

MEMORANDUM ON

CABINET OFFICE SPRING SUPPLEMENTARY ESTIMATE 2009-10

1. Introduction

The Spring Supplementary Estimate 2009-10 seeks the necessary changes to resources and cash to support the functions of the Cabinet Office. These are continuing functions from previous years.

The purpose of this memorandum is to provide the select committee with an explanation of how the resources and cash sought in the Spring Supplementary Estimate will be applied to achieve Departmental Strategic Objectives and Public Service Agreement (PSA) targets and the delivery of a Service Transformation Agreement. It includes information on comparisons with the resources provided in earlier years in Estimates and departmental budgets, and on future financial plans. The details set out in this Estimate are based on the provision in the Winter Supplementary Estimate 2009-10 following the Comprehensive Spending Review (CSR07) and amendments to that provision in the Spring Supplementary Estimate 2009-10.

An explanation of key terms used in the memorandum is provided as an Annex.

Summary of the main spending control figures contained in the Spring Supplementary Estimate 2009-10

Voted Provision

The Spring Supplementary Estimate provides for 14.93% increase in voted resource:

Net Resource Requirement (NRR) of £475,205,000

Net Cash Requirement (NCR) of £480,075,000

Budgetary Data

The changes to the key voted and non-voted budgetary figures are:

Resource Departmental Expenditure Limit (RDEL) increases by £9,284,000

Of which:

Near Cash increases by £13,284,000

Non-Cash decreases by £4,000,000

Administration Budget decreases by £28,247,000

Voted provision increases by £1,928,000

Non-voted provision increases by £7,356,000

Capital Departmental Expenditure Limit (CDEL) increases by £52,474,000

Of which:

Voted provision increases by £50,074,000

Non-voted provision increases by £2,400,000

Resource Annually Managed Expenditure (RAME) decreases by £10,000 as a result of HM Treasury retracting their original advice on the treatment of accrued employee benefits (holiday pay) under International Financial Reporting Standards (IFRS).

These changes are set out below in summary at Table 1 and in detail at Table 2 where they are listed in the order in which they appear in the Introduction to the Estimate.

Table 1 – Summary of significant changes to voted provision and budget sought in the Spring Supplementary Estimate 2009-10

	Winter Supplementary Estimate 2009-10	Changes (+/-)	Spring Supplementary Estimate 2009-10
	£	£	£
Voted Provision			
Net Resource Requirement	413,457,000	+61,748,000	475,205,000
Net Cash Requirement	380,827,000	+99,248,000	480,075,000
Budgetary Data			
Resource DEL (RDEL)	377,969,000	+9,284,000	387,253,000
Of which:			
Near Cash	333,191,000	+13,284,000	346,475,000
Administration Budget	206,397,000	-28,247,000	178,150,000
Voted	332,954,000	+1,928,000	334,882,000
Non-Voted	45,015,000	+7,356,000	52,371,000
Capital DEL (CDEL)**	50,985,000	+52,474,000	103,459,000
Voted	49,985,000	+50,074,000	100,059,000
Non-Voted	1,000,000	+2,400,000	3,400,000
Depreciation*	-34,805,000	+3,456,000	-31,349,000
Total DEL	394,149,000	+65,214,000	459,363,000
Total Resource AME	10,000	-10,000	-

*Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

**Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

Table 1 - Explanation of significant changes in voted provision and budget compared with the Spring Supplementary Estimate 2009-10

The changes in provision and budget are explained below.

Net Resource Requirement (NRR)

An **increase** in Net Resource Requirement of **£61,748,000** comprises:- an increase for agreed Claims on the Reserve **£11,344,000**, claim for End Year Flexibility (EYF) **£62,407,000**, a decrease for budgetary cover transfers **£11,184,000**, a reduction in wages and salaries to provide funding for the use of the Early Departure Provisions **£819,000**.

Net Cash Requirement (NCR)

The **increase** in Net Cash Requirement of **£99,248,000** comprises:- an increase in Net Resource Requirement (NRR) of **£61,748,000** explained above, a decrease in Depreciation and Cost of Capital **£3,181,000**, a decrease in Creditors of **£33,500,000** and an increase in Use of Provisions of **£819,000**.

Resource DEL (RDEL)

An **increase of £9,284,000** in Resource DEL comprises:- an increase for agreed Claims on the Reserve **£11,344,000**, Claims for End Year Flexibility **£10,083,000**, a decrease for budgetary cover transfers **£11,184,000**, a virement from non-voted Resource Grant-in-Aid to non-voted Capital Grant-in-Aid **£150,000**, a decrease in wages and salaries to cover the use of provisions for Early Departures of **£819,000** and a switch from Resource AME into DEL of **£10,000**.

Near Cash Resource DEL

An **increase of £13,284,000** in near cash resource DEL comprises:- an increase for agreed Claims on the Reserve **£11,344,000**, Claims on End Year Flexibility **£10,083,000**, a decrease for budgetary cover transfers **£8,003,000**, a virement for non-voted Grant-in-Aid to non-voted Capital Grant-in-Aid **£150,000** and a switch from Resource AME to DEL of **£10,000**.

Administration Budget

A **decrease of £28,247,000** in administration budget comprises:- a **£8,003,000** decrease for budget cover transfers to various government departments, a **£819,000** decrease in wages and salaries to cover the use of provisions, a **£240,000** virement to programme budget to cover grants given in support to the London Boroughs of Barking, Dagenham and Southwark towards expenditure lawfully incurred with regard to testing the Innovators Council's "Getting there First" hypotheses, a **£16,000,000** transfer within near cash RDEL from administration to programme to correctly profile the programme budget, a **£4,000** transfer within non cash RDEL from administration to programme to cover non-cash charges and a **£3,181,000** virement within non-cash from administration to programme to cover non-cash budget transfer to the Security and Intelligence Agencies (SIA) to accompany asset transfers relating to the SCOPE programme,

Voted Resource DEL

An **increase of £1,928,000** in voted Resource DEL comprises:- an increase for agreed claims on the Reserve **£11,344,000**, Claims on End Year Flexibility **£10,083,000**, a virement from non-voted

to voted of **£104,000** and decreases for budgetary cover transfers **£8,003,000** to other government departments for the services of the Office of the Parliamentary Counsel, budgetary cover transfer **£3,181,000** for non-cash charges on the transfer of SCOPE assets to the Security and Intelligence Agencies, a decrease in wages and salaries to cover the use of Early Departure Provisions **£819,000**, a virement from voted to non-voted for a service concession arrangement under International Financial Reporting Standards (IFRS) **£7,600,000**.

Non-Voted Resource DEL

An **increase of £7,356,000** in non-voted resource DEL comprises:- a **£7,600,000** increase relating to a switch from Voted to Non-Voted Resource DEL for the costs of Service Concession arrangements under IFRS, a **£104,000** decrease due to a virement from non-voted/non-budget Grants-in-Aid to eNDPBs, a **£150,000** virement from resource to Capital within the Grant-in-Aid provision to eNDPB, and a **£10,000** increase due to the revised classification of accrued employee benefits (holiday pay) from Resource AME to Resource DEL.

Capital DEL (CDEL)

An **increase of £52,474,000** in capital DEL comprises:- an increase for Claims on End Year Flexibility for capital grants **£52,324,000** and a transfer from resource DEL of **£150,000** for capital grants to NDPBs.

Depreciation

A decrease of **£3,456,000** in depreciation is due to a budgetary cover transfer to the Security and Intelligence Agencies of **£2,956,000** and a virement to provisions of **£500,000** for restructuring costs. Depreciation now stands at **£31,349,000**.

Resource AME (RAME)

The Winter Supplementary Estimate 2009-10 saw the creation of a new AME account to record accrued employee benefits (holiday pay) as a result of the implementation of International Financial Reporting Standards (IFRS). The Treasury has since revised the classification of accrued employee benefits from Resource AME to Resource DEL.

