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# **Department for Communities and Local Government**

## **Resource Accounts 2008-09**

**(For the year ended 31 March 2009)**

*Ordered by the House of Commons to be printed 14 July 2009*

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## Annual Report for the Year Ended 31 March 2009

### Resource Accounts: Communities and Local Government

#### 1 Entities Consolidated

- 1.1 The Report and Accounts present the consolidated results for the financial year 2008-09 of the following principal entities: the Department for Communities and Local Government, comprising the central Department and Government Offices – the core Department – and its Executive Agency the Planning Inspectorate (PINS). Note 35 to the accounts provides a full list of Executive Agencies, Advisory Bodies and Tribunals that are consolidated in the accounts, and a list of bodies which are sponsored by the Department, but which have not been consolidated.

#### 2 Annual Review

- 2.1 These accounts have been prepared in accordance with the Direction given by HM Treasury in pursuance of the Government Resources and Accounts Act 2000.
- 2.2 The Department reports on various issues during the year, as follows:
- **Departmental Annual Report:** This report is scheduled to be presented to Parliament on 14 July 2009. It presents a review of the Department's activities and performance during the year, including performance against its Departmental Strategic Objectives, Public Service Agreement (PSA) and efficiency targets, and summarises its plans for the future. The report also describes how the Department is structured, the strategic context within which the Department operates and outlines some of the challenges it faces in the context of the Comprehensive Spending Review 2007 (CSR07) and the changing economic climate. The full Departmental Annual Report can be found on the Department's website [www.communities.gov.uk](http://www.communities.gov.uk)
  - **Estimates:** The Estimates are presented annually on the following cycle:
    - Main Supply Estimates start the supply procedure and are presented during June of the financial year to which they relate;
    - Winter Supplementary Estimates are presented in November, and reflect changes to Supply and funds that are required by the Department, that have been identified during the year; and
    - Spring Supplementary Estimates are presented in February, and represent the final changes required by the Department.  
These Estimates can be found on the HM Treasury website [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk).
  - **Autumn Performance Report:** This report was published in November 2008 and set out updated information on the Department's progress towards its DSO, Public Service Agreement (PSA), value for money and efficiency targets since the publication of the Department's 2008 Annual Report in May 2008. The document can be found on the Department's website.
- 2.3 The Planning Inspectorate publishes a separate Annual Report and Accounts which is available on their website [www.planning-inspectorate.gov.uk](http://www.planning-inspectorate.gov.uk).
- 2.4 Communities and Local Government is working to build a stronger fairer future for Britain. Its vision is to create vibrant, diverse and attractive places with strong local economies where people want to live, work and raise a family. This vision underpins departmental values as an organisation that is ambitious and creative, that gives people a voice and the chance to shine, and acts openly as one department.

- 2.5 Each Department has a series of Departmental Strategic Objectives (DSOs), which set out what the Department aims to achieve over the three years from 1 April 2008<sup>1</sup> and gives a framework for measuring the progress made and enabling performance to be managed. The Consolidated Statement of Net Operating Costs by Departmental Strategic Objectives, on Page 43 of these accounts, reports the resources used by the Department in achieving its DSOs which are as follows:
- to support local government that empowers individuals and communities and delivers high quality services efficiently (DSO 1)
  - to improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy (DSO 2)
  - to build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation (DSO 3)
  - to develop communities that are cohesive, active and resilient to extremism (DSO 4)
  - to provide a more efficient, effective and transparent planning system that supports and facilitates sustainable development, including the Government's objectives in relation to housing growth, infrastructure delivery, economic development and climate change (DSO 5)
  - ensuring safer communities by providing the framework for the Fire and Rescue Service and other agencies to prevent and respond to emergencies (DSO 6)
- 2.6 The Department is also in the lead for two of the Government's ongoing priorities, as set out in the Public Service Agreements (PSAs):
- to increase long term housing supply and affordability (PSA 20)
  - to build more cohesive, empowered and active communities (PSA 21)
- 2.7 The Department also makes a major contribution to delivering key priorities where other Departments are in the lead. Examples of this include supporting regional economic performance (PSA 7), supporting socially excluded adults (PSA 16), ensuring a lasting Olympic legacy through regenerating East London (PSA 22), and helping to reduce the risk from international terrorism through Preventing Violent Extremism (PSA 26). In addition, through oversight of the local government system, we help to make sure national priorities are translated into local delivery on the ground.

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<sup>1</sup> The period covered by the 2007 Comprehensive Spending Review

## Ministers

2.8 The following served the Department during the year ended 31 March 2009:

Ministers	
The Rt Hon Hazel Blears MP	Secretary of State for the Department for Communities and Local Government
The Rt Hon Margaret Beckett MP (from 4 October 2008)	Minister of State for Housing and Planning
The Rt Hon Caroline Flint MP (to 2 October 2008)	Minister of State for Housing and Planning
The Rt Hon John Healey MP	Minister for Local Government
Sadiq Khan MP (from 5 October 2008)	Parliamentary Under Secretary of State
Iain Wright MP	Parliamentary Under Secretary of State
Parmjit Dhanda MP (to 2 October 2008)	Parliamentary Under Secretary of State
Baroness Kay Andrews OBE	Parliamentary Under Secretary of State

2.9 The Rt Hon John Denham MP was appointed Secretary of State for Communities and Local Government in the Government reshuffle on 9 June 2009. Details of the Department's new Ministerial team are in the Annual Report.

## Permanent Head of the Department and Board

2.10 The Permanent Head of the Department is the Permanent Secretary, Peter Housden. The Permanent Secretary chairs the Department's Board, which at 31 March 2009 included four Non-Executive Board members. The composition of the Board at 31 March 2009 was as follows:

Executive Board Members	
Peter Housden	Permanent Secretary and Principal Accounting Officer
Joe Montgomery	Director General – Regions and Communities and Additional Accounting Officer
Richard McCarthy	Director General – Housing and Planning
Lindsay Bell	Acting Director General – Local Government and Regeneration and Additional Accounting Officer
David Rossington	Acting Director General – Communities

Hunada Nouss	Director General – Finance and Corporate Services
Mike Falvey	Director General – Human Resources and Business Change
Christina Bienkowska	Director – Strategy and Performance
<b>Non-Executive Board Members</b>	
Sarah Weir	UK Cultural Olympiad Launch Executive, London Organising Committee of the Olympics Games
Rob Vincent	Chief Executive Kirklees Council
Debbie Hewitt	Portfolio Company Director since October 2008
Dame Jo Williams	Chief Executive Prison Reform Trust

The following were also Board members during 2008-09:

Susan Schofield (until September 2008)	Director General – Cohesion and Resilience
Chris Wormald (until February 2009)	Director General – Local Government and Regeneration
Peter Doyle – non Executive (until November 2008)	Independent financial consultant and chair of the Church Urban Fund
Polly Cochrane – non Executive (from June 2008 to January 2009)	Group Marketing Director, Warner Bros UK

## Board Objectives

- 2.11 The Board gives collective strategic leadership at official level and supports Ministers in steering the work of the Department. The role of the Board is to:
- Develop with Ministers and take forward the Department's strategic aims and objectives
  - Assess and manage risks
  - Manage departmental resources and monitor the achievement of performance objectives
  - Develop departmental capacity, particularly our human resources
  - Set the Department's standards and values
  - Maintain a transparent system of prudent and effective controls
- 2.12 The day-to-day business of the Department is overseen and steered by a management board – the Board Executive – consisting of the Permanent Secretary, the six Directors-General, the Director of Strategy and Performance, and the following additional members:
- Andrew Campbell, Director, Local Government Policy and Performance
  - Fred Croft, Acting Director, Legal Services
  - Graham Duncan, Acting Director, Local Government Finance
  - George Eykyn, Director, Communications
  - Bernadette Kelly, Director, Housing Strategy and Markets



- 2.13 The Audit and Risk Committee meets quarterly (and on other occasions as necessary) to assess the adequacy of the Department's risk management, audit arrangements, financial reporting and internal controls. Its remit extends across the whole of the Department. Its focus is on the Department itself but the Committee also maintains an interest in the wider Communities and Local Government family and the Department's responsibilities for the Government Offices in the Regions.
- 2.14 In line with Treasury guidance, the Audit and Risk Committee is usually chaired by a non-executive member of the main Board. Peter Doyle held this position until November 2008. Janet Pope, one of the other independent members of the Committee, was acting Chair until March 2009. The Committee is now chaired by Stephen Hay following his appointment to the Board on 14 April 2009. The Committee's permanent membership is Stephen Hay and Janet Pope together with two further independent external members: Sue Nelson and Martin Evans.
- 2.15 The Permanent Secretary, Director General of Finance and Corporate Services, Director of Strategy and Performance, Head of Internal Audit Services and representatives of the National Audit Office (NAO) also attend in an ex officio capacity. As a committee of the Board, and responsible to it, the Audit and Risk Committee makes recommendations to the main Board for approval.
- 2.16 The Committee met four times in the 2008-09 financial year. Its work included:
- Giving its assurance on the Department's Annual Accounts and Statement on Internal Control (SIC);
  - Reviewing and providing advice to the Accounting Officer on the corporate governance arrangements of the Department, including the management of risk;
  - Considering and providing feedback on the forward plans, progress and findings of both internal and external auditors, including major audit work and fraud; and
  - Considering the Department's systems and processes for ensuring data security, at the request of the Accounting Officer and Cabinet Office.
- 2.17 The other Board sub-committees in place in 2008-09 were as follows:
- The Investment Board reviews all significant new programmes and appraises any subsequent proposed new financial investments that (i) have a whole life cost of over £20m and/or (ii) are novel or contentious and/or (iii) carry a high level of risk and/or (iv) are mission critical. It is responsible for ensuring they meet the Department's business needs, provide value for money and have effective delivery plans and robust risk management in place;
  - The Delivery Sub-Committee (established in June 2007) is responsible for scrutinising and ensuring the successful delivery of the Department's key, high risk delivery programmes, intervening where necessary to provide additional support and resolve problems which may threaten progress. The Committee meets fortnightly to assess progress against and risks to Departmental top-tier programmes and to carry out detailed scrutiny of specific key programmes, such as mission critical projects;
  - The Contingencies Planning Committee (established in June 2007) advises and assures the Board and Ministers on the Department's overall state of preparedness to respond and recover from emergencies and continue with its essential business in the face of any serious disruption to our staff or infrastructure. The Committee meets quarterly and at any times of emergency.

### **Departmental Organisation**

- 2.18 During the year, some groups have been internally restructured to best respond to the Department's changing priorities and the need to continue to deliver effectively in changing economic and housing market conditions. This includes moving some functions to the newly established Homes and Communities Agency (HCA). The Department has also enhanced

strategic and analytical capacity. However, the overall organisation of the Department has remained unchanged.

- 2.19 The departmental Programme Boards oversee the Department's key delivery programmes. Each Programme Board is chaired by a member of the Board and is made up of six to eight senior officials drawn from across the Department and from key partner organisations, backed up by one or two external members to bring additional perspectives and outside challenge.
- 2.20 Responsibilities of Directors-General and the Programme Board structure in 2008-09 was:

Board Directors-General	Programme Board Responsibilities
<p><b>Joe Montgomery</b></p>	<p><b>Director General, Regions and Communities Group</b> Leads on the Government Office Network which supports operational delivery of the policies of Whitehall departments in each of England's regions as well as supporting central departments' policy formulation through the provision of critical local and regional intelligence on implementation. The group also has responsibility for supporting Regional Ministers and Regional Select Committees.</p> <p>Also leads on the regeneration of the Thames Gateway Programme, on behalf of Government and on the Department's contribution to the legacy aspects of the 2012 Olympics.</p> <p><b>Chair, Thames Gateway Programme Board</b> Responsible for managing progress against the Thames Gateway Delivery Plan ensuring alignment of the Thames Gateway Programme with other Departmental Strategic Objectives, managing risks, assessing progress against Department and Homes and Communities Agency expenditure and the associated outputs and outcomes, ensuring the Programme delivers identified contributions to the Olympics Legacy Programme, and steering wider stakeholder engagement.</p> <p><b>Government Office Network Board</b> Responsible for providing strategic leadership to the Government Office Network to determine the allocation of resources and through oversight of structure, organisation and accountability, to ensure propriety, efficiency and effectiveness.</p> <p><b>Chair, Government Office Network Sponsorship Board</b> Responsible for determining the priorities and resourcing for the Government Office Network on behalf of the Sponsor Departments and Government, and for providing collective oversight, scrutiny and accountability.</p>
<p><b>Richard McCarthy</b></p>	<p><b>Director General, Housing and Planning Group</b> Leads on housing supply and delivery; affordable housing and the decent homes programme; planning reform and performance; housing reform; home buying and selling reform (including Home Information Packs); sponsorship of the Homes and Communities Agency and Tenant Services Authority;</p>

Board Directors-General	Programme Board Responsibilities
	<p>Supporting People; tackling homelessness; building regulations; design; and championing environmental and sustainable development issues in our policy work across the Department.</p> <p>The Group is responsible for PSA 20 (Housing Supply and Affordability) and related DSO2 (Housing) and DSO5 (Planning) under CSR07</p> <p><b>Chair, Cross Departmental Board on PSA 20 and Internal Housing Supply Delivery Board</b></p> <p>Responsible for driving improvements to housing affordability and reducing the use of temporary accommodation for homeless households by increasing housing supply and related infrastructure support.</p> <p><b>Chair, Planning Programme Board</b></p> <p>Provides strategic oversight of performance against DSO 5. Responsible for planning policy and delivery across all of the Department's responsibilities.</p>
<p><b>Lindsay Bell</b></p>	<p><b>Acting Director General, Local Government and Regeneration Group</b></p> <p>Leads on local government reform, performance and finance; implementation of the Sub-National Review (SNR); and economic performance and regeneration.</p> <p>The Group is responsible for the new DSO1 (Local Government and Empowerment) and DSO3 (Economic performance and regeneration) under CSR07. It also contributes to PSA 21 (Cohesive, empowered and active communities).</p> <p><b>Chair, Local Government Programme Board</b></p> <p>Responsible for ensuring that the desired outcomes of the Local Government White Paper are delivered and managing cross programme risks, dependencies, communications and stakeholders.</p> <p><b>Chair, SNR Implementation and Regeneration Programme Board</b></p> <p>Responsible for the effective delivery of the SNR reforms and for ensuring that the transition is well managed across government.</p>
<p><b>David Rossington</b></p>	<p><b>Acting Director General, Communities Group</b></p> <p>Leads on local democracy, empowerment and community cohesion; tackling prejudice and extremism; delivering race equality; the Fire and Rescue Service; national and regional resilience and the Department's role in post-incident recovery; European policies and programmes; and the Department's cross-cutting interests in migration.</p>

Board Directors-General	Programme Board Responsibilities
	<p>The Group is responsible for PSA 21 (Cohesive, empowered and active communities), DSO4 (Cohesive, active and resilient to extremism) and DSO6 (Fire and Rescue Service) under CSR07.</p> <p><b>Chair, Cross Departmental Board on PSA 21</b> Responsible for overseeing delivery of PSA 21 to build more cohesive, empowered and active communities and overseeing progress on all of its supporting indicators.</p> <p><b>Chair, Cohesion Programme Board</b> Drives progress and oversees delivery in response to the Commission on Integration and Cohesion and to support the delivery of PSA21 for which improving community cohesion outcomes is a core performance measure.</p> <p><b>Chair, Preventing Violent Extremism Programme Board</b> Provides strategic oversight and assurance to the Department and the wider cross-government governance structure on delivery of this programme.</p> <p><b>Chair, Fire and Rescue Service and Resilience Programme Board</b> Provides strategic direction for the development and delivery of the Department’s policies in respect of fire and resilience.</p> <p><b>Chair, Community Empowerment Programme Board</b> Responsible for driving progress, managing risks and resolving issues which threaten or delay delivery of the community empowerment programme.</p>
<p><b>Hunada Nouss</b></p>	<p><b>Director General, Finance and Corporate Services Group</b> Leads on legal, financial and analytical advice, including the Office of the Chief Scientist; workplace environment; and IT and knowledge management.</p> <p><b>Chair, Group Corporate Services Programme Board.</b> Responsible for ensuring a more integrated approach to corporate service delivery across the wider Communities and Local Government Group. Provides strategic oversight and monitors progress of the corporate change programme.</p> <p><b>Chair, Olympics Delivery Board</b> Responsible for driving progress and managing risks around our financial contribution to the Olympic budget. Supports the creation of a sustainable Olympics legacy.</p> <p><b>Chair, European Regional Development Fund Programme Board</b> Responsible for ensuring strategic financial risk management of all ERDF programmes in England.</p>

Board Directors-General	Programme Board Responsibilities
<b>Mike Falvey</b>	<p><b>Director General, Human Resources and Business Change Group</b></p> <p>Leads on Human Resources and organisational change. The Group is responsible for supporting the Department as a 'people business', ensuring that it has the right people with the right leadership, skills and values to deliver its objectives, underpinned by strong performance management.</p>

### 3 Management Commentary

- 3.1 The work of the Department in 2008-09 was in support of six DSOs set in CSR07. Progress against these objectives is monitored by indicators and in some cases the DSOs incorporate Public Service Agreement (PSA) targets, brought forward from the previous spending review (SR04). Reports of progress against DSO indicators are prepared monthly and included in the Integrated Performance Reports which are circulated to the Board and senior staff.
- 3.2 The Department's main achievements in 2008-09 are reported in detail in the Department's Annual Report 2009, which is scheduled for publication on 14 July 2009. The report can be accessed through the Department's website: [www.communities.gov.uk](http://www.communities.gov.uk).

#### The Future

- 3.3 The Government is committed to making high quality places where people want to live, work and raise families. This Department is at the heart of making that happen. Through our work on local government reform, we are strengthening and empowering authorities to lead local delivery of solutions to national and international challenges. Alongside that, we are empowering and equipping our citizens to play an active role in determining and achieving those priorities. Through our housing, planning and regeneration roles, we are shaping places where people want to live, work and raise families, and we are supporting communities to be cohesive and resilient to extremism and to adverse events. Through all our policy responses, and in the way we behave as an employer, we are also committed to supporting people so that, regardless of their race, disability or gender, they are able to fulfil their potential.
- 3.4 The Department's 2008 Annual Report set out our plans and priorities for 2008-09. Since then, the impacts of the economic downturn have led to a refocusing of activities across Government. In this Department, the focus has increasingly been on helping people, communities and places to respond to the recession. Local communities are the places where the impact of the recession is felt most strongly. The Department has continued to work across Government to ensure that councils, communities and citizens receive real help now and are well placed to come through stronger when the upturn comes.
- 3.5 The Department recognises that underpinning improvements in delivery requires a shared importance of what is important to the Department and to its staff as individuals. The Department continues to develop its capability and efficient delivery of its priorities.
- 3.6 The table below shows Department's planned expenditure for 2009-10 and 2010-11 after taking into account the changes made for the Housing Package announced in September 2008 and the pre-Budget and Budget reports.

