

Power to your procurement

CCS Annual
Report and
Accounts
2021/22

Annual Report and Accounts 2021/22

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Crown
Commercial
Service

Crown Commercial Service Annual report and accounts 2021/22

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HC476



Crown
Commercial
Service



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Liverpool

9th Floor, Capital Building
Old Hall Street
Liverpool L3 9PP

Newport

Room 1B31
Concept House, Cardiff Road
Newport NP10 8QQ

Birmingham

Part Lower Ground Floor
Victoria Square House
Birmingham B2 4AJ

London

8th Floor, 10 South Colonnade
Canary Wharf
London E14 4QQ

Norwich

Rosebery Court
St Andrews Business Park
Norwich NR7 0HS

Telephone: 0345 410 2222

Email: info@crowncommercial.gov.uk

Online: www.crowncommercial.gov.uk

 @gov_procurement

 Crown Commercial Service



Welcome

to the **Crown Commercial Service** Annual Report and Accounts 2021/22

In 2021/22 the Crown Commercial Service, as a Trading Fund and an Executive Agency of the Cabinet Office, helped organisations across the entire public sector to save time and money on buying their everyday goods and services.

Performance highlights and commercial benefits including savings

£27.63 billion

of public sector
spend was
channelled through
our commercial
agreements

an increase of
£4.9 billion
from the year before

Our employee
engagement index,
as measured by
the civil service
people survey is

71%

maintaining top
quartile performance

£2.22 billion

was spent directly
with SMEs through
our commercial
agreements in
2021/22

an additional
£687 million directly
compared to 2020/21

Customers who
have used our
agreements have
achieved
commercial benefits

equivalent to
£2.8 billion

In line with government policy on
prompt payment we paid **99.9%** of
undisputed supplier invoices within
five days and **100%**
of undisputed payments due within
30 days

We helped customers with procurements worth a total annual contract value of over **£5 billion**



Our digital brochure, providing customers with the latest details of our products and services, was **downloaded 2,268 times** last year

Our net promoter scores for customer satisfaction over the year were **+56** for customer service and **+62** for assisted procurement



We helped 14 NHS trusts to save a total of **£4 million** on mobile voice and data services - an average saving of 70% against their previous costs



Schools in Tower Hamlets are expected to save **£250,000** on the cost of recruiting supply teachers through a managed service solution using our Supply Teachers and Temporary Staff framework

Year at a glance

April 2021



May 2021



June 2021



We negotiate the next iteration of a 3 year Memorandum of Understanding with Microsoft UK, to enable public sector organisations to continue to achieve better value for money on their technology procurement.



We produce a video in support of Deaf Awareness Week to highlight the story of a colleague with hearing loss who, through the support of her line manager, was able to access the equipment she needed to help her at work.



For the first time, we participate in Mind's Workplace Wellbeing Index Awards. We receive a silver award in recognition of the work we're doing to support the mental health of our colleagues.

July 2021



August 2021



September 2021



We launched our Carbon Net Zero working group - delivering expert advice on CNZ issues in the run up to COP 26.



We support the repatriation of thousands of people during the Afghanistan crisis. We also set up a 24 / 7 service to procure 150,000 emergency essential items, including food, blankets and nappies, for Afghan evacuees arriving at UK airports.



Staff complete the Civil Service People Survey, placing CCS in the top quartile of all Civil Service organisations.

October 2021



November 2021



December 2021



We launch our Procurement Essentials series of articles to help customers, who may not be procurement experts, overcome common hurdles, understand key concepts, and make their life as a buyer of common goods and services easier.



We published our first annual modern slavery statement – setting out the positive steps we’re taking to identify, prevent and mitigate the risks of modern slavery in our operations and supply chains.



Two CCS colleagues are recognised in the Queen's New Year honours list. Sal Uddin received an MBE for public and charitable services and Katrina Williams, received an OBE for public service. Philip Orumwense also collects his CBE, awarded in 2020, from Windsor Castle.

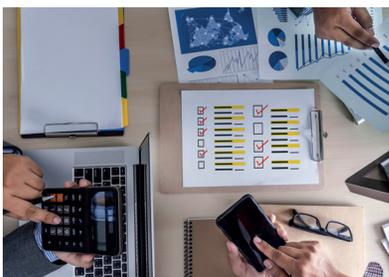
January 2022



February 2022



March 2022



We published our first SME action plan, outlining how we're helping the public sector to meet the government's aspiration to level the playing field for SMEs.



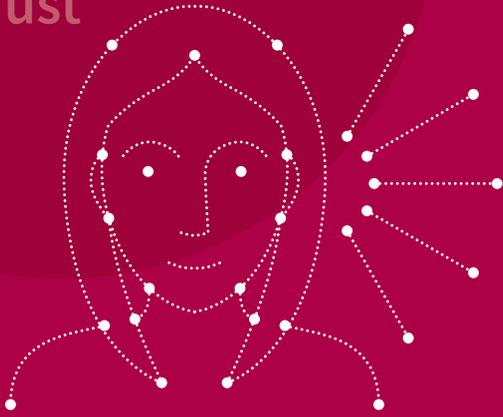
Simon Tse appears on the cover of Civil Service World. In his interview he discusses public procurement reform, how CCS is enabling better outcomes for our public sector customers, and his work to ensure the Civil Service is representative of the UK.



CCS partners with NHS England and NHS Improvement on a new construction framework agreement.

Our values shape and drive everything we do, so that we deliver with confidence

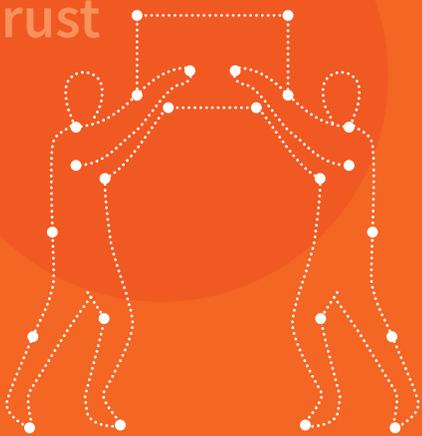
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we respect
we collaborate
we trust