Table 2- Detail of significant changes to budget sought in the Spring Supplementary Estimate 2009-10

	RDEL	CDEL
	£'000	£'000
Winter Supplementary Estimate 2009-10	377,969	50,985
Voted Provision	332,954	49,985
Changes in Voted Provision		
End Year Flexibility – Real Help for Communities Action Plan – Office of the Third Sector	+10,000	
End Year Flexibility – Invest to Save Budget - Office of the Third Sector	+83	
End Year Flexibility - Capital Grants programmes - Office of the Third Sector		+52,324

Reserve Claim – v Matched Funding – Office of the Third Sector	+10,500	
Reserve Claim - Invest to Save Budget – Office of the Third Sector	+844	
Budget cover transfer to various government departments to cover costs of the Office of the Parliamentary Counsel	-8,003	
Budget Cover Transfer to Security and Intelligence Agencies (SIA) to cover capital charges for SCOPE assets	-3,181	
Virement from Office of the Third Sector to Capacity Builders (UK) Ltd		-2,250
Virement from non-voted Capacity Builders (UK) Ltd to voted Office of the Third Sector.	+104	
Virement from voted DEL to non-voted DEL for Service Concession arrangement (IFRS)	-7,600	
Decrease in Wages and Salaries to cover the use of the Early Departure Provisions	-819	
Total change in Voted Provision	+1,928	+50,074
New Voted Provision	334,882	100,059
Non-Voted Provision	45,015	1,000
Changes in Non-Voted Provision		
Virement from Office of the Third Sector (OTS) to Capacity Builders (UK) Ltd		+2,250
Virement from non-voted Capacity Builders (UK) Ltd to voted Office of the Third Sector.	-104	
Virement from voted DEL to non-voted DEL for Service Concession arrangement (IFRS)	+7,600	
Switch from DEL to AME (non-voted) for accrued employee benefits holiday pay	+10	
Virement from Resource to Capital – eNDPBs	-150	+150
Total change in Non-Voted Provision	+7,356	+2,400
New Non-Voted Provision	52,371	3,400
Total Net Change	+9,284	+52,474
Spring Supplementary Estimate 2009-10	387,253	103,459
Of which:		
Near Cash in Resource DEL	346,475	
Non Cash in Resource DEL	40,778	
Total Resource DEL	387,253	
	RAME	
Winter Supplementary Estimate 2009-10	10	
Switch from AME to DEL for accrued employee benefits holiday pay	-10	
Spring Supplementary Estimate 2009-10	NIL	

All changes set out in the order in which they appear in the Introduction to the Estimate

1. An agreed drawdown for End Year Flexibility of **£10,000,000** to fund measures in the Real Help for Communities Action Plan administered by the Office of the Third Sector. The drawdown has increased near cash programme in RDEL, Net Resource Requirement and Net Cash Requirement.
2. An agreed drawdown for End Year Flexibility of **£83,000** for Invest to Save Budget for projects administered by Office of the Third Sector on behalf of HM Treasury. The drawdown has increased near cash programme in RDEL, Net Resource Requirement and Net Cash Requirement.
3. An agreed drawdown for End Year Flexibility of **£52,324,000** for Capital Grants administered by Office of the Third Sector. The drawdown has increased Capital Grants in CDEL, Net Resource Requirement and Net Cash Requirement. Capital Grants are classed as resource in Estimates and as capital in Budgets.
4. An agreed Claim on the Reserve of **£10,500,000** for v Matched Funding administered by the Office of the Third Sector. The drawdown has increased near cash programme in RDEL, Net Resource Requirement and Net Cash Requirement.
5. An agreed Claim on the Reserve of **£844,000** for Invest to Save Budget for projects administered by Office of the Third Sector on behalf of HM Treasury. The claim has increased near cash programme in RDEL, Net Resource Requirement and Net Cash Requirement.
6. Budgetary cover transfer of **£8,003,000** to various government departments to cover the costs of the Office of the Parliamentary Counsel. The transfers have decreased Administration in RDEL, Net Resource Requirement and Net Cash Requirement.
7. Budgetary cover transfer of **£3,181,000** to the Security and Intelligence Agencies to cover the non cash cost on transfer of SCOPE assets. The transfer has decreased non cash programme within RDEL and Net Resource Requirement.
8. A switch of **£2,250,000** from voted to non-voted CDEL has increased Non-voted Grants in Aid to eNDPBs to increase the Capacitybuilders programme budget to run a further round of their capital investment programme. The impact of the switch is to decrease voted CDEL and increase non-voted CDEL. The decrease has no impact on Net Resource Requirement and Net Cash Requirement.
9. A transfer of **£206,000** from Office of the Third Sector to core Cabinet Office to cover staff costs following the Cabinet Office restructure and the centralisation of all finance and business activities. The transfer has no overall effect on near cash Administration in RDEL, Net Resource Requirement and Net Cash Requirement.
10. A switch of **£104,000** from non-voted to voted within Office of the Third Sector. The switch has no impact on near cash programme in RDEL, Net Resource Requirement and Net Cash Requirement.
11. A transfer of **£200,000** from core Cabinet Office to Committee on Standards in Public Life. The

transfer has no impact on near cash programme in RDEL, Net Resource Requirement and Net Cash Requirement.

12. A virement of **£16,000,000** from Administration to programme within near cash RDEL to cover costs of programme expenditure. The impact of the virement is to increase programme and decrease administration budget. The impact on Net Resource Requirement and Net Cash Requirement is neutral.
13. A virement of **£4,000** within non cash Resource DEL from administration to programme. Historically, the non cash budget has been held within administration and each year, part of this is reclassified into programme when the forecast split between administration and programme expenditure is more accurately known. The virement has no impact on Net Resource Requirement and Net Cash Requirement.
14. A virement of **£3,181,000** from Administration to programme within Non cash RDEL. Non cash has been historically classed as Administration and it is necessary to make a virement to cover the programme element in the non cash budget. The virement has increased programme and decreased Administration Budget. The virement has no impact on Net Resource Requirement and Net Cash Requirement.
15. A transfer of **£240,000** within the near cash budget from administration to programme grants to cover grants given in support to the London Boroughs of Barking, Dagenham and Southwark towards expenditure lawfully incurred or to be incurred by them with regard to testing the Innovators Council's "Getting there First" hypotheses. The impact on Net Resource Requirement and Net Cash Requirement is neutral.
16. A switch of **£7,600,000** from voted to non budget to properly report a change in classification upon implementation of International Financial Reporting Standards (IFRS) for a Service Concession arrangement. The impact of the switch is to decrease Voted RDEL and increase Non Voted RDEL. The switch has no impact on the overall Resource DEL, Net Resource Requirement and Net Cash Requirement.
17. A decrease of **£819,000** in Wages and Salaries to cover the use of provisions for Early departures. The impact is to decrease administration in Resource DEL, Net Resource Requirement and Net Cash Requirement.
18. An increase of **£12,649,000** administration income, which is offset by an increase in expenditure, is due to an increase in various streams of income, including projects in respect of Civil Service Pensions and low carbon technology reduction and emissions. The impact is to increase near cash administration expenditure and administration income. The increase in income has no impact on Net Resource Requirement and Net Cash Requirement.
19. An increase of **£821,000** in programme income, which is offset by an increase in expenditure, is due to an increase in programme income streams. The impact is to increase near cash programme expenditure and programme income. The increase in income has no impact on Net Resource Requirement and Net Cash Requirement.
20. A switch of **£150,000** from non-voted RDEL to non-voted CDEL within the Grant in Aid to NDPB's. The impact of the switch is to decrease near cash programme in RDEL and increase

Capital DEL. The switch has no impact on Net Resource Requirement and Net Cash Requirement.

