



Cabinet Office

Accounting Officer  
System Statement  
2019





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## Scope of the system

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

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

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

1. Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy;
2. Support the design and implementation of HM Government's policies and the Prime Minister's priorities;
3. Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government;
4. Work with other Departments to prepare for and deliver an orderly exit from the European Union; and
5. Deliver excellent corporate services, make Cabinet Office a great place to work, and create a Department that better represents the people and place it serves.

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

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

I have appointed as Accounting Officers: the Chief Executive of the Civil Service Commission, an Executive Non-Departmental Public Body; the Registrar of Consultant Lobbyists, a corporation sole; and as 'additional' Accounting Officer, Director, Geospatial Commission. The Accounting Officer of the Equality and Human Rights Commission is its Chief Executive; this Statutory Non-Departmental Public Body transferred into the Cabinet Office on 1 April 2019. HM Treasury has appointed as Accounting Officer: the Chief Executive of Crown Commercial Service, an Executive Agency and Trading Fund; and the Chief Executive of the Government Property Agency, an Executive Agency. The names of the current Accounting Officers may be found at Note D to the Cabinet Office Estimate located within the *Central Government Main Supply Estimates 2019-20 (HC 2154)*.

The statement covers the core Department, its executive agencies, its arm's length bodies and other arm's length relationships. It describes accountability for all expenditure of public money through my Department's Estimate, all public money raised as income, and the management of shareholdings, financial investments and other publicly owned assets for which I am responsible. This system statement helps me ensure that I am fulfilling my responsibilities as an Accounting Officer, in accordance with the Treasury's guidance set out in *Managing Public Money*. The statement describes the accountability system which is in place at the date of this statement, and which will continue to apply until a revised statement is published.