	£m	
Total departmental spending*	2009-10	2010-11
Supporting local government	1.5	1.0
Improving the supply and quality of housing	9,136.3	5,268.3
Building prosperous communities, promoting regeneration and tackling deprivation	2,466.8	1,720.6
Developing communities that are cohesive, active and resilient to extremism	98.4	87.3
Providing a more efficient, effective and transparent planning system	265.9	324.8
Ensuring safer communities by providing the framework to prevent and respond to emergencies	522.1	498.4
Central Administration	203.8	208.7
Government Office Administration	107.4	103.0
European Structural Funds-losses write offs and other expenditure not funded by the European Union	10.3	27.0
Ordnance Survey	14.3	14.3
Queen Elizabeth II Conference Centre Executive Agency	(1.4)	(1.4)
Area Based Grant	674.5	2,239.9
Local and Regional Government	26,164.0	26,851.6
Departmental Unallocated Provision	22.1	44.6
<b>Total departmental spending</b>	<b>39,686.0</b>	<b>37,388.2</b>
<i>of which:</i>		
Total DEL	38,819.9	37,131.0
Total AME	866.2	257.2

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

### Investment and Funding

- 3.7 The Department is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans was sought through Supply Estimates presented to the House of Commons, specifying the estimated expenditure and requesting the necessary funds. The Department then drew down funds in year from the Consolidated Fund as required.
- 3.8 Within the Supply Estimates the Department had two Requests for Resources (RfR) for 2008-09: RfR 1 for improving the quality of life by creating thriving, inclusive and sustainable communities in all regions; and RfR 2 for providing for effective devolved decision making within a national framework. The Statement of Parliamentary Supply, on Page 38 of the Accounts, shows Outturn figures against Estimates for RfRs 1 and 2.

- 3.9 The Cash Flow Statement, set out on Page 42, analyses the net cash flow from operating activities, identifies cash spent by the Department on capital expenditure and investment and shows the funding that the Department drew down from the Consolidated Fund in order to finance its activities during the year.
- 3.10 The main aim of the Department's asset management strategy is to ensure that appropriate fixed assets are held to meet the Department's objectives. All assets are treated in accordance with the following consistent underlying principles:
- Ensure assets are retained in the public sector only where it is effective and efficient to do so;
  - Actively explore the scope for securing greater value from assets, including through innovative techniques, information technology, sharing of assets, outsourcing and public private partnerships;
  - Maintain the Department's asset base in the condition necessary to meet its objectives;
  - Maintain, either directly or through bodies sponsored by the Department, firm management of assets, including strategies for disposing of assets which are not needed for delivering services; and
  - Continue to investigate incentives, such as hard charging, to achieve better utilisation of assets.

### 2008-09 Outturn against Estimate

- 3.11 The Statement of Parliamentary Supply shows that there was a total underspend of £584m (across RfR1 and 2), which was 1.6% on a budget of £37.3b (£1,084m or 3.1% on a budget of £35.1b in 2007-08). Note 2 to the Accounts provides a detailed breakdown of outturn and Estimates.
- 3.12 Variance explanations are provided below where the comparison of outturn against Estimate has resulted in an overspend or an underspend of the greater of £500k and 10% of the Estimate.

Subhead Variance	Explanation
<p><b><u>RfR 1</u></b>            B: Improving the Supply and Quality of Housing            - £35,062k underspend</p>	<p>The HCA set-up budget was £8.8m underspent due to the final settlement of the Housing Corporation pensions deficit being lower than initially expected following actuarial valuation. There was also a £2.2m underspend on the Growth Areas budget associated with this section of the Vote, however this was offset by minor overspends on Growth Areas and Ecotowns in other sections.</p> <p>£11.052m of this underspend relates to Gypsy site grants to local authorities. Within line N there is a corresponding overspend of £11.065m (Improving the Quality and Supply of Housing – Support for Local Authorities). These related under and over spends were caused by changes in the allocation of grant payments.</p> <p>£8.665m of the underspend relates to underspends on the Community Empowerment Fund (as the agreements were not finalised prior to the year end) and also due to the delay in various Preventing Extremism Programmes.</p>

Subhead Variance	Explanation
<p>G: Central Administration - £48,229k underspend</p>	<p>£31m of the £48m underspend was due to the non-cash cost of capital credit. This is very difficult to forecast accurately as the amount depends upon the final credit balance in the accounts, over which we have no control. There was an £8m near cash underspend against administration budgets due to careful vacancy management and changes to the cost profile of the invest to save project, reducing the number of central London buildings to one. The remaining £9 million underspend was against Other Current budgets due mainly to the need to ensure there was adequate budget cover for compensation payments for ex-PSA staff personal injury claims which are non discretionary.</p>
<p>J: European Structural Funds – income related to 2007-13 Programmes - £62,234k under-recovery, U: European Structural Funds – payments to London Development Agency for 2007-13 Programme - £2,976k underspend and Y: European Structural Funds – Payments to Regional Development Agencies for 2007-13 Programmes: £59,258k underspend. Overall variance for European Structural Funds £1k underspend.</p>	<p>These variances arise because of delays in the 2007-13 programmes. Fewer projects were started than expected so expenditure and associated receipts were lower than planned.</p>
<p>K: European Structural Funds – Communities and Local Government - £37,752k underspend</p>	<p>This underspend arises from the lower than expected level of financial correction imposed by the European Commission for errors in the management of the 1997-99 ERDF Programme in the NE and NW of England. It also reflects lower than expected exchange rate losses on ERDF balances for the 2000-2006 and 2007-13 programmes.</p>
<p>L: Ordnance Survey - £1,257k underspend</p>	<p>This arises from the receipt of higher than budgeted dividends from Ordnance Survey.</p>
<p>P: Developing Communities that are cohesive, active and resilient to extremism - £632k underspend</p>	<p>This under spend is due to delays in awarding grants under new PREVENT grant programmes, including undertaking appropriate checks on grant recipients.</p>
<p>R: Ensuring safer communities by providing the framework to prevent and respond to emergencies - £18,158k underspend</p>	<p>The full year underspend is largely within the Firelink project. There have been further delays in the main radio rollout programme caused by technical issues with the appliance radio and delayed base station build.</p>



Subhead Variance	Explanation
<p><b>RfR 2</b></p> <p>B: Best value inspection subsidies to Public Corporations and best value intervention costs - £2,537k underspend</p> <p>C: Local government research and publicity - £1,813k underspend</p> <p>G: Other grants and payments - £107,984k underspend</p>	<p>B: The £2.537m underspend is in respect of the Best Value Grant to the Audit Commission programme. There has been a recent trend of underspending of up to £1m in this programme and part of the 2008-09 underspend is a continuation of that trend. However, most of the difference is the result of an lower than forecast claim from the Audit Commission in the last quarter of the year.</p> <p>C: This underspend largely relates to the LG Research programme, most of the difference is due to projects that were delayed or cancelled.</p> <p>G: This variance almost entirely relates to the LG PSA Performance Fund programme. Expenditure on this programme is subject to the success of certain local authority targets and the timing of LA's subsequent claims for grant – which is usually close to year end. Through two Supplementary Estimates, End Year Flexibility was drawn down to provide extra funding to cover potential success rates of up to 65%. (There is Treasury agreement to draw down EYF to meet commitments from success rates of up to 80% throughout the CSR07 years). However, the outturn reflects a success rate closer to 53%.</p>

3.13 The Department's Net Cash Requirement is the amount of cash needed to support the Department's activities. Note 4 provides a reconciliation of the Estimate to the Net Cash Requirement and shows an overall variance of £524.055m (1.37%) against the Estimate provision for the Net Cash Requirement of £38,079.750m. Variance explanations are provided below where the comparison of outturn against Estimate has resulted in a variance of the greater of £500k and 10% of the Estimate.

Variance	Explanation
<p>Capital:</p> <p>Acquisition of Fixed Assets £53.059m under-requirement</p>	<p>This underspend was because the Estimate includes provision for FiReControl Regional Control Centres (£52m) which in accounting terms are recorded as stock, rather than fixed asset additions.</p>
<p>Accruals adjustments:</p> <p>Non-cash items £36.3m variance</p>	<p>The late identification of the need for a provision of £35m for revised commutation figures in respect of firefighters' pensions.</p>
<p>Accruals adjustments:</p> <p>Changes in working capital other than cash £356.128m variance</p>	<p>This variance largely arises from differences between the forecast and actual foreign exchange losses arising from the ERDF programme. Because of exchange rate volatility during late</p>

Variance	Explanation
Changes in creditors falling due after more than 1 year £149.456m	2008-09 this was difficult to forecast. This variance arises from an increase in ERDF deposits held.
Accruals adjustments: Use of provisions £58.445m variance	This variance largely arises from the less than forecast financial correction in respect of the 1997-99 ERDF programme.

3.14 The European Regional Development Fund (ERDF) was set up in 1975 to stimulate economic development in the least prosperous regions of the European Union (EU). The Department manages ERDF Programmes in England and, in relation to old programmes, has been faced with control issues which have been identified by management review and various audit investigations. Where expenditure is disallowed by auditors or otherwise identified as non-compliant it is the Department's policy to recover the grant from grant recipients. Where possible recovery is by deduction from future payments, otherwise specific payment recovery action is initiated. Where recovery is not possible the cost falls to the department. Because projects run over a number of years the Department has reviewed the current state of ERDF supported projects within the programmes to identify all potential liabilities and the likelihood of recovery from grant recipients. These have been reviewed in detail, and provisions made where it is likely that a liability exists. Where the possible liability is more remote contingent liabilities are disclosed in Note 29. Details of the consideration of these issues are as follows:

- In its 2007-08 Accounts the department raised a provision of £25.8m in respect of the 1997-99 round of Programmes and also accrued £6.9m. In March 2009 the Commission imposed a financial correction of €26.5m (£24.6m) in respect of these programmes which has been brought to account in 2008-09. The Department considers that no further liabilities are outstanding in respect of these programmes
- There are a number of issues in relation to the 2000-06 programme which can be separated into four categories:
  - There are various audits undertaken by the European Court of Auditors or DG Regio which are incomplete. The Department has assessed the total potential liability to the Department of these audits as £69.1m and has raised a provision of £44.9m. The remaining amount, £24.2m, has been disclosed as a contingent liability.
  - There are also sums totalling about £91.1m at risk on projects undertaken by Business Links, under the Interreg programme and in respect of Venture Capital Loan Funds. The Department has significant concerns about some of this expenditure and has therefore raised a provision of £27.2m. The remainder (£63.9m) is disclosed as a contingent liability.
  - In some circumstances, eg where the grant recipient has gone into liquidation or is a third sector body which has spent the money in good faith and has no funds available to repay grants, grant payment recovery requests may need to be written off. The Department is reviewing a number of cases with a total value of £4.6m and has raised a provision of £2.4m, the remainder has been disclosed as a contingent liability.
  - The 2000-06 Programme is now complete and no new grants are being issued. Closure of the Programme requires that expenditure is reviewed by the Department's internal auditors and these reviews might result in the disallowance of grant expenditure. Since this programme of audits has yet to report there is considerable uncertainty about the outcome; the Department has disclosed a contingent liability of £124.8m.

3.15 Area Based Grants (ABG) were introduced in 2008-09 which combine a number of grants to local authorities into a single payment stream. ABG includes grants within the programmes of

the Department of Transport, the Home Office, the Department for Work and Pensions, the Department for the Environment, Food and Rural Affairs and the Department for Culture, Media and Sport as well as the Department. Other departments' grants pass through the Department's balance sheet and are not part of the Department's operating income and expenditure. The totals of grant income and expenditure in 2008-09 were as follows:

£m	
ABG Payments and Receipts	2008-09
Receipts from OGDs	2,414
CLG contribution to ABG	645
Total ABG	3,059
ABG payments to LAs	3,059

- 3.16 The outturn as provided in the Statement of Parliamentary Supply is based on the resources consumed by the Department. In addition to the amounts allocated to the Department in its Request for Resources it also has a Resource Budget, which is split between the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). The main difference between the Resource Requirement and Resource Budget is that the Resource Budget includes the expenditure of the Department's NDPBs, whereas the Resource Requirement records the Grant-in-Aid given to them. A reconciliation between the two is provided below:

£'000

Reconciliation of Net Resource Requirement to Resource Budget	2008-09 Estimate	2008-09 Outturn
<b>Net Resource Requirement</b>	<b>37,283,487</b>	<b>36,699,682</b>
Adjustments to additionally include:		
Consolidated Fund Extra Receipts in the OCS	(1,099,927)	(954,365)
<b>Net Operating Costs (Accounts)</b>	<b>36,183,560</b>	<b>35,745,317</b>
Adjustments to remove:		
Gains/losses from sale of capital assets	(10)	207
Capital grants to Local Authorities	(860,640)	(831,240)
Voted expenditure outside the budget	(7,981)	(61)
Adjustments to additionally include:		
Resource consumption of Non Departmental Public Bodies	(5,259,167)	(4,540,088)
Other Consolidated Fund Extra Receipts	293,300	140,704
Unallocated resource provision	22,424	-
Other adjustments	(430,394)	(332,646)
<b>Resource Budget</b>	<b>29,941,092</b>	<b>30,082,193</b>
Of which		
Departmental Expenditure Limit (DEL)	29,093,528	28,835,011
Annually Managed Expenditure (AME)	847,564	1,247,182

### Going Concern

- 3.17 The Balance Sheet as at 31 March 2009 shows negative Taxpayers' Equity of £634m. This reflects the inclusion of liabilities falling due in future years, which are to be financed by drawings from the Consolidated Fund. Such drawings will be from grants of Supply, approved annually by Parliament, to meet the Department's Net Cash Requirement. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund, other than is required for the service of the specified year, or retained in excess of that need. All unspent monies, including those derived from the Department's income, are to be surrendered to the Fund.
- 3.18 In common with other Government departments, the future financing of the Department's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2009-10 has already been given, and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### Payment Performance

- 3.19 Until December 2008 the Department's policy was to pay all undisputed invoices within 30 days of receipt and from December within 10 days of receipt, which was the target introduced across Whitehall in December 2008, or within the contractual terms if less, in line with the Confederation of British Industry's "Prompt Payment Code" and discloses the following information in accordance with Regulations SI 1997/571.
- 3.20 The average combined prompt payment performance for 2008-09, for the central department, GOs and PINS was 87% of invoices paid on time.
- 3.21 The centralised invoice processing team started automated invoice processing in July 2008, scanning each invoice received, supporting the drive for payment within 10 days. We are introducing further process improvements and the enhanced use of technology to further drive these improvements in 2009-10.

### Payments to Charities

- 3.22 Section 70 of the Charities Act 2006 sets out a power for Ministers to give financial assistance to charitable, benevolent or philanthropic institutions and requires that payments made under this power are reported.
- 3.23 In the normal course of business, the Department provides financial assistance to a range of bodies which provide services in support of the Department's objectives. Organisations supported include charitable bodies and funding is mostly to bodies working in areas which support the Department's community cohesion agenda.
- 3.24 The following table sets out the financial assistance provided by the Secretary of State under this power for the periods 2007-08 and 2008-09, totalling £10.8m and £8.2m respectively. 2007-08 was the first financial year in which there was a requirement to publish this data and the 2007-08 data is included here as it provides additional information available since the publication of the 2008 Departmental Annual Report.

Institution	Payments 2007-08	Payments 2008-09	Purpose
After Adoption	£52,874	£85,308	Supporting activities in connection with pilot schemes to assist adults facing chronic social exclusion.
Association of Muslim		£44,400	AMCED aims to effectively deliver new

Institution	Payments 2007-08	Payments 2008-09	Purpose
Chaplains in Education (AMCED)			services to Muslim chaplains to promote community cohesion and prevent violent extremism.
Bold Creative		£49,000	Roll out of the Tagmap TV project, an internet based resource tool that encourages debate and discussion amongst young people about issues relating to faith, citizenship and identity, across 3 regions.
Bradford Police Club for Young People		£41,951	Prison youth project – part of a programme to engage and empower young people.
British Muslim Forum	£150,000	£44,200	Working to improve governance and toolkit and DVD development/production to build capacity in mosque leadership.
British Muslims for Secular Democracy	£32,503		Capacity building.
Britslam	£51,000		To deliver a conference to raise awareness in community organisations of issues linked to preventing violent extremism.
Business in the Community	£21,700	£30,000	Leadership training project.
Business in the Community	£45,000	£25,000	Business bridges project and Mosaic Muslim Media Network: media and networking project.
CANI Consultancy	£10,000	£10,000	Grant payment for Woodson Barrow Luncheon.
Changemakers Foundation	£29,750	£80,000	Assisting young leaders in developing and delivering projects in their own communities.
Citizenship Foundation		£20,000	Peer education project: establishing youth engagement groups.
Common Purpose	£65,000	£65,000	Training programme to develop young leaders.
Community Development Foundation	£4,982,028		Faith communities capacity building fund.
Community Development Foundation	£999,691		ConnCom Plus.
Community Development Foundation		£397,000	Network of Empowering Authorities (peer support for Local Government empowerment activities).
Community Development Foundation		£960,000	Take Part – to support people in playing a more active role in their local area.
Community Development Foundation	£1,555,000	£1,500,000	Community Development Foundation Sponsorship.
Community Development Foundation	£1,789,999	£2,300,000	National Empowerment Partnership – co-ordinating and improving empowerment activities nationally.

Institution	Payments 2007-08	Payments 2008-09	Purpose
Coventry University (on behalf of the Institute of Community Cohesion)	£57,000	£155,000	Cohesion portal project.
Demos		£65,624	Workshops for young people and Muslim faith leaders.
Ethnic Minority Benevolent Association		£40,000	ASPIRE project: knowledge and skills training/outreach work.
Fatima	£25,077		Developing negotiation skills and leadership training.
Faith Matters		£14,888	Role model project for Muslim women.
Faith Matters		£37,675	Compilation of Mosques Directory for Muslim Women.
Forensic Therapies	£87,500	£87,500	To support activities relating to pilot schemes to assist adults in England who face chronic social exclusion.
GW Theatre Company	£20,000	£95,000	Capacity building and development of stage play.
Heartstone	£5,000		Building skills and confidence in women by training them to create and run an art display.
Henna Foundation		£55,000	Building the organisational capacity of the Henna Foundation to extend their work, including preventing extremism, with Muslim families and women.
Henna Foundation		£28,000	The 'Joining Hands Against Forced Marriage' project supports Muslim women at risk of being forced into marriage, raising awareness and creating a safe space for debate in the community about the issue.
Innovate Arts CIC	£10,000	£15,000	Muslim Writers Awards Sponsorship.
Karimia Institute	£40,000	£67,180	Youth leadership programme to assist young leaders in developing/delivering projects in their communities.
Khayaal Theatre Company	£38,450	£129,541	Capacity building and development of stage play.
League of British Muslims		£10,000	Building the capacity of Muslim faith and community leaders to relate to young British Muslims and to focus on issues that are relevant to them.
Local Leagues		£79,440	Alternative activities programme for young people.
Luqman Institute	£30,000	£80,006	To develop training materials and deliver courses to 20 senior imams.
Mosques and Imams National Advisory Board	£75,600	£116,000	Development of MINAB's operational plan, recruitment of members in time for the first

Institution	Payments 2007-08	Payments 2008-09	Purpose
(MINAB)			AGM and piloting of minimum standards in four mosques.
Muslim Council of Britain	£54,200		Project work for Mosques and Imams Advisory Board.
Muslim News	£10,000	£10,000	Muslim News Awards 2008 and 2009.
Muslim Women's Network UK	£15,000	£20,000	Workshop on gender, Islam and advocacy. Capacity building to develop infrastructure of Muslim Women's Network UK to expand their membership.
Muslim Youth Helpline	£35,000	£30,650	Capacity building for Muslim Youth Helpline services.
Muslim Youthwork Foundation		£41,300	Scholarship programme for 10 individuals to qualify as Muslim youth and community workers.
Nasiha		£80,000	Project to network young people in higher education to educate and support pupils in mosque schools.
National Association of Local Councils	£200,000	£225,000	To support the promotion of the local council sector through the provision of guidance, training and coordination of strategy.
NAVCA		£4,000	Derby consultation event.
Northamptonshire Racial Equality Council		£14,800	To establish local forums and run events.
OneVoice Europe		£35,000	Engagement of young Muslim and Jewish students in a youth leadership development training course.
Runnymede Trust	£48,661		Piloting of leadership and citizenship toolkit.
Shelter		£167,247	Promoting participation in public consultations.
Sizanani Africa	£20,000		Training for up to 60 Muslim women in London to acquire skills in advocacy, assertiveness, conflict resolution and to develop an understanding of the warning signs of violent extremism.
Somali Family Support Group		£20,000	The Tawjeeh Project: building a support network for Somali Women.
Sufi Muslim Council	£30,500	£30,500	Satellite TV programme production.
Sufi Muslim Council	£24,000	£150,000	Capacity building of Sufi Muslim Council.
Sufi Muslim Council	£28,000		Develop and pilot training for British Imams who have undergone theological training at Azhar University.
The Association of Muslim Chaplains in			Capacity building to effectively deliver new services to Muslim chaplains.