21. An increase of **£99,248,000** in Net Cash Requirement is included as a footnote to Part 1 to this Estimate. An amount of **£33,500,000** is required to fund the cash settlement of prior year creditors, an amount of **£819,000** is required to fund the use of provisions and an amount of **£64,929,000** is required to fund resources including draw downs of end-year flexibility and a claim on the reserve sought by the Office of the Third Sector. The Cabinet Office has received an advance of **£99,248,000** from the Contingencies Fund to cover these disbursements pending approval of this Supplementary Estimate. See *Section 11*.

2. Detailed explanation of the changes

The list below provides further detail and is referenced to where the changes appear in 'Estimate Part II Subhead detail' and in the 'Notes to the Estimate - Reconciliation of resource and capital expenditure between Estimates, Accounts and Budgets'.

Request for Resources 1: Supporting the Prime Minister's Office closely in ensuring the delivery of Government objectives

Section A – Cabinet Office

Changes to Resource DEL

- A) RfR1 subhead A1:** A Budgetary Cover Transfer to x14 government departments to cover their costs for receiving the services of the Office of the Parliamentary Counsel (OPC) reduces administration expenditure in RDEL by **£8.003m**. Administration in Resource DEL, Net Resource Requirement and Net Cash Requirement decrease by the same amount.

The amount transferred is based on a formula using the number of pages of legislation created for each government department.

The Office of the Parliamentary Counsel's (OPC) aim is to ensure the highest standards, in terms of both quality and timeliness, in the drafting and procedural handling of Government Bills (except some common form ones), vet secondary legislation where it alters primary legislation. They also advise on Parliamentary procedure and other handling matters in connection with such bills, drafting government amendments and any financial, programming or other motions required to secure bills' passage through Parliament. The First Parliamentary Counsel gives legal advice on certain constitutional matters to the Prime Minister and the Cabinet Office. This covers issues such as Machinery of Government, Elections, the Monarchy and the appointment of Ministers.

- B) RfR1 subhead A2:** The Cabinet Office has transferred to the Security and Intelligence Agencies (SIA) Capital Assets in respect of the SCOPE programme for which SIA require cover for the capital charges in non cash programme comprising depreciation **£2.956m** and cost of capital **£0.225m** for 2009-10. Additionally, the Cabinet Office will transfer budget cover of **£2.956m** to cover depreciation only in 2010-11. Programme Resource DEL, Net Resource

Requirement and Net Cash Requirement decrease by the same amount.

Neutral Adjustments

- C) RfR1 subhead A1:D1:** A transfer of **£0.200m** from the Core Cabinet Office administration budget to the Committee on Standards in Public Life – ANDPB decreases the core Cabinet Office Administration Budget and increases Committee on Standards in Public Life – ANDPB by the same amount. Administration in Resource DEL, Net Resource Requirement and Net Cash Requirement remain unchanged. See *Note W*.
- D) RfR1 subhead B1:A1:** A transfer of **£0.206m** to the Core Cabinet Office administration budget from the Office of the Third Sector has increased the core Cabinet Office administration budget and decreased Office of the Third Sector’s Administration Budget by the same amount. Administration in resource DEL, Net Resource Requirement and Net Cash Requirement remain unchanged. The transfer represents staff costs following a Cabinet Office restructure and centralisation of all finance and business activities. See *Note R*.
- E) RfR1 subhead A1:A2:** A virement of **£16m** within near cash from administration to programme within RDEL has decreased core Cabinet Office’s administration budget. Programme in resource DEL has increased but the impact on Net Resource Requirement and Net Cash Requirement is neutral. Historically, most of the Cabinet Office’s near cash budget is held in administration and during each year an assessment is made of the amount to switch into programme. The switch is required to cover the costs of the Intelligence, Security and Resilience Group.
- F) RfR1 subhead A1:A2:** A transfer of **£0.004m** within the non cash budget from administration to programme to cover non cash capital charges reduces Administration in RDEL. Net Resource Requirement and Net Cash Requirement are unaffected. Historically, all Cabinet Office’s non cash budget is held in administration and during each year an assessment is made of the amount to switch into programme. The switch is required to cover capital charges on assets used by the Intelligence, Security and Resilience Group.
- G) RfR1 subhead A1:A2:** A transfer of **£3.181m** within the non cash budget from administration to programme to cover non cash capital charges for SCOPE Assets. Administration in resource DEL has decreased and programme in resource DEL increased by the same amount. Net Resource Requirement and Net Cash Requirement stay the same. Historically, all the non cash budget is held in administration and during each year an assessment is made of the amount to switch into programme.
- H) RfR1 subhead A1:A3:** A transfer of **£0.240m** within the near cash budget from administration to programme grants to cover grants given in support to the London Boroughs of Barking, Dagenham and Southwark towards expenditure lawfully incurred or to be incurred by them with regard to testing the Innovators Council’s “Getting there First” hypotheses. The impact on Net Resource Requirement and Net Cash Requirement is neutral.
- I) RfR1 subhead A1:K2:** A switch of **£7.600m** from administration to non budget other current expenditure to cover the reclassification of a Service Concession arrangement under International Reporting Standards (IFRS). The impact on Resource DEL, Net Resource

Requirement and Net Cash Requirement is unchanged. See Note FF.

- J) RfR1 subhead A1:** A **£819,000** decrease in wages and salaries to cover the costs of use of provisions. The impact has decreased Net Resource Requirement and Voted Resource DEL and increased non-voted Resource DEL. Net Cash Requirement remains the same due to the wages and salaries resources being used to fund the use of provisions.
- K) RfR1 subhead A1:A5:** A **£12,649,000** increase in Administration income offset by Administration expenditure is due to changes in income streams relating to various management units within the Cabinet Office, including projects in respect of Civil Service Pensions and low carbon technology reduction and emissions. The impact on Administration within RDEL, Net Resource Requirement and Net Cash Requirement is neutral.
- L) RfR1 subhead A2:A5:** A **£821,000** increase in Programme income offset by Programme expenditure is due to changes in income streams relating to various management units within the Cabinet Office. The impact on Programme within RDEL, Net Resource Requirement and Net Cash Requirement is neutral.

Changes to Capital DEL

- M)** Core Cabinet Capital DEL has not changed in the Spring Supplementary Estimate 2009-10.

Section B – Office of the Third Sector

Changes to Resource DEL

- N) RfR1 subhead B3:** A drawdown of **£10.5m** on the Reserve for **v** matched funding to cover current grants within the tri-partite agreement run by Office of the Third Sector has increased resource grants; Grants in Resource DEL, Net Resource Requirement and Net Cash Requirement increase by the same amount.
- v** Matched Funding - provides a step change in the quality, quantity and diversity of volunteering opportunities available for young people. Under a tri-partite agreement between Her Majesty's Treasury, Cabinet Office and **v**, the Treasury will match fund money **v** raises from the private sector on a pound for pound basis up to a maximum of £50m.
- O) RfR1 subhead B3:** A drawdown of **£10m** on End Year Flexibility to help fund measures in the Real Help for Communities Action Plan administered by Office of the Third Sector. Programme Resource DEL, Net Resource Requirement and Net Cash Requirement increase by the same amount.
- P) RfR1 subhead B3:** A drawdown of **£0.844m** on the Reserve to cover resource grants paid out under the Invest to Save Budget programme which is administered by the Office of the Third Sector on behalf of HM Treasury. The Office of the Third Sector administers 6 projects on behalf of the Treasury. Programme Resource DEL, Net Resource Requirement and Net Cash Requirement increase by the same amount.
- Q) RfR1 subhead B3:** A drawdown of **£0.083m** on End Year Flexibility to cover Resource Grants paid out under the Invest to Save Budget Programme which is administered by the Office of the Third Sector (OTS) on behalf of HM Treasury. Programme Resource DEL, Net Resource

Requirement and Net Cash Requirement increase by the same amount.