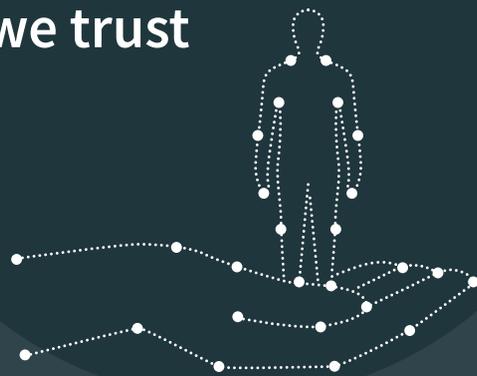
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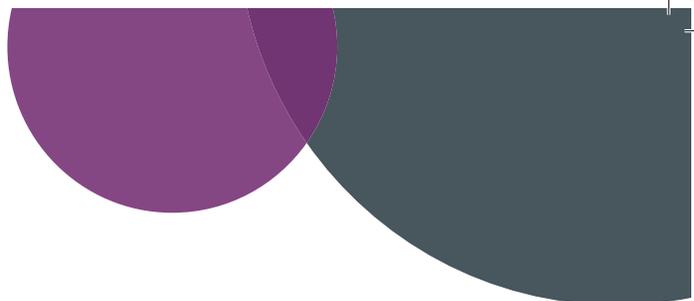


we listen
we respect
we collaborate
we trust



we listen
we respect
we collaborate
we trust





Who we are



Our vision is to be the provider of choice for public sector organisations seeking commercial and procurement solutions. Crown Commercial Service (CCS) will be trusted and admired by buyers and suppliers for our expertise and the quality of the services we offer and the solutions we provide.

Our purpose is to help the UK public sector get better value for money from its procurement of goods and services.

Our goal is to focus on the customer by deepening the value CCS adds, extending our coverage and influence and enabling better outcomes.

Our ambition is to increase the value that we help the public sector achieve from procurement, by sustainably increasing the depth of our impact and the breadth of our coverage. We will aim to influence as much common goods and services public sector procurement spend as possible, and target spend through CCS commercial agreements of £30 billion by 2024.

Glossary

ALB	Arm's length body, an organisation that delivers a public service, is not a ministerial government department, and which operates to a greater or lesser extent at a distance from ministers	DOS	Digital Outcomes and Specialists, CCS's commercial agreement that helps the public sector buy, design, build and deliver digital outcomes by finding appropriate specialists to deliver agile software development
CAAAB	Commercial Agreement Advisory and Approval Board, the board oversees all new and replacement commercial agreements	DPS	Dynamic purchasing systems
CCS	Crown Commercial Service	EPMO	Enterprise Portfolio Management Office. They advise, support and challenge internal projects
CETV	Cash Equivalent Transfer Value	Executive Board	The Executive Board manages the delivery of CCS's strategic aims and provides leadership to the organisation. The Executive Board is chaired by the Chief Executive and includes Director-level representation from the key directorates and functions in CCS
CG&S	Common goods and services, products and services that multiple organisations need to purchase, from locum doctors and laptops, to police cars and electricity. In CCS, we organise them into four pillars: buildings, people, technology, corporate	FAB	Finance and Approvals Board, this is a sub-committee of the Executive Board with responsibility for overseeing all aspects of spending within CCS
CIPS	Chartered Institute of Procurement and Supply	FM	Facilities management
CG	Central government, the ministerial departments	FRem	The government Financial Reporting Manual, which is the technical accounting guide for the preparation of financial statements
CO	Cabinet Office	FTEs	Full time equivalent, the hours worked by one employee on a full-time basis
Commercial benefits	The value that CCS drives for customers when purchasing through our commercial agreements. Our methodology allows for 2 routes for benefit calculations: <ul style="list-style-type: none"> a. 'Spend benefits' are based on sampling all spend through a commercial agreement and calculating average benefit for all the customer population using the agreement compared to current comparator market prices b. 'Change benefits' are a specific measure applicable to an individual customer usually as a result of a business change influenced by CCS and signed off accordingly by the customer 	GBS	Government Buying Standards
CRM	Customer relationship management, either the processes of managing customer relationships or the tools/software we use to manage customer information	GCF	Government Commercial Function
DHSC	The Department of Health and Social Care	G-Cloud	CCS's commercial agreement for use by the UK public sector to buy cloud computing services covering hosting, software and cloud support on a commodity based, pay-as-you go service
DLUHC	Department of Levelling Up, Housing and Communities	GCO	Government Commercial Organisation
		GDS	Government Digital Service
		GIAA	Government Internal Audit Agency
		GPA	Government Property Agency
		KPI	Key Performance Indicator
		LGBT+/LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer/Questioning plus other communities
		MoU	Memorandum of Understanding, a type of agreement between two or more parties
		MPM	Managing Public Money, HM Treasury guidance for managing the spending of public funds

MSAT	Modern Slavery Assessment Tool
MVP	Minimum Viable Product
NAO	National Audit Office
Net Zero	The target for the UK to bring all greenhouse gas emissions to net zero by 2050. Any emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage
NHS BSA	NHS Business Services Authority
NHS FOM	NHS Future Operating Model, the programme to enhance procurement efficiency and effectiveness across the NHS
NHS SBS	NHS Shared Business Services
NPS	Net Promoter Score, a measure of customer satisfaction
OGSA	Operational Governance Self Assessment, part of CCS's management assurance process
PAC	Public Accounts Committee, examines the value for money of government projects, programmes and service delivery. Drawing on the work of the National Audit Office the Committee holds government officials to account for the economy, efficiency and effectiveness of public spending
PBOs	Professional buying organisations that put in place and manage contracts and frameworks for commonly purchased goods and services which can be accessed by most UK public sector organisations
PPG	Public Procurement Gateway
PSC	Public Sector Contract, a shorter and simpler government contract developed and used by CCS
RMI	Report Management Information system, the system for suppliers to submit their returns to CCS
ROCE	Return on Capital Employed
SAM	Strategic Account Management
SCS	Senior Civil Service

Smarter Working	Smarter working empowers Civil Servants to make the right decisions about where, when and how they work; optimising the use of workplaces and technology, and realising savings for the taxpayer. It improves productivity through a focus on outputs and enables a better work life balance for all
SMEs	Small and medium-sized enterprises (business of less than 250 employees)
SMT	Senior Management Team
Social value	Social value legislation requires buyers of public sector services to consider whether there are related social, economic or environmental benefits that can be delivered through the contract, for example, creating more apprenticeships or reducing carbon emissions
Spend types	<p>Direct spend represents spend where the commercial agreement/framework used for call off is owned and managed by CCS. This includes agreements originally let by other organisations and then transferred to CCS.</p> <p>Transacted spend represents spend via an agreement that is placed and owned by another organisation but for which CCS has offered significant buying advice or support or spend where the CCS influence is focused on enabling a route to market for customers, who are then buying a secondary product.</p> <p>Public Sector Commercial Agreement spend are memoranda of understanding (MoU) with suppliers that set a maximum charge for goods or services that the supplier agrees to adhere to within/across the public sector</p>
SRO	Senior Responsible Owner, the individual responsible for ensuring that a programme or project meets its objectives
WPS	Wider public sector, including local government, health and education, and third sector (charities)

"This is another excellent set of results from Crown Commercial Service for 2021/22. CCS is crucial to the government's drive for efficiency, by helping customers across the entire public sector get better value in terms of benefits, as well as value for money, from their spending on common goods and services. My sincerest thanks to CCS colleagues, the Executive and Non-Executive Boards, and in particular, departing Chairman Tony van Kralingen, for their excellent and continued delivery again."