Institution	Payments 2007-08	Payments 2008-09	Purpose
Education			
The Holocaust Centre, Beth Shalom		£24,000	Towards supporting programmes preventing race and religious hate crime.
The Men's Room		£15,000	To support a national conference which aspires to give young Black men the opportunity to develop and reach their full potential.
The Prince's Trust		£7,000	The project will provide leadership opportunities for young Muslim people, equipping them with skills to enable them to become positive role models within their communities, and thus promoting positive alternatives to extremist ideas and influences.
The Somali Messenger		£60,000	The project will create a website to provide advice and guidance to the young Somali community in the UK on understanding wider UK society, accessing services, obtaining skills and training/employment.
Three Faiths Forum		£5,000	Fashion and faith project.
Town and Country Planning Association	£120,309	£203,525	To support eco-town promoters to develop successful planning applications that will meet the high aspirations of the programme.
UK Race and Europe Network c/o Runnymede Trust	£29,770	£75,072	Pilot of a citizenship toolkit resource to support the work of young leaders, youth workers, teachers, Imams and parents.
Ulfah Arts		£37,050	Capacity to deliver more arts-based projects.
Unity FM	£20,000		Develop a radio programme to address issues of extremism.
Urban Nexus		£7,800	Project to create 'beacon mosques', through the provision of training, developing skills of the members to build resilience to extremist ideologies.
Young Advisors Charity	£100,000	£120,000	To take forward initiatives outlined in Communities in control: real people, real power.
<b>Totals</b>	<b>£10,811,112</b>	<b>£8,156,857</b>	

### Financial Instruments

3.25 The Department, being Vote funded, does not have significant exposure to financial instruments or unusual financial risks. Relevant factors are disclosed in Note 28.

### Financial Organisation of the Department

3.26 The Department operates a system of delegated resource management responsibilities for programme and administrative expenditure, the aim being to give managers as much discretion as possible to make the most effective use of resources while still securing propriety, regularity and best value for money. Senior managers are held accountable through a requirement to



report back periodically on the discharge of their management responsibilities and control of resources entrusted to them.

- 3.27 The Department has a number of management systems in place designed to ensure objectives set are met efficiently and responsibly. The business planning process allows Ministers and the Board to review and agree key priorities and how these would be delivered in the context of the Departmental Strategic Objectives, Public Service Agreements and resources agreed during the Comprehensive Spending Review 2007. A Business Planning Board chaired by the Permanent Secretary provides scrutiny and challenge of Business Plans.
- 3.28 During the year the Department further enhanced its arrangements to secure better financial management, key examples of which are shown below:
- Quarterly Business Reviews by the Board Executive enabling flexibility in use of resources to manage risks
  - Introduction of an Integrated Performance Report bringing together reporting and review of delivery targets, risk management, financial reporting expenditure against budget and workforce issues
  - A restructuring of the Finance Department was developed for implementation in early 2009-10 to strengthen the quality of professional support provided to operational programme managers and improve the efficiency of core operations
  - The introduction of new processes for quarterly reconciliations of balance sheet accounts to ensure all balances are supported by evidence and represent an accurate statement of the Department's assets and liabilities
  - Further improvements to the accounts production process, to enable the Department to meet HM Treasury's faster closure requirements
  - Improving financial skills of key staff through targeted training and guidance and encouraging them to acquire professional qualifications
  - Developments to the Department's accounting system to streamline and automate the purchase to pay process to improve efficiency and help reduce the use of paper
- 3.29 The Department maintains a Finance Manual on its intranet. This contains guidance on financial activity within the Department and there are also local work instructions and Finance Guidance Notes covering important tasks. Risk management, including guidance on risk identification, assessment and management has been built into the business and delivery planning process, into monthly reports to the Board and into project and programme management. Risks identified through this process form the basis of a corporate risk register. Together these measures help to provide the framework for the prudent and efficient use of resources.

### **Significant Events since the End of the Financial Year**

- 3.30 There are no events with a significant financial impact to report since the end of the Financial Year.

### **Auditors**

- 3.31 The audit of the Department's Resource Accounts was carried out by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. Total Auditor's remuneration disclosed in these accounts is £427k which comprises: £374k for the audit of Department's Resource Account; £36k for the audit of the Planning Inspectorate Agency Accounts; and £12.5k and £4k for the audit of the restatement for IFRS purposes of the Department's and Planning Inspectorate's Balance Sheets.
- 3.32 The National Audit Office also performed other statutory audit work including Value for Money work and other reports to management at no cost to the Department.

- 3.33 So far as the Accounting Officers are aware, there is no relevant audit information of which the External Auditors are unaware.
- 3.34 The Accounting Officers have taken all steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Department's auditors are aware of that information.

### **Sickness Absence**

- 3.35 The average working days lost per employee in the central Department for the 12 month period to December 2008 was 5.5 compared to the civil service average of around 9.3 and the Treasury target of 5.4.
- 3.36 The Department has provided workshops to line managers on managing staff absence and has included absence management as part of training for first time managers. As part of the programme to support effective absence management a new Occupational Health provider has been appointed. The Department has worked with the Health and Safety Executive (HSE) to integrate our approach to absence management and employee well being with the HSE's Stress Management Standards.

## **4 Remuneration Report**

### **Remuneration Policy**

- 4.1 The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.
- 4.2 In reaching its recommendations, the Review Body is to have regard to the following considerations:
- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
  - Regional and local variations in labour markets and their effects on the recruitment and retention of staff;
  - Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of Departmental services;
  - The funds available to Departments as set out in the Government's Departmental expenditure limits; and
  - The Government's inflation target.
- 4.3 The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### **Service Contracts**

- 4.4 Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.
- 4.5 Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.
- 4.6 Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk).

## Salary and Pension Entitlements

- 4.7 The following sections provide details of the remuneration and pension interests of the Ministers and Board Members of the Department and are subject to audit. Equivalent information relating to the Executive Agency consolidated into the Department's Resource Account is provided in its own separate published accounts. The Non-Executive Directors did not receive a salary in their capacity as Board Members.

### Remuneration

Ministers	2008-09		2007-08	
	Salary	Benefit-in-Kind	Salary	Benefit-in-Kind
	£	(to nearest £100)	£	(to nearest £100)
The Rt. Hon Hazel Blears MP	79,179	-	58,105 <sup>6</sup>	-
The Rt Hon Margaret Beckett MP	19,995 <sup>1</sup>	-	-	-
John Healey MP	41,153	-	30,031 <sup>7</sup>	-
Sadiq Khan MP	15,094 <sup>2</sup>	-	-	-
Iain Wright MP	15,177 <sup>3</sup>	-	- <sup>8</sup>	-
Baroness Kay Andrews OBE	110,887	-	109,339	-
The Rt Hon Caroline Flint MP	27,239 <sup>4</sup>	-	6,649 <sup>9</sup>	-
Parmjit Dhanda MP	23,876 <sup>5</sup>	-	22,794 <sup>10</sup>	-

#### 2008-09

1. Figure quoted is for the period 4 October 2008 to 31 March 2009. The full year equivalent is £40,646.
2. Figure quoted is for the period 5 October 2008 to 31 March 2009. The full year equivalent is £30,851.
3. Figure quoted is for the period 4 October 2008 to 31 March 2009. The full year equivalent is £30,851.
4. Caroline Flint became Minister for Europe in the Foreign and Commonwealth Office on 2 October 2008. Her Ministerial salary continued to be paid by the Department until the end of November 2008 and then by FCO from December 2008. The figure quoted is for the period 1 April 2008 to 30 November 2008. The full year equivalent is £40,646.
5. Figure quoted is for the period 1 April 2008 to 2 October 2008 and includes an ex-gratia non-taxable payment of £7,713.00. The full year equivalent is £30,851.

#### 2007-08

6. Figure quoted is for the period 28 June 2007 to 31 March 2008. The full year equivalent is £76,904.
7. Figure quoted is for the period 29 June 2008 to 31 March 2008. The full year equivalent is £39,893.
8. Iain Wright MP was unpaid for his Ministerial duties.
9. Figure quoted is for the period 21 January 2008 to 31 March 2008. The full year equivalent is £39,893.
10. Figure quoted is for the period 29 June 2008 to 31 March 2008. The full year equivalent is £30,280.

As noted in 4.9, the salary for the Minister in the House of Lords was paid in full by the Department. A full month's salary is still paid if a Minister leaves part-way through a month.

Officials	2008-09		2007-08	
	Salary £000	Benefit-in- Kind (to nearest £100)	Salary £000	Benefit-in- Kind (to nearest £100)
Peter Housden <i>Permanent Secretary</i>	190-195	900	190-195	1,200
Joe Montgomery <i>Director General</i>	165-170	-	145-150	-
Richard McCarthy <i>Director General</i>	190-195	-	185-190	-
Hunada Nouss <i>Director General</i>	160-165	-	150-155	-
Mike Falvey <i>Director General</i>	170-175	-	105-110 <sup>5</sup>	-
Lindsay Bell <i>Acting Director General</i> (From 9 February 2009)	15-20 <sup>1</sup>	-	-	-
David Rossington <i>Acting Director General</i> (From 19 September 2008)	65-70 <sup>2</sup>	-	-	-
Christina Bienkowska <i>Director</i>	110-115	-	110-115	-
Chris Wormald <i>Director General</i> (Until 7 February 2009)	120-125 <sup>3</sup>	-	130-135	-
Susan Schofield <i>Director General</i> (Until 21 September 2008)	80-85 <sup>4</sup>	-	130-135	-

**2008-09**

1. Figure quoted is for the period 9 February 2009 to 31 March 2009. The full year equivalent is in the range £115k - £120k.
2. Figure quoted is for the period 19 September 2008 to 31 March 2009. The full year equivalent is in the range £120k- £125k.
3. Figure quoted is for the period 4 April 2008 to 7 February 2009. The full year equivalent is in the range £140k- £145k.
4. Figure quoted is for the period 4 April 2008 to 21 September 2008. The full year equivalent is in the range £135k- £140k.

**2007-08**

5. Figure quoted is for the period 10 September 2007 to 31 March 2008. The full year equivalent is in the range £150-£155k

Details of Benefits-in-Kind are explained in paragraph 4.10

**Salary**

- 4.8 Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

4.9 This presentation is based on payments made by the Department, and thus recorded in these accounts. In respect of Ministers in the House of Commons, Departments bear only the cost of the additional Ministerial remuneration. The salary for their services as an MP (£63,291 from 1 April 2008, £61,820 from 1 November 2007 and £61,181 from 1 April 2007) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

### Benefits in Kind

4.10 The monetary value of benefits in kind covers any benefits provided by the department and treated by HM Revenue and Customs as a taxable emolument. Peter Housden received a benefit from an interest-free housing loan.

### Pension Benefits

£

Ministers	Pension at end date	Real increase in pension	CETV at 31/03/09	CETV at start date*	Minister's contributions and transfers in	Real increase in CETV funded by employer
The Rt Hon Hazel Blears MP	6,795	1,169	86,428	67,824	5,431	9,435
John Healey MP	7,134	910	85,244	70,431	4,065	6,809
Iain Wright MP (from 4 October 2008)	379	379	2,972	0	1,518	1,454
Baroness Kay Andrews OBE	12,179	1,607	224,943	191,154	7,233	22,450
The Rt Hon Caroline Flint MP (to 2 October 2008)	4,723	493	52,402	44,380	2,065	3,401
Parmjit Dhanda MP (to 2 October 2008)	2,531	385	20,988	16,864	1,584	1,611
Margaret Beckett MP (from 4 October 2008)	20,747	242	373,614	377,083	2,000	2,362
Sadiq Khan MP (from 5 October 2008)	377	377	3,159	0	1,509	1,650

\* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

### Ministerial Pensions

4.11 Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

4.12 Those Ministers who are Members of Parliament may also accrue a MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the

change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of employee contribution.

- 4.13 Benefits for Ministers are payable at the same time as MP's benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate or 10% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 26.8% of the ministerial salary.
- 4.14 The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

### The Cash Equivalent Transfer Value (CETV)

- 4.15 This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### The Real Increase in the Value of the CETV

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

£'000

Officials	Accrued pension at pension age at 31/03/09	Real increase in pension at pension age	CETV at 31/03/09	CETV at 31/03/08*	Real increase in CETV during the year
Peter Housden	70-75 plus 220-225 lump sum	0-2.5 plus 0-2.5 lump sum	1,660	1,547	7
Joe Montgomery	15-20 plus 45-50 lump sum	0-2.5 plus 2.5-5 lump sum	256	217	21
Richard McCarthy	25-30 plus nil lump sum	0-2.5 plus nil lump sum	392	342	22
Hunada Nouss	5-10 plus nil lump sum	0-2.5 plus nil lump sum	75	43	25
Mike Falvey	5-10 plus nil lump sum	2.5-5 plus nil lump sum	51	18	26
Christina Bienkowska	45-50 plus 135-140 lump sum	nil plus nil lump sum	896	835	-2
Lindsay Bell (from 9 February 2009)	40-45 plus 125-130 lump sum	0-2.5 plus 0-2.5 lump sum	911	905	13

David Rossington (from 19 September 2008)	40-45 plus 85-90 lump sum	0-2.5 plus 2.5-5 lump sum	729	657	39
Chris Wormald (until 7 February 2009)	30-35 plus nil lump sum	0-2.5 plus nil lump sum	359	314	14
Susan Schofield (until 21 September 2008)	50-55 plus 150- 155 lump sum	0-2.5 plus 0-2.5 lump sum	969	918	1

\* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

### Civil Service Pensions

- 4.17 Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).
- 4.18 Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.
- 4.19 The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
- 4.20 The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.
- 4.21 Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

### Cash Equivalent Transfer Value

4.22 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### The Real Increase in the Value of the CETV

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

## 5 Personal Data Related Incidents

5.1 Communities and Local Government manages a range of data which relates to staff and citizens. Most of the data relating to citizens does not allow the identification of individuals and is used to support policy analysis and review. The Department has procedures and processes to protect information and data and to ensure it is only used for the purposes it was collected for. The following tables report data related incidents during the year.

Table 1: Summary of Protected Personal Data Related Incidents in 2008-09				
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
April 2008	1. Theft from Government Office for the North West of an unencrypted laptop.	Some staff details and an Honours nomination	58	Cabinet Office notified; Information Commissioner not notified because considered by Cabinet Office to result from failure to follow guidance rather than systemic failure.
June 2008	2. Theft of a Labour Party PC used by the Secretary of State from her constituency office.	Some sensitive official	None	Reported to Cabinet Office but not to Information



August 2008	3. Sensitive (but not protectively marked) papers left on a flight from Heathrow to Copenhagen.	material including some restricted documents  Some time-sensitive (but not protectively marked) papers on housing and contact details for some staff.	12	Commissioner as no personal data was involved.  Staff whose contact details potentially compromised advised and Cabinet Office informed. Information Commissioner not informed as small numbers and no systemic failure involved.
Further action on information risk	The Department and its Agencies and NDPBs manage a range of data which relates to staff and citizens. Most of the data relating to citizens does not allow us to identify individual citizens and is used to support policy analysis and review. The recommendations of the Data Handling Review have been implemented and a coordinated approach to compliance adopted across the Department's Group.			

**Table 2: Summary of Other Protected Personal Data Related Incidents in 2008-09**

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	1
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	2
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	Nil
IV	Unauthorised disclosure	Nil
V	Other	Nil

**Peter Housden**  
**Principal Accounting Officer**  
**Department for Communities and Local Government**

**8 July 2009**

## Statement of Accounting Officer's Responsibilities

1. Under the Government Resources and Accounts Act 2000, HM Treasury has directed Communities and Local Government to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, resources applied to the objectives, recognised gains and losses and cash flows for the financial year.
2. In preparing the accounts the principal Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:
  - observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts;
  - prepare the accounts on a going concern basis.
3. HM Treasury has appointed the Permanent Head of the Department as principal Accounting Officer of the Department. In addition, HM Treasury has appointed Lindsay Bell (Chris Wormald until 7 February 2009) as additional Accounting Officer to be accountable for that part of the Department's accounts that relate to Request for Resources 2 and the associated assets, liabilities and cash flows. This appointment does not detract from the Permanent Head of the Department's overall responsibility as Accounting Officer for the Department's Resource Accounts. The principal Accounting Officer has also appointed Joe Montgomery as additional Accounting Officer for the Government Offices.
4. The allocation of Accounting Officer responsibilities in the Department was as follows

<b>Principal Accounting Officer:</b>	Peter Housden, Permanent Secretary
<b>Additional Accounting Officer for RfR2:</b>	Lindsay Bell
<b>Additional Accounting Officer for the Government Offices:</b>	Joe Montgomery
5. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money. Under the terms of the Accounting Officers' Memorandum, the relationship between the Department's Principal and additional Accounting Officers, together with their respective responsibilities, is set out in writing.

## Statement on Internal Control

### Scope of responsibility

As Principal Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Communities and Local Government's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money.

I delegate authority for the management and accountability of resources to my Directors-General, including budget provision for the year ahead, programme near cash, non cash and capital budgets, and administration allocations. Directors-General sub-delegate this authority to their Directors and Deputy Directors. I require all submissions to Ministers which have financial implications to be cleared with Finance Directorate and Heads of Finance who support Directors-General.

The Department takes a strategic lead across government on:

- Increasing long-term housing supply, affordability and environmental performance, tackling homelessness and reducing repossessions
- Cohesive, empowered and active communities and citizens
- Strong and accountable; local government delivering high quality local services
- Regeneration and investment in our towns, cities, regions and neighbourhoods
- Ensuring an effective and efficient land-use planning system
- The Fire and Rescue Service and regional resilience.