Neutral Changes

- R) RfR1 subhead B1:A1:** A virement of **£0.206m** to Core Cabinet Office Administration budget from Office of the Third Sector has increased the core Cabinet Office administration budget and decreased Office of the Third Sector's budget by the same amount; Administration in Resource DEL, Net Resource Requirement and Net Cash Requirement remain unchanged. The transfer represents staff costs following a Cabinet Office restructure and centralisation of all finance and business activities. *See Note D.*
- S) RfR1 subhead B3:J3:** A virement of **£0.104m** from non-voted Grants in Aid to executive Non Departmental Public Bodies (eNDPB) to voted grants to reduce the resource requirement of Capacity Builders (UK) Ltd following cessation of the Campaigning Research Programme. The impact on grants in Resource DEL, Net Cash Requirement and Net Resource Requirement is neutral. *See Note CC.*

Changes to Capital DEL

- T) RfR1 subhead B3:** A drawdown of **£52.324m** on End Year Flexibility for Capital Grant programmes administered by the Office of the Third Sector, of which **£3.5m** is in support of measures in the Real Help for Communities Action Plan and **£48.824m** to cover various other capital grant programmes run by the Office of the Third Sector including Futurebuilders, Community Assets Fund and Grassroots Grants. Grants in RDEL, Net Resource Requirement and Net Cash Requirement have increased by the same amount.
- U) RfR1 subhead B3:J3:** A virement of **£2.250m** from voted capital grants to non-voted Capital Grants in Aid to executive Non Departmental Public Bodies (ENDPB) to increase the Capital requirement of Capacity Builders (UK) Ltd to support additional investment in modernisation funding for sector organisations. Non-Budget Grant in Aid to executive Non Departmental Public Bodies, Net Cash Requirement and Net Resource Requirement are unaffected. Non-voted Resource and Capital DEL have changed by the same amount. *See Note DD.*

Section C – Social Exclusion Task Force

- V)** No changes in the Spring Supplementary Estimate 2009-10.

Section D – Committee on Standards in Public Life – ANDPB

- W) RfR1 subhead A1:D1:** A transfer of £0.200m from the Core Cabinet Office Administration Budget to the Committee on Standards in Public Life – ANDPB has decreased the core Cabinet Office Administration Budget and increased Committee on Standards in Public Life – ANDPB by the same amount. The impact on administration in Resource DEL, Net Resource Requirement and Net Cash Requirement is neutral. *See Note C.*

Section E – Independent Offices - Civil Service Commissioners

- X)** No changes in the Spring Supplementary Estimate 2009-10.

Section F – Independent Offices - Commissioner for Public Appointments

Y) No changes in the Spring Supplementary Estimate 2009-10.

Section G – Independent Offices – Advisory Committee on Business Appointments - ANDPB

Z) No changes in the Spring Supplementary Estimate 2009-10.

Section H – Independent Offices – House of Lords Appointments Commission - ANDPB

AA) No changes in the Spring Supplementary Estimate 2009-10.

Section I – Grants to Local Authorities

BB) No changes in the Spring Supplementary Estimate 2009-10.

Section J – Non-Budget expenditure – Grants in Aid to eNDPBs

Neutral Changes

CC) **RfR1 subhead B3:J3:** A virement of **£0.104m** from non-voted Grants in Aid to executive Non Departmental Public Bodies (ENDPB) to voted grants in Office of the Third Sector has decreased the resource requirement of Capacity Builders (UK) Ltd following cessation of the Campaigning Research Programme and increased voted resource requirement for grants administered by the Office of the Third Sector; Grants in Resource DEL, Net Cash Requirement and Net Resource Requirement remain the same. *See Note S.*

Changes in Capital DEL

DD) **RfR1 subhead J3:** A virement of **£2.250m** from voted capital grants to non-voted Capital Grants in Aid to executive Non Departmental Public Bodies (ENDPB) to increase the Capital requirement of Capacity Builders (UK) Ltd. The impact on Non Budget Grant in Aid to executive Non Departmental Public Bodies, Net Cash Requirement and Net Resource Requirement remain neutral. Non-voted programme in Resource DEL and non voted Capital expenditure in Capital DEL have changed by the same amount. *See Note U.*

EE) **RfR1 subhead J3:** A **£150,000** switch within non-voted Grant in Aid to eNDPB's from Resource to Capital DEL to cover additional Capital expenditure being incurred by eNDPB's: **£130,000** for Capacity Builders (UK) Limited to enable them to invest in a new grants management system and **£20,000** for the Commission for the Compact Limited to meet their standard costs for fixed assets (mainly office equipment). The impact has decreased non voted Resource DEL and increased non-voted Capital DEL; Net Resource Requirement and Net Cash requirement is unchanged.

Section K - Non-Budget expenditure – Cabinet Office Service Concessions

FF) RfR1 subhead A1:K2: A virement of **£7.600m** from budget administration to non-budget programme results from a change in the treatment under the implementation of International Financial Reporting Standards (IFRS). Net Resource Requirement and Net Cash Requirement remain the same. The impact of the switch on overall Resource DEL is neutral but the virement decreases voted and increases non-voted RDEL. A switch is required owing to the different treatment of the service concession in Estimates and budgets. For Estimates purposes, this arrangement will be treated as a finance lease and for budget purposes, it will be treated as an operating lease. See *Note I*.

The Cabinet Office entered into a contract with Fujitsu Services Limited (FSL) for the provision of Information and Communications Technology (ICT) services over a 5 year term until June 2012 and this includes certain infrastructure assets for use in delivering public services that fall within the scope of IFRIC12 service concession arrangements.

Notes to the Estimate: Resource Budget: Annually Managed Expenditure

A transfer from Resource DEL to Resource AME of **£0.010m** was required in the Winter Supplementary Estimate 2009-10 to reflect the costs of employee benefits (accrued holiday pay) which arose on the implementation of International Financial Reporting Standards (International Accounting Standard 19 'Employee Benefits').

Since then it has been decided by HM Treasury to reclassify the costs of employee benefits (accrued holiday pay) from AME to DEL. The Cabinet Office has therefore made an adjustment in the Spring Supplementary Estimate 2009-10 to reflect this change. Net Cash Requirement and Net Resource Requirement are not affected by this change, however, Non-Voted programme in Resource DEL has changed by **£0.010m**.

3. Forecast Operating Cost Statement

The total forecast Net Operating Cost in the Spring Supplementary Estimate 2009-10 now stands at **£475.205 million** compared to the **£413.457 million** reported in the winter Supplementary Estimate 2009-10 which is an **increase** of **£61.748 million**.

The increase comprises an agreed Claim on the Reserve **£11.344 million**, End Year Flexibility **£62.407 million**, Budget Cover Transfers between government departments amounting to **£11.184 million**, and a **£0.819m** reduction in wages and salaries to cover the use of Early Departure Provisions.

The Net Administration Costs of **£170.550 million** and the Net Programme Costs of **£304.655 million** are explained at Section 1 Introduction Tables 1 and 2. Details of the Administration Budget are set out at Section 7.

The Forecast Operating Cost Statement differs from the Resource Budget as set out in the 'Notes to the Estimate - Reconciliation of resource and capital expenditure between Estimates, accounts and budgets'.

The Forecast Operating Statement does not include **£6.794 million** of non-voted expenditure for the salaries and pension costs of the UK Members of the European Parliament (MEP). Although this is a charge against the Cabinet Office non-voted resource DEL, it does not form part of the department's Estimate since salaries and pensions are paid from the Consolidated Fund Standing Services nor does it form part of the department's operating costs reported in the Resource Account, since the Cabinet Office does not benefit from MEPs' services and may not choose to re-deploy the funds. The amount remains unchanged since CSR07.