**John Manzoni**

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

## Scope of responsibilities<sup>1</sup>

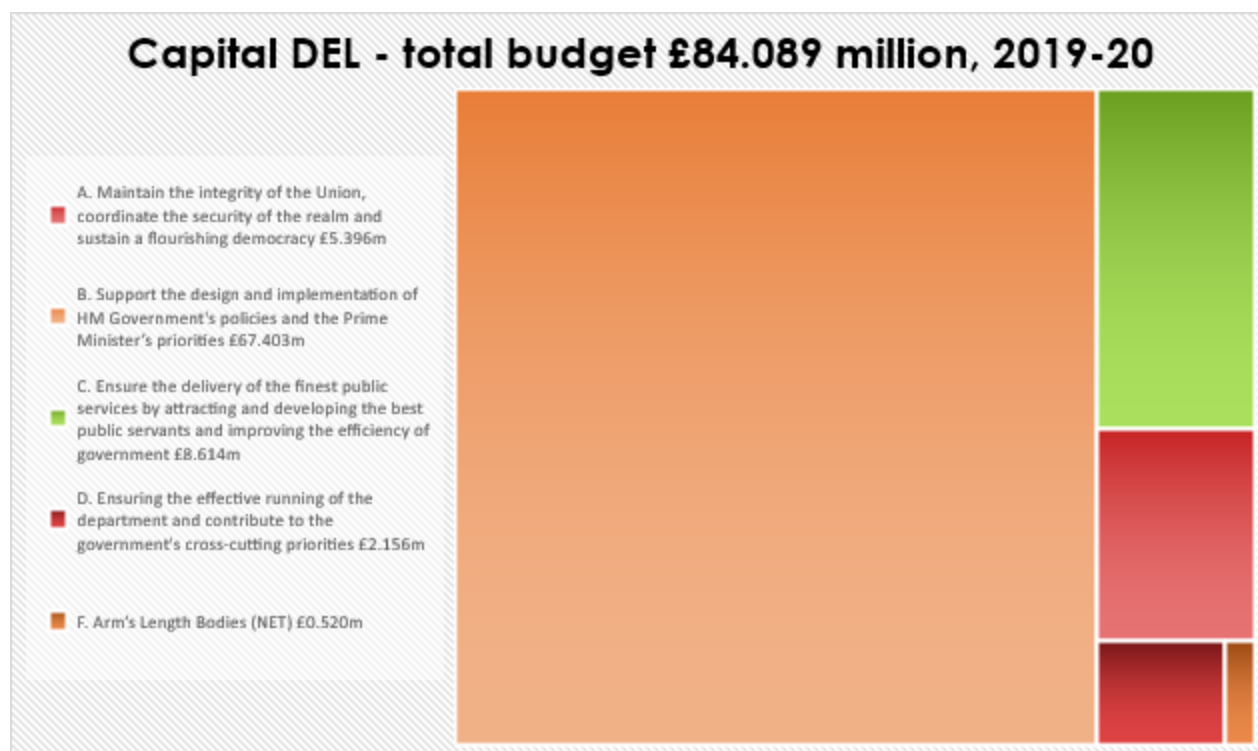
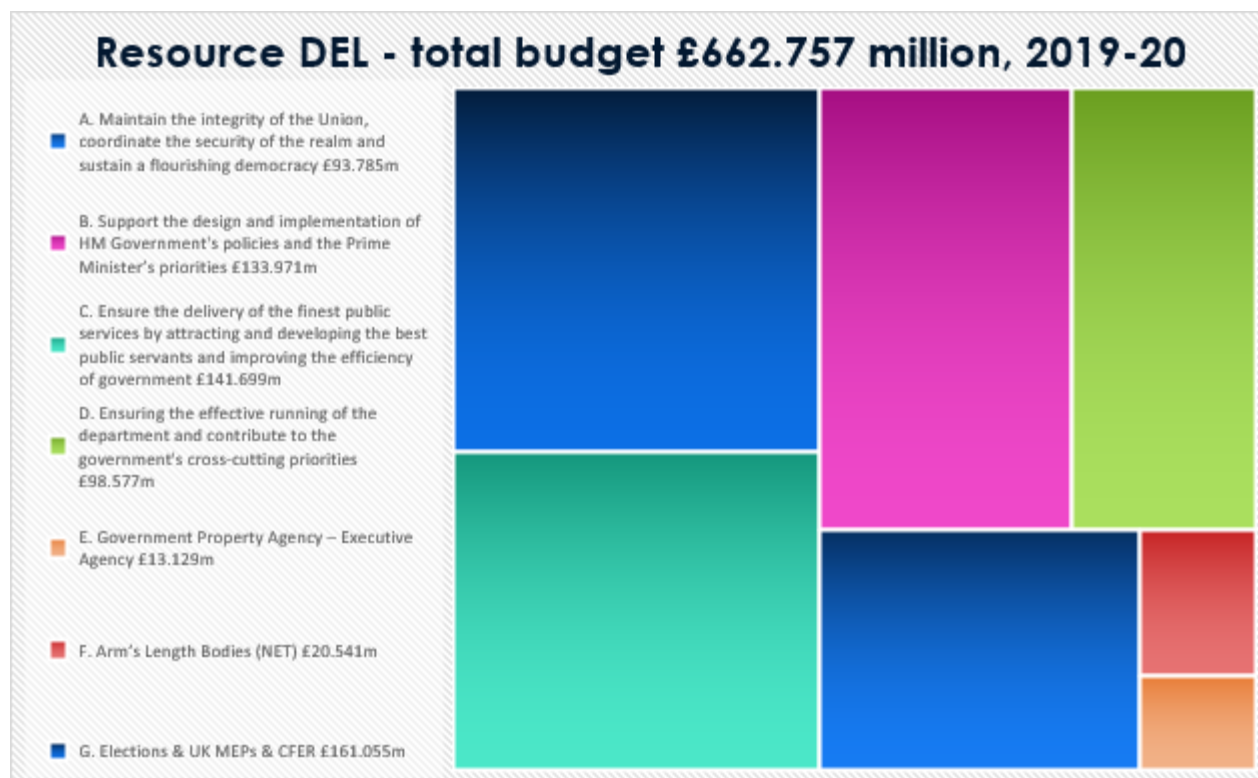
Public Sector	<b>Consolidated Departmental Group</b>		Public Sector
	<b>1.</b> Constitution Group National Security Secretariat Joint Intelligence Organisation Intelligence and Security Committee	<b>Executive Non-Departmental Public Body</b> Civil Service Commission	
	<b>2.</b> Economic and Domestic Secretariat EU Exit Implementation Europe Unit Government in Parliament Group Honours and Appointments Prime Minister's Implementation Unit Office of the Parliamentary Counsel Prime Minister's Office Private Office Group Government Equalities Office	<b>Advisory Non-Departmental Public Bodies</b> Advisory Committee on Business Appointments House of Lords Appointments Commission Security Vetting Appeals Panel Senior Salaries Review Body Committee on Standards in Public Life Parliamentary Boundary Commission for England Parliamentary Boundary Commission for Wales	
	<b>3.</b> Civil Service Group Civil Service Human Resources Civil Service Pensions Commercial Models Fraud, Error, Debt and Grants Government Commercial Function Government Communications Government Digital Service Government Shared Services Infrastructure & Projects Authority Office of Government Property Public Bodies Reform Government Security Group	<b>Expert Committees</b> Geospatial Commission Main Honours Committee	
Private Sector	<b>4.</b> Cabinet Office Finance Cabinet Office Human Resources Digital and Technology Team Cabinet Office Security Cabinet Office Estates Management Cabinet Office Communications	<b>Statutory Office</b> Commissioner for Public Appointments	Private Sector
		<b>Corporation Sole</b> Registrar of Consultant Lobbyists	
		<b>Statutory Non-Departmental Public Body</b> Equality and Human Rights Commission	
		<b>Executive Agency</b> Government Property Agency	
		<b>Executive Agency and Trading Fund</b> Crown Commercial Service ( <i>not consolidated in Departmental group as it is a trading fund</i> )	
		<b>Non-Ministerial Department</b> UK Statistics Authority	
	<b>Investments in Associates</b> Shared Services Connected Limited AXELOS Limited	Crown Hosting Data Centres Limited Integrated Debt Services Limited Behavioural Insights Limited	