During the year, the impact of the economic downturn has led to a re-focusing of activity across government to ensure that citizens, councils and communities receive real help and are well placed to come through stronger in the upturn. For the Department, we have reprofiled investment to support housing and regeneration activity and have looked across all our policy areas to ensure that we, together with our local delivery partners, are responding effectively to changed economic circumstances. We have taken steps to support homeowners concerned about the risk of repossession, supported housing supply and jobs in the construction industry by bringing forward spending from future years, supported local authorities affected by the collapse of the Icelandic banks, and given businesses flexibility to defer part of their business rates costs.

In addition, the Department managed significant change programmes including the establishment of new NDPBs (namely, the Homes and Communities Agency, the Tenants Services Authority and the Infrastructure Planning Commission) with continuing focus on some core programmes in particular the European Regional Development Fund (ERDF) and the Fire & Resilience programme.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for Communities and Local Government for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## **Capacity to handle risk**

The Department through its Board, Board Executive and key sub-committees of the Board take an active lead in embedding risk management in the organisation. The Board level risk register is reviewed by the Board monthly and in the context of some high profile policy challenges, has been changed significantly during the year. In addition, the Delivery Sub-Committee has been particularly active in reviewing progress on new programmes, including the Home owner Mortgage Support Scheme and the Mortgage Rescue Scheme.

With the establishment of a number of new NDPBs during the year, particular focus has been given to establishing sponsorship arrangements that ensure proper oversight of delivery risks through our arms-length bodies, particularly where we are delivering a challenging programme in difficult economic circumstances. Work is continuing to put in place an effective sponsorship model which finds the balance between partnership and scrutiny.

## **The risk and control framework**

During 2008-09 risk processes and assurance were applied as follows:

- Senior Responsible Officers are accountable for the effective management and escalations of risks within their groups and programmes.
- The departmental Board has reviewed the critical risks to departmental business and the actions being taken to mitigate them on a monthly basis through the Board risk register.
- The Audit & Risk Committee under the independent chairmanship of a Non-Executive Member of the Board reviewed and endorsed the approach to risk management and corporate governance across the Department.
- The key Programme Boards across the Department regularly review their risks and escalate strategic and cross cutting risks to the departmental Board through monthly reports.
- The Delivery Sub Committee of the Board provides scrutiny of the highest risk programmes, focussing its time on assuring that the key risks are being effectively managed.
- OGC Gateway reviews and Health checks provide external assurance of the highest risk programmes and their management of risk.
- The Chief Executives of the Department's three Executive Agencies, two of which have trading fund status, provided draft Statements on Internal Control to me at mid-year and end-year, which outlined how they were managing risk

The Department has continued to embed its risk management framework through continued investment in a significant training programme to build the skills of staff in best practice in managing Programmes and Projects, including risk management. To date six hundred staff between Executive Officer and Deputy Director have been trained and I intend that a further three hundred receive training during 2009-10.

The Department continues to review and reinforce its data security measures both within the core department and across the Group. There have been three incidents of data loss in the last year, none of which required a report to the Information Commissioner. I have reviewed the Department's position in relation to the Security Policy Framework and can confirm that it is compliant in all areas except one, where mandatory training for all staff has been delayed but is now in progress. The Department and the Audit Commission are working together with CESG to resolve a compliance issue identified in relation to the National Fraud Initiative.

Following the mid-year review of the risk and control framework, a number of actions were taken to improve levels of assurance:

- I raised the profile of the SIC with a commissioning note to Directors and other Heads of Unit making it clear that I hold them personally accountable for returns' accuracy and timeliness.
- A review of the SIC guidance & template to check whether are drafted in a way to elicit the information needed to provide good assurance
- Briefings including Q&A sessions for Directors and staff were held to support them on SIC returns.
- Introduction of a greater challenge process by expanding the review of returns across disciplines, in particular Corporate Services.
- Provision of feedback and challenge to Directors by offering a greater degree of scrutiny to returns.

### **Significant Internal Control Problems**

No significant internal control issues were identified.

### **Review of effectiveness**

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the Board and Audit & Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I require all Directors and heads of unit within the Department to complete a return at mid-year and end-year providing a self-assessment of how well they have managed their corporate responsibilities. This encompasses; (a) strategy, planning, monitoring and review, (b) risk management, (c) relationship with Agencies, Non-Departmental Public Bodies and Government Offices for the Regions, (d) system of financial management and control, and (e) other management responsibilities. All returns must be counter-signed by relevant Directors-General.

An analysis of returns and draft Statements on Internal Control provided is presented to the Audit & Risk Committee. At mid-year, the Committee recommends any actions necessary to address any significant internal control concerns. At end-year, the Committee advises me whether I have the necessary level of assurance from senior colleagues in order to sign this Statement on Internal Control.

Clear responsibility for managing risk lies with the Board, Directors and staff of the Department. Internal Audit plays a crucial role in the risk management process by:

- focusing activity on the key business risks
- being available to act as facilitators by guiding managers and staff through the risk management process
- auditing the risk management process and its application.

The Department's Internal Auditors operate in accordance with Government Internal Audit Standards and to an Internal Audit Plan approved by the Audit Committee. Internal Audit submits regular reports on the adequacy and effectiveness of the Department's systems of internal control and the management of key business risks together with recommendations for improvement. Recommendations have been accepted by Management and have been implemented or progressed

in accordance with agreed timetables. The status of Internal Audit recommendations, and the collection of evidence to verify their implementation, is regularly reported to the Audit Committee.

Following completion of the planned work for 2008-09, the Head of Internal Audit issued an independent and objective Statement of Assurance on the adequacy and effectiveness of the Department's system of internal control, which stated that:

"My opinion for 2008-09 is that I can give a substantial assurance on the effectiveness and efficiency of the Department's risk management and governance and a reasonable assurance on arrangements for control. Overall, there has been an upward trend in all three areas since 2007-08".

**Peter Housden**  
**Principal Accounting Officer**  
**Department for Communities and Local Government**

**8 July 2009**

## **The Certificate and Report of the Comptroller and Auditor General to the House of Commons**

I certify that I have audited the financial statements of the Department for Communities and Local Government for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information which comprises the Entities Consolidated, Annual Review and Management Commentary included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Entities Consolidated, Annual Review, Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the

financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## **Opinions**

- In my opinion:
  - the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2009, and the net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, recognised gains and losses and cash flows for the year then ended;
  - the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
  - information which comprises the Entities Consolidated, Annual Review and Management Commentary included within the Annual Report, is consistent with the financial statements.

## **Opinion on Regularity**

- In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## **Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**  
**National Audit Office**  
**151 Buckingham Palace Road**  
**Victoria**  
**London**  
**SW1W 9SS**

**13 July 2009**



## Statement of Parliamentary Supply

For the year ended 31 March 2009

### Summary of Resource Outturn 2008-09

£'000

Request for Resources	Note	Estimate			Outturn			2008-09	2007-08 Restated
		Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Net Total outturn compared with Estimate: saving/ (excess)	Outturn
RFR 1	2	11,967,156	(194,132)	11,773,024	11,486,588	(136,917)	11,349,671	423,353	10,772,433
RFR 2	2	25,544,028	(33,565)	25,510,463	25,381,460	(31,449)	25,350,011	160,452	23,539,037
<b>Total Resources</b>	<b>2,3</b>	<b>37,511,184</b>	<b>(227,697)</b>	<b>37,283,487</b>	<b>36,868,048</b>	<b>(168,366)</b>	<b>36,699,682</b>	<b>583,805</b>	<b>34,311,470</b>
<b>Non-operating cost A in A</b>	<b>4</b>	<b>-</b>	<b>(1,053)</b>	<b>(1,053)</b>	<b>-</b>	<b>(207)</b>	<b>(207)</b>	<b>(846)</b>	<b>(290)</b>

### Net cash requirement 2008-09

£'000

	Note	Estimate	Outturn	2008-09 Net Total outturn compared with Estimate: saving/ (excess)	2007-08 Outturn
<b>Net cash requirement</b>	<b>4</b>	<b>38,079,750</b>	<b>37,555,695</b>	<b>524,055</b>	<b>33,432,183</b>

### Summary of the income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

£'000

	Note	Forecast 2008-09		Outturn 2008-09	
		Income	Receipts	Income	Receipts
<b>Total</b>	<b>5</b>	<b>1,099,927</b>	<b>1,099,927</b>	<b>1,313,083</b>	<b>1,403,754</b>

Explanations of variances between Estimate and outturn are given in Note 2 and in the Management Commentary.

The Notes on pages 44 to 79 form part of these accounts.

**Operating Cost Statement**

for the year ended 31 March 2009

£'000

	Note	Core Department			2008-09 Consolidated			2007-08 Restated	
		Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income	Core Department	Consolidated
<b>Administration Costs:</b>									
Staff Costs	8	192,510			192,510			191,503	191,503
Other Administration Costs	9		117,720			117,580		136,271	136,271
Operating Income	11			(45,896)			(45,837)	(48,479)	(48,479)
<b>Programme Costs</b>									
<b>Request for Resources 1</b>									
Staff Costs	8	30,619			66,731			27,994	63,898
Programme Costs	10		11,533,598			11,552,757		12,244,450	12,262,483
Income	11			(1,481,549)			(1,488,435)	(3,112,866)	(3,120,714)
Dividend Receivable	11							(5,230)	(5,230)
Interest Receivable	11							(467)	(467)
Interest Payable	10							78	78
<b>Request for Resources 2</b>									
Programme Costs	10		25,381,460			25,381,460		23,570,236	23,570,236
Income	11			(31,449)			(31,449)	(31,198)	(31,198)
<b>Totals</b>		<b>223,129</b>	<b>37,032,778</b>	<b>(1,558,894)</b>	<b>259,241</b>	<b>37,051,797</b>	<b>(1,565,721)</b>	<b>32,972,292</b>	<b>33,018,381</b>
<b>Net Operating Costs</b>	3, 12			<b>35,697,013</b>			<b>35,745,317</b>	<b>32,972,292</b>	<b>33,018,381</b>

The Notes on pages 44 to 79 form part of these accounts.

**Statement of Recognised Gains and Losses**

for the year ended 31 March 2009

£'000

	Note	2008-09		2007-08 Restated	
		Core Department	Consolidated	Core Department	Consolidated
Net gain/(loss) on revaluation of tangible fixed assets	13	8,006	*8,006	525	531
Net gain/(loss) on revaluation of investments	15	(94)	(94)	(1,029)	(1,029)
<b>Recognised gains and losses for the financial year</b>		<b>7,912</b>	<b>7,912</b>	<b>(504)</b>	<b>(498)</b>

\*The net gain/(loss) on revaluation of tangible fixed assets is different from that shown in Note 13, as PINS take revaluation to the Operating Cost Statement.

The Notes on pages 44 to 79 form part of these accounts.

**Balance Sheet**

as at 31 March 2009

	Note	2009		£'000	
		Core Department	Consolidated	Core Department	2008 Restated Consolidated
Fixed Assets					
Tangible Assets	13	196,068	198,155	182,812	187,289
Intangible Assets	14	1,463	1,463	969	969
Investments	15	44,670	44,670	44,798	44,798
Debtors (amounts falling due after more than one year)	17	125,430	125,441	-	35
Current Assets					
Stocks	16	80,008	80,008	28,489	28,489
Debtors	17	496,496	502,031	787,489	793,145
Cash at bank and in hand	18	96,854	96,854	338,865	338,865
		673,358	678,893	1,154,843	1,160,499
Creditors (amounts falling due within one year)	19	(1,027,534)	(1,030,598)	(2,403,762)	(2,407,243)
Net current assets		(354,176)	(351,705)	(1,248,919)	(1,246,744)
<b>Total assets less current liabilities</b>		<b>13,455</b>	<b>18,024</b>	<b>(1,020,340)</b>	<b>(1,013,653)</b>
Creditors (amounts falling due after more than one year)	19	(496,428)	(496,428)	(346,972)	(346,972)
Provisions for liabilities and charges	20	(154,637)	(155,398)	(105,861)	(107,201)
<b>Total</b>		<b>(637,610)</b>	<b>(633,802)</b>	<b>(1,473,173)</b>	<b>(1,467,826)</b>
Taxpayers' equity					
General fund	21	(652,453)	(648,645)	(1,478,349)	(1,473,002)
Revaluation reserve	22	14,843	14,843	5,176	5,176
<b>Total</b>		<b>(637,610)</b>	<b>(633,802)</b>	<b>(1,473,173)</b>	<b>(1,467,826)</b>

**Peter Housden**  
**Principal Accounting Officer**  
**Department for Communities and Local Government**

8 July 2009

The Notes on pages 44 to 79 form part of these accounts.

**Cash Flow Statement**

for the year ended 31 March 2009

	Note	2008-09	£'000 2007-08 Restated
Net cash outflow from operating activities	23a	(36,453,258)	(32,006,415)
Capital Expenditure and financial investment	23b	(42,320)	(40,295)
Receipts paid to the Consolidated Fund which are outside the scope of the Department's activities		(349,080)	(54,112)
Payments of amounts due to the Consolidated Fund		(1,186,473)	(1,381,039)
Financing	23d	37,789,120	33,635,116
<b>Increase/(decrease) in cash in the period</b>		<b>(242,011)</b>	<b>153,255</b>

The Notes on pages 44 to 79 form part of these accounts.

## Statement of Net Operating Costs by Departmental Strategic Objectives for the year ended 31 March 2009

Aim	2008-09			2007-08 Restated		
	Gross	Income	Net	Gross	Income	Net
Objective 1	26,066,581	(38,900)	26,027,681	25,461,293	(1,117,184)	24,344,109
Objective 2	7,572,306	(987,212)	6,585,094	7,392,261	(1,411,114)	5,981,146
Objective 3	2,886,632	(488,559)	2,398,073	2,735,490	(642,568)	2,092,922
Objective 4	61,048	(9,068)	51,980	61,079	(8,486)	52,593
Objective 5	230,057	(14,986)	215,071	215,257	(14,577)	200,680
Objective 6	494,415	(26,997)	467,418	359,150	(12,219)	346,931
<b>Total Resources</b>	<b>37,311,039</b>	<b>(1,565,722)</b>	<b>35,745,317</b>	<b>36,224,530</b>	<b>(3,206,148)</b>	<b>33,018,381</b>

The Department's Strategic Objectives are described in section 3. The Objectives were as follows:

DSO 1 – to support local government that empowers individuals and communities and delivers high quality services efficiently

DSO 2 - to improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy

DSO 3 – to build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation

DSO 4 – to develop communities that are cohesive, active and resilient to extremism

DSO 5 – to provide a more efficient, effective and transparent planning system that supports and facilitates sustainable development, including the Government's objectives in relation to housing growth, infrastructure delivery, economic development and climate change

DSO 6 – ensuring safer communities by providing the framework for the Fire and Rescue Service and other agencies to prevent and respond to emergencies

Included in the above figures is expenditure of £29,897k (£27,053k in 2007-08) and income of £29,597k (£19,787k in 2007-08) relating to Ordnance Survey and QEII Conference Centre that did not apply to any of the objectives. Therefore, these amounts have been apportioned equally across the six main objectives.

For further analyses see also Note 24.

## Notes to the Departmental Resource Accounts

### 1 Statement of Accounting Policies

#### 1.1 General

- 1.1.1 These financial statements have been prepared in accordance with the 2008–09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK Generally Accepted Accounting Practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.
- 1.1.2 In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The consolidated Statement of Operating Cost by Departmental Strategic Objective and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.
- 1.1.3 Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.2 Accounting Convention

- 1.2.1 These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets and stocks.
- 1.2.2 These accounts comprise a consolidation of the non-agency parts of the department including its non-executive NDPBs accounted for as supply-financed agencies (the core department) and those entities which fall within the Departmental boundary as defined in the FReM (chapter 2.4). Transactions between entities included in the consolidation are eliminated.
- 1.2.3 A list of all those entities within the Departmental boundary is given at Note 35.

#### 1.3 Tangible and Intangible Fixed Assets

- 1.3.1 Title to the freehold land and buildings shown in the accounts is held by the Secretary of State.
- 1.3.2 Freehold land and buildings are restated at current value using professional valuations in accordance with Royal Institution of Chartered Surveyors (RICS) guidance and FRS 15 every 5 years and values are adjusted using the appropriate indices in intervening years. Assets under construction are held at the balance sheet date at their historic cost until they become operational. Thereafter, they are depreciated in accordance with policy for the asset class in question and are subject to annual revaluation. Other tangible assets have been stated at current cost using appropriate indices annually.
- 1.3.3 Revaluations of fixed assets are charged to the appropriate revaluation reserve in the year of revaluation. Impairments in fixed assets are charged to the operating cost statement except where the downwards revaluation is due to fluctuations in the market. In this case the charge will be made to the revaluation reserve.
- 1.3.4 The core Department's capitalisation threshold is £5,000. The threshold for the Agency is £3,000, except for land, for which there is no minimum
- 1.3.5 The Department allows grouping of items as follows:
- Information technology: Networked computer infrastructure;  
Strategic IT equipment;
  - Plant and machinery: Telecommunications assets;  
Civil resilience strategic material; and
  - Furniture and fittings: Furniture assets purchased as part of a refurbishment project.

*Notes to the Departmental Resource Accounts*

- 1.3.6 Where the Department replaces key components of grouped assets, the replacement is depreciated over the remaining useful life of the asset. Where regular maintenance is performed, this is expensed during the year.
- 1.3.7 Intangible fixed assets comprise the capitalised value of software licences. Software developed in-house, or by a third party, is treated as tangible. Intangible assets have been valued at depreciated replacement cost.
- 1.4 Depreciation & Amortisation**
- 1.4.1 No depreciation is provided on freehold land as it has an unlimited or very long estimated useful life. Assets under construction are not depreciated until the asset is brought into use.
- 1.4.2 For all assets the Department calculates depreciation on a straight-line method in accordance with Financial Reporting Standard (FRS) 15 – Tangible Fixed Assets.
- 1.4.3 Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets on a straight-line basis over their estimated useful lives. Asset lives are in the following ranges:
- Land and Buildings 50 years or length of lease
  - Information Technology 2 to 6 years
  - Strategic Information Technology 2 to 10 years
  - Plant and Machinery 3 to 15 years
  - Motor Vehicles 5 to 10 years (unspecialised)  
5 to 30 years (specialised)
  - Furniture and Fittings 2 to 10 years
  - Intangible Assets 3 to 10 years
- 1.4.4 Software licences are amortised over the shorter of the term of the licence and the useful economic life.
- 1.5 Investments**
- 1.5.1 Financial interests in public sector bodies, which are outside the Departmental boundary, are treated as fixed-asset investments since they are held for the long term. These investments comprise Public Dividend Capital (PDC) of Ordnance Survey, QEII Conference Centre and the Fire Service College, and loans issued to QEII Conference Centre and the Fire Service College. Ordnance Survey, the QEII Conference Centre and Fire Service College are Trading Funds. Trading Funds are outside the Departmental boundary and their accounts are not consolidated with those of the Department. Loans and PDC are included at historic cost.
- 1.5.2 During 2004-05 the Department invested £10m in a capital venture fund, known as the Coalfield Enterprise Fund (CEF), with the objective to invest in businesses with growth potential in, or employing people from, the former coalfield areas in England. The CEF is part of the Government's package of measures to regenerate the former coalfield areas and was established on 28 May 2004. Management of the CEF is undertaken by Enterprise Venture Ltd on behalf of the Department and the fund is valued by independent valuers every quarter. The total value of the fund is less than the initial investment, but is expected to recover in the medium to long term.
- 1.6 Stocks and Work in Progress**
- 1.6.1 The Department has no significant holdings of stock or work in progress other than those noted below and all non-capital purchases are expensed.
- 1.6.2 As part of the FiReControl project the Department has set up contracts for the construction of buildings to accommodate new control centres. The costs of these buildings are being borne by the developers with costs to be recovered from local special service companies jointly owned by Fire and Rescue Services in the locality. Transfer of the buildings' leases from developers to local companies is either direct or via the Department. For transfers via the Department the



value of the leases is treated as stocks in the Department's balance sheet to reflect the Department's short term interest. A matching liability has also been raised. When the responsibility for the leases passes to the local company both asset and liability will be extinguished in the Department's accounts.

