staff have undertaken any material transactions with registered consultant lobbyists during the year.

The Cabinet Office had two associate companies during the year: Shared Services Connected Limited (SSCL) and Crown Hosting Data Centres Limited (CHDC); see Notes 5 and 10.

Commencing November 2013, the Cabinet Office received payroll, HR, finance and procurement services from SSCL. The Cabinet Office's expenditure with SSCL during the 2022-23 financial year was £8.696 million (2021-22: £7.995 million) and it has future commitments with SSCL totalling £20.605 million (2021-22: £12.712 million).

CHDC provide public bodies with a physical space to host their computer servers and systems that are not in the cloud. Cabinet Office expenditure with CHDC during the 2022-23 financial year was £2.521 million (2021-22: £2.102 million).

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

## 24 Entities within the departmental boundary

The departmental boundary in this context relates to the boundary of the departmental accounts. The departmental boundary is based on control criteria used by the Office for National Statistics to determine sector classification of the relevant sponsored bodies. Those which are classified to the central government sector are controlled for accountability purposes by one department and are designated for consolidation by that department under statutory instrument.

The following bodies have been designated for consolidation into the Cabinet Office estimates and accounts and are listed in the Designation and Amendment Orders presented to Parliament.

### Advisory non-departmental public bodies

The Cabinet Office sponsors a number of advisory non-departmental public bodies that have links to the department but whose work does not contribute directly to the achievement of the department's objectives and whose funding arrangements can be separate.

These advisory non-departmental public bodies provide independent and expert advice to ministers on particular topics of interest. Advisory non-departmental public bodies of the Cabinet Office include:

- Advisory Committee on Business Appointments
- Committee on Standards in Public Life
- House of Lords Appointments Commission
- Security Vetting Appeals Panel
- Senior Salaries Review Body
- Social Mobility Commission

## Expert committees

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

- Main Honours Committee
- Geospatial Commission

## Executive agency

**Government Property Agency – supply financed**

The GPA was established on 1 April 2018. It is an executive agency of the Cabinet Office which provides the centralised ownership, control and delivery infrastructure needed to unlock benefits across organisational boundaries. It further positions government to deliver workforce change and wider business transformation, delivering efficiencies and releasing land and property for productive use, including building new homes.

The agency publishes its own annual report and accounts. Further information can be found at: GOV.UK – Government Property Agency.

## Non-departmental public bodies with executive powers

**Civil Service Commission**

The Civil Service Commission in its current form was established by the Constitutional Reform and Governance Act 2010, although the commission has existed as a non-statutory body since 1855. The Act assigns the commission two primary functions: providing assurance that recruitment to the Civil Service is on merit, on the basis of fair and open competition, and hearing and determining appeals made by civil servants under the Civil Service Code, which sets out the values of the Civil Service – impartiality, objectivity, integrity and honesty – and forms part of the contractual relationship between civil servants and their employer.

As an independent, statutory body the Civil Service Commission publishes its own annual report. Further information can be found at: civilservicecommission.independent.gov.uk; and in the Civil Service Commission annual report and accounts.

**Equality and Human Rights Commission**

The EHRC is the independent regulator for equality, human rights and good relations in Britain, established by the Equality Act 2006. The commission operates independently and has been awarded an ‘A’ status as a national human rights institution by the United Nations. It uses unique powers to challenge discrimination, promote equality of opportunity and protect human rights while being ready to take tough action against those who abuse the rights of others.

As an independent, statutory body, the EHRC publishes its own annual report. Further information can be found at: equalityhumanrights.com; and in the EHRC annual report and accounts.

### Statutory offices

#### The Office of the Registrar of Consultant Lobbyists

The Office of the Registrar of Consultant Lobbyists was set up following the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. The Registrar is an independent statutory office, established to keep and publish the register of consultant lobbyists, on which those who lobby on behalf of a third party are required to declare the names of their clients and whether or not they subscribe to a relevant code of conduct. Further information can be found at: GOV.UK – Office of the Registrar of Consultant Lobbyists.

#### The Office of the Commissioner for Public Appointments

The Office of the Commissioner for Public Appointments is not a non-departmental public body. However, its spending falls within the Cabinet Office budget and therefore it is listed in the Designation Order.