### <sup>1</sup> Objectives

- 1 Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy
- 2 Support the design and implementation of HM Government's policies and the Prime Minister's priorities
- 3 Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government
- 4 Deliver excellent corporate services, make Cabinet Office a great place to work, and create a Department that better represents the people and places it serves.
- 5 The other Cabinet Office objective, 'Work with other Departments to prepare for and deliver an orderly exit from the European Union', is spread across the business areas above.

## Departmental Spending

Parliament has voted the following resources for Cabinet Office in 2019-20 as published in the *Central Government Main Supply Estimates 2019-20<sup>1</sup>* (HC 2154).



<sup>1</sup>UK Statistics Authority and Civil Superannuation have Estimates which are separate from the Cabinet Office so their budgets are excluded from the tables above. In 2019-20, USKA has a total budget of RDEL £297.629m and CDEL £7.000m and AME (£1.000m). Civil Superannuation has a budget of AME £10,604.557m. Royal Mail Statutory Pension Scheme has a budget of AME £1,207.000m. Crown Commercial Service figures may be found in their published annual report and accounts.

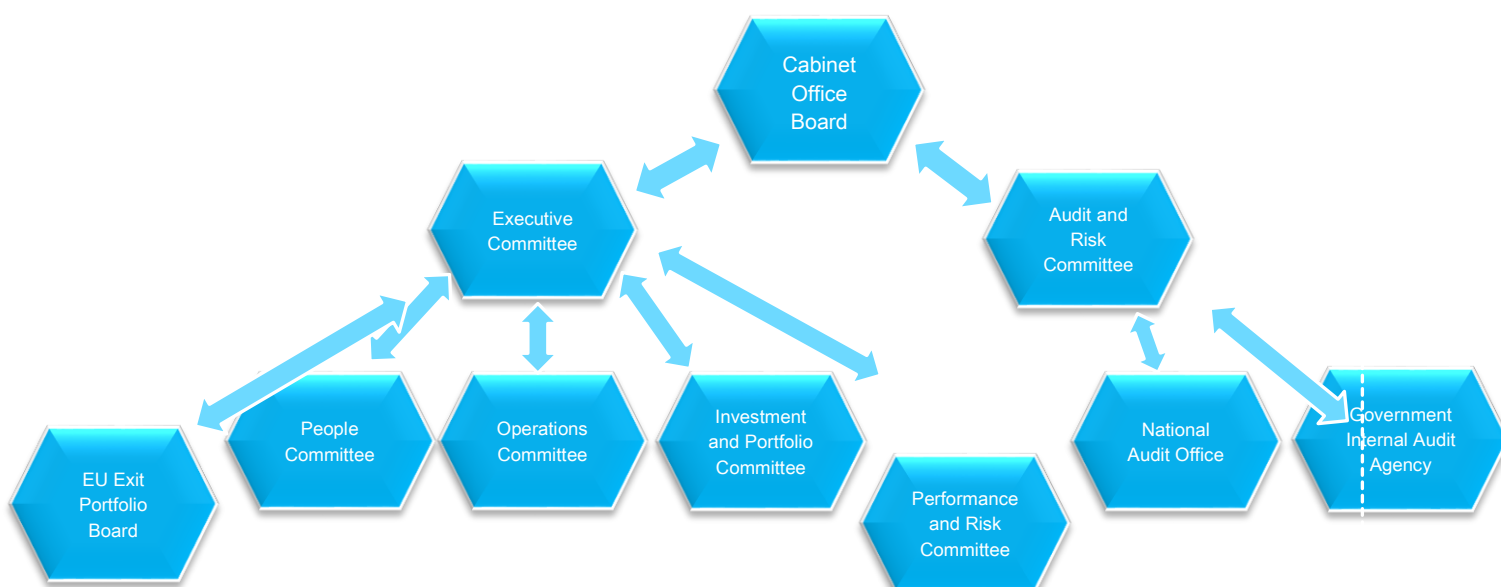
### Responsibilities within the core Department

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

#### Three lines of defence

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

#### Governance structure



#### Cabinet Office Board

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

#### Executive Committee

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

## Cabinet Office

### Investment and Portfolio Committee

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

### EU Exit Portfolio Board

The EU Exit Portfolio Board, chaired by Director General, Civil Service Group, provides robust governance and assurance to the programmes/projects that Cabinet Office is delivering in readiness for EU Exit.

### People Committee

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

### Operations Committee

The Operations Committee reports to the Executive Committee and is chaired by the Chief Operating Officer. It is responsible for providing corporate leadership and strategic oversight of internal corporate services and assuring delivery across business operations.

### Performance and Risk Committee

The Performance and Risk Committee is a recently established sub-Committee of the Executive Committee, chaired by the Strategy Directors. The role of the Committee is to oversee Departmental performance and strategic risks in delivering against the Single Departmental Plan (SDP).

### Cabinet Office Audit and Risk Committee

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

### Government Internal Audit Agency

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



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### National Audit Office

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

### Public Accounts Committee

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

### Relationships with arm's length and other bodies

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

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

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

### Executive agencies

#### Government Property Agency

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

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

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

#### Assurance

The Chief Executive of the GPA has been designated as its Accounting Officer. The GPA Board including Non-Executive Directors is responsible for advising the Chief Executive and Sponsor Department on the strategic direction of the GPA and providing appropriate governance. A Sponsor team within the Department is responsible for day to day monitoring of the GPA. GPA has its own Audit and Risk Committee, whose Chair will meet the Chair of the Cabinet Office Audit and Risk Committee once a year to discuss governance, risk and internal control. In addition, GPA has its own Investment Committee, which follows prescribed processes for reviewing, challenging and approving or otherwise decisions to commit the Agency to expenditure and/or supply of goods or services. GPA publishes its own accounts and these are consolidated into the accounts of the Cabinet Office.

## Accounting Officer System Statement 2019

### Crown Commercial Service

The Cabinet Office holds public dividend capital in the Crown Commercial Service (CCS), an Executive Agency and a Trading Fund under the Government Trading Funds Act 1973.

CCS provides commercial and procurement expertise and services to Government and the wider public sector. All resource to run the Agency is raised through the trading fund. Income is earned from payments made direct from customers or suppliers for its products and services.