## **1.7 Long Term Deposits**

- 1.7.1 During 2008-09 the Department made payments totalling £125,430k to the nine Regional Development Agencies in England. These payments represent deposits paid by the European Union for 5% of the total value of the 2007-13 ERDF Programme in England; the amounts paid to the RDAs are in proportion to their share of the programme. The receipts from the EC are recorded as long term liabilities in the Department's accounts and the amounts paid over are recognised as long term debtors. At the end of the programme the amounts will either be used up in support of eligible grant expenditure or, if not so utilised, be returned by the RDAs to the Department and by the Department to the EC.
- 1.7.2 The deposits are paid to the Department in Euros, and the sterling liability recorded in the accounts is a translation of that amount at the rate applicable at the balance sheet date. The amounts paid over to the RDAs are in sterling amount and are not subject to exchange rate fluctuations.

## **1.8 Research and Development Expenditure**

- 1.8.1 Expenditure on research and development has been treated as programme expenditure in the Operating Cost Statement in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated research project or according to the asset category if the asset is to be used for subsequent production work.

## **1.9 Operating Income**

- 1.9.1 Income is recorded on an accruals basis at the transacted amounts, or the amounts at which customers are committed to pay.
- 1.9.2 Operating income is income which relates directly to the operating activities of the Department. It principally comprises of EU income, fees and charges for services provided on a full-cost basis to external customers, public repayment work and income from investments. Operating income includes income appropriated-in-aid and income payable to the Consolidated Fund in accordance with the FReM requirements.

## **1.10 Administration and Programme Expenditure**

- 1.10.1 The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of income and expenditure as administration or as programme follows the definitions set by HM Treasury.
- 1.10.2 All expenditure incurred by the Planning Inspectorate is categorised as programme.

## **1.11 Capital Charge**

- 1.11.1 A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the rate set by HM Treasury (currently 3.5 per cent except where itemised below) on the average carrying amount of all assets, less liabilities, except for:
- a) Tangible and intangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
- Additions at cost;
  - Disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal);
  - Impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure); and
  - Depreciation of tangible and amortisation of intangible fixed assets.

*Notes to the Departmental Resource Accounts*

- b) Donated assets, and cash balances with the Office of Paymaster General, where the charge is nil.
- c) The Department's investment in the Queen Elizabeth II Conference Centre, Fire Service College and Ordnance Survey, where the charge is equal to 6%, 4% and 5.5% respectively of the recipient body's capital employed, as defined by Treasury Minute laid before Parliament.

**1.12 Value Added Tax**

- 1.12.1 Most of the activities of the Department are outside the scope of VAT and, in general output tax does not apply. Input VAT is recovered on a small number of business activities and certain contracted-out services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

**1.13 Foreign Exchange**

- 1.13.1 Transactions in foreign currencies are recorded in sterling at the rate of exchange ruling at the date of the transaction. For ERDF and other grant receipts from the European Union translations are recorded in sterling at the rate of exchange applied by H M Treasury. ERDF deposits are held on the balance sheet in sterling and translated to reflect variances in exchange rates using rates supplied by the European Union. Translation differences are dealt with in the Operating Cost Statement.

**1.14 Pensions**

- 1.14.1 Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruals basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution scheme, the Department recognises the contributions payable for the year.

**1.15 Provisions**

- 1.15.1 The Department provides for legal or constructive obligations, which are of uncertain timing or amount, at the balance sheet date on the basis of the best estimate of the expenditure required in settling the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2% for general provisions and 2.5% for pension schemes). At the balance sheet date the Department had the following provisions:

(i) Early Departure Costs & Pension Commitments:

The Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefit for employees who retire early. An amount is paid annually to the PCSPS for the period between early departure and the normal retirement date. The Department provides for this in full when the early retirement becomes a binding liability. Each liability is based on the estimated payments discounted at the Treasury discount rate for provisions of 2.2% in real terms.

(ii) Compensation Payments:

These relate to claims made by staff and third parties against the Department. The provision is calculated based on general experience of what the maximum for each type of claim is worth.

(iii) Dilapidations:

The provision relates to complying with lease clauses for buildings which are occupied by the Department. The Department's dilapidation provisions are calculated based on the estimated cost of meeting future expenditure, in order to settle obligations in respect of

lease clauses. The cost is apportioned over the term of the lease so as to give a constant periodic charge, and so reflect the best estimate of the obligation at the balance sheet date.

(iv) Firefighters' Pensions:

The Department has liabilities under the Firefighters' Pension Scheme 1992 for 17 ex-firefighters or widows. The scheme was inherited from the Home Office and has similar conditions to the Principal Civil Service Pension Scheme. The liability is calculated by the Government Actuary's Department on an actuarial basis, i.e. based on life expectancy. The Treasury real rate for this pension scheme is 3.2% at 31 March 2009 (2.5% at 31 March 2008).

(v) ERDF

ERDF is a major grant programme with significant assets and liabilities on the balance sheet. The Department reviews outstanding issues monthly and, where it is appears possible that grant related expenditure is likely to be disallowed and irrecoverable from grant recipients accruals and provisions are raised as necessary. Details are given in paragraph 3.14.

(vi) Firefighters' Pension Commutation

The Firefighters' Pension Scheme 1992 includes payment of a lump sum based on factors to be assessed by the Government Actuary. Following advice from the Government Actuary's Department new factors have been assessed which are likely to be backdated to August 2006. The estimated cost of this backdating is £35m and the department has provided for this in full.

## **1.16 Grants Payable**

- 1.16.1 Grants made by the Department are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs, or with non-ringfenced grant on the occurrence of such other event giving rise to entitlement. Grant in Aid payments to NDPBs are financing and are paid only when the need for cash has been demonstrated by the body concerned.
- 1.16.2 The department manages Area Based Grants on behalf of a number of central government departments. Receipts from other departments and payments of the associated grants to Local Authorities are accounted for on an agency basis and are not taken through the Department's Operating Cost Statement.

## **1.17 Leases**

- 1.17.1 Operating leases are charged to the Operating Cost Statement on a straight-line basis over the term of the lease, or in the year to which the payment relates. Leases that satisfy the definition of finance leases are recognised in the accounts.

## **1.18 Contingent Liabilities**

- 1.18.1 In addition to contingent liabilities disclosed in accordance with Financial Reporting Standard (FRS) 12, Provisions, Contingent Liabilities and Contingent Assets, the Department discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money. These comprise of:
- Items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business; and
  - All items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

1.18.2 Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12, are stated as discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities, that are not required to be disclosed by FRS 12, are stated at the amounts reported to Parliament.

### **1.19 Third Party Assets**

1.19.1 The Department holds as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since neither the Department nor Government more generally, has a direct beneficial interest in them.

### **1.20 Machinery of Government Changes**

1.20.1 There were no Machinery of Government (MoG) changes during 2008-09. However the Homes and Communities Agency (a departmental NDPB) was established on 1 December 2008. The HCA took over various responsibilities from the central Department and these changes have been accounted under merger accounting rules as given in FRS6 and the FReM. The result of these changes has been that net impact of relevant transactions for 2008-09 have been transferred to the HCA and an appropriate amount of deemed Grant in Aid recognised in the Department's accounts. Prior year comparatives for 2007-08 have been restated accordingly and the cumulative effect of the adjustments on the operating cost statement is a reduction of 2007-08 net operating cost by £54m and an increase in 2008-09 net operating cost by the same amount.

## 2 Analysis of Net Resource Outturn by Section

		2008-09					Estimate		2007-08 Restated	
		Outturn				Net Total	Net Total	Net total outturn compared with Estimate	Prior year Outturn	
		Admin	Other Current	Grants	Gross Resource Expenditure	A-in-A	Net Total			
<b>RfR 1: Improving the quality of life by creating thriving, inclusive and sustainable communities in all regions</b>										
<b>Spending in Departmental Expenditure Limits (DEL)</b>										
<b>Central Government Spending</b>										
A	Supporting local government	-	261	-	261	-	<b>261</b>	464	203	<b>51</b>
B	Improving the supply and quality of housing	-	42,534	29,947	72,481	(864)	<b>71,617</b>	106,679	35,062	<b>70,406</b>
C	Building prosperous communities, promoting regeneration and tackling deprivation	-	28,401	1,948,838	1,977,239	(65)	<b>1,977,174</b>	1,973,922	(3,252)	<b>1,664,333</b>
D	Developing communities that are cohesive, active and resilient to extremism	-	9,261	20,233	29,494	(1,721)	<b>27,773</b>	31,979	4,206	<b>25,242</b>
E	Providing a more efficient, effective and transparent planning system	-	67,736	20,603	88,339	(7,156)	<b>81,183</b>	85,024	3,841	<b>63,449</b>
F	Ensuring safer communities by providing the framework to prevent and respond to emergencies	-	128,488	1,790	130,278	(19,568)	<b>110,710</b>	111,077	367	<b>88,708</b>
G	Central Administration	148,839	15,841	-	164,680	(14,955)	<b>149,725</b>	197,954	48,229	<b>166,256</b>
H	Government Office Administration	148,414	12,777	-	161,191	(33,706)	<b>127,485</b>	125,161	(2,324)	<b>122,538</b>
I	European Structural Funds - net (expenditure and income relating to old programmes)	-	-	-	-	-	-	1	1	<b>(45,319)</b>
J	European Structural Funds - income relating to 2007-13 programmes	-	-	-	-	(4,084)	<b>(4,084)</b>	(66,318)	(62,234)	-
K	European Structural Funds - Communities and Local Government	-	91,927	(68,778)	23,149	-	<b>23,149</b>	60,901	37,752	<b>59,285</b>
L	Ordnance Survey	-	29,497	-	29,497	(25,236)	<b>4,261</b>	5,518	1,257	<b>8,685</b>
M	Queen Elizabeth II Conference Centre Executive Agency	-	400	-	400	(4,500)	<b>(4,100)</b>	(4,092)	8	<b>(1,136)</b>
	Local Area Agreements	-	-	-	-	-	-	-	-	<b>(1,079,488)</b>
<b>Support for Local Authorities</b>										
N	Improving the supply and quality of housing	-	-	2,282,280	2,282,280	(24,684)	<b>2,257,596</b>	2,255,808	(1,788)	<b>2,450,341</b>
O	Building prosperous communities, promoting regeneration and tackling deprivation	-	-	255,492	255,492	-	<b>255,492</b>	267,471	11,979	<b>260,456</b>

## Notes to the Departmental Resource Accounts

		2008-09						2007-08		£'000
		Outturn				Estimate		Net total outturn compared with Estimate		Prior year Outturn
		Admin	Other Current	Grants	Gross Resource Expenditure	A-in-A	Net Total	Net Total		
P	Developing communities that are cohesive, active and resilient to extremism	-	-	3,038	3,038	-	3,038	3,670	632	2,982
Q	Providing a more efficient, effective and transparent planning system	-	-	112,664	112,664	-	112,664	116,696	4,032	111,936
R	Ensuring safer communities by providing the framework to prevent and respond to emergencies	-	38	74,800	74,838	-	74,838	92,996	18,158	59,299
S	Area Based Grant	-	-	-	-	-	-	-	-	-
		-	-	645,362	645,362	-	645,362	645,084	(278)	-
T	European Structural Funds- net (expenditure and income relating to old programmes)	-	-	-	-	-	-	1	1	-
U	European Structural Funds- payments to London Development Agency for 2007-13 programme	-	-	-	-	-	-	2,976	2,976	-
	Local Area Agreements	-	-	-	-	-	-	-	-	1,850,475
	<b>Spending in Annually Managed Expenditure (AME)</b>									
	<b>Central Government Spending</b>									
V	Improving the supply and quality of housing	-	591,668	-	591,668	-	591,668	586,538	(5,130)	793,644
	<b>Support for Local Authorities</b>									
W	Ensuring safer communities by providing the framework to prevent and respond to emergencies	-	35,000	216,700	251,700	-	251,700	231,400	(20,300)	167,052
	<b>Non-Budget</b>									
X	Improving the supply and quality of housing	-	-	4,579,942	4,579,942	(378)	4,579,564	4,870,324	290,760	3,928,200
Y	European Structural Funds- payments to Regional Development Agencies for 2007-13 programme			4,084	4,084		4,084	63,342	59,258	-
Z	Area Based Grant	-	-	-	-	-	-	1	1	-
AA	Ensuring safer communities by providing the framework to prevent and respond to emergencies	-	-	8,674	8,674	-	8,674	8,353	(321)	4,842
	<b>Spending in Annually Managed Expenditure (AME)</b>									
	<b>Central Government Spending</b>									
AB	Ensuring safer communities by providing the framework to prevent and respond to emergencies	-	(75)	(88)	(163)	-	(163)	44	207	196
	<b>Non-Budget</b>									
AC	Providing a more efficient, effective and transparent planning system	-	-	-	-	-	-	50	50	-
	<b>RF1 Resource Outturn</b>	<b>297,253</b>	<b>1,053,754</b>	<b>10,135,581</b>	<b>11,486,588</b>	<b>(136,917)</b>	<b>11,349,671</b>	<b>11,773,024</b>	<b>423,353</b>	<b>10,772,433</b>

£'000

	2008-09						2007-08		Restated
	Outturn				Estimate		Net total outturn compared with Estimate	Prior year Outturn	
	Admin	Other Current	Grants	Gross Resource Expenditure	A-in-A	Net Total			
<b>RfR 2: Providing for effective devolved decision making within a national framework</b>									
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<b>Central Government Spending</b>									
A	Valuation services								
	-	166,000	-	166,000	-	<b>166,000</b>	172,211	6,211	<b>169,450</b>
B	Best value inspection subsidies to public corporations and best value intervention costs								
	-	19,218	-	19,218	-	<b>19,218</b>	21,755	2,537	<b>20,169</b>
C	Local Government research and publicity; boundary reviews, mapping costs								
	-	1,362	-	1,362	(2)	<b>1,360</b>	3,173	1,813	<b>3,170</b>
<b>Support for Local Authorities</b>									
D	Revenue support grants								
	-	-	3,587,500	3,587,500	(753)	<b>3,586,747</b>	3,586,446	(301)	<b>3,756,682</b>
E	Non-domestic rates payments								
	-	-	20,500,000	20,500,000	-	<b>20,500,000</b>	20,500,000	-	<b>18,500,000</b>
F	London Governance								
	-	-	48,032	48,032	-	<b>48,032</b>	48,006	(26)	<b>38,362</b>
G	Other grants and payments								
	-	833	379,620	380,453	(30,695)	<b>349,758</b>	457,742	107,984	<b>190,941</b>
<b>Spending in Annually Managed Expenditure (AME)</b>									
<b>Support for Local Authorities</b>									
H	Non-domestic rates outturn adjustments and Local Authority Business Growth Incentive								
	-	-	660,475	660,475	-	<b>660,475</b>	701,709	41,234	<b>840,363</b>
<b>Non-Budget</b>									
I	Non-Departmental public bodies								
	-	-	18,421	18,421	-	<b>18,421</b>	19,421	1,000	<b>19,901</b>
<b>RFR2 Resource Outturn</b>									
	-	<b>187,413</b>	<b>25,194,047</b>	<b>25,381,460</b>	<b>(31,449)</b>	<b>25,350,011</b>	<b>25,510,463</b>	<b>160,452</b>	<b>23,539,037</b>
<b>Total Resource Outturn</b>									
	<b>297,253</b>	<b>1,241,167</b>	<b>35,329,628</b>	<b>36,868,048</b>	<b>(168,366)</b>	<b>36,699,682</b>	<b>37,283,487</b>	<b>583,805</b>	<b>34,311,470</b>

The analysis of prior year comparatives for RfR1 and 2 has been updated since the preparation of the 2007-08 Resource Accounts to reflect changes in the Estimates.

#### Explanations for Variances between Actual and Estimates:

The Statement of Parliamentary Supply shows an underspend on RfR1 and 2 of £423m and £160m respectively (£447m and £275m in 2007-08). Variance explanations are provided in paragraphs 3.11 to 3.12 of the Management Report.