The Rt Hon Jacob Rees-Mogg MP,
Minister of State (Minister for Brexit
Opportunities and Government Efficiency)

Performance report



Overview

Chair's statement



Tony van Kralingen
Chair

As I write my final statement for the Annual Report and Accounts, I have been reflecting on my time at CCS ahead of my tenure ending in 2022/23. In my six years I have been privileged to serve as Chair of the Board I have witnessed huge strides in all areas of the business. From a difficult start as an organisation, the leadership and teams within CCS have worked tirelessly to build an efficient and admired organisation, which is an enjoyable yet challenging place to work. It has been a tough yet rewarding journey.

The past two years have, of course, been undeniably, exceptionally difficult for everyone, particularly in the public sector who were at the forefront of the battle against COVID-19 and all the consequential issues. CCS was challenged to bring significant support and commercial assistance to many of the public bodies challenged by COVID-19. Proudly, CCS has risen to the challenge and as a result CCS's reputation continues to grow both with central government customers and in the wider public sector.

In 2021/22 CCS again delivered over and above its targets, delivering commercial benefits of over £2.8bn for our customers and spend through commercial agreements exceeding £27bn. Not only in the headline numbers have we seen growth, but also with CCS's operational and commercial maturity, improved reputation with customers in central government and the wider public sector and improved operational efficiency.

Being able to deliver such benefits for customers and ultimately for the UK taxpayer, demonstrates the value that CCS can add. Additionally, CCS continues to add enormous value for customers through its Assisted Procurement Service, as well as working to ensure that customers can deliver on the policy priorities to build back better and level up the country through using CCS's agreements.

But while growth in commercial benefit and spend through commercial agreements shows the increased confidence and trust in CCS's ability to deliver, there are still opportunities for improvements in operations and ensuring that CCS is truly customer focussed. CCS has a clear vision and strategy to do this over the next five years and I have every faith that the organisation will achieve its objectives and ambition.

The People Survey results demonstrate continued pride and engagement across the organisation. It is my expectation that this will continue to improve as the organisation continues to build capability in many areas, with particular focus on digital capability and improved understanding of, and value delivered to, the wider public sector.

I am delighted to be able to end my term as Chair of the CCS Board with such outstanding results and continued year on year improvement. I would like to express my appreciation to Simon and the Executive Board for their excellent leadership. Further thanks must go to my Non-Executive colleagues, past and present, for their continued support and challenge ensuring that CCS lives up to its potential. In particular, David Wakefield, as Chair of the Audit and Risk Assurance Committee, who has pursued significant improvements in operational governance with tenacity and charm during his tenure at CCS, which like mine, comes to an end this year.

I must record my sincerest thanks, one final time, to all CCS colleagues for their continued commitment to delivering value for customers and for UK taxpayers. Finally, thanks must go to all customers and suppliers who continue to work with CCS.

Chief Executive's introduction



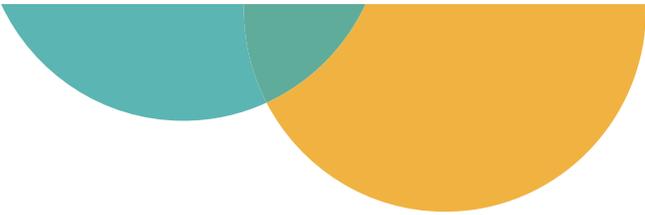
Simon Tse
Chief Executive

2021/22 saw the continuation of many of the challenges that the COVID-19 pandemic presented. But it is not just the pandemic that has presented our customers and ourselves with challenges this year. It has been the first full year of operating post the UK's exit from the EU. Last summer saw evacuations from Afghanistan, and as it drew to a close, another global crisis emerged following the Russian invasion of Ukraine. While these have undoubtedly been exceptional challenges, CCS has remained committed to supporting our customers with their commercial requirements in these trying circumstances.

We have been able to demonstrate once again how we can assist customers to deliver on their priorities, achieving £2.8bn of commercial benefits through use of our commercial agreements. We also continue to grow our Assisted Procurement Service, helping our customers with their higher value and more complex procurements. This year, we placed contracts with an Annual Contract Value of over £5bn of contracts through our Assisted Procurement Service. This is exceptional and is a true demonstration of the real value we can add to customers by saving them time and resources on running their own procurements. Our customer satisfaction also continues to remain high, with Net Promoter Scores of +62 and +56 for Assisted Procurements and Customer Service respectively. This continues to be an excellent vote of confidence for us as we launched 34 new commercial agreements into the market.

Because of all these improvements in our customer offering, we have exceeded our growth target this year with £27bn spent through our agreements. Four years ago, when I became Chief Executive, I set out a vision to more than double CCS's commercial benefits and spend through our commercial agreements within 5 years. We have done that and more, dramatically changing the organisation in the process by putting our customers at the heart of what we do. Our significant improvement in NPS scores in that time has shown that we have been doing the right things. All of these improvements are a huge testament to the commitment of our colleagues in delivering for our customers.

In particular, we have started to see increased growth in our wider public sector (WPS) spend this year, after spending the last couple of years laying the foundations for our work with WPS customers. We continue to support colleagues with capability development in local government in partnership with DLUHC, and in offering commercial communities of practice, and I am delighted to see our hard work and investments in this area start to pay off. Our work on market segmentation and strategic account management will continue throughout next year.



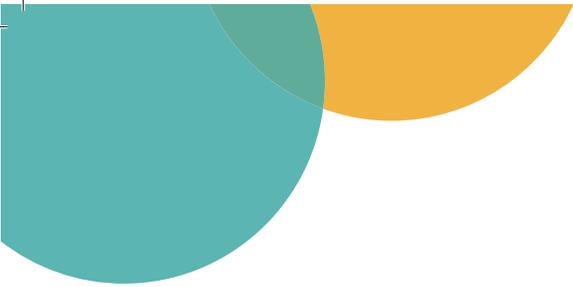
Our People Survey results remained high in 2021, with an engagement score of 71% and a 96% response rate. After two years of our staff working mostly remotely these are incredibly positive results. We have continued our focus on wellbeing and this year participated in the MIND Workplace Wellbeing Index for the first time, achieving a Silver award. We have used the opportunity presented to us by not being in our office spaces to meet our Smarter Working ambitions by completing refurbishments across our sites. The newly reconfigured spaces are designed for collaboration and bringing colleagues together to share ideas, and allow colleagues to choose how and where to work to best suit the outcomes they will deliver. 2021 also saw us open a new office in Birmingham, bringing our main sites up to five across England and Wales.