### Assurance

CCS produces its own Annual Report and Accounts. CCS has its own Chief Executive and Accounting Officer. The CCS Board supports and provides challenge to the Chief Executive and Accounting Officer on matters of strategic importance to CCS. In addition, the Board is responsible for endorsing the CCS Strategy and annual Business Plan, and scrutinising and endorsing major business cases of above £1 million prior to approval by the Accounting Officer and other central government controls. Monthly performance and finance reports enable the Board to review progress against strategic objectives, budgets and key programmes.

There are four sub-committees of the CCS Board: the Audit Committee, Customer Committee, Technology Committee and the Senior Appointments and People Committee. The Audit Committee advises the CCS Board and Accounting Officer on the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the Annual Report and Accounts. The Customer Committee provides guidance, challenge and support to the CCS leadership against its strategic priority to 'focus on the customer'. The Technology Committee reviews CCS's technology strategy and key technology programmes and initiatives. The Senior Appointments and People Committee ensures that resourcing, succession planning and developmental strategies are in place for senior leadership roles within CCS, i.e. those in Senior Civil Service posts. In addition, the executive Senior Leadership Team, led by the Chief Executive, manages the delivery of CCS's strategic aims and provides leadership to the organisation. The Senior Leadership Team is supported by three internal boards: the People Board, Business Performance Board and Investment & Change Committee.

### Non-Departmental public bodies (NDPB)

#### Executive non-Departmental public bodies

##### Civil Service Commission

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

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

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

## Cabinet Office

### Advisory non-Departmental public bodies

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

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

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

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

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

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

### Expert committees

#### Mains Honours Committees

The Main Honours Committees are made up of senior civil servants ('official members') and people who are independent of government ('independent members'). All honours committees have a majority of members who are independent. Each honours committee has an independent chairperson. A representative from 10 Downing Street is invited to attend all committee meetings. Honours committees review honours nominations for people involved in specific activities (like arts and media or sport) which are then sent to the Main Honours Committee.

#### Geospatial Commission

The Autumn 2017 Budget committed to establishing a new Geospatial Commission at the centre of government to pursue an ambitious national strategy for geospatial data use, which is increasingly a key underpinning of the digital economy. The Commission will lead on a variety of activities to realise this commitment. It will:

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



## Accounting Officer System Statement 2019

### Assurance

Geospatial Commission is established as an Expert Committee within the Cabinet Office. Its governance is set out in a published Charter and Framework Document. It comprises a strong Board of Commissioners (a Chair, Deputy Chair, four Independent Commissioners; two Commissioners nominated by the Partner Bodies of the Commission; and the Director of the Commission) and a unit of officials supporting the work of the Commission. Oversight is provided by a separate Ministerial Steering Group (MSG).

The Director of the Commission is also the Accounting Officer, who receives a formal letter of budget delegation from the Cabinet Office Principal Accounting Officer setting out the Departmental financial controls and processes that apply to all Geospatial Commission spending. Major expenditure will go through the usual Cabinet Office approval and assurance processes. The Commission is setting up internal project governance and assurance processes.

### Statutory offices

#### Registrar of Consultant Lobbyists

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

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

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

#### The Office of the Commissioner for Public Appointments

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

### Statutory non-Departmental public body

#### Equality and Human Rights Commission (EHRC)

EHRC is a statutory non-Departmental public body established by the Equality Act 2006. It is Britain's national equality body under EU law and has been awarded an 'A' status as a National Human Rights Institution by the United Nations. The commission, in light of these roles is independent of Government.

EHRC has its own Accounting Officer (its Chief Executive), an Audit and Risk Committee and publishes its own accounts which will be consolidated into the accounts of the Cabinet Office from financial year 2019-20.

## Cabinet Office

### Assurance

The Commission is overseen by a Board of Commissioners, who are appointed by Government and are responsible for ensuring that the Commission demonstrates high standards of corporate governance. The Board has in place an Audit and Risk Assurance Committee, which operates in line with the Cabinet Office and Treasury's 'Corporate governance in central government Departments: Code of good practice 2011' and the Treasury's 'Audit and risk assurance committee handbook'. Representatives of the Sponsor Department are invited to observe meetings of both the Board and the Audit and Risk Assurance Committee.