**3 Reconciliation of Outturn to Net Operating Cost and against Administration Budget****3(a) Reconciliation of Net Resource Outturn to Net Operating Cost**

£'000

	Note	Outturn	2008-09 Supply Estimate	Outturn compared with Estimate	2007-08 Outturn Restated
Net Resource Outturn	2	36,699,682	37,283,487	583,805	34,311,470
Non-supply Income (CFERs)	5	(954,365)	(1,099,927)	(145,562)	(1,294,249)
Excess A-in-A	5	-	-	-	261
Non-supply Expenditure		-	-	-	899
<b>Net operating cost</b>		<b>35,745,317</b>	<b>36,183,560</b>	<b>438,243</b>	<b>33,018,381</b>

**3(b) Outturn against Final Administration Budget**

£'000

	2008-09 Budget	Outturn	2007-08 Outturn Restated
Gross Administration Budget	335,129	297,253	352,630
Income allowable against the Administration Budget	(45,700)	(45,530)	(48,273)
<b>Net Outturn against final Administration Budget</b>	<b>289,429</b>	<b>251,723</b>	<b>304,357</b>

**4 Reconciliation of Resources to Cash Requirement**

£'000

		Estimate	Outturn	Net total outturn compared with Estimate saving/(excess)
<b>Resources Outturn</b>	2	37,283,487	36,699,682	583,805
<b>Capital:</b>				
Acquisition of fixed assets	13,14	95,525	42,466	53,059
<b>Non-Operating A-in-A</b>		(1,053)	(207)	(846)
<b>Accruals Adjustments:</b>				
Non-cash items	9,10	(99,564)	(135,828)	36,264
Changes in working capital other than cash		735,033	1,091,161	(356,128)
Changes in creditors falling due after more than one year	19	-	(149,456)	149,456
Use of provision	20	66,322	7,877	58,445
<b>Net Cash Requirement</b>		<b>38,079,750</b>	<b>37,555,695</b>	<b>524,055</b>



## Notes to the Departmental Resource Accounts

**5 Analysis of Income Payable to the Consolidated Fund**

In addition to Appropriation in Aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

£'000

		2008-09 Forecast		2008-09 Outturn	
		Income	Receipts	Income	Receipts
Operating income and receipts - excess appropriation in aid		-	-	-	-
Other operating income and receipts not classified as A-in-A	11	1,099,927	<i>1,099,927</i>	954,365	<i>1,045,036</i>
<b>Subtotal</b>		<b>1,099,927</b>	<b>1,099,927</b>	<b>954,365</b>	<b>1,045,036</b>
Other non-operating income and receipts not classified as A-in-A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	358,718	<i>358,718</i>
<b>Total income payable to the Consolidated Fund</b>		<b>1,099,927</b>	<b>1,099,927</b>	<b>1,313,083</b>	<b>1,403,754</b>

**6 Reconciliation of Income recorded within the Operating Cost Statement to Operating Income Payable to the Consolidated Fund**

£'000

		2008-09	2007-08
Operating income	11	1,565,721	3,206,087
<b>Adjustments for transactions between RfRs</b>			
Netted off gross expenditure in sub head		(442,990)	(604,290)
Income payable to NLF		-	(78)
<b>Gross Income</b>		<b>1,122,731</b>	<b>2,601,719</b>
Income authorised to be appropriated-in-aid	2	(168,366)	(1,307,470)
<b>Operating income payable to the Consolidated Fund</b>	<b>5</b>	<b>954,365</b>	<b>1,294,249</b>

**7 Non-Operating Income – Excess A-in-A**

£'000

	2008-09	2007-08
Principal repayments of voted loans	-	-
Proceeds on disposal of fixed assets	-	261
Goods and services	-	-
<b>Non-operating income – excess A-in-A</b>	<b>-</b>	<b>261</b>

**8 Staff Numbers and Related Costs**

Staff costs comprise:

	2008-09					2007-08
	Permanently-employed staff	Ministers	Special Advisers	Others	Total	Total Restated
Wages and salaries	174,300	282	158	224	174,964	175,677
Social security costs	14,511	28	16	14	14,569	14,734
Other pension costs	36,452	-	20	75	36,547	36,215
<b>Sub Total</b>	<b>225,263</b>	<b>310</b>	<b>194</b>	<b>313</b>	<b>226,080</b>	<b>226,626</b>
Inward secondments / Agency and Temp Staff	251	-	-	32,910	33,161	28,775
<b>Total</b>	<b>225,514</b>	<b>310</b>	<b>194</b>	<b>33,223</b>	<b>259,241</b>	<b>255,401</b>
Less recoveries in respect of outward secondments	(2,683)	-	-	-	(2,683)	(2,812)
<b>Total Net Costs</b>	<b>222,831</b>	<b>310</b>	<b>194</b>	<b>33,223</b>	<b>256,558</b>	<b>252,589</b>
Of which:						
Core Department	<b>186,718</b>	<b>310</b>	<b>194</b>	<b>33,223</b>	<b>220,445</b>	<b>219,498</b>

Staff costs by departmental objective are as follows:

Objectives	2008-2009					2007-08
	Permanent staff	Ministers	Special Advisers	Others	Total	Total Restated
DSO 1 – To support local government that empowers individuals and communities and delivers high quality services efficiently	21,051	52	65	1,654	22,822	21,221
DSO 2 – To improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy	28,139	52	65	3,550	31,806	28,597
DSO 3 – To build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation	95,088	52	-	8,391	103,531	105,669
DSO 4 – To develop communities that are cohesive, active and resilient to extremism	13,468	51	64	1,357	14,940	13,338
DSO 5 – To provide a more efficient, effective and transparent planning system that supports and facilitates sustainable development, including the Government's objectives in relation to housing growth, infrastructure delivery,	51,563	52	-	2,106	53,721	51,128

*Notes to the Departmental Resource Accounts*

economic development and climate change						
DSO 6 – Ensuring safer communities by providing the framework for the Fire and Rescue Service and other agencies to prevent and respond to emergencies	13,522	51	-	16,165	29,738	32,636
<b>Total</b>	<b>222,831</b>	<b>310</b>	<b>194</b>	<b>33,223</b>	<b>256,558</b>	<b>252,589</b>

## The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme, but the Department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2009. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2008-09, employers' contributions of £37,124,640 were payable to the PCSPS (2007-08: £36,859,703) at one of four rates in the range 17.1% to 25.5% (2007-08: 17.1% to 25.5%) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same (the rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £39,042.44 (2007-08: £30,650.30) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2007-08: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £5,431.57, (2007-08: £5,600) 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £472.78 (2007-08: £504). Contributions prepaid at that date were nil.

Two people (2007-08: three) retired early on ill-health grounds; the additional accrued pension liabilities in the year amounted to £5,653 (2007-08 £7,671).

## The Firefighters' Pension Scheme 1992 (FPS)

The Department recognises a liability under the FPS for certain individuals who were on secondment to central government at the time of their retirement. The benefits provided by the FPS are set out in the Firemen's Pension Scheme Order 1992 (SI 1992/129) as amended. The scheme is unfunded. There is no surplus or deficit. Benefits are paid as they fall due and are guaranteed by the employer. The scheme liabilities are recalculated annually by the Government Actuary's Department and the liability at 31<sup>st</sup> March 2009 was £2.020m (31<sup>st</sup> March 2008: £2.272m).

## Average number of persons employed

The average number of whole-time equivalent persons during the year was as follows. These figures include those working in the Department as well as in its Agency and other bodies included within the consolidated Departmental resource account.

*Notes to the Departmental Resource Accounts*

Objectives	2008-2009 Number					2007-08 Number Restated
	Permanent staff	Ministers	Special Advisers	Others	Total	Total
DSO 1 – To support local government that empowers individuals and communities and delivers high quality services efficiently	407	1	1	59	468	370
DSO 2 – To improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy	543	1	1	95	640	2,801
DSO 3 – To build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation	2,162	1	-	217	2,380	360
DSO 4 – To develop communities that are cohesive, active and resilient to extremism	267	1	1	40	309	1,365
DSO 5 – To provide a more efficient, effective and transparent planning system that supports and facilitates sustainable development, including the Government's objectives in relation to housing growth, infrastructure delivery, economic development and climate change	1,043	1	-	69	1,113	433
DSO 6 – Ensuring safer communities by providing the framework for the Fire and Rescue Service and other agencies to prevent and respond to emergencies	296	1	-	169	466	109
<b>Total</b>	<b>4,718</b>	<b>6</b>	<b>3</b>	<b>649</b>	<b>5,376</b>	<b>5,438</b>
Of which:						
Core Department	3,972	6	3	649	4,630	4,679

**9 Other Administration Costs**

£'000

	Note	2008-09		2007-08 Restated	
		Core Department	Consolidated	Core Department	Consolidated
<b>Rentals under operating leases:</b>					
Hire of plant and machinery		938	938	1,149	1,149
Other operating leases		16,323	16,323	16,473	16,473
Interest charges				(6)	(6)
<b>Research and Development</b>		238	238	153	153
		<b>17,499</b>	<b>17,499</b>	<b>17,769</b>	<b>17,769</b>
<b>Non Cash Items:</b>					
Depreciation		10,752	10,752	8,246	8,246
Amortisation		472	472	410	410
Profit on disposal of fixed assets (where netted off within the OCS)		-	-	(2)	(2)
Loss on disposal of fixed assets		4	4	303	303
Revaluation		3,287	3,287	-	-
Write off deposit		-	-	100	100
Cost of capital charge		(46,175)	(46,175)	(17,456)	(17,456)
Auditor's remuneration*		387	387	369	369
Provisions:					
Provided for in year	20	16,729	16,729	7,356	7,356
Written back	20	(353)	(353)	(296)	(296)
Unwinding of discount	20	219	219	128	128
Doubtful debts provision		345	345	54	54
		<b>(14,333)</b>	<b>(14,333)</b>	<b>(788)</b>	<b>(788)</b>
<b>Other expenditure</b>					
Accommodation		55,087	54,947	61,167	61,167
IT expenditure		18,403	18,403	23,664	23,664
Legal, professional and consultancy		16,459	16,459	12,753	12,753
Travel, subsistence and hospitality		5,364	5,364	5,083	5,083
Non-pay staff costs		206	206	143	143
Training and conferences		4,954	4,954	4,851	4,851
Forex Exchange Losses		5	5	3	3
Other		14,076	14,076	11,626	11,626
		<b>114,554</b>	<b>114,414</b>	<b>119,290</b>	<b>119,290</b>
<b>Total</b>		<b>117,720</b>	<b>117,580</b>	<b>136,271</b>	<b>136,271</b>

\* Auditor's remuneration and expenses were incurred by the National Audit Office for which there was no charge to the Department.

**10 Programme Costs**

£'000

	Note	2008-09		2007-08 Restated	
		Core Department	Consolidated	Core Department	Consolidated
<b>Rentals under operating leases:</b>					
Hire of Plant and Machinery		87	89	121	130
Other operating leases		-	1,953	-	1,839
<b>Research and Development</b>		23,117	23,117	23,960	23,960
<b>Interest charges</b>		-	-	78	78
		<b>23,204</b>	<b>25,159</b>	<b>24,159</b>	<b>26,007</b>
<b>Non Cash Items:</b>					
Depreciation		19,645	22,197	14,348	16,978
Amortisation		67	67	67	67
Loss on disposal of fixed assets		27	27	226	226
Write down on Investment		94	94	1,029	1,029
Impairment of fixed assets		5,382	5,399	-	(7)
Cost of capital charge		12,023	12,183	(8,521)	(8,316)
Auditor's remuneration		-	40	-	36
ERDF write-off & disallowances		-	-	-	-
ERDF exchange losses		72,920	72,920	41,363	41,363
Provisions:					
Provided for in year	20	39,555	39,964	74,613	75,896
Written back	20	-	(334)	(87)	(2,232)
Unwinding of discount	20	(88)	(97)	94	94
Provision for doubtful debt		(2,300)	(2,300)	1,374	1,374
		<b>147,325</b>	<b>150,160</b>	<b>124,506</b>	<b>126,508</b>
<b>Other expenditure:</b>					
Accommodation		13,375	15,419	25,294	27,565
IT expenditure		23,559	26,082	14,165	17,120
Legal, professional and consultancy		239,281	244,564	207,342	209,463
Travel, subsistence and hospitality		1,788	4,034	2,315	5,170
Training and conferences		3,485	4,153	4,800	4,800
Grants and subsidies		14,846,316	14,846,316	15,996,880	15,996,880
Non National Domestic Rates		20,500,000	20,500,000	19,340,363	19,340,363
ERDF grants		378,174	378,174	-	-
ERDF financial corrections		18,083	18,083	30,389	30,389
Other		720,468	722,073	44,551	48,532
		<b>36,744,529</b>	<b>36,758,898</b>	<b>35,666,099</b>	<b>35,680,282</b>
<b>Total</b>		<b>36,915,058</b>	<b>36,934,217</b>	<b>35,814,764</b>	<b>35,832,797</b>

**11 Income**

	2008-09			2007-08
	RfR1	RfR2	Total	Total
CFER income	954,365	-	954,365	1,294,249
ERDF Grant Income	378,174	-	378,174	546,935
Recovery of grants	48,534	30,694	79,228	1,222,971
Goods and services	7,882	755	8,637	27,167
Accommodation	14,103	-	14,103	11,085
Fees	7,307	-	7,307	4,901
Professional services	-	-	-	3,713
Reimbursement of expenditure	3,219	-	3,219	8,231
Interest and dividends	9,718	-	9,718	5,696
ERDF exchange gains	68,900	-	68,900	57,352
Miscellaneous	42,057	-	42,057	23,786
Other non trading income	13	-	13	-
<b>Total</b>	<b>1,534,272</b>	<b>31,449</b>	<b>1,565,721</b>	<b>3,206,087</b>

The following information relates to services for which a fee is charged, and is not provided for the purposes of Statement of Standard Accounting Practice (SSAP) 25.

Objectives	Full Cost	Income	Surplus/ (Deficit)
Recovery of full daily costs for the Inspector(s) appointed in connection with a qualifying planning inquiry. This service delivered by PINS and more detail is available in their published accounts.	9,463	6,886	(2,577)
Provision of Leasehold Tribunal Services by Leasehold Valuation Tribunal (it is not possible to identify the specific costs of providing this service)	N/A	401	-
BERR Conference Contribution	20	20	-

The financial objectives have been met for these services. The Department has no other significant services where a fee is charged.

**12 Analysis of net operating cost by spending body**

	2008-09		2007-08
	Estimate	Outturn	Restated Outturn
	£'000		
<b>Spending body:</b>			
Core Department	3,366,652	3,356,119	1,624,652
Non-Departmental public bodies	4,953,088	4,552,069	3,968,372
Local Authorities	27,810,078	27,788,663	27,380,195
Agency	52,316	48,305	46,089
Trading Funds and Public Corporations	1,426	161	(927)
<b>Net Operating Cost</b>	<b>36,183,560</b>	<b>35,745,317</b>	<b>33,018,381</b>

2008-09 Expenditure and outturn do not include consolidated fund advance and expenditure.

**13 Tangible Fixed Assets**

	Land & Buildings excluding Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Payments on Account & Assets under construction	Total
£'000						
<b>Cost or valuation</b>						
At 1 April 2008	45,395	81,636	123,365	842	44,369	295,607
Additions	700	5,825	994	2,207	32,184	41,910
Write down of additions	-	-	-	-	(5,382)	(5,382)
Disposals	(150)	(14,047)	(346)	-	-	(14,543)
Revaluation	(1,777)	544	9,822	(22)	-	8,567
Reclassification	146	15,452	8,502	(194)	(24,383)	(477)
<b>At 31 March 2009</b>	<b>44,314</b>	<b>89,410</b>	<b>142,337</b>	<b>2,833</b>	<b>46,788</b>	<b>325,682</b>
<b>Depreciation</b>						
At 1 April 2008 Restated	12,443	44,959	50,614	301	-	108,317
Charged in year	988	13,934	17,956	72	-	32,950
Disposals	-	(14,046)	(271)	-	-	(14,317)
Revaluation	-	543	70	-	-	613
Reclassifications	104	-	-	(140)	-	(36)
<b>At 31 March 2009</b>	<b>13,535</b>	<b>45,390</b>	<b>68,369</b>	<b>233</b>		<b>127,527</b>
<b>Net book value:</b>						
<b>31 March 2009</b>	<b>30,779</b>	<b>44,020</b>	<b>73,968</b>	<b>2,600</b>	<b>46,788</b>	<b>198,155</b>
<b>31 March 2008</b>	<b>32,952</b>	<b>36,677</b>	<b>72,751</b>	<b>541</b>	<b>44,369</b>	<b>187,290</b>
<b>Asset Financing:</b>						
Owned	30,779	44,020	73,968	2,600	46,788	198,155
<b>Net book value at 31 March 2009</b>	<b>30,779</b>	<b>44,020</b>	<b>73,968</b>	<b>2,600</b>	<b>46,788</b>	<b>198,155</b>



**Analysis of Tangible Fixed Assets:**

The net book value of tangible fixed assets comprises:

	£'000
Core Department 2009	196,068
Agency 2009	2,087
Core Department 2008	182,812
Agency 2008	4,478

There are no donated assets within the Department.

As at the 31 March 2009 the following properties were revalued professionally, in accordance with RICS Valuation Standards, by AtisReal Limited - Chartered Surveyors and International Real Estate Consultants:

Queen Elizabeth II Conference Centre, Broad Sanctuary, London was valued during March 2009 by ATISReal. The total valuation was reported at £25,000,000, but with a value of £21,500,000 in the Department's books because of a trading fund outside interest in the property.

Burlington House, Piccadilly, London was valued during March 2009 by ATISReal, at £250,000. Due to the Department's reversionary interest in the property a detailed re-inspection was not carried out for the 2009 report.

Fire Experimental Unit Offices and Stores, [on the Fire Service College site] Moreton in Marsh, Gloucestershire was valued during March 2009 by ATISReal. The total valuation was reported at £1,700,000.

Hangar 97, Little Rissington, Gloucestershire was valued during March 2009 by ATISReal, Chartered Surveyors. The total valuation was reported at £700,000.

**14 Intangible fixed assets**

Intangible fixed assets comprise software and licences for the Department.

	Software	Software Licences	Total
	£'000		
<b>Cost or valuation</b>			
At 1 April 2008	880	1,363	2,243
Additions	347	209	556
Disposals	(13)	-	(13)
Reclassifications	-	477	477
<b>At 31 March 2009</b>	<b>1,214</b>	<b>2,049</b>	<b>3,263</b>
<b>Amortisation</b>			
At 1 April 2008	654	621	1,275
Charged in year	182	357	539
Disposals	(13)	-	(13)
Reclassifications	-	(1)	(1)
<b>At 31 March 2009</b>	<b>823</b>	<b>977</b>	<b>1,800</b>
<b>Net book value at 31 March 2009</b>	<b>391</b>	<b>1,072</b>	<b>1,463</b>

## Analysis of intangible fixed assets

The net book value of intangible fixed assets comprises

	£'000
Core Department 2009	1,463
Agency 2009	-
Core Department 2008	969
Agency 2008	-

## 15 Investments

	Coal Fields Fund	Ordnance Survey  PDC	Queen Elizabeth II Conference Centre PDC	Fire Service College  PDC    Loan		Total
Balance at 1 April 2008	8,656	14,000	821	16,721	4,600	44,798
Write downs	(94)	-	-	-	-	(94)
Loans repayable within 12 months transferred to debtors	-	-	-	-	(34)	(34)
<b>Balance at 31 March 2009</b>	<b>8,562</b>	<b>14,000</b>	<b>821</b>	<b>16,721</b>	<b>4,566</b>	<b>44,670</b>

All investments relate to the Core Department. PDC = Public Dividend Capital, see Note 28.

The Department's share of the net assets and results of the above bodies is summarised below.

	Ordnance Survey	Queen Elizabeth II Conference Centre	Fire Service College
Net Assets at 31 March 2009	78,633	6,347	35,933
Turnover	117,198	11,573	21,641
Surplus/(deficit) for the year (before financing)	16,279	3,125	(13,314)

## 16 Stocks

The Department's stocks relate to short term holding of new Regional Control Centres under the FiReControl project and additional buildings were added during the year. Note 1.6 outlines the Department's accounting policy for stocks.

	2008-09		2007-08	
	Core Department	Consolidated	Core Department	Consolidated
Stocks	80,008	80,008	28,489	28,489
	<b>80,008</b>	<b>80,008</b>	<b>28,489</b>	<b>28,489</b>

**17 Debtors****17(a) Analysis by type**

£'000

	2008-09		2007-08	
	Core Department	Consolidated	Restated Core Department	Consolidated
<b>Amounts falling due within one year:</b>				
Trade debtors	395	773	3,431	4,211
Deposits and advances	177	177	162	162
VAT debtor	2,343	2,450	2,698	2,823
Other debtors	91,697	93,545	437,671	439,155
Prepayments and accrued income	401,884	405,086	342,013	345,280
Current part of NLF loan	-	-	1,400	1,400
NNDR (National Non-Domestic rates)	-	-	114	114
	<b>496,496</b>	<b>502,031</b>	<b>787,489</b>	<b>793,145</b>
<b>Amounts falling due after more than one year:</b>				
Deposits and advances (ERDF)	125,430	125,430	-	-
Prepayments and accrued income	-	11	-	35
	<b>125,430</b>	<b>125,441</b>	<b>-</b>	<b>35</b>
<b>Total</b>	<b>621,926</b>	<b>627,472</b>	<b>787,489</b>	<b>793,180</b>

Included in "other debtors" is an amount of £26,177k (2007-08: £8,027k), and in "prepayments and accrued income" an amount of £14,879k (2007-08: £128,903k) which are payable to the Consolidated Fund when collected.