4. Public Service Agreement (PSA) Targets

Comprehensive Spending Review 2007 (CSR07) announced that the Cabinet Office would lead on delivery of one PSA and the Service Transformation Agreement (STA):

PSA 16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training

Delivery Agreement can be found at: http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaopportunity.cfm

Service Transformation Agreement (STA) This underpins delivery of the new PSA framework, setting out the Government's vision for building services around the citizen and specific actions for each department in taking forward this challenging agenda.

STA details can be found at: http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaindex.cfm

In addition, the Cabinet Office will be the delivery partner for three other PSAs:

PSA 21: Build more cohesive, empowered and active communities

Delivery Agreement can be found at: http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psacomunities.cfm

PSA 26: Reduce the risk to the UK and its interests overseas from international terrorism

Delivery Agreement can be found at: http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psacomunities.cfm

PSA 30: Reduce the impact of conflict through enhanced UK and international efforts

Delivery Agreement can be found at: http://www.hm-Treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaenvironment.cfm

In CSR07, all the main Government Departments set themselves varying numbers of Departmental Strategic Objectives (DSOs) which are intended to cover the wider span of departmental activities, including business as usual, while at the same time underpin delivery of Government's highest priorities as set out in the 30 PSAs. Cabinet Office's six DSOs can be found at:

http://www.hmtreasury.gov.uk/about_the_cabinet_office/strategicobjectives.aspx.cfm

The Cabinet Office's six DSOs and their linkage to PSAs are described below:

DSO 1 Build an effective UK intelligence community in support of UK national interests; and the capabilities to deal with disruptive challenges to the UK

This DSO contributes to the delivery of the Government's PSA 26 – Reduce the risk to the UK and its interests overseas from international terrorism; and PSA 30 – Reduce the impact of conflict through enhanced UK and international efforts.

DSO 2 Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy making

Not linked to any one PSA, but will underpin successful delivery of all.

DSO 3a Improve outcomes for the most excluded people in society

This DSO supports delivery of the Government's PSA 16 – Increase the proportion of socially excluded adults in settled accommodation and employment, education or training. The Cabinet Office leads on delivery of this PSA.

DSO 3b Enable a thriving Third Sector

This DSO contributes to delivery of the Government's PSA 21- Build more cohesive, empowered and active communities.

DSO 4 Transform public services so that they better meet the individual needs of the citizen and business

This DSO supports delivery of the Government's Transformational Government Strategy and Service Transformation Agreement. The Cabinet Office, with HM Treasury, leads on delivery of this agreement.

DSO 5 Build the capacity and capability of the Civil Service to deliver the Government's objectives

Not linked to any one PSA, but will underpin successful delivery of all.

DSO 6 Promote the highest standards of propriety, integrity and governance in public life

Not linked to any one PSA, but will underpin successful delivery of all.

Details of progress against the Cabinet Office's Public Service Agreement, Service Transformation Agreement and Departmental Strategic Objectives are included in the Cabinet Office Autumn Performance Report 2009 published in December 2009 (CM7763).

The sections below describe how the work of the different areas of the Cabinet Office as expressed by section in the Estimate contribute to PSA targets and Departmental Strategic Objectives.

Section A – Cabinet Office

The net resource and net voted capital provision of the core Cabinet Office contribute to all DSOs and specifically to PSA targets 26 and 30 and to the Service Transformation Agreement.

Section B - Office of the Third Sector

The Office of the Third Sector (OTS) has been set up to drive forward the Government's role in supporting a thriving third sector. The work of the OTS contributes to a number of PSA targets, most notable PSA 21 'Build cohesive, empowered and active communities' where one of the indicators measures a thriving third sector. OTS works as an advocate for the third sector across government, as well as delivering its own policy programmes including : -

Futurebuilders – to provide vital investment by means of grants and loans for third sector organisations delivering public services. The programme is being delivered since 1st April 2008 by the Adventure Capital Fund. Up to £56 million additional funds will be available during 2009-10 as a

take up of end year flexibility to meet commitments to the delivery partners of the Futurebuilders programme and also the Community Assets Fund; this has been agreed by the Chief Secretary to the Treasury. A drawdown of End Year Flexibility of £48.824 million has been actioned in the Spring Supplementary Estimate 2009-10.

v - to inspire more young volunteers to take an active part in their communities. **v** is an independent charity funded by the OTS. Under a tri-partite agreement between Her Majesty's Treasury, Cabinet Office and **v**, the Treasury will match fund money raised by **v** from the private sector up to a level of £15 million per year. This constitutes a claim on the Reserve, as agreed in the CSR 07 settlement letter. A Claim on the Reserve for £10.5 million has been actioned in the Spring Supplementary Estimate 2009-10.

Strategic partners programme – providing grant funding for organisations to ensure that the views of the sector can make an impact on the development of Government policy toward the sector.

Grassroots Grants – providing much needed access to small grants for local community groups. This programme is in partnership with the Community Development Foundation. The Budget 2007 and CSR07 letters stated that the funding for this programme was to be made up of a £20 million contribution from the budget of the Office of the Third Sector and a £60 million agreed claim on the Reserve profiled over three years from 2008-09 as £24/18/18 million. A claim on the Reserve for the £18 million has been actioned in this Winter Supplementary Estimate 2009-10.

Community Assets Fund – empowering communities by encouraging the transfer of under-used local authority assets to local organisations. The fund provides grants for the refurbishment of local authority buildings, to ensure that high quality spaces and facilities are transferred to third sector ownership. The programme is delivered by the Big Lottery Fund.

The Invest to Save Budget (ISB) is a joint Treasury / Cabinet Office initiative aimed at creating sustainable improvements in the capacity to deliver public services in a more joined up manner. A key principle of the ISB programme is that investment is provided in return for reform.

Third Sector Economic Action Plan – Real Help for Communities (published February 2009) set out a series of measures to support the third sector through the recession, that will be implemented in 2009-10. This includes additional support for organisations to become more effective and efficient through the recession and support for organisations delivering much needed community based services. The Chief Secretary to the Treasury has granted additional funds, £10 million resource and £3.5 million capital, to finance a Third Sector Economic Action Plan, which have been taken up as end-year flexibility during the Spring Supplementary Estimate 2009-10.

Hardship Fund – to provide grant support to third sector organisations, delivering front-line services to the most vulnerable and disadvantaged in society, that have been affected by recession, with demonstrable resource constraints due to cash-flow difficulties of increased demand. In the Budget 2009 the Government made the announcement that £16.771 million would be made available to invest in the Hardship Fund. This has been actioned in the Main Estimate 2009-10.

Section C – Social Exclusion Task Force

The Social Exclusion Task Force co-ordinates and leads the Government's drive against social

exclusion, ensuring that the cross-departmental approach delivers for the most deeply excluded groups and families. The Task Force champions the needs of the most disadvantaged members of society within Government by ensuring that, as with the rest of the public service reform agenda, it puts people first. The work of the Social Exclusion Task Force contributes to PSA target 16.

Sections D to H

The work of the Committee on Standards in Public Life and the Independent Offices contributes to DSO 6.

Section D – Committee on Standards in Public Life – ANDPB

The Committee on Standards in Public Life is an advisory non-departmental public body. It is charged to examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and to make recommendations to any changes in present arrangements that might be required to ensure the highest standards of propriety in public life.

Section E – Independent Offices – Civil Service Commissioners

The Civil Service Commissioners ensure that recruitment to the Civil Service is made on merit on the basis of fair and open competition. The Commissioners publish a recruitment code, monitor departmental practice and chair competitions for most senior posts. They also advise departments on the promotion of the Civil Service code, which sets out the constitutional framework within which all civil servants work and the values they are expected to uphold, and hear appeals under it.