In a further demonstration of our continued success, we had a great year in terms of awards. We hosted our first ever CCS Live Awards, with 145 nominations across eight categories. CCS had multiple other successes at external awards, winning the gongs for ‘Supplier Management’ and ‘Collaboration and Partnership’ at the Government Commercial Function (GCF) Leadership Awards. CCS won three further awards at the Cabinet Office Awards in December and one of our colleagues was also recognised with a Lifetime Achievement Award at the Civil Service Awards. And to round off an outstanding calendar year, we received the excellent news that two CCS colleagues received New Year’s Honours: Katrina Williams was awarded an OBE and Sal Uddin an MBE.

While all of these successes have been exceptional, we must not rest on our laurels and there have been additional challenges alongside the global challenges we have all faced. The collapse of Greensill Capital saw multiple investigations and reports, including by the NAO and Nigel Boardman, and a Public Accounts Committee hearing alongside colleagues from DHSC, NHS BSA and NHS SBS. Additional reports by Nigel Boardman were commissioned, looking at pandemic procurement, which resulted in a recommendation for CCS to review how best to broaden the scope of our products and services in a crisis situation to maximise the impact of its skilled resources. We are working closely with colleagues in the Government Commercial Function to take this forward. And as we move to living with COVID-19, we are of course beginning to prepare ourselves for the COVID-19 Inquiry and any role we will have to play thereafter.

We are also preparing ourselves for the upcoming Public Procurement Reform Bill and its implementation in 2023, having engaged closely with the Cabinet Office Commercial Policy team on the Green Paper and its subsequent response, including seconding colleagues to support the programme. The key priority is making sure that we understand and can support our customers’ needs throughout the implementation of the new regime. We have demonstrated how we can do this when supporting our customers with other key policy priorities, such as building back better, levelling up, delivering social value through procurement and moving towards carbon net zero.

Fundamental to delivery of all of our objectives is ensuring that our commercial agreements are simple and easy to access and use, increasingly through digital means. This remains complex when delivering the wide range of products and services that we do, but we have had notable successes this year including delivering a ‘guided match’ solution for our active commercial agreements, as well as launching the Low Value Procurement Solution and the complementary Tail Spend Framework. As part of our work to support Procurement Rules Reform, we will be launching the Public Procurement Gateway in 2022/23, a system that will make it much easier for customers and suppliers. This will create a single sign-on and a ‘tell us once’ approach to providing information and common documents for procurements.



We have demonstrated time and again the exceptional value and expertise that we can deliver at great pace. With some enhancements, we can achieve even more value for our customers. Our vision and strategy for the next five years are clear, with key areas of focus being Customer, Product and Services. Our strategy will enable us to operate on a greater scale and to have more impact, in a way that is efficient and sustainable, by prioritising and expanding the other activities we are uniquely well placed to deliver and which drive the most benefit for the public sector. The vision we have, for the organisation we want to be, is something that excites me tremendously.

CCS's success is not ours alone and thanks must go to the commercial function, our suppliers and all our customers both in central government and across the wider public sector. Our Non-Executive Directors have provided great oversight, advice and guidance during another trying but successful year. Thanks must go to David Wakefield for his excellent service as Chair of the Audit and Risk Assurance Committee - CCS's governance and operation has improved immeasurably under his tutelage. I must also extend my sincere gratitude to Tony van Kralingen for his challenge, guidance and counsel during his tenure as Chair of the Board. It is something that I have greatly appreciated personally as Chief Executive.



It was with great sadness that we lost our colleague Tracey Donaghy in June 2021. Tracey was a much-loved member of our CCS family and was a key part of the Contact Centre category team, working with customers and suppliers to deliver solutions to support national priorities including the COVID-19 response. She has been greatly missed across CCS and beyond.

The last few years have been incredibly difficult and I could not be more proud of how CCS colleagues have continued to deliver through all of these challenges, time and time again. To each and every colleague - thank you.



Simon Tse
Chief Executive and
Accounting Officer
8 July 2022



In Memoriam
Tracey Donaghy
8 January 1967 to 25 June 2021

Statement of purpose, scope and strategy

Strategic objectives

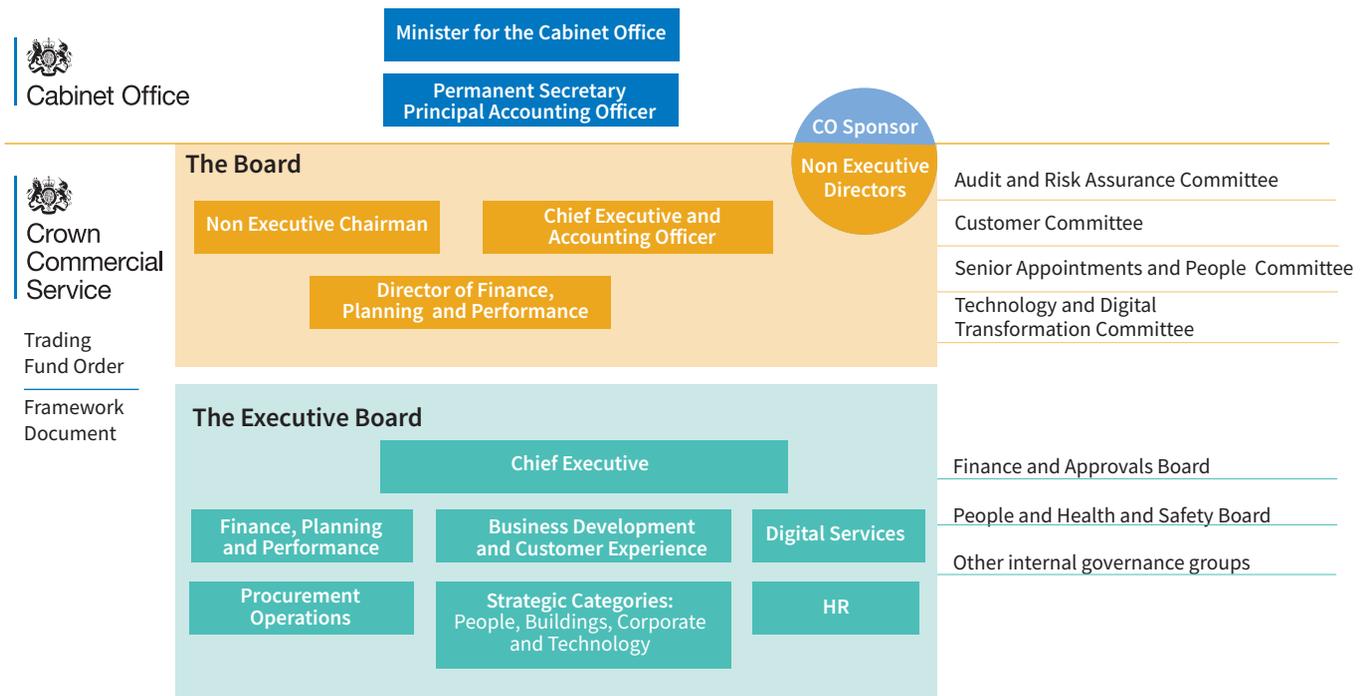
CCS is a key constituent of the Government Commercial Function (GCF). We develop commercial solutions for the procurement of common goods and services to support the public sector in achieving value for money from spend with suppliers.