**17(b) Intra-Government Balances**

£'000

	Amounts falling due within one year		Amounts falling due after more than one year	
	2008-09	2007-08 restated	2008-09	2007-08
Balances with other central Government bodies	368,290	237,630	125,430	-
Balances with local authorities	31,258	175,618	-	-
NHS Trusts	362	48	-	-
Balances with public corporations and trading funds	4,936	3,790	-	-
<b>Sub-total</b>	<b>404,846</b>	<b>417,086</b>	<b>125,430</b>	<b>-</b>
Balances with bodies external to Government	97,185	376,060	11	35
<b>Total debtors at 31 March</b>	<b>502,031</b>	<b>793,146</b>	<b>125,441</b>	<b>35</b>

**18 Cash at bank and in hand**

£'000

	2008-09		2007-08	
	Core Department	Consolidated	Core Department	Consolidated
Balance at 1 April	338,865	338,865	185,610	185,610
Net change in cash balances:	(242,011)	(242,011)	153,255	153,255
<b>Balance at 31 March</b>	<b>96,854</b>	<b>96,854</b>	<b>338,865</b>	<b>338,865</b>
<b>The following balances at 31 March were held at:</b>				
Office of HM Paymaster General	94,208	94,208	338,612	338,612
Commercial banks and cash in hand	167	167	253	253
Balance at OPG - Payroll	2,479	2,479	-	-
<b>Balance at 31 March</b>	<b>96,854</b>	<b>96,854</b>	<b>338,865</b>	<b>338,865</b>

**19 Creditors****19(a) Analysis by type**

£'000

	2008-09		2007-08	
	Core Department	Consolidated	Core Department	Consolidated
<b>Amounts falling due within one year:</b>				
Other taxation and social security	1,757	4,642	2,592	2,592
Trade creditors	6,101	6,536	7,886	8,828
Other creditors	125,190	125,910	61,656	62,437
Payroll creditor	2,480	2,480	-	-
Accruals and deferred income	531,826	530,825	1,554,646	1,556,404
NNDR liability	453	453	-	-
Current part of NLF loans	-	-	1,400	1,400
Contingency Fund creditor	-	-	930	930
Amount issued from the Consolidated Fund for supply but not spent	199,687	199,687	392,381	392,381
Consolidated fund extra receipts to be paid to the Consolidated Fund:				
- received	118,984	119,009	245,340	245,340
- receivable	41,056	41,056	136,931	136,931
	<b>1,027,534</b>	<b>1,030,598</b>	<b>2,403,762</b>	<b>2,407,243</b>
<b>Amounts falling due after more than one year:</b>				
Deposits held	496,428	496,428	346,972	346,972
	<b>496,428</b>	<b>496,428</b>	<b>346,972</b>	<b>346,972</b>
<b>Total</b>	<b>1,523,962</b>	<b>1,527,026</b>	<b>2,750,734</b>	<b>2,754,215</b>

**19(b) Intra-Government Balances**

£'000

	Amounts falling due within one year		Amounts falling due after more than one year	
	2008-09	2007-08	2008-09	2007-08
Balances with other central Government bodies	372,000	1,414,509	-	-
Balances with local authorities	9,415	759,100	-	-
NHS trusts	51	56	-	-
Balances with public corporations and trading funds	6,568	11,387	-	-
<b>Sub-total</b>	<b>388,034</b>	<b>2,185,052</b>	<b>-</b>	<b>-</b>
Balances with bodies external to Government	642,564	222,192	496,428	346,972
<b>Total creditors at 31 March</b>	<b>1,030,598</b>	<b>2,407,244</b>	<b>496,428</b>	<b>346,972</b>

**20 Provisions for liabilities and charges**

£'000

	Core Department			Consolidated		
	Early Retirement and Pension costs	Other	Total	Early Retirement and Pension costs	Other	Total
Balance at 1 April 2008 Restated	20,857	85,004	105,861	21,775	85,426	107,201
Provided in the year	16,136	40,148	56,284	16,361	40,333	56,694
Provisions not required written back	(325)	(28)	(353)	(469)	(218)	(687)
Provisions utilised in the year	(5,231)	(2,000)	(7,231)	(5,671)	(2,206)	(7,877)
Utilised – pre-funding	(55)		(55)	(55)		(55)
Unwinding of discount	219	(88)	131	210	(88)	122
<b>Balance at 31 March 2009</b>	<b>31,601</b>	<b>123,036</b>	<b>154,637</b>	<b>32,151</b>	<b>123,247</b>	<b>155,398</b>

**Early Retirement and Pension costs:**

The Department and its Executive Agency, the Planning Inspectorate, meet the additional costs of benefits beyond the normal 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.

**Other:**

Details of other provisions are provided in Note 1.15. The closing balances relating to those provisions are as follows:

£'000

Category	31/03/2009	31/03/2008
Compensation payments	5,166	3,793
Dilapidations	6,442	6,024

*Notes to the Departmental Resource Accounts*

Category	31/03/2009	31/03/2008
Firefighters' pensions	2,020	2,272
ERDF	74,409	72,915
Firefighters' Pension Commutation	35,000	-
Ex-gratia payments (PINS)	108	136
Adverse costs (PINS)	102	286
<b>Total</b>	<b>123,247</b>	<b>85,426</b>

**21 General Fund**

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

£'000

	2008-09		2007-08	
	Core Department	Consolidated	Restated Core Department	Consolidated
Balance at 1 April	(1,478,349)	(1,473,002)	(544,665)	(538,107)
Net Parliamentary Funding:				
Drawn Down	37,316,494	37,363,000	33,528,160	33,573,000
Deemed Supply	392,381	392,381	251,565	251,565
Adjustment to Retained Earnings			(29,253)	(29,253)
Year End Adjustment:				
Supply (Creditor)/Debtor – current year	(199,687)	(199,687)	(392,381)	(392,381)
Net Transfer from Operating Activities:				
Net Operating Cost	(35,697,013)	(35,745,317)	(32,972,292)	(33,018,381)
CFERs repayable to Consolidated Fund	(954,365)	(954,365)	(1,294,047)	(1,294,249)
Non Cash Charges:				
Cost of Capital	(34,152)	(33,992)	(25,977)	(25,772)
Auditors' Remuneration	387	427	369	405
Other Notional Charges	224	283	-	-
Transfer from Revaluation Reserve	1,627	1,627	172	172
Transfer of assets	-	-	-	-
<b>Balance at 31 March</b>	<b>(652,453)</b>	<b>(648,645)</b>	<b>(1,478,349)</b>	<b>(1,473,002)</b>

## 22 Revaluation Reserve

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

£'000

	2008-09		2007-08	
	Core Department	Consolidated	Core Department	Consolidated
Balance at 1 April	5,176	5,176	4,824	4,824
Arising on revaluation during the year (net)	8,006	8,006	524	531
Released to Operating Cost Statement	-	-	-	(7)
Impairment of QEIICC	3,288	3,288	-	-
<b>Transferred to General Fund in respect of realised element</b>	(1,627)	(1,627)	(172)	(172)
<b>Balance at 31 March</b>	<b>14,843</b>	<b>14,843</b>	<b>5,176</b>	<b>5,176</b>

## 23 Notes to the Consolidated Cash Flow Statement

### 23(a) Reconciliation of operating cost to operating cash flows

£'000

	Note	2008-09	2007-08 Restated
Net Operating Cost	12	(35,745,317)	(33,018,381)
Adjustments for Non-Cash Transactions	9,10	135,828	125,720
(Increase)/Decrease in Stock	16	(51,519)	(28,489)
(Increase)/Decrease in Debtors	17	165,709	(1,684)
<i>Less: movements in debtors relating to items not passing through the OCS</i>		92,500	(27,503)
Increase/(Decrease) in Creditors	19	(1,227,190)	1,028,637
<i>Less: movements in creditors relating to items not passing through the OCS</i>		174,731	(78,200)
Adjustment to prior year CFER received not paid over		9,877	250
Use of Provisions	20	(7,877)	(6,765)
<b>Net cash outflow from operating activities</b>		<b>(36,453,258)</b>	<b>(32,006,415)</b>

### 23(b) Analysis of capital expenditure and financial investment

£'000

	Note	2008-09	2007-08
Tangible fixed asset additions	13	(41,910)	(40,846)
Intangible fixed asset additions	14	(556)	(7)
Proceeds of disposal of fixed assets		207	262
Repayments from other bodies		-	28
Adjustment for movement in capital creditors		(61)	268
<b>Net cash outflow from investing activities</b>		<b>(42,320)</b>	<b>(40,295)</b>

**23(c) Analysis of capital expenditure and financial investment by Request for Resources**

	Capital expenditure	A in A	Net total
Request for resources 1	42,466	(207)	42,259
Request for resources 2	-	-	-
Net movement in debtors/creditors	61	-	61
<b>Total 2008-09</b>	<b>42,527</b>	<b>(207)</b>	<b>42,320</b>
<b>Total 2007-08</b>	<b>41,012</b>	<b>(688)</b>	<b>40,324</b>

**23(d) Analysis of financing**

	Note	2008-09	2007-08
From the Consolidated Fund (Supply) current year	21	37,363,000	33,573,000
From the Consolidated Fund (Supply) prior year	21	-	-
Advances from the contingency fund		(930)	930
NNDR – non supply funding		567	13,857
ERDF non-supply funding		78,101	47,329
Surrender of English Partnerships investments		348,382	-
<b>Net financing</b>		<b>37,789,120</b>	<b>33,635,116</b>

**23(e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash**

	Note	2008-09	2007-08
Net cash requirement		(37,555,695)	(33,432,183)
From the Consolidated Fund (Supply) – current year		37,363,000	33,573,000
Non supply funding		77,738	61,056
Receipts paid to the Consolidated Fund which are outside the scope of Departmental activity		-	(54,112)
Added to CFER – Paid HCA and Non Operating cash over to Treasury		(698)	-
Amounts due to the Consolidated Fund received in a prior year and paid over		(245,340)	(239,846)
Amounts due to the Consolidated Fund received and not paid over		118,984	245,340
<b>Increase /(Decrease) in cash</b>	<b>18</b>	<b>(242,011)</b>	<b>153,255</b>



## 24 Analysis of Programme Expenditure by Departmental Strategic Objectives

Programme grants and other current expenditure have been allocated as follows:

	2008-09	2007-08 Restated
DSO 1 – To support local government that empowers individuals and communities and delivers high quality services efficiently	26,034,139	25,427,113
DSO 2 - To improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy	7,529,732	7,401,489
DSO 3 – To build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation	2,704,636	2,555,504
DSO 4 – To develop communities that are cohesive, active and resilient to extremism	39,111	36,248
DSO 5 – To provide a more efficient, effective and transparent planning system that supports and facilitates sustainable development, including the Government's objectives in relation to housing growth, infrastructure delivery, economic development and climate change	205,311	188,351
DSO 6 – Ensuring safer communities by providing the framework for the Fire and Rescue Service and other agencies to prevent and respond to emergencies	457,401	314,047
<b>Total Programme Expenditure (Note 10*)</b>	<b>36,970,330</b>	<b>35,922,752</b>

Note \* The difference between this Note and Note 10 are the PINS staff costs, which are programme expenditure, and are included in Note 8.

As referred to in the Consolidated Statement of Operating Costs by Departmental Strategic Objectives, expenditure and income relating to Ordnance Survey and QEII Conference Centre does not apply directly to any of the objectives, and so it has been apportioned equally across the 6 main objectives.

### Capital Employed by Departmental Aim and Objectives at 31 March 2009

	2008-09	2007-08 Restated
DSO 1 – To support local government that empowers individuals and communities and delivers high quality services efficiently	1,446,211	590,302
DSO 2 - To improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy	(621,126)	(1,196,541)
DSO 3 – To build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation	(399,606)	(250,953)
DSO 4 – To develop communities that are cohesive, active and resilient to extremism	(353,212)	(241,728)
DSO 5 – To provide a more efficient, effective and transparent planning system that supports and facilitates sustainable development, including the Government's objectives in relation to housing growth, infrastructure delivery, economic development and climate change	(342,682)	(201,596)
DSO 6 – Ensuring safer communities by providing the framework for the Fire and Rescue Service and other agencies to prevent and respond to emergencies	(363,386)	(167,310)
	<b>(633,801)</b>	<b>(1,467,826)</b>

## 25 Capital commitments

Capital commitments at 31 March 2009 for which no provision has been made in these accounts were as follows:

	2008-09		2007-08	
	Core Department	Consolidated	Core Department	Consolidated
Contracted	25,020	25,024	98,606	98,643
Authorised by the Board but not contracted	-	35	-	-
	<b>25,020</b>	<b>25,059</b>	<b>98,606</b>	<b>98,643</b>

£'000

## 26 Commitments Under Leases

### Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are analysed according to the period in which the lease expires:

Obligations under operating leases comprise:	2008-09		2007-08	
	Core Department	Consolidated	Core Department	Consolidated
Land and buildings:				
Expiry within 1 year	92	92	3,988	3,988
Expiry after 1 year but not more than 5 years	9,269	9,269	4,022	4,022
Expiry thereafter	26,852	28,740	27,186	29,115
	<b>36,213</b>	<b>38,101</b>	<b>35,196</b>	<b>37,125</b>
Other:				
Expiry within 1 year	282	300	144	160
Expiry after 1 year but not more than 5 years	104	230	218	340
Expiry thereafter	-	-	-	-
	<b>386</b>	<b>530</b>	<b>362</b>	<b>500</b>

£'000

### Finance Leases

The Department had no finance lease commitments at 31 March 2009 (2008: nil).

## 27 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts). The payments to which the Department is committed, analysed by the period during which the commitment expires are as follows:

Obligations under financial commitments:	2008-09		2007-08	
	Core Department	Consolidated	Core Department	Consolidated
Expiry within 1 year	4,695	4,695	34,567	34,567
Expiry after 1 year but not more than 5 years	25,444	26,079	68,667	69,266
Expiry thereafter	477,651	477,651	364,055	364,055
	<b>507,790</b>	<b>508,425</b>	<b>467,289</b>	<b>467,888</b>

£'000

## 28 Financial Instruments

FRS29, Financial Instruments – Disclosures, requires entities to disclose financial instruments in their financial statements together with an assessment of the risk rising from those financial instruments.

The cash requirements of the Department are met through the Estimates process and so financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements. These categories of instrument make up debtors and creditors in the Department's balance sheet and are generated by transactions through the Department's Operating Cost Statement in the normal course of business. The Department is therefore exposed to little liquidity or market risk but the following paragraphs disclose currency, credit and interest rate risks.

### Currency Risk

A creditor balance of £496,427k is the sterling equivalent of a liability of €550,997k translated at the balance sheet date. This relates to deposits from the European Union (EU) for European Regional Development Fund (ERDF) Programmes. The deposits will be utilised as the programmes near completion. Within debtors there is a balance of £52,170k which is the sterling equivalent of an asset of €58,430k relating to ERDF claims made to the EU but not yet settled and within prepayments and accrued income is a balance of £345,641k which is the sterling equivalent of an asset of €387,063k in accrued income representing ERDF grant payments made but yet to be claimed from the EU. In addition, as ongoing funding for these programmes are processed through the EU, there are exchange rate gains and losses, as the sterling equivalent is settled. The Department is therefore exposed to risks relating to the gain or loss associated with this balance and transactions which vary depending on the level of balances and the Sterling:Euro exchange rate. In 2008-09 there was an overall loss of about £4m arising from these risks.

The table below shows the assets and liabilities subject to translation from Euros to Sterling at the balance sheet date and in accordance with the Department's policy on foreign exchange translations.

Currency Risks	Floating rate financial liabilities	
	£'000	€'000
<b>Assets</b>		
<b>At 31 March 2009:</b>		
Debtors: ERDF	52,170	58,430
Accrued Income: ERDF	345,641	387,063
<b>Total Assets at 31 March 2009</b>	<b>397,811</b>	<b>445,493</b>
At 31 March 2008:	114,159	149,933
<b>Liabilities</b>		
<b>At 31 March 2009:</b>		
Deposit from EU (ERDF 2000-06 Programmes)	350,132	389,861
Deposit from EU (ERDF 2007-13 Programmes)	146,295	164,137
<b>Total Financial Liabilities at 31 March 2009</b>	<b>496,427</b>	<b>553,998</b>
At 31 March 2008	346,973	455,733

## Credit Risk

The Department has placed investments in a number of public-sector owned organisations, as shown in Note 15 Investments. As the organisations are within the public sector there is minimal need for the department to manage the risk of default.

Many of these investments have been financed on a statutory basis known as Public Dividend Capital (PDC). The Treasury has advised that PDC is not a financial instrument because financial instruments are contractual whereas PDC is statutory. Therefore these items are outside the scope of this risk and the risks below. See Note 15 for details of PDC investments.

## Interest Rate Risk

The Department is not exposed to significant interest-rate risk as its financial assets and financial liabilities carry nil or fixed rates of interest.

## Interest Rate Profile

The following tables show the interest rate profile of the Department's financial liabilities and assets as at 31 March 2009. All balances are held in Sterling.

	Total	Non-interest bearing	Floating rate	Fixed rate	Weighted average interest rate	Period for which rate is fixed
<b>Primary Financial Instruments:</b>					%	yrs
<b>Financial Assets:</b>						
Cash at Office of Paymaster General	96,687	96,687				
Cash held at commercial banks	167		167			
Fire Service College Loan	4,566			4,566	8.3	44
Coalfields Enterprise Fund	8,562	8,562				
<b>Balance at 31 March 2009</b>	<b>109,982</b>	<b>105,249</b>	<b>167</b>	<b>4,566</b>		
Balance at 31 March 2008	352,121	347,268	253	4,600		

## Fair Values

The estimated fair values of the financial instruments held by the Department approximate to their book values at 31 March 2008 and 31 March 2009. The following criteria have been used to assess the fair value of the Department's financial assets and liabilities.

- Debtors and creditors, including long term deposits, are based on their nominal amount.
- Cash at bank balances approximate to their book values.
- The investment in the Coalfields Enterprise Fund is revalued every quarter by the fund managers and the year end valuation reflects the underlying valuations.

**29 Contingent liabilities disclosed under FRS 12**

In accordance with Government policy, none of the properties included in fixed assets in the balance sheet is insured. Other contingent liabilities are set out below.