Section F – Independent Offices – Commissioner for Public Appointments

The Commissioner for Public Appointments ensures that all government departments have systems for making public appointments that are visible, fair, open, and that appointments are made on merit. The Commissioner publishes a Code of Practice, audits departmental practice and investigates complaints.

Section G – Independent Offices – Advisory Committee on Business Appointments - ANDPB

The Advisory Committee on Business Appointments is an advisory non-departmental public body. It provides advice to the Prime Minister on applications from the most senior members of the Civil Service and Armed Forces who wish to take up outside appointments within two years of leaving Crown Civil Service. Similarly, the Committee provides advice to the Foreign Secretary on applications from senior members of the Diplomatic Service. The Committee also offers advice direct to former ministers if they wish to accept any employment outside government.

Section H – Independent Offices – House of Lords Appointments Commission - ANDPB

The House of Lords Appointments Commission is an advisory non-departmental public body which makes recommendations on the appointment of non-party political peers. The Commission also vets for propriety nominations for life peerages, including those made by the political parties.

Section I – Grants to Local Authorities

Regulations under the Civil Contingencies Act require the London Fire and Emergency Planning Authority (LFEPA) to co-ordinate pan-London civil protection work on behalf of London Local Authorities. The level of grant funding for the London Fire and Emergency Planning Authority in 2009-10 remains the same as in 2008-09, and contributes to DSO 1.

Section J - Non-Budget expenditure – Grants in Aid to eNDPBs

The Office of the Third Sector contributes to PSA target 21 by making grant in aid payments to two executive non-departmental public bodies to deliver the programmes described below:-

Capacitybuilders – helping Third Sector organisations work more effectively in delivering high quality, collaborative and sustainable sector support services and representation. This programme is delivered through an executive non-departmental public body, Capacity Builders (UK) Limited.

Capacitybuilders capital investment programme – Capacitybuilders launched this fund in November 2009 with the aim of awarding small capital grants of up to £30,000 to local resource centres enabling them to respond to the recession. The grants are for small scale improvements to premises, aiming to improve availability, quality or accessibility of the accommodation or shared facilities used by local third sector organisations.

Commission for the Compact – aim of the Commissioner is to promote good practice in partnership working between government and the voluntary and community sector through the Compact, overseeing its operation. This is delivered through an executive non-departmental public body, Commission for the Compact Limited.

Section K – Non-Budget expenditure – Service Concession arrangements

Cabinet Office Service Concession - The Cabinet Office entered into a contract with Fujitsu Services Limited (FSL) for the provision of Information and Communications Technology (ICT) services over a 5 year term until June 2012 and this includes certain infrastructure assets for use in delivering public services that fall within the scope of IFRIC12 service concession arrangements.

For Estimates purposes this arrangement will be treated as a finance lease and for budget purposes it will be treated as an operating lease.

This different treatment of the Service Concession in Estimates and Budgets requires a non-budget programme classification in Estimates and a switch of budget from voted to non-voted Administration in Resource DEL.

5. Departmental Expenditure Limit

The tables below compare plans with actual outturn for 2006-07, 2007-08 and 2008-09 and report plans for the current and future years and show the changes to the current year DEL.

Outturn against Resource DEL in £millions

Year	Voted	Non-Voted	Plans Total RDEL	Outturn	Variance
2010-11	****284.968	39.661	324.629	-	-
2009-10	334.882	52.371	387.253	-	-
2008-09*	353.406	37.426	390.832	387.227	3.605
2007-08*	312.351	44.952	***357.303	335.875	21.428
2006-07*	**314.149	44.188	358.377	303.380	54.957

Outturn against Capital DEL in £millions

Year	Voted	Non-Voted	Plans Total CDEL	Outturn	Variance
2010-11	51.337	0.050	51.387	-	-
2009-10	100.059	3.400	103.459	-	-
2008-09*	52.796	1.100	53.896	40.204	13.692
2007-08*	84.866	0.175	85.041	34.632	50.409
2006-07*	**137.557	0.050	137.607	34.488	103.119

*The above tables compare resource and capital Departmental Expenditure Limits against outturn as reported in the Resource Accounts without retrospective adjustment for Machinery of Government changes.

**Including End Year Flexibility £81.428m transferred from the Home Office to the Office of the Third Sector in respect of the Futurebuilders programme; of which £14.591m resource DEL and £66.837m capital DEL.

***The 2007-08 Resource DEL figure was revised post publication of the 2007-08 Spring Supplementary Estimate. It was determined that the Department, along with Department for Communities and Local Government was required to make a budgetary transfer to the Deputy Prime Minister's Office.

****The Cabinet Office will contribute a further £15 million resource DEL of value for money savings in 2010-11 as part of the Government's £35 billion vfm target.

Resource DEL

Resource DEL 2008-09 saving of £3.605 million

A saving of **£3.605 million** comprises an under-spend in near cash RDEL of **£2.148 million** and an under-spend in non-cash RDEL of **£1.457 million**.

Near Cash savings of **£2.148 million** relate to under-spends on Office of the Third Sector grant programmes where organisations have not required the full value of their grants in the financial year and to higher than expected efficiency savings and a number of centrally identified pressures not materialising before the end of the financial year.

Non-cash savings of **£1.457 million** are due to programme capital charges being less than forecast.

Capital DEL

Capital DEL 2008-09 saving of £13.692 million

A saving on capital grants of **£13.755 million** was primarily derived from the Futurebuilders and Grassroots Endowment programmes and to a lesser extent from the Community Assets Fund. There was a small overspend on capital assets of **£0.063 million**.

An under-spend of **£6.6 million** on the Futurebuilders programme was due to delays in third sector organisations being able to meet important conditions before the fund could be disbursed. The Grassroots Grants endowment match challenge programme returned an under-spend of **£7.3 million** as economic conditions for local fundraising became increasingly difficult towards the end of the financial year.

Further information may be found in the section 'Cabinet Office Finances' within the published Cabinet Office Annual Report and Accounts 2008-09 (HC 442).

Changes to the Departmental Expenditure Limit (DEL) since the CSR 07 settlement

£millions	Voted	Non Voted	Total DEL
Resource			
Main Estimate per CSR 07	308.395	36.875	345.270
Changes announced during the Supplementary Estimates 2008-09	-1.422	-	-1.422
Changes announced during the Main Estimate 2009-10	+0.796	-	+0.796
Changes announced in Budget 2009 and reported in Main Estimate 2009-10	+16.771	-	+16.771
Changes announced during the Winter Supplementary Estimate 2009-10	+8.414	+8.140	+16.554
Changes announced during the Spring Supplementary Estimate 2009-10	+1.928	+7.356	+9.284
Total Resource Departmental Expenditure Limit	334.882	52.371	387.253
Capital			
Main Estimate per CSR 07	49.471	1.000	50.471
Changes announced during the Winter Supplementary Estimate 2009-10	+0.514	-	+0.514
Changes announced during the Spring Supplementary Estimate 2009-10	+50.074	+2.400	+52.474
Total Capital Departmental Expenditure Limit**	100.059	3.400	103.459
<i>Less depreciation at start of the year</i>	-36.915	-	-36.915
<i>Less changes during the Winter Supplementary Estimate 2008-09</i>	+2.110	-	+2.110
<i>Less changes during Spring Supplementary Estimate 2009-10</i>	+3.456	-	+3.456
Total Depreciation*	-31.349	-	-31.349
Total Departmental Expenditure Limit	403.592	55.771	459.363

**Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.*

***Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.*

Explanations of the changes to Resource and Capital DEL and depreciation have been provided at Section 1 Introduction in Tables 1 and 2 and at Section 2 Detailed Explanation of the Changes.

6. DEL End - Year Flexibility (EYF)

End-Year Flexibility stock for the Cabinet Office is reported at Table 6 in the 'Public Expenditure 2008-09 Provisional Outturn' (Cm 7606) published July 2009. The tables below record Treasury-approved draw downs against this entitlement.