The Commission reports annually on its governance arrangements through its 'Accountability and Corporate Governance Report'. This forms part of the Commission's Annual Report and Accounts, which are sent to the Sponsor Department and are laid before Parliament by the Secretary of State. The Commission maintains arrangements for internal audit, in accordance with the Treasury's 'Public Sector Internal Audit Standards'. This service is currently provided by the audit and accountancy firm Mazars. The Commission is also subject to audit by the National Audit Office.

The Commission's governance arrangements were recently reviewed as part of the Tailored Review process, the report from which was published in November 2018. The Chief Executive, as the Accounting Officer, meets monthly with the Sponsor Department to provide assurance on the day-to-day operations and management of the Commission, including the arrangements in place in respect of governance and decision making.

### Non-ministerial Department

#### UK Statistics Authority

Cabinet Office Ministers hold residual responsibilities relating to the UK Statistics Authority (the Authority), but the Cabinet Office is not responsible for its Estimate, which is overseen by HM Treasury.

The Authority is an independent statutory body, which operates at arm's length from government. The Authority was established as a non-ministerial Department under the Statistics and Registration Service Act 2007 and reports directly to the UK Parliament and devolved legislatures. The Authority has the statutory objective of promoting and safeguarding the production and publication of official statistics that serve the public good.

The UK Statistics Authority Board is responsible for overseeing the Authority's statutory objective and the independence of the statistical system. The Chair of the Authority Board is appointed by the Crown following the approval of Parliament. The National Statistician, who sits on the Authority Board and is also appointed by the Crown, is the UK Statistics Authority's and the Government's principal adviser on official statistics. The National Statistician is also the Head of the Government Statistical Service (GSS) and is the Authority's Chief Executive and independent Accounting Officer.

### Third party delivery partnerships

#### Elections – Returning Officers

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

#### The legislative framework

##### Primary legislation

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

##### Charges orders

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

##### Accounts regulations

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

##### Candidates' mailings

Under section 91 of the Representation of the People Act 1983 and regulation 63 of The European Parliamentary Elections Regulations 2004, candidates at UK and European Parliamentary<sup>1</sup> elections are entitled to have one election address (often called 'mailings', essentially a paper leaflet) delivered at public expense to each elector or household within the voting area. The main purpose of allowing candidates to deliver one communication free of charge is to inform the electorate of the policies of standing candidates and/or parties and to help them to make informed choices when casting their vote. As the universal service provider, Royal Mail delivers these mailings and is reimbursed from the Consolidated Fund in accordance with legislation and the terms of a Service Level Agreement with the Cabinet Office.

##### Returning Officers' expenses

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

## Cabinet Office

### Assurance over regularity, propriety and value for money

#### Returning Officers' expenses

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

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

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

#### Candidates' mailings

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

### Grants to private and voluntary sector bodies

The Department publishes guidance on the 9 minimum grants standards to ensure best practice is managed across all Government Departments. It maintains the *Government Grant Information System (GGIS)* and publishes the annual *Government grants register*. The Cabinet Office administers grant payments in line with this guidance and *Managing Public Money*.

#### Assurance

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

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

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



## Accounting Officer System Statement 2019

### Major contracts and outsourced services

The Cabinet Office has a small number of large contracts with suppliers that represent a material proportion of the Department's spend. The details of these contracts are set out below. Cabinet Office policy is to use pre-existing frameworks to purchase goods and services, where the estimated total value of the requirement is £10,000 (excluding VAT) or over. The procurement of these contracts is managed by Crown Commercial Service (CCS), who will advise on the appropriate route to market via a Procurement Strategy Report. Where frameworks are not available or appropriate, CCS will run a tender process in order to identify the best value for money supplier.