		£m	
		2008-09	2007-08
29.1	Liability to litigation by Fire Authorities results from delays in processing of appeals to the Secretary of State under legislation.	0.22	-
29.2	Statutory Contingent Liability in respect of Homeowners Support Scheme.	500.0	-
29.3	Ex-gratia payments which may possibly be made to appellants or other appeal parties who have incurred abortive appeal costs following an error made by the Planning Inspectorate. The timing and value of these payments are very difficult to predict.		
29.4	Payments to Local Authorities under the Housing Defects Scheme.	0.25 - 0.75	0.75 - 1.0
29.5	Danetree Village Consortium, Croudace Homes Ltd, Capel House Trust and Daventry District Council. Planning appeals brought by the developers against a planning decision from West Northamptonshire Development Corporation - one of the Department's NDPBs. The appeal was first lodged April 2008. Decision expected from Secretary of State July 2009.	2.5	-
29.6	Litigation costs which may possibly be incurred following unsuccessful attempts to resist a High Court challenge into an Inspector's decision. The timing and value of such awards are extremely difficult to predict.	0.4	-
29.7	Possible administrative irregularities in respect of the 2000-06 European Regional Development Fund programme which are subject to audits by the European Court of Auditors or DG Regio. Where audits are incomplete at the balance sheet date potential liabilities have been addressed for each programme. Of a total potential exposure of £69.1m, £44.9m has been provided for and the remainder is disclosed as a contingent liability.	24.2	86.9
29.8	Possible financial corrections in relation to the Interreg programme and for ERDF projects undertaken by Business Links and for those involving Venture Capital Loan Funds. The maximum liability is seen as about £91.1m and a provision of £27.2m has been made. The remainder is disclosed as a contingent liability.	63.9	11.0
29.9	Potential individual write off cases in relation to grant recoveries under the 2000-06 Programme where a decision may be taken that the total value of the recovery cannot be settled because of insolvency or other reason.	2.2	-

*Notes to the Departmental Resource Accounts*

		2008-09	2007-08
29.10	Possible financial corrections or other disallowances arising from Internal Audit closure reviews (Article 15) of ERDF grant expenditure administered by GOs. At present there is no expectation that financial corrections will be made, and so this remains a possibility to be recorded as a contingent liability. Total amount of the potential liability is £124.8m	124.8	-
29.11	Obligations to repay EC funds in respect of the 1994-1999 ERDF programmes for projects which were formally closed by 31 March 2003. This liability crystallised in 2008-09 with a charge of £26.4m which had been fully provided for in 2007-08.	-	76.0

### 30 Contingent liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability purposes

#### Quantifiable:

The Department has entered into the following quantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of FRS12 since the likelihood of a transfer of economic benefit in settlement is too remote.

	1 April 2008	Increase in year	Liabilities crystallised in year	Obligation expired in year	31 March 2009	£'000 Amount reported to Parliament by Departmental minute
<b>Indemnities</b>						
Indemnity given by DCLG for the Land Stabilisation Project to proceed in Northwich under Section 1 of the Derelict Land Act 1982	25,000	-	-	-	25,000	150,000
	<b>25,000</b>	-	-	-	<b>25,000</b>	<b>150,000</b>

#### Unquantifiable:

The Department has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these are contingent liabilities within the meaning of FRS12 since the likelihood of a transfer of economic benefit in settlement is too remote.

Indemnity given to the Nationwide Building Society as lender for claims relating to the treatment or removal of asbestos in connection with housing stock transfers.

Indemnity given to the Fire and Rescue Services in respect of possible incidents as a result of mass decontamination.

### 31 Losses, Special Payments and Gifts

Managing Public Money and the FReM require a statement showing losses and special payments by value and by type to be shown where they exceed £250k in total and those which individually exceed £250k. These relate to cash losses, stores, fruitless payments and claims abandoned as well as frauds. The amounts involved are as follows:

	2008-09		2007-08	
	Cases	£'000	Cases	£'000
Losses	123	494	99	735
Special Payments	304	12,565	111	1,411

One individual loss recorded in the accounts for 2008-09 was over £250,000, details of which are below:

Nature of Loss	Date of Write-Off	Value £'000
Fruitless Payment: Fire Service College Accommodation block. Reimbursement of costs incurred or committed following CLG approval of business case and agreement to provide loan funding. Funding later withdrawn and project abandoned.	06.06.2008	355

Three of the special payments recorded in the accounts for 2008-09 were over £250,000, details of which are below:

Nature of Payment	Date of Payment	Value £'000
Compensation payment following Parliamentary Commissioner for Administration ruling on Planning Case.	14.10.2008	9,300
Compensation awarded following challenges to LABGI scheme.	20.11.2008	750
Settlement in personal injury claim.	12.12.2008	301

During the year the Department gifted ten individual items with a book value of £1k (seven items with a value of £1k in 2007-08). There were no individual items over £250k.

### 32 Related Party Transactions

The Department was the parent Department of the Planning Inspectorate and a number of sponsored bodies listed in Note 35. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department and its sponsored bodies have made a number of material transactions with other government departments, central government bodies and local government organisations.

Relevant employment details of all non-Executive Board members are in the Annual Review (section 2). Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a Board member.

Debbie Hewitt is a non-Executive Director of the Department. She is also a non-Executive Director of OGC, a government department, and of Mouchel plc, who provide consultancy services and have

transactions with the Department totalling £638k in 2008-09. As a non-Executive, she has no operational responsibility for contracts or other transactions between these organisations and the Department.

Carol Sweetenham is a member of the Senior Civil Service working in Housing and Planning Directorate and is a Trustee to a charity called 'Aspire Oxford', which receives funding from a body sponsored by the Department called 'Aspire Central'. The value of the sponsorship is £30k. Carol Sweetenham does not attend any meeting with the Department on behalf of Aspire Oxford directly or indirectly.

Peter Craggs is a Grade 6 in the Government Office for the South East. His wife has received payments through her company from the C&L team during 2008-09. The payments made through the DCSF Childcare Regional Networks programme budget totalled £8,529.

Malcolm Davey is a Grade 6 in the Government Office for the South West. His partner is an individual contracted to provide HR support to a member of the Government Office staff. He is not directly involved in decisions relating to the contract.

Fiona Gough is a member of the Senior Civil Service in the Government Office for the North East (GONE). Her husband chairs the North East Rural Affairs Forum (NERAF) which is supported through Fiona Gough's Group within GONE. The business relationship relates to use of travel and subsistence and the influence of spend over £20k allocated to NERAF. The appointment of Fiona's husband and the systems in place with NERAF pre-date Fiona's appointment within GONE.

During the year no board member, key manager or other related parties, other than those mentioned above, has undertaken any material transactions with the department. Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct.

### **33 Post Balance Sheet Events**

The Department's financial statements are laid before the Houses of Parliament by HM Treasury. FRS 21 requires the Department to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Department's management to HM Treasury. The authorised date for issue is 13 July 2009.

### **34 Third Party Assets**

#### **Twinning with EU Accession States**

Twinning projects involve the secondment of one or more experts (Resident Twinning Advisers (RTAs)) from EU Member States, to new member states or pre-accession states (beneficiary countries), for a period usually of at least 12 months. The desired outcome is to improve institutional capacity for a particular country or region, managing significant levels of Structural Funds receipts under post-accession European programmes. This is achieved through training and expert advice provided by the successful Member State.

The projects are funded by the European Commission through a competitive bidding process between Member States. The beneficiary countries decide which bids are successful. The Department won six Structural Fund Twinning projects in 2004-05; two in Romania, two in Bulgaria, one in Hungary and one in Poland. These projects were successfully completed during 2005-06. In 2006-07 two more twinning projects were won by the Department, one in North East Romania and one in Turkey. The North East Romanian project has now closed.

The projects have bank accounts, which are managed by the Department, but these are not Departmental assets and are not included in the Departmental accounts. The assets held at the balance sheet date comprised these monetary assets in the bank accounts. The bank accounts are denominated in Euros and all transactions through the accounts are in Euros. These values are set out in the table below, together with a translation to Sterling at the balance sheet date using the then €:£ exchange rate of 1.12:1.



*Notes to the Departmental Resource Accounts*

Projects	1 April 2008	Gross Inflows	Gross Outflows	31 March 2009	31 March 2009
	€000	€000	€000	€000	£000
North East Romania	15	-	(15)	-	-
Turkey	147	3	(15)	135	121
General Twinning	628	45	(87)	586	523
	<b>790</b>	<b>48</b>	<b>(117)</b>	<b>721</b>	<b>644</b>

**35 Entities within the Departmental boundary**

The entities within the boundary during 2008-09 were as follows:

*Executive Agencies*

Planning Inspectorate

Financial information on the Planning Inspectorate can be found in its own published Annual Report and Accounts. More information can be found by visiting their website: [www.planning-inspectorate.gov.uk](http://www.planning-inspectorate.gov.uk).

*Advisory Bodies*

Advisory Panel on Beacon Councils

Advisory Panel on Standards for the Planning Inspectorate

Building Regulations Advisory Committee

Community Forum

National Housing and Planning Advice Unit

Advisory NDPBs are expert bodies normally established to advise Ministers and Officials on specific policy areas where the expertise does not exist within the Department. Most members of such bodies are unpaid, although several bodies' chairpersons and members do receive a daily fee for attendance of meetings and other work.

*Tribunals*

Rent Assessment Panels

Valuation Tribunals

The following bodies have not been consolidated within the accounts of the Department. Financial information on these bodies can be obtained from their separately published Annual Report and Accounts.

*Trading Funds*

Fire Service College

Ordnance Survey

Queen Elizabeth II Conference Centre

*Public Corporations*

Architects Registration Board

Audit Commission for Local Authorities in England

*Executive Non-Departmental Public Bodies*

Community Development Foundation

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*Notes to the Departmental Resource Accounts*

English Partnerships (until 30 November 2008)  
Firebuy Ltd  
Homes and Communities Agency (from 1 December 2008)  
Housing Corporation (until 30 November 2008)  
Independent Housing Ombudsman Ltd  
Leasehold Advisory Service  
London Thames Gateway Development Corporation  
Standards Board for England  
Tenants Services Authority (from 1 December 2008)  
Thurrock Thames Gateway Development Corporation  
Valuation Tribunals Service  
West Northamptonshire Development Corporation

*Other Bodies Not Classed as NDPBs*

Commission for Local Administration

## Glossary

**Accounting Officer:** In accordance with section 5(6) of the Government Resources and Accounts Act 2000, the Treasury appoints an Accounting Officer for each Department which is obliged, by section 5(1) of that Act, to prepare the Resource Accounts. The Department has two additional Accounting Officers. The permanent head is appointed as the Principal Accounting Officer. Under the Minister, it is the Principal Accounting Officer who has personal responsibility for the overall organisation, management and staffing of the Department, and is the principal witness on behalf of the Department before the Public Accounts Committee to deal with questions arising from these accounts.

**Administration Costs:** The amount of budget a Department may spend on running itself. This excludes the costs of running front line services delivered directly by the Department.

**Annually Managed Expenditure (AME):** Expenditure which cannot reasonably be subject to firm multi-year limits.

**Appropriations in Aid (A-in-A):** Non-tax receipts arising from and incidental to the ordinary business of a Government Department, which have been authorised, up to the amount specified in the Estimate, as funds available to meet expenditure, which can be retained.

**Boundary:** The term to describe which entities are included in the consolidated resource accounts of the Department. The boundary is based upon in-year budgetary control rather than on control of financial and operating policies.

**Consolidated Fund:** The central fund into which the produce of taxation, other public revenues and receipts are paid, and out of which Government expenditure is met.

**Consolidated Fund Extra Receipt (CFER):** Receipts related to expenditure in the Supply Estimates which Parliament has not authorised to be used as appropriations-in-aid and are therefore surrendered to the Consolidated Fund.

**Estimates:** Annual statements prepared by Government Departments, containing the Government's proposals for expenditure on the Supply Services for the coming financial year.

**Departmental Expenditure Limit (DEL):** Spending, which is planned and controlled on a three-year basis in Spending Reviews.

**Departmental Strategic Objectives (DSOs):** Introduced in CSR07 these represent the full range of a department's business and reflect the contributions departments' make to PSAs, which are increasingly delivered by a number of departments or other organisations working together. DSOs are supported by appropriate performance indicators.

**European Regional Development Fund (ERDF):** Established in 1975 to stimulate economic development in the least prosperous regions of the European Union.

**Excess Appropriations in Aid:** Receipts over and above the amount specified in the Estimate, which cannot be retained by the Department and must be surrendered to the Consolidated Fund.

**Government Offices:** The Government Office Network consists of nine regional offices across the country, and the GO Network Centre and Services. The Network represents 12 Whitehall departments and are the primary means by which a wide range of Government policies are delivered in the English regions.

**Grant:** Money voted (i.e. granted) by Parliament to meet the services shown in Supply Estimates.

**Grant-in-aid:** A grant from voted money to a particular body usually a Non-Departmental Public Body, where certain unexpended balances of the sums issued will not be liable for surrender to the Consolidated Fund at the end of the financial year.

**Financial Reporting Manual (FRM):** The Financial Reporting Manual is the technical accounting guide that complements guidance on the handling of public funds. It applies UK Generally Accepted Accounting Practice for the public sector.

**Local Area Agreements:** Local Area Agreements (LAAs) are made between central and local Government in a local area. Their aim is to achieve local solutions that meet local needs, while also contributing to national priorities and the achievement of standards set by central Government.

**Local Strategic Partnerships:** Local Strategic Partnerships (LSPs) are non-statutory, multi-agency partnerships, which match local authority boundaries. LSPs bring together at a local level the different parts of the public, private, community and voluntary sectors; allowing different initiatives and services to support one another so that they can work together more effectively.

**Machinery of Government (MoG) changes:** Where Government functions are being transferred from one Government department to another.

**Managing Public Money:** Managing Public Money, which has replaced Government Accounting, provides guidance on a wide variety of issues relating mainly, but not exclusively, to the proper handling and reporting of public money. The advice it contains falls into three broad categories: Parliamentary requirements; Treasury administrative controls; and best practice.

**National Loans Fund:** The Government's account with the Bank of England through which all Government borrowing transactions (including payment of debt interest) and most lending transactions are handled.

**National Non-Domestic Rates (NNDR):** Sometimes called Business Rates, are the means by which local businesses contribute to the cost of providing Local Authority services. All business rates are paid into a central pool. The pool is then divided between all authorities depending on the number of residents.

**Non-Departmental Public Body (NDPB):** An entity that has a role in the process of Government, but is not a Government department, nor forms part of a department. It can incur expenditure on its own account and is usually financed at least in part from public funds.

**Outturn:** Actual expenditure.

**Permanent Secretary:** The permanent head of a department.

**Programme Boards:** Manage the development of strategy and the delivery of the Department's priorities.

**Programme Costs:** Cost of providing services directly to the public.

**Propriety:** This is a requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control, including the conventions agreed with Parliament and, in particular, the Public Accounts Committee.

**Public Accounts Committee:** An all-party Select Committee of the House of Commons which is empowered to inquire into the financial administration of Government departments and examine their accounts. The Committee reports on its findings to Parliament.

**Public Body:** The following provides definitions of the different types of public body within the Department:

- **Executive Agency:** is a public institution that delivers Government services for Government. An Agency does not set the policy required to carry out its functions, these are determined by the Department that oversees the Agency. Agencies are headed by Chief Executives, who are personally responsible for day-to-day operations. They are normally directly accountable to the responsible Minister in the Department;
- **Executive NDPB:** established in statute and carrying out administrative, regulatory and commercial functions, they employ their own staff and are allocated their own budgets;
- **Advisory NDPB:** provides independent and expert advice to Ministers on particular topics of interest. They do not usually have staff, but are supported by staff from the Department. They do not usually have their own budget, as costs incurred come within the Department's expenditure;
- **Public Corporation:** a publicly owned trading body with day to day operating independence;
- **Trading Fund:** part of Government which has been established under the Government Trading Fund Act 1973. Typically, Trading Funds operate in very specialised fields and rely on their ability to derive income from their activities in order to cover their costs, and provide a return to their sponsoring Department; and
- **Tribunal:** an independent body that remains impartial when dealing with disputes.

**Public Dividend Capital (PDC):** Given to Trading Funds and Public Corporations which are expected to be both fully viable and subject to cyclical fluctuations in their returns as a result of their trading conditions operating in highly competitive markets.

**Public Service Agreement (PSA) targets:** These were introduced in the 1998 Comprehensive Spending Review. They set out agreed targets detailing the outputs and outcomes departments are expected to deliver with the resources allocated to them. The Government monitors progress against PSA targets, and departments report in detail twice a year in their annual Departmental Reports (published in Spring) and in their Autumn performance reports. These reports provide Parliament and the public with regular updates on Departments' performance against their targets.

**Regularity:** This is a requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Managing Public Money.

**Request for Resources (RfR):** The major subdivision of the Supply Estimates.

**Revenue Support Grant (RSG):** A Government grant to make up the shortfall between a Local Authority's Formula Spending Share (formerly Standard Spending Assessment) and the amount it would receive from Assumed National Council Tax and redistributed business rates. The total amount is set out in Section 2 of the Local Government Finance Report published as a House of Commons Paper and available from the Stationery Office.

**Spending Review:** Sets Departmental spending plans for three years. This process was started in the 1998 Comprehensive Spending Review (CSR), which was a comprehensive review of Departmental aims and objectives alongside a zero-based analysis of each spending programme, to determine the best way of delivering the Government's objectives. The 1998 CSR introduced Public Service Agreements (PSAs). Each major Government department was given its own PSA setting out clear targets for achievements in terms of public service improvements. The 1998 CSR also introduced the DEL/AME framework for the control of public spending. Successive Spending Reviews in 2000, 2002 and 2004 have continued setting plans for departments. Rather than hold a spending review in line with the two year cycle in 2006 the review was not held and a Comprehensive Review was held in 2008 instead (CSR07). Allocations for 2007-08 were held to the agreed figures already announced by the 2004 Spending Review with CSR07 covering departmental allocations for 2008-09, 2009-10 and 2010-11. CSR07 was a long-term and fundamental review of the Government's programme and introduced the concept of Departmental Strategic Objectives.

**Strategic Priorities:** A small number of high level key, medium to long-term, objectives setting the overall direction of the Department.

**Subsidy:** A grant (i.e. an unrequited payment) to a producer or trader which is deemed to benefit the consumer by reducing the selling price of the products. Also see "Grant".

**Supplementary Estimate:** A supplementary Estimate is presented to Parliament during the course of the financial year to obtain additional money either for a new service or to make good an under-provision for existing services.

**Supply Expenditure:** Expenditure by Central Government voted by Parliament in the Supply Estimates.

**Supply Grants:** Grants covering the financial year 1 April to 31 March, approved annually by Parliament for the Supply Services and based on the Estimates. They are accounted for in the annual Resource Accounts.

**Trading Fund:** These are bodies established under the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990. Organisations that are so designated normally earn their income from fees and charges, with more than 50% coming from trading activities.

**CORPORATE DIRECTORY**

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[www.communities.gov.uk](http://www.communities.gov.uk) This carries a wide range of information on the Department. In addition to these accounts, the Department publishes a wide range of reports, leaflets and fact-sheets about aspects of its businesses.

## 2. The Planning Inspectorate

Temple Quay House  
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[www.planning-inspectorate.gov.uk](http://www.planning-inspectorate.gov.uk)

Publications by the Department may be requested from the following contact points:

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