## 25 Events after the reporting period

In accordance with the requirements of 'IAS 10: events after the reporting period', events after the reporting period are considered up to the date on which the accounts are authorised for issue by the accounting officer. This is interpreted as being the date of the certificate and report of the Comptroller and Auditor General to the House of Commons.

### Machinery of government transfers

In a written Prime Ministerial Statement on 7 February 2023, the Prime minister announced the creation of four new Government Departments. They were the Department for Energy Security and Net Zero, the Department for Science, Innovation and Technology, Department for Business and Trade and a re-focused Department for Culture, Media and Sport. As part of this announcement the following Machinery of Government transfers will impact the Cabinet Office in 2023-24.

The **Geospatial Commission** and most of the **Office for Science and Technology Strategy** will move into the new Department for Science, Innovation and Technology.

The **Brexit Opportunities team** will move to the Department for Business and Trade. This supersedes the MOG announced for 2022-23 where the Brexit Opportunities team would have moved to the now former Department for Business, Energy and Industrial Strategy (BEIS).

The **National Security and Investment team** previously in BEIS joins the Cabinet Office as part of the National Security Secretariat.

In a written Prime Ministerial Statement on 30 March 2023, the Prime minister announced that the **Government Debt Management Function** will move from the Cabinet Office to HM Treasury, to sit alongside the centre for the Government Finance Function. This will improve the management of debt owed to the government and provide strong expertise and leadership for the public servants in its profession.

In a written Prime Ministerial Statement on 23 May 2023, the Prime minister announced that the responsibility for the delivery of the **Windsor Framework** will be transferred from the Foreign, Commonwealth and Development Office to sit alongside the existing Northern Ireland Unit in the Cabinet Office. In the same statement the Prime Minister also announced that the **UK Governance Group** would formally move from the Cabinet Office into the Union and Devolution team in the Department for Levelling Up, Housing and Communities (DLUHC). This will consolidate matters relating to intergovernmental relations, including Common Frameworks, under the Secretary of State for Levelling Up, Housing and Communities as the Minister for Intergovernmental Relations. Both the Windsor Framework and Union teams in the Cabinet Office and DLUHC respectively will be brought together under a single official reporting structure to allow for more effective join-up across all union policy. These changes took effect immediately.

### Civil Service Commission Accounting Officer

On 7 June 2023, Kate Owen was appointed Interim Chief Executive Officer and Accounting Officer of the Civil Service Commission.

### New Non Executive Directors announced

On 3 July 2023 the Deputy Prime Minister, the Rt Hon Oliver Dowden MP, appointed Janette Beinart, Marcus Boyle, Stephen Gordon-Dando and Jenni Myles as Non-Executive Board members for the Cabinet Office. Lord Hogan Howe of Sheffield and Henry de Zoete were also reappointed for second terms.

### The Government Property Agency (GPA) transactions

The GPA has entered a number of property transactions since the balance sheet date.

In April 2023 the GPA onboarded the leased property at London, Caxton House from DWP. A lease liability of £28.5 million was recognised from this date. A finance sublease with DWP commenced on the same date, resulting in recognition of a lease receivable asset of £28.5 million.

In May 2023 the GPA entered into a lease for a hub property at Croydon, Ruskin Square. This is a 26 year lease with a 12 month rent free period. A lease liability of £156.2 million was recognised from this date. Clients are expected to occupy this building from mid-2024 following completion of fit-out.

Further disclosures are made in the GPA Annual Report and Accounts.

# Annexes

# Annex A: Regulatory reporting: core expenditure tables

An explanation of increases in expenditure and income relating to these tables can be found in the long term expenditure trends section in the performance report.