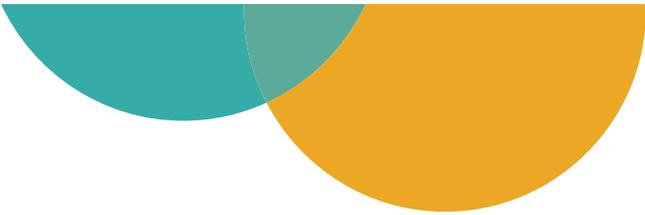
Our three overarching strategic objectives during 2021/22 were:

1. Focus on the customer
2. Maximising commercial benefits
3. Strengthening the UK economy through effective policy delivery

Organisational structure

Our organisational structure and governance arrangements are set out in the diagram below.





Performance overview

1. Focus on the customer

Delivering a high quality customer service and continuing to make it easier for our customers to use and benefit from CCS products and services remains a key measure of our performance and success. This year our customer service satisfaction rating, as measured by our net promoter score surveys covering all customer enquiries, remained excellent with an NPS score of +56.

Our aim to ensure that customers can access the services they need at the first point of contact through our Customer Service Centre has continued this year. In supporting this aim our Customer Service Centre has fulfilled all customer requests for low value procurements at the first point of contact. This move to delivering those procurement events has enabled continued growth in the value of the CCS assisted procurement activity delivered by our procurement teams with a greater focus on carrying out more high value / high complexity procurements for our customers.

The transition and delivery of low value assisted procurement activities through our Customer Service Centre has contributed to the overall increase in the NPS score for Assisted Procurement, with the satisfaction for those undertaken in the Customer Service Centre increasing our overall assisted procurement NPS score of +62.

This year, 590 procurements were undertaken by our Procurement and Customer Service Centre Teams, delivering £5.06bn Annual Contract Value through CCS frameworks. The turnaround times service level agreement of 80% was exceeded and customers across central government and the wider public sector were supported. Our procurement teams continued to support major cross government initiatives including the COVID-19 response, Afghanistan repatriation and COP 26 and G7 conferences.

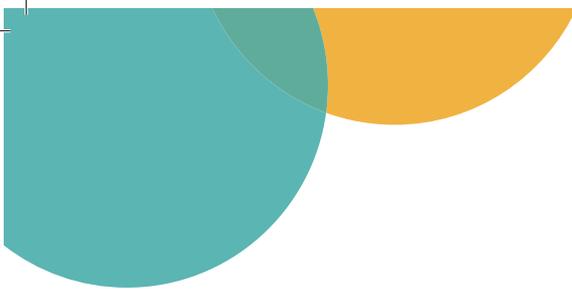
2. Maximising commercial benefits

By making use of CCS's commercial expertise and procurement capability, we have continued to refresh our category strategies and optimise our portfolio of commercial agreements for common goods and services. We put in place 34 new commercial agreements in 2021/22, for use by our central government and wider public sector customers.

Over the course of the year, £27.6 billion was spent through our commercial agreements - an increase of £4.9 billion (22%) on the previous year. This has been driven by growth in central government departments, and their arm's length bodies, increasing from £15.1 billion in 2020/21 to £18.0 billion in 2021/22, and the wider public sector, increasing from £7.6 billion in 2020/21 to £9.6 billion in 2021/22.

The more spend that is channelled through CCS, the more commercial benefits we are able to achieve for our customers. In 2021/22, we achieved commercial benefits worth £2.8 billion through the use of our commercial agreements compared to market rates.

In addition to the lower prices available on our frameworks, we achieved a further £206 million of benefits to our customers through implementing specific business change initiatives.



3. Strengthening the UK economy through effective policy delivery

Transition from the European Union and the resultant Procurement Reform Bill represents a huge opportunity for CCS. We worked closely with Cabinet Office colleagues in the lead up to and after the transition date passed. During this time, we were able to provide trusted advice on the Transforming Public Procurement Green Paper, provide analysis of the responses to the Green Paper and support the Cabinet Office to reform the public procurement regime. Through the next 12 months we will be working closely with the Cabinet Office to understand the impact that public procurement reform will have on CCS and establish a dedicated team to implement the required changes.



We are clear that effective implementation of procurement policy is a strong driver of national and local economic development. Markets that perform best are those that inspire confidence that they serve society's needs and set high standards of behaviour amongst participants. Reputation matters in attracting public sector customers to make use of our commercial agreements, and public service organisations increasingly want to work from a principle that every pound spent is an investment in the quality of life in our society, and not just a financial transaction. Because of this, we are placing ever stronger emphasis on social value, sustainable procurement and modern slavery prevention in designing and developing our procurement agreements.

We have worked with the Cabinet Office and the National Social Value Taskforce to share best practice in social value and support the launch and implementation of Procurement Policy Note 06/20: Taking Account of Social Value in the Award of Central Government Contracts. Beyond this we have designed our category strategies to capture and reflect opportunities to deliver social value and we have built our new agreements in a way that allows customers to create tangible benefits in towns and cities across the UK, including an evaluation of suppliers' approaches during the procurement stage. We will be doing more of this over the coming year, inspiring our people and customers to think of procurement as not just a 'deal to be made' but as a way to bring about meaningful change from a local to a global level.