£millions:

Resource DEL End-Year Flexibility	Admin	Programme		Total Resource	Admin		Programme	
		Grants	Other Current		Near Cash	Non Cash	Near Cash	Non Cash
Outturn 2008-09	45.175	30.927	0.665	76.767	38.153	7.022	26.234	5.358
Reduction in Winter Supplementary	-7.900	-	-	-7.900	-0.878	-7.022	-	-
Take up in Spring Supplementary	-	-10.083	-	-10.083	-	-	-10.083	-
Other changes	-	-4.693	+4.693	-	-	-	-	-
EYF Forecast Entitlement at 31 March 2010	37.275	16.151	5.358	58.784	37.275	-	16.151	5.358

Capital DEL End-Year Flexibility	Grants	Capital Assets	Total Capital
Outturn 2008-09	162.473	29.155	191.628
Take up -Spring Supplementary	-52.324	-	-52.324
EYF Forecast Entitlement at 31 March 2010	110.149	29.155	139.304

Allocation of Forecast End-Year Flexibility	Resource	Capital	Total
Cabinet Office – core	39.096	29.417	68.513
Cabinet Office – Office of the Third Sector	19.688	109.887	129.575
Capacity Builders (UK) Limited eNDPB	-	-	-
Commission for the Compact Ltd eNDPB	-	-	-
Total	58.784	139.304	198.088

Resource DEL EYF

At March 31 2009, the Cabinet Office had accumulated **£76.767 million** of Resource DEL EYF arising from under-spends on administration of **£45.175 million**, grants of **£30.927 million** and other programme of **£0.665 million**.

In the Winter Supplementary Estimate, the Cabinet Office's stock of End-Year Flexibility has been reduced by **£7.900 million** to reflect a DEL penalty to help offset losses incurred on the write off of overpayments of Guaranteed Minimum Pension (GMP) to pensioners in the Principal Civil Service Pension Scheme which arose in previous years. The write off scores as non-cash administration. An amount of **£7.022 million** has been written off against the remaining non-cash stocks and the residual amount of **£0.878 million** has been written off against near cash administration stocks.

In the Spring Supplementary Estimate 2009-10, the Cabinet Office's stock of End Year Flexibility has been reduced by **£10.083 million**; **£10 million** to fund grants for Real Help for Communities programme run by the Office of the Third Sector and **£0.083 million** to cover grant spending under the Invest to Save Budget Programme administered by Office of the Third Sector on behalf of HM Treasury.

The Department plans to use the remaining grant under-spends on programmes managed by the Office of the Third Sector. The administration under-spends will be applied to priority areas, should it be possible to access end -year flexibility stocks in the future.

Capital DEL EYF

At 31 March 2009, the Cabinet Office had accumulated **£191.628 million** Capital DEL EYF arising from under-spends on capital grants of **£162.473 million** and on capital assets of **£29.155 million**.

There was no Capital DEL EYF draw down request in the Winter Supplementary Estimate.

In the Spring Supplementary Estimate 2009-10, the Cabinet Office's stock of End Year Flexibility has been reduced by **£52.324 million** to fund Capital Grants programmes run by the Office of the Third Sector; **£3.5 million** to finance the Third Sector Economic Action Plan and **£48.824 million** is to meet commitments to its programme delivery partners. The commitments to programme delivery partners largely concern the Futurebuilders programme and also the Community Assets Fund.

Capital asset under-spends will be applied to priority areas, should it be possible to access end-year flexibility stocks in the future.

7. Administration Budget

The tables below compare plans with actual outturn for 2006-07, 2007-08 and 2008-09 and report plans for the current and future year and show the changes to the current year Administration Budget.

Administration Budget			£ millions
Year	Plans	Outturn	Variance
2010-11	***187.306	-	-
2009-10	178.150	-	-
2008-09*	176.012	161.606	14.406
2007-08*	**166.421	144.638	21.783
2006-07*	219.041	146.462	72.579

*The above table compares Administration Budget against outturn as reported in the Resource Accounts without retrospective adjustment for Machinery of Government changes.

**The 2007-08 Administration Budget was revised post publication of the 2007-08 Spring Supplementary Estimate. It was determined that the Department, along with Department for Communities and Local Government was required to make a budgetary transfer to the Deputy Prime Minister's Office.

***The Cabinet Office will contribute a further £15 million resource DEL of value for money savings in 2010-11 as part of the Government's £35 billion vfm target.

Historically, the majority the Cabinet Office's budget has been classed as administration expenditure which includes all non-cash but the Cabinet Office has had a number of projects which are classified as non-grant programme expenditure. The department will continue over the coming CSR07 period to re-classify expenditure from administration to programme once the actual position becomes clear during each financial year.

In 2008-09, an under-spend of **£14.406 million** comprises **£1.162 million** non cash and **£13.244 million** near cash. During the preparation of the Annual Report and Accounts 2008-09, HM Treasury approved a virement of **£11.096 million** from near cash administration to programme to cover programme spend.

In 2007-08, administration under-spend of **£21.783 million** relates to a **£5.860 million** non cash under-spend due to lower than anticipated cost of capital and depreciation charges and a further **£15.923 million** near cash under-spend due to a number of factors including: higher than expected procurement and headcount efficiency savings; estate rationalisation; improved management and control of consultancy expenditure; demand on departmental resources from global events being less than anticipated; a number of centrally identified pressures which did not materialise before the end of the financial year.

In 2006-07 administration under-spend is largely attributable to the rescheduling of accommodation and IT projects and various savings across the Department.

Administration Budget in 2009-10 (current year)	£millions
	Limit
CSR07 – Main Estimate	209.544
Changes announced in supplementary Estimates 2008-09	-2.262
Changes announced in Main Estimate 2009-10	+0.551
Changes announced in Winter Supplementary Estimate 2009-10	-1.436
Changes announced in Spring Supplementary Estimate 2009-10	-28.247
Total Net Change	-31.394
Administration Budget	178.150

Since the Comprehensive Spending Review 07 the baseline has decreased by **£31.394** million. The decrease is due to the following:

A decrease of **£2.262 million** was actioned during the 2008-09 Supplementary Estimates process due to **£2.262** million relating to Machinery of Government Transfers to/from other government departments.

An increase of **£0.551 million** was actioned during the Main Estimate 2009-10 process and related to budgetary cover transfers between other government departments.

A decrease of **£1.436 million** was actioned during the Winter Supplementary Estimate 2009-10 process and related to **£0.942** million of budgetary cover transfers to other government departments and **£0.494** million transfers to capital.

A decrease of **£28.247** million was actioned in the Spring Supplementary Estimate 2009-10 and relates to **£8.003 million** budgetary cover transfers to various government departments, **£16 million** virement from administration to programme within near cash to cover the programme costs of the Intelligence, Security and Resilience group, **£3.181 million** transfer from administration to programme within non cash to cover capital charges on SCOPE capital assets, **£0.004 million** transfer within non cash budget to cover non cash programme capital charges, **£0.819 million** reduction to cover the use of Early Departure provision and **£0.240 million** transfer from administration to programme within near cash to cover costs of grants in support to the London Boroughs of Barking and Dagenham and of Southwark towards expenditure lawfully incurred or to be incurred by them with regard to testing the Innovators Council's "Getting there First" hypotheses.

8. Provisions

The Cabinet Office holds provisions for employee early departures and for specific property dilapidations. At 31 March 2009, the audited provisions for early departures stood at **£1.061 million** and for dilapidations at **£3.011 million**.

During the Spring Supplementary Estimate 2009-10 Cabinet Office forecasts a **£0.819 million** use of its early departure provisions and forecasts new provisions of **£1.222 million** for restructuring and early departures.

The department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The department provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms. Payments are made monthly and it is anticipated that all payments will have been made against the provision by 2015.