### Table 1 – Cabinet departmental Office total spending 2018-19 to 2026-27

| £000 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|---|---|
| | Outturn[1] | Outturn[1] | Outturn[1] | Outturn[1] | Outturn | Plans | Plans | Plans |
| **Resource DEL** | | | | | | | | |
| Seize the opportunities of Brexit, through creating the world's most effective border to increase UK prosperity and enhance security | - | - | - | 55,860 | 25,612 | 17,131 | (67,900) | - |
| Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 102,632 | 85,791 | 67,116 | 37,617 | 63,240 | 35,723 | (12,727) | - |
| Advance equality of opportunity across the UK | - | - | - | 16,703 | 15,388 | 17,000 | - | - |
| Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the Government Functions | 206,930 | 254,081 | 788,130 | 386,531 | 412,281 | 379,814 | (5,882) | - |
| Support the design and implementation of HM Government's policies and the Prime Minister's priorities | 205,189 | 268,861 | 381,936 | 568,190 | 224,560 | 385,811 | 553,228 | - |
| Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities | 82,075 | 49,096 | 150,376 | 124,819 | - | - | - | - |
| Executive Agency – Government Property Agency | 23,165 | 25,114 | 33,913 | 27,992 | 52,953 | 94,302 | - | - |
| Arm's length bodies (net) | 1,817 | 19,492 | 19,205 | 19,532 | 21,088 | 20,051 | - | - |
| UK members of the European Parliament[2] | 2,116 | 2,832 | 2,232 | 2,161 | 2,120 | - | - | - |
| Cabinet Office Consolidated Fund extra receipts | (140) | - | - | - | - | - | - | - |
| **Total resource DEL** | **623,784** | **705,267** | **1,442,908** | **1,239,405** | **817,242** | **949,832** | **466,719** | **-** |

1 Prior year departmental spending has been restated for machinery of government transfers of function. Non-budget expenditure prior year adjustments have not been restated in these tables.
2 It is custom for HM Treasury to provide funding for Consolidated Fund standing services, in this case the salary and pension costs of the UK members of the European Parliament, on an annual basis rather than at Spending Review

| £000 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|---|---|
| | Outturn[1] | Outturn[1] | Outturn[1] | Outturn[1] | Outturn | Plans | Plans | Plans |
| Of which: | | | | | | | | |
| Staff costs[3] | 409,723 | 590,566 | 662,274 | 705,653 | 701,110 | 755,333 | 734,704 | - |
| Purchase of goods and services | 567,294 | 268,982 | 1,292,504 | 1,192,733 | 811,250 | 915,829 | 393,991 | - |
| Income from sales of goods and services[4] | (375,441) | (159,251) | (241,337) | (322,875) | (325,854) | (1,156,399) | (884,238) | - |
| Current grants to local government (net) | (15) | 16,341 | 19,295 | 11,948 | 2,492 | - | - | - |
| Current grants to persons and non-profit bodies (net) | 1,225 | 1,876 | 8,701 | 2,797 | 3,236 | - | - | - |
| Current grants abroad (net) | (493) | - | - | - | - | - | - | - |
| Rentals | (7,408) | (48,437) | 10,629 | 8,368 | 44,548 | - | - | - |
| Depreciation[5] | 51,528 | 45,267 | 56,575 | 77,273 | - | 185,561 | 222,262 | - |
| Other resource | (22,629) | (10,077) | (365,733) | (436,491) | (419,540) | 249,508 | - | - |
| **Resource AME** | | | | | | | | |
| Cabinet Office AME | (1,411) | 1,766 | 4,446 | (3,537) | (1,339) | 16,268 | - | - |
| Executive Agency – Government Property Agency – AME | (14,374) | (1,749) | 105,851 | 76,975 | 55,833 | 254,200 | - | - |
| **Total resource AME** | **(15,785)** | **17** | **110,297** | **73,438** | **54,494** | **270,468** | **-** | **-** |
| Of which: | | | | | | | | |
| Depreciation[5] | (1,093) | (1,270) | 80,000 | 93,300 | 55,588 | 239,524 | - | - |
| Take-up of provisions | (14,197) | 2,154 | 30,386 | (16,261) | (1,094) | 30,944 | - | - |
| Release of provisions | (495) | (867) | (89) | (3,601) | - | - | - | - |
| Other resource | - | - | - | - | - | - | - | - |
| **Total resource budget** | **607,999** | **705,284** | **1,553,205** | **1,312,843** | **871,736** | **1,220,300** | **466,719** | **-** |
| Of which: | | | | | | | | |
| Depreciation[5] | 50,435 | 43,997 | 137,027 | 170,573 | 125,269 | 425,085 | 222,262 | - |

3 In line with HM Treasury guidance, the department is not publishing future staffing and pay plans. These are included in 'purchase of goods and services'.
4 Income is also included against the rentals and other resource lines.
5 Includes impairments.