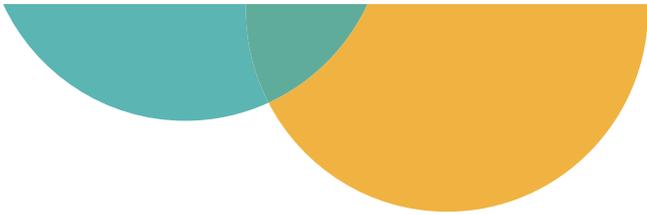
We have also seen progress with our efforts to enable small and medium-sized enterprises (SMEs) to participate in our commercial agreements, with £2.22 billion (13.1%) of central government spend directly with 2,473 SMEs. This represents an increase of £687 million in spend compared to 2020/21. We continue to design our commercial agreements so that SMEs are able to benefit and that is why over 66% of the suppliers on CCS's commercial agreements are either micro (36%), small (19%) or medium (11%) sized enterprises (as of March 2022).

For CCS, doing policy well is good business and good for confidence-inspired growth, whether it is bringing a broader range of suppliers into a market, ensuring fair play by improving the promptness of payment behaviours or asking companies to work with us to create markets that work from a broad and public spirited view on the value they can create.

Financial performance

We exceeded our financial targets in 2021/22. Total income was £171.9 million and expenditure was £86.1million delivering a surplus before other operating costs of £85.8 million (2020/21: £55.8 million). Other operating costs of £2.4 million were also incurred relating to the NHS Future Operating Model, Digital and Data Services and the CCS Change Programme. After interest and dividends, the retained surplus was £68.5 million (2020/21: £37.8 million). The exceptional in-year surplus achieved was due, in the main, to exceptional trading conditions largely driven by the public sector's collective response to addressing the wide-ranging challenges arising from the COVID-19 pandemic.

The opening General Reserve of £63.6 million increased to £132.1 million. Indexation of intangible assets resulted in a revaluation gain of £0.06 million. There was no change to Public Dividend Capital (£0.35 million) meaning that the total of taxpayers' equity in CCS increased from £64.0 million to £132.6 million. More information is contained within the notes to the accounts on pages 96 to 110.



The Dividend which the Cabinet Office receives from CCS was £15.0 million in 2021/22 (2020/21: £14.5 million). This covers the costs of the Complex Transactions, Continuous Improvement, Markets, Sourcing and Suppliers and Policy teams which were previously transferred from CCS to the Cabinet Office. The Dividend is also used to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers.

Where CCS achieves a significantly higher than expected level of surplus the Cabinet Office, as the sponsor department, can exceptionally require a higher level of dividend to ensure CCS reserves do not grow disproportionately. CCS will be working in 2022/23 to utilise elements of the surplus generated to develop commercial capability to enhance the benefits generated for customers. In 2021/22 CCS achieved a Return on Capital Employed of 84.9% which was significantly above the 5% target as set out in the Treasury Minute.

The last five years of CCS's income and costs are shown on page 112.

Our strategy of inward investment for the future, stimulating growth in customer spend and increased commercial benefits continued in 2021/22. CCS continues to invest to enhance internal systems, digitise online access to our commercial agreements and improve ways of working for both our customer users and suppliers.

We have continued our commitment to paying creditors in line with government policy on prompt payment. In 2021/22, CCS paid 99.9% of undisputed supplier invoices within 5 days and 100% of undisputed payments due within 30 days.

As a Trading Fund, CCS is expected to generate sufficient funds to meet its operating costs and prevent the need for recourse to the Cabinet Office or HM Treasury for financial support. Prudent financial management means that CCS should ensure sufficient cash reserves are in place to mitigate against financial risk arising from any sudden reduction in customer demand, unexpected increases in expenditure or inability to collect income through systems failure. CCS will continue to adopt prudent cash and working capital management to ensure it is able to continue to operate as a going concern.

Key issues and risks that could affect CCS in achieving its objectives

We manage risk across all activities carried out by the business at a strategic and operational level, focusing on achievement of our business plan objectives. Risk management is coordinated across a network of risk management champions and business managers representing each team within the business.

The Executive Board reviews the Strategic Risk Register and the effectiveness of mitigations on a monthly basis. The main Board and sub-committees also review the Strategic Risk Register. Operational risks are reviewed by the Operational Risk and Issue Group and a summary report is provided to the Executive Board on a monthly basis. The Audit and Risk Assurance Committee provides scrutiny of the overall system of governance, risk management and control and the Committee Chair provides an annual update to the Cabinet Office Audit and Risk Committee.

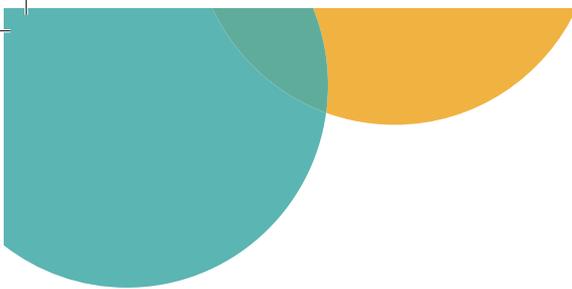
The areas of strategic risk that had the potential for preventing the business from achieving its objectives in 2021/22 are set out in the following table.

Risk Topic	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
1 Products	Establish, design, build, sell and service commercial agreements for products and services that meet the needs of customers – timely, easy to use, compelling and attractive	<p>Extensive market engagement with customers to capture design requirements along with demand across sectors in partnership with the Customer Experience Directorate.</p> <p>Communities of practice in place to secure customer buy-in and continuous improvement as part of a product and resource prioritisation approach.</p> <p>Review and analysis of pipeline commercial agreements through newly established governance (Product Portfolio Authority) to review all aspects of product performance, customer demand including digital requirements and lessons learned from existing / prior agreements.</p> <p>Establishment of a market segmentation approach to better determine the current and future needs of customers and the products to be designed to meet those needs.</p>	<p>The level of risk has been reduced significantly with reductions in both likelihood and impact.</p> <p>Product-related risks will continue to require management attention in the future as part of the implementation of our business growth strategy.</p>
2 Business Development	Identify, generate, manage and convert business development opportunities efficiently and effectively	<p>Continuously improve the opportunity management pipeline tool as part of the customer relationship management system.</p> <p>Embedding of customer relationship management and strategic account management.</p> <p>Development and implementation of 7 customer sector strategies focusing on Government & Policy, Culture, Media & Sport, Defence & Security, Education, Health, Local Community & Housing and Infrastructure.</p>	<p>The level of risk has been reduced significantly with a reduction in likelihood.</p> <p>Business development-related risks will continue to require management attention in the future as part of the implementation of our business growth strategy particularly in customer markets where current levels of business are low.</p>
3 Partnerships	Establish and implement an effective Partnerships strategy	<p>Continue to oversee new and existing Partnerships through the Partnerships Steering Committee.</p> <p>Continuous improvement of performance measurement of Partnership arrangements along with robust stakeholder management.</p>	<p>The level of risk has been reduced with a reduction in likelihood.</p> <p>Partnership-related risks will continue to require management attention in the future as part of the implementation of our business growth strategy particularly in customer markets where current levels of business are low.</p>