Facilities management	Information technology	Learning services	Human Resources
CB Richard Ellis	Verify Identity Providers	Korn Ferry Hay Group	Alexander Mann Solutions
Arcadis	Ordnance Survey	KPMG	Clarity Travel
Interserve	Fujitsu	Capita	Shared Services Connected Limited
		XMA Ltd	MyCSP Limited

### Contracts for services to the public

#### Civil Service Pensions

Cabinet Office contracts with **MyCSP Limited** to administer the Civil Service pension arrangements. The contract went live in 2012 and was set to run for seven years, with an option to extend for a further three years. It had a value of circa £35 million per annum. Cabinet Office has now extended the contract with MyCSP Limited (following the sale of its shareholding in MyCSP) to administer Civil Service Pension administration. This contract now runs to 31 December 2021 with a current value of circa £26 million per annum. The Cabinet Office has in place robust contract management arrangements to ensure that the required services are delivered, including a full contract governance structure, service credit arrangements, detailed management information and a full internal audit plan. The Department also regularly benchmarks the service provided and uses market testing to ensure that value for money is being achieved.

#### Verify

GOV.UK Verify is the Government's solution for verifying citizens' identities when they access public services. The programme is run by the Government Digital Service (GDS) and it relies on private sector identity providers to check and assure credentials. The contracts with identify providers are managed through a framework agreement which was created following an open competitive process. Payments to suppliers under the framework agreement are based on successful verification of users with no guaranteed volumes. Delivery performance against each contract is tracked in detail and is the subject of regular reviews between GDS and each supplier.

The programme is in the process of transitioning to a private sector led model, as outlined at its outset. This was reaffirmed by the Minister for Implementation (Mfi), in October 2018, by way of Written Ministerial Statement (HCWS978). The Mfi also stated the intention of the programme to broaden the usage and application of digital identities. Government is committed to developing ubiquitous digital identity that can be safely used to access services both in the public and private sector and across international borders. GOV.UK Verify was recently Notified under eIDAS, enabling the use of UK digital identities to access services across Member States. The programme has also implemented a technical solution enabling UK public sector services to consume other eIDAS compliant schemes.

### Contracts for back-office outsourcing

#### Shared services

Government has a contract with **Shared Services Connected Ltd (SSCL)** to provide shared services through an independent shared service centre (ISSC2). The framework has a current call-off value in excess of £1 billion, providing back office service to over 250,000 employees in the Civil Service and Metropolitan Police Service, including Cabinet Office staff. The contractual services include finance, payroll, recruitment, plus government purchasing (totalling around £50 billion worth of transactions processed annually). The charging regime and associated service volume/consumption data is subject to extensive audit and assurance, as are the supplier's control systems for security and fraud prevention. Unit prices and baseline volumes are fixed for the contract term but with benchmarking and open-book provisions built into the contract. Pricing delivered significant savings relative to legacy services. Benefits are tracked on a regular basis.

#### Facilities Management

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

#### Contracts for Civil Service Learning

Civil Service Human Resources (CSHR) works with experts in learning and development to create and provide a range of high-quality learning that supports and equips civil servants to deliver excellent public services. The learning is provided through three contracts, which are managed by CSHR, but the courses are paid for by the Departments which use them, so the direct financial risks to the Cabinet Office are minimal. CSHR has a contract with **Korn Ferry Hay Group** providing learning targeted and designed primarily for the Senior Civil Service (SCS). KFHG provide a core suite of learning that is high-quality, challenging and relevant to SCS roles. This includes open courses for all SCS and tailored courses for SCS within Departments. This contract was awarded in December 2015, with the maximum value of the contract being £21 million over an initial two-year period, with an option to extend by one year incrementally for a maximum contract term of four years. This option has been used.

In addition, CSHR have contracted with **KPMG** to provide core curriculum training for all grades below SCS. This focuses on a number of tightly-managed core learning areas and products. The offer is designed to be flexible to meet the specific needs of Departments and teams. This contract was awarded in December 2015, with the maximum value of the contract being between £59 - £149 million for an initial period of 3 years, with the option to extend for a further one year. This option has been used.

CSHR also contracted with **Capita** to provide any niche or bespoke learning requirements outside of the core curriculum for all grades in the Civil Service. A Managed Learning Services (MLS) contract was awarded to Capita (trading as Knowledgepool) in October 2017. The maximum value of the MLS contract is £120 million for an initial period of 2 years, with the option to extend for a maximum of 2 years, and the possibility of the extension being applied in increments.