| £000 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|---|---|
| | Outturn[1] | Outturn[1] | Outturn[1] | Outturn[1] | Outturn | Plans | Plans | Plans |
| **Capital DEL** | | | | | | | | |
| Seize the opportunities of Brexit, through creating the world’s most effective border to increase UK prosperity and enhance security | - | - | - | - | - | - | (30,000) | - |
| Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review. Support the design and implementation of the government’s policies and the Prime Minister’s priorities | 14,417 | 11,547 | 9,352 | 20,236 | 26,219 | 13,550 | - | - |
| Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the Government Functions | 15,031 | 9,545 | 194,050 | 143,429 | 189,537 | 67,523 | 2,069,397 | - |
| Support the design and implementation of HM Government's policies and the Prime Minister's priorities | 90,890 | 82,028 | 147,952 | 5,768 | 2,206 | 17,053 | 485,649 | - |
| Ensure the effective running of the department and contribute to the government's cross-cutting priorities | (7,194) | 904 | 1,148 | (10) | - | - | - | - |
| GPA – Executive agency | 18,499 | 7,829 | 19,748 | 101,757 | 204,154 | 267,210 | - | - |
| Arm’s length bodies (net) | - | - | 385 | 490 | 700 | 500 | - | - |
| **Total capital DEL** | **131,643** | **111,853** | **372,635** | **271,670** | **422,816** | **365,836** | **2,525,046** | **-** |

| £000 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|---|---|
| | Outturn[1] | Outturn[1] | Outturn[1] | Outturn[1] | Outturn | Plans | Plans | Plans |
| Of which: | | | | | | | | |
| Purchase of goods and services (ESA10) | 88,391 | 74,459 | 51,182 | (1,828) | - | - | - | - |
| Capital support for local government (net) | 1,000 | - | - | - | - | - | - | - |
| Capital grants to persons and non-profit bodies (net) | - | (48) | (6) | (9) | 103 | - | - | - |
| Capital grants to private sector companies (net) | (8,515) | - | - | - | - | - | - | - |
| Purchase of assets | 64,778 | 39,809 | 580,306 | 168,227 | 833,917 | 363,920 | 2,525,046 | - |
| Income from sales of assets | (7) | (39) | 12,373 | 870,993 | (375,411) | - | - | - |
| Other capital | (14,004) | (2,328) | (411,600) | (886,321) | (35,793) | 1,916 | - | - |
| **Total capital budget** | **131,643** | **111,853** | **232,255** | **151,062** | **422,816** | **365,836** | **2,525,046** | **-** |
| **Total departmental spending[6]** | **690,300** | **774,410** | **1,708,813** | **1,320,640** | **1,113,695** | **921,527** | **2,769,503** | **-** |
| Of which: | | | | | | | | |
| Total DEL | 704,992 | 773,123 | 1,678,516 | 1,340,502 | 1,112,851 | 890,583 | 2,769,503 | - |
| Total AME | (14,692) | 1,287 | 30,297 | (19,862) | 844 | 30,944 | - | - |

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

## Table 2 – Cabinet Office administration budget 2018-19 to 2025-26

| £000 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|---|---|
| | Outturn[7] | Outturn[7] | Outturn[7] | Outturn[7] | Outturn | Plans | Plans | Plans |
| **Resource DEL** | | | | | | | | |
| Seize the opportunities of Brexit, through creating the world's most effective border to increase UK prosperity and enhance security | - | - | - | - | 3,538 | 345 | (8,400) | - |
| Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review | 30,687 | 34,172 | 12,985 | 24,982 | 27,485 | 18,084 | (5,324) | - |
| Advance equality of opportunity across the UK | - | - | - | - | 8,269 | 10,022 | - | - |
| Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the Government Functions | 39,675 | 46,281 | 51,590 | 63,522 | 207,871 | 201,628 | (7,383) | - |
| Executive Agency – Government Property Agency | 126,724 | 138,004 | 134,101 | 352,258 | 115,608 | 162,543 | 251,054 | - |
| Support the design and implementation of HM Government's policies and the Prime Minister's priorities | 68,239 | 81,212 | 117,340 | 122,815 | - | - | - | - |
| Ensure the effective running of the Department and contribute to the Government's cross-cutting priorities | 8,348 | 13,089 | 33,913 | 27,992 | 52,953 | 94,302 | - | - |
| Arm's length bodies (net) | 1,647 | 13,874 | 14,090 | 14,734 | 15,032 | 14,779 | - | - |
| **Total administration budget** | **275,320** | **326,632** | **364,019** | **606,303** | **430,756** | **501,703** | **229,947** | **-** |
| Of which: | | | | | | | | |
| Staff costs[8] | 288,885 | 424,205 | 467,727 | 513,312 | 546,081 | 564,799 | 548,921 | - |
| Purchase of goods and services | 326,493 | 320,478 | 343,908 | 591,792 | 369,933 | 634,368 | 108,979 | - |
| Income from sales of goods and services | (332,856) | (111,964) | (141,406) | (210,634) | (222,596) | (792,970) | (558,755) | - |
| Current grants to local government (net) | - | - | 400 | - | 30 | - | - | - |
| Current grants to persons and non-profit bodies (net) | - | - | - | 516 | 125 | - | - | - |
| Rentals | (10,521) | 26,779 | 10,680 | 941 | 45,172 | - | - | - |
| Depreciation[9] | 20,528 | 18,937 | 17,874 | 43,641 | - | 95,413 | 130,802 | - |
| Other resource | (17,209) | (351,803) | (335,164) | (333,265) | (307,989) | 93 | - | - |