Risk Topic	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
4 Digital	Deliver digital solutions that meet customer and business requirements & align to business strategy	<p>Completion of a digital review and planned implementation of recommendations.</p> <p>Continuous improvement of early engagement process as part of commercial agreement design via the Product Portfolio Authority to establish digital requirements at earliest possible opportunity.</p> <p>Improve resource capability and to address shortfalls in capacity.</p>	<p>The level of risk has been reduced significantly with reductions in both likelihood and impact.</p> <p>Digital-related risks will continue to require close management attention in the future as part of the implementation of our business growth strategy particularly where digital solutions are integral to enabling customers to self-serve from our product portfolio. Digital capability also requires close attention.</p>
5 Strategy	Have a clear and justifiable strategy that will deliver CCS's purpose and future ambition	Implement the portfolio of projects that are set out in the new business strategy.	<p>The level of risk has been reduced with a reduction in impact.</p> <p>This is not a risk that will require significant management attention in the future and have a material impact on organisational performance.</p>
6 Investment	Invest in the right things which drive business growth, transformation and risk reduction	<p>Continuous improvement of governance and assurance delivered through the Enterprise Portfolio Management Office which advises, supports and challenges project business cases prior to scrutiny from the Finance and Approvals Board.</p> <p>Portfolio progress reporting including dependency management and benefits management carried out as part of gated assurance reviews, with performance reported to and discussed by the Executive Board on a monthly basis.</p>	<p>The level of risk has been reduced significantly with reductions in both likelihood and impact.</p> <p>This is not a risk that will require significant management attention in the future and have a material impact on organisational performance.</p>
7 People	Attract and retain the best people, develop existing capability and strengthen leadership throughout the organisation as part of organisational transformation	<p>Continued alignment of pay and reward to government professional framework structures. Ongoing simplification of job roles with use of clearer terminology to attract the right calibre of candidates through the recruitment process.</p> <p>Workforce planning along with the continued rollout of talent management, leadership development, management capability and apprenticeship programmes.</p>	<p>The level of risk has been reduced significantly with a reduction in likelihood.</p> <p>Capability and capacity-related risks will continue to require close management attention in the future as part of the implementation of our business growth strategy which is based on an approach which is significantly more output for the same / fixed level of resources .</p>

Risk Topic	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
8 Safety & Wellbeing	Keep our people and business safe and secure from a health & safety perspective	<p>Continuous review of business resilience plans.</p> <p>Mandatory health and safety training for all staff.</p> <p>Health and safety intranet hub supported by regular communications and a health and wellbeing events programme.</p> <p>Implementation of health and safety compliance work plan.</p>	<p>The level of risk has been reduced with a reduction in likelihood.</p> <p>This risk will continue to be monitored at an operational level.</p>
9 Suppliers	Manage suppliers effectively as part of an integrated and joined up approach for customers with Cabinet Office Central Commercial teams and customers team, including Commercial agreement management, Supplier failure / assurance, Supplier / market reputation, attracting the right suppliers and Innovative Supplier solutions	<p>Embed supplier relationship management, supplier performance management and strategic supplier relationship management model in line with CCS policies.</p> <p>Rollout new standard operating procedures and further improve capability through targeted training.</p> <p>Completeness of income and supplier assurance audit programme.</p>	<p>The level of risk has been reduced significantly with a reduction in impact.</p> <p>Supplier-related risks will continue to require close management attention in the future as part of the implementation of our business growth strategy. The economic and market conditions have the propensity to increase the risk of supplier failure.</p>
10 Safety/ Security (Technology)	Keep our people and business safe and secure from a technology perspective	<p>Continuous improvement of information assurance policies and processes.</p> <p>Monitor the effectiveness of 'detect and response' service provided by a managed security service provider and act rapidly to address any threats and/or issues.</p> <p>Continued rollout of Cyber Security Awareness campaign underpinned by mandatory training (Cyber Essentials) for our people.</p>	<p>The level of risk has been reduced significantly with reductions in both likelihood and impact.</p> <p>Cyber-related risks will continue to require close management attention in the future as part of the implementation of our business growth strategy particularly as we increase the rollout of digital solutions for our customers.</p>

Risk Topic	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
11 Well Run Organisation	Maintain CCS as a well run, efficient, sustainable and prosperous organisation	<p>Continuous Operational Governance Self Assessment exercise to identify areas for improvement.</p> <p>Annual internal audit assurance plan overseen by the Audit and Risk Assurance Committee.</p> <p>Corporate risk and issue management policy and supporting processes in place.</p> <p>Second line assurance service provided by the Business Assurance Services Team focusing on business resilience, counter fraud, bribery and corruption, supplier assurance and completeness of income.</p> <p>Monthly review of organisational performance carried out by the Executive Board.</p>	<p>The level of risk has been reduced significantly with a reduction in likelihood.</p> <p>Organisational effectiveness will continue to require close management attention in the future as part of the implementation of our business growth strategy which is based on an approach which is significantly more output for the same / fixed level of resources.</p>
12 Procurement Reform	Identify the risks and opportunities presented by the proposals for procurement rules reform and putting measures in place	<p>Ongoing engagement with CO procurement rules reform team to understand all the opportunities and risks.</p> <p>Implementation of the CCS Procurement Reform programme to ensure readiness of the organisation and our portfolio of products, solutions and services to meet the requirements.</p>	<p>The level of risk has been reduced with a reduction in likelihood.</p> <p>The implementation of Procurement Reform will continue to require close management attention in the future to ensure that our products and services are fully aligned with new legislation and customer expectations.</p>
13 Business Resilience (COVID-19)	Establish mechanisms which enable the organisation to effectively deal with the impact of COVID-19 on business operations	<p>Command chain established and business resilience plans refreshed.</p> <p>Continued use of an operations control centre to coordinate organisation response to business critical issues (including COVID-19) with weekly reporting to the Executive Board.</p>	<p>The level of risk has been reduced significantly with reductions in both likelihood and impact.</p> <p>This is not a risk that will require significant management attention in the future and have a material impact on organisational performance</p>
14 Smarter Working	Ensure that smarter working meets the needs of CCS as well as its staff	<p>Implement the 3 year wellbeing strategy and action plan.</p> <p>Continue to roll out the management capability programme and a focus on culture and collaboration.</p> <p>Embed the enhanced functionality of Workday Learning.</p> <p>Implement a technology enhancement plan to support smarter working.</p> <p>Continue to make available all learning and development in a virtual format.</p>	<p>The level of risk has been reduced significantly with reductions in both likelihood and impact.</p> <p>This is not a risk that will require significant management attention in the future and have a material impact on organisational performance.</p>



Risk Topic	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
15 Data Governance	Embed data governance at an enterprise level across CCS	Implement and embed all the recommendations from the Government Internal Audit Agency (GIAA) audit.	This is a risk that will require some management attention in the future to ensure that the organisation has improved its capability.