The department leases a number of properties which it is required to bring into a good state of repair at the end of the lease. Full provision is taken for the estimated costs of these repairs. The expiry dates of these leases range from March 2010 to February 2027. It is anticipated that most of the expenditure will take place at the end of the lease. A provision is written-back when there is evidence that it is no longer required.

9. Contingent Liabilities

There are no contingent liabilities noted in the Spring Supplementary Estimate 2009-10.

10. Machinery of Government Changes

There are no Machinery of Government changes announced in the Spring Supplementary Estimate 2009-10.

11. Advance from the Contingencies Fund

The Cabinet Office has received an advance in the amount of **£99.248 million** from the Treasury's Contingencies Fund to cover cash disbursements for which increased net cash requirement is being sought in the Spring Supplementary Estimate 2009-10.

An amount of **£33.500 million** is required to fund the cash settlement of prior year creditors. The level of creditors, particularly accrued expenditure, has fallen significantly as compared to the level at the previous financial year-end and this fall has resulted in an increased net cash requirement. An increase in net cash requirement was not sought in the Winter Supplementary Estimate 2009-10, since it was judged premature to do so.

An amount of **£0.819 million** is required to fund the use of the early departures provision.

An amount of **£64.929 million** is required to fund resources including draw downs of end-year flexibility and a claim on the reserve sought by the Office of the Third Sector. The Treasury had

agreed to allow the Office of the Third Sector to draw down significant sums of end-year flexibility and to make a claim on the reserve and had stipulated that these draw downs could only be made in the Spring Supplementary Estimate and not in the Winter Supplementary Estimate.

The Cabinet Office gave notice to parliament of its intention to seek an advance from the Contingencies Fund in a Written Ministerial Statement which may be found in ***Hansard: 26 Jan 2010 column 47WS***.

The following footnote has been included in Part 1 to the Estimate:

‘£99,248,000 has been advanced from the Contingencies Fund to provide cash in respect of **£64,929,000** resources supporting the services provided under sections A, B and J of this Estimate. A corresponding cash amount is required to enable repayment to be made to the Fund’.

12. Approval of Memorandum

This memorandum has been prepared with reference to *Supply Estimates: a guidance Manual* provided by HM Treasury and guidance found on the House of Commons Scrutiny Unit website. The information in this memorandum has been approved by myself as departmental Accounting Officer.

Signed

Sir Gus O'Donnell KCB

Accounting Officer

Secretary of the Cabinet and Head of the Home Civil Service

February 2010

Annex to the Estimate Memorandum

Glossary of Key Terms as defined in the *Supply Estimates: a guidance manual* supplied by HM Treasury

Accounting Officer	A person appointed by the Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the Head of a department or other organisation or the Chief Executive of a non-departmental public body (NDPB).
Administration Budget	A Treasury control on the resources consumed directly by departments and agencies in providing those services which are not directly associated with frontline service delivery. Includes such things as: civil service pay; resource expenditure on accommodation, utilities and services. The Administration Budget is part of Resource DEL.
Ambit	The Ambit is set out in Part I of the departmental Estimate. It describes the activities for which resources sought in the Request for Resources (RfR) will be used.
Appropriations in Aid	Income received by the department which it is authorised to retain (rather than surrender to the Consolidated Fund) to finance related expenditure. Such income is voted by Parliament in the Estimates and accounted for in departmental resource accounts.
Capital Expenditure	Spending on purchases of assets, above a certain capitalisation threshold, which are expected to be used for a period of at least one year. It includes the purchase of buildings, equipment and land. The capitalisation threshold is set by each department: items of a value below it are not counted as capital assets, even if they do have a productive life of more than one year.
Comptroller and Auditor General (C&AG)	The Head of the National Audit Office, appointed by the Crown, and an Officer of the House of Commons. As Comptroller, the C&AG's duties are to authorise the issue by the Treasury of public funds from the Consolidated Fund and National Loans Fund to government departments and others; as Auditor General, the C&AG certifies the accounts of all government departments and some other public bodies, and carries out value for money examinations.
Consolidated Fund Extra Receipts (CFERS)	Income, or related cash, that may not be appropriated in aid of an Estimate and is surrendered to the Consolidated Fund.
Contingent Liabilities	Potential liabilities that are uncertain but recognise that future expenditure may arise if certain conditions are met or certain events happen.
Cost of Capital Charge	Reflecting the cost to the government of financing investment, (i.e, the rate at which it borrows). This is charged to departments to improve transparency under resource

	accounting and encourage efficient use of assets. It is included in the calculation when setting fees and charges and is calculated as a percentage of the net assets value.
Current Expenditure	Spending reflecting the consumption of goods and services in that year (e.g. pay, grants, depreciation of assets).
DEL Reserve	A small amount of both resource and capital DEL budgetary provision that has not been allocated to a department. The function of the Reserve is normally to assist departments with the costs of genuinely unexpected and unforeseeable events, which are also large relative to the department's available resources.
Departmental Expenditure Limit (DEL)	A Treasury budgetary control, DEL spending forms part of the Total Managed Expenditure (TME) and includes that expenditure which is generally within the departments control and can be managed with fixed three-year limits.
Departmental Unallocated Provision (DUP)	A part, usually between 1% and 1.5% of a Department's total DEL that is not allocated to a particular spending, but held back by the department to meet unforeseen pressures.
Depreciation	A measure of the wearing out, consumption or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through technological or market changes.
End Year Flexibility (EYF)	A mechanism whereby departments are allowed to carry forward unspent Departmental Expenditure Limit (DEL) provision into later years.
Estimates	A statement of how much money the government needs in the coming financial year, and for that purpose(s), by which parliamentary authority is sought for the planned level of expenditure and receipts in a department.
Estimates Memorandum	An explanation to the relevant departmental select committee setting out the links to other spending controls and the contents of a departmental Estimate.
Grant	Payments made by departments to outside bodies to reimburse expenditure on agreed items or functions, and often paid only on statutory conditions.
Grant in Aid	Regular payments made by departments to outside bodies (e.g. non-departmental public bodies) to finance their operating expenditure.
Near-Cash	Resource expenditure that has a related cash implication, even though the timing of the cash payment may be slightly different. For example, expenditure on gas or electricity supply is incurred as the fuel is used, though the cash payment might be made in arrears on a quarterly basis.
Net Cash	The limit voted by Parliament reflecting the maximum amount of cash that can be

Requirement	released from the Consolidated Fund to a department in its resource Estimate to carry out the functions specified in the Estimate's Ambits.
Non-Cash	Costs where there is no cash transaction but which are included in a body's accounts (or taken into account in charging for a service) to establish the true cost of all the resources used.
Non-departmental Public Body (NDPB)	Public bodies that have a role in the process of central government but which are not government departments or part of one, and which operate to a greater or lesser extent at arm's length from Ministers.
Operating Cost Statement	Part of the department's resource account. It shows the operating (or current) expenditure of the department in a particular way.
Parliamentary Authority	Parliament's formal agreement to authorise an activity or expenditure.
Programme Expenditure	The costs of direct frontline service provision or support activities that are directly associated with frontline service delivery.
Public Service Agreements (PSAs)	Set out what the public can expect the government to deliver with its resources. Every large government department has PSAs, which specify deliverables as targets or aims related to objectives.
Request for Resources (RfR)	The functional level into which departmental Estimates may be split. RfRs contain a number of functions being carried by the department in pursuit of one or more of that department's objectives.
Subhead	A single cell within a section within the Part II : Subhead detail table in an Estimate.
Supply	The process whereby Parliament gives authority for both the consumption of resources and for cash to be drawn from the Consolidated Fund.
Virement	The use of savings on one or more sections or subheads to meet excesses on another section or subhead within the same Request for Resource (RfR) of an Estimate.