7 Prior year departmental spending has been restated for machinery of government transfers of function. Non-budget expenditure prior year adjustments have not been restated in these tables.
8 In line with HM Treasury guidance, the department is not publishing future staffing and pay plans. These are included in 'purchase of goods and services'.
9 Includes impairments.

# Annex B: Report on the use of powers under section 70 of the Charities Act 2006

This report is presented pursuant to the Charities Act 2006, section 70, which enables a minister to align the provision of financial assistance to charitable, benevolent or philanthropic institutions.

As with all grant funding in the Cabinet Office, emphasis is placed on providing value for money. Grants paid under the Charities Act are monitored to ensure that recipients deliver the objectives of individual projects, as well as contributing to the strategic aims of the department.

Throughout 2022-23, the Cabinet Office has made grants totalling £1.593 million (2021-22: £1.160 million) to organisations under the provisions of the Charities Act 2006. In all cases, the funding matched the aims and objectives of the Cabinet Office, as well as those of the recipients. This spending does not represent the total amount of grant funding provided to the voluntary and community sector, as some other grants have been paid to this sector under the powers conferred by alternative legislation. The most significant grants were paid to the organisations mentioned below.

A grant of £0.710 million was paid to the Charity for Civil Servants on behalf of, and funded by, all Civil Service departments. The purpose of the grant is to assist the Charity to alleviate hardship among serving and former civil servants, their families and dependents, through the provision of financial assistance and other support and wellbeing services in accordance with the charity's objectives.

In 2022 there was a rise in the number of people approaching the Charity for help because they were experiencing financial hardship. The £710,000 includes an increase from 2022 as an additional one-off grant in aid payment funded by contributions from departments to support the CFCS to continue to maintain existing support levels and to meet a forecasted increase in demand in 2023.

A grant of £0.250 million was paid to the Royal British Legion. The grant was issued to the Royal British Legion to contribute to the costs of delivering the Veterans Gateway service. This is a non-political service providing a first point of contact for veterans and their families seeking advice and support.

A grant of £0.100 million was paid to the Civil Service Sports Council on behalf of, and funded by Civil Service Departments. The grant was paid to encourage and co-ordinate the pursuit by all its affiliated organisations of all forms of sport, recreation and wellbeing throughout the Civil Service in accordance with the rules of the Civil Service Sports Council.

A grant of £0.094 million was paid to the University of Warwick. The purpose of the grant is to support research to understand the lived experiences of ethnic minority veterans and the factors affecting these experiences. A comprehensive, inclusive project has been designed that uses a variety of qualitative methods to ensure that the full diversity of ethnic minority veterans can access the project.

A grant of £0.090 million was paid to RAND Europe CIC. The purpose of this grant is to support one of the first pieces of research examining the experience of non-UK veterans commissioned by the government. This research is the first step in exploring how veterans from different backgrounds and different cultures experience their service and their subsequent lives as veterans. This work will help tailor services and policy design, ensuring that the government is working towards making the UK the best place in the world for all veterans.