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Finally, CSHR also contracted for cross Civil Service provision of apprenticeships. This contract was awarded to four suppliers between November 2017 and January 2018. These suppliers are Arch, QA, Knowledgepool and CIPFA. The maximum value of the contract is £45 million over an initial one-year period, with an option to extend by one year incrementally for a maximum contract term of three years. Civil Service Learning contracts are managed by a Supplier Engagement team within CSHR. The team review day-to-day performance and implementation of contract requirements including the monitoring and management of Service Level Agreements and contractual Key Performance Indicators. Formal management and governance of the contracts is delivered through monthly contract management reviews. Where appropriate, improvement plans are developed and implemented. No contract will be extended if a supplier is not delivering the services as required through the contract terms.

### Contract for Ordnance Survey

As the UK's national mapping agency, **Ordnance Survey (OS)** manages the Crown's geospatial data, through the Crown Rights Agreement. This arrangement provides OS with an exclusive, royalty free, worldwide right to use and re-use the Crown copyright and Crown database rights to fulfil its public task. OS fund the maintenance of the Crown data through the revenue they generate from commercially licensing this data, including to the public sector. Government currently hold two main contracts with OS on behalf of the public sector: The Public Sector Mapping Agreement (PSMA) is a 10 year agreement ending in March 2021 providing free at the point of use access to geospatial products, to eligible public sector organisations. The OS OpenData contract makes a further 11 products available free to all for any use.

### Investments in associates

Cabinet Office owns minority equity stakes in five<sup>1</sup> associate companies. The original reasons for establishing these companies and retaining these stakes vary but were broadly:

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

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

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

Associate	Cabinet Office Shareholding
Shared Services Connected Limited	25%
AXELOS Limited	49%
Behavioural Insights Limited	30%
Integrated Debt Services Limited	25%
Crown Hosting Data Centres Limited	25.1%

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

### Assurance

The relationship between the Cabinet Office, partners and associates is provided for in shareholder agreements and associates' articles of association. A Shareholder Committee has been established within the Department to oversee the performance of the associates, ensure appropriate governance and share experience. This committee reports to the Cabinet Office Principal Accounting Officer who has overall delegated responsibility for these investments. The Department typically has the right to appoint two Non-Executive Directors (NEDs) to the Board of each associate (only one NED in the case of Behavioural Insights). The Department's approval is also required for certain 'consent matters', and it is entitled to receive copies of business plans and other management information. NEDs identify risks and report upon the performance of their associates to the Shareholder Committee. Associates and NEDs are expected to provide annual statements of assurance to the Cabinet Office. Where an associate is a supplier to Government, the Government's interests as a customer are overseen by a separate customer function or framework authority to which separate governance arrangements apply. The customer function/framework authority manages the associate's performance as a supplier under its supply contracts with the Cabinet Office and other governmental customers in the normal way, independent of the Department's interests as an associate shareholder.

<sup>1</sup> The Department sold its entire 24% shareholding in MyCSP Limited on 26 September 2018.



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### Pension schemes

Cabinet Office has operational responsibility for the management of the Civil Superannuation and the Royal Mail Statutory Pension Scheme. The Civil Superannuation includes the Civil Service Pension Scheme.

The Minister for the Civil Service (currently The Prime Minister) is the Scheme Manager, but in practice this responsibility is delegated to the Minister for the Cabinet Office.

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

### Assurance

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

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

The CSPB is composed of employer and employee representatives plus non-executive members in roughly equal proportion. The CSPB's principal function is to hold the Cabinet Office, as scheme managers, to account for the delivery of the Civil Service pension arrangements and its interests are purely to do with the Civil Service Pension Scheme administration. It has no role in the formulation of policy or the management of assets within the defined contribution arrangements.

The Board meets four times a year and has three sub-groups which meet separately. One sub-group focuses on the defined benefit arrangements, another on the defined contribution arrangements and a third on the future service programme - though this has now closed. At each meeting the Board receives a formal report from Civil Service Pensions covering all operational areas alongside more detailed specific updates including reports from the Government Internal Audit Agency. Representatives from Civil Service Pensions and Government Internal Audit Agency attend each meeting and the sub-groups follow a similar template in their specific areas. Representatives from MyCSP Limited and other bodies such as NAO attend by invitation.