A grant of £0.080 million was paid to RFEA The Forces Employment Charity. The purpose of this grant is to enable TechVets to reach and engage significantly higher numbers and to place significantly higher numbers into cyber and technology roles. TechVets is an innovative and successful initiative supporting veterans into employment in cyber and technology careers.

A grant of £0.061 million was paid to Combat Stress. The purpose of the project will be to improve access to charitable veterans' services for women who have served in the Armed Forces in the United Kingdom.

A grant of £0.050 million was paid to British Limbless Ex-Service Men's Association. The grant was issued to the British Limbless Ex-Service Men's Association (BLESMA) under the Veterans Health Innovation Fund to explore the lived experience of injured veterans who are wheelchair and electronic powered vehicle users, and to provide a comparison of the effectiveness of selected categories of assistive technologies.

A grant of £0.040 million was paid to Bravo Victor. The grant was issued to Bravo Victor under the Veterans Health Innovation Fund to improve our understanding of visual hallucinations in military veterans through a programme of research on prevalence, phenomenology, practice patterns, and a novel therapeutic intervention.

A grant of £0.035 million was paid to St John and Red Cross Defence Medical Welfare Service. The grant was issued to the St John and Red Cross Defence Medical Welfare Service under the Veterans Health Innovation Fund to bring together welfare support and technology to benefit isolated veterans in Lanarkshire in collaboration with Technology Enabled Care.

A grant of £0.025 million was paid to Future Leaders Network Ltd. The purpose of the grant is to fund the Climate Youth Negotiator Programme, which aims to deliver a training and networking programme to allow young climate negotiators to meaningfully participate at COP27. The COP unit have provided funding for 3 UK youth negotiators and 2 youth negotiators from lower-income countries.

A grant of £0.025 million was paid to Forward Assist. The grant was issued to Forward Assist under the Veterans Health Innovation Fund to develop a clear understanding of the multiple and complex issues faced by military veterans with lived experience of sexual assault, and identify gaps in service provision.

A grant of £0.015 million was paid to Forward Assist. The grant was issued to Forward Assist, for the purpose of supporting veterans and families engagement with the LGBT Veterans Independent Review. The organisation will outreach, connect, and guide veterans, encouraging them to give evidence and encouraging access to services that can support any mental health and well-being concerns.

A grant of £0.015 million was paid to Fighting With Pride. The grant was issued to Fighting with Pride, for the purpose of supporting veterans and families engagement with the LGBT Veterans Independent Review. The organisation will outreach, connect, and guide veterans, encouraging them to give evidence and encouraging access to services that can support any mental health and well-being concerns.

A grant of £0.010 million was paid to LGBT Foundation. The grant was issued to the LGBT Foundation, for the purpose of supporting veterans and families engagement with the LGBT Veterans Independent Review. The organisation will outreach, connect, and guide veterans, encouraging them to give evidence and encouraging access to services that can support any mental health and well-being concerns.

# Annex C: Reporting of information on arm's length bodies

The department is required to report total operating income, total operating expenditure and net expenditure for the year and staff numbers and costs for each component arm's length body.

| | | | | Permanently employed staff | | Other staff | |
|---|---|---|---|---|---|---|---|
| | Total operating expenditure | Total operating income | Net expenditure for the year | Number of employees | Staff costs | Number of employees | Staff costs[10] |
| | £000 | £000 | £000 | Number | £000 | Number | £000 |
| Core department | 1,432,625 | (555,690) | 876,935 | 9,317 | 645,994 | 435 | 48,340 |
| Executive agency – GPA | 592,059 | (505,240) | 86,819 | 339 | 29,747 | 57 | 10,425 |
| Arm's length body – EHRC | 18,390 | (125) | 18,265 | 209 | 14,156 | 5 | 373 |
| Arm's length body – Civil Service Commission | 2,427 | - | 2,427 | 20 | 2,029 | - | - |
| Arm's length body – Registrar of Consultant Lobbyists | 325 | (206) | 119 | 3 | 190 | - | - |
| Group eliminations | (88,055) | 66,429 | (21,626) | - | 48,340 | - | - |
| **Total** | **1,957,771** | **(994,832)** | **962,939** | **9,888** | **740,456** | **497** | **59,138** |

10 Other staff includes temporary and agency staff costs. Temporary and agency staff are not included in the number of employees.

E02925501

978-1-5286-4177-7