Performance analysis

How CCS measures its performance

Organisational performance has been measured on a monthly basis through a corporate dashboard, which tracks progress against business plan objectives and the business strategy and forms the basis of a formal monthly review at the Executive Board.

Organisational performance has been a standing agenda item at Board meetings. A summary performance report has been produced for this, drawing upon the corporate dashboard. Additionally, a monthly summary performance report has been issued to the Board and for use by staff.

Key elements of CCS performance information and inter-relationships

The value of public sector spend that is channelled through CCS's commercial agreements is core to the success of the business and our ability to drive value for money for the taxpayer. Spend through our agreements generates commercial benefits for customers and income through supplier levies to cover CCS's operating costs.

Commercial agreements are designed to reflect ministerial procurement policy priorities, for example to support achievement of social value, carbon net zero, eradicating modern slavery and supporting growth in opportunities for SMEs to do business with government.

CCS provides central government customers with a procurement service in the form of running competitions under its commercial agreements. Wider public sector customers use the commercial agreements on a self or assisted service basis. Commercial agreements that are both easy to use and deliver value to customers help to support the achievement of government policy objectives.

Category strategies shape the current and future portfolio of commercial agreements and the way in which they are designed to bring customers and suppliers together, increasingly through technology enabled or digital channels.

Key areas of risk to the organisation and the associated ongoing mitigation action that is taken, is aligned to key elements of organisational performance and that which is key to achieving organisational success.

Non-financial information

CCS complies with government policy in support of modern slavery, human rights, anti-corruption and anti-bribery matters. We have established appropriate governance and risk management policies and processes to monitor and manage compliance and ensure action is taken where necessary.

We continue to focus on ensuring CCS is a great place to work and operates in accordance with our values. Staff are consulted and engaged in taking the organisation forward, through regular All Staff Events, as well as through our Senior Leadership Team and Regional Leadership Groups. We track staff engagement through the annual People Survey and our engagement score in 2021/22 was 71%, maintaining our position within the top quartile across the Civil Service.

Performance against Business Plan objectives

Below we have set out the performance measures and the resulting assessment and achievements mapped against the key components of the organisation's business strategy and strategic objectives. CCS operates a set of strategic Key Performance Indicators (KPIs) and these are set out beneath the performance tables.

Focus on the customer

Performance measure	Assessment and achievements
<p>Net Promoter Scores</p> <ul style="list-style-type: none"> Customer Service: +55 Assisted Procurement: +55 	<p>Fully achieved</p> <ul style="list-style-type: none"> Customer service: +56 Assisted procurement: +62
<p>Customer Service Centre</p> <ul style="list-style-type: none"> Resolve 90% of customer enquiries at the first point of contact Resolve 90% of first line enquiries within 24 hours Resolve 85% of second line enquiries within 72 hours 	<p>Partially achieved</p> <ul style="list-style-type: none"> 89% of customer enquiries resolved at the first point of contact 73% of first line enquiries resolved within 24 hours 92% of second line enquiries resolved within 72 hours
<p>Customer Engagement</p> <p>Implement our customer engagement and business development plans to support business growth and deliver commercial benefits to our customers</p>	<p>Fully achieved</p> <ul style="list-style-type: none"> £5.15 billion Annual Contract Value of opportunities were tracked successfully through the business development pipeline contributing to the overall spend value of £27.63 billion and spend related commercial benefits of £2.81 billion
<p>Assisted Procurement</p> <p>Provide a high quality assisted procurement service, with an Annual Contract Value of £1.5 billion (with a £1.7 billion stretch), 80% delivered within agreed timescales</p>	<p>Fully achieved</p> <p>£5.09 billion Annual Contract Value with 80% delivered within agreed timescales</p>

Maximising commercial benefits

Performance measure	Assessment and achievements
<p>Target £1,496 million of spend related commercial benefits representing a target gross margin 5.8% on £24.21 billion. This comprises:</p> <ul style="list-style-type: none"> £1,031 million for CG with a target gross margin of 6.3% on £15.29 billion of spend £465 million for WPS with a target gross margin of 5.0% on £8.92 billion of spend <p>Target £76 million of business change related benefits</p>	<p>Fully achieved</p> <p>Total £2,806 million of spend related benefits representing a gross margin of 9.22% on £27.63 billion comprising:</p> <ul style="list-style-type: none"> £1,902 million for CG with a gross margin of 9.55% on £18.02 billion of spend £904 million for WPS with a gross margin of 8.60% on £9.61 billion of spend <p>£206 million of business change related benefits were also signed off by customers</p>

Strengthening the UK economy through effective policy delivery

Performance measure	Assessment and achievements
Implement mechanisms within our commercial agreements to support government policies to address Modern Slavery, Social Value, Sustainability and Prompt Payment	Fully achieved All 34 commercial agreements awarded in year were subject to policy review and assurance through the Commercial Agreement Advisory and Approvals Board
Grow spend directly with SMEs and increase the proportion of SMEs featuring on our agreements through new contracting vehicles	Fully achieved The total value of spend with SMEs has increased by £688 million in CG compared to 2020/21
Publish the CCS SME plan in line with CO timetable	Fully achieved The action plan was published via gov.uk on 30 November 2021
Improve the Public Sector Contract (PSC) through implementation of market/category specific schedules, a digital contract building capability and maintain alignment with government policy on playbooks for sourcing, construction and technology	Partially achieved The PSC is subject to ongoing refinement. Requirements of playbooks have been taken into account within the design and build of commercial agreements awarded within the year
Improve the Public Sector Contract (PSC) through implementation of market/category specific schedules, a digital contract building capability and maintain alignment with government policy on playbooks for sourcing, construction and technology	Partially achieved An assessment has been carried out against the new iteration of commercial standards. An improvement plan has been developed and is being implemented

Change Programme

Performance measure	Assessment and achievements
<p>Implement the Strategy Delivery Programme and inform people and organisational change through:</p> <ul style="list-style-type: none"> development of blueprints for future service (advisory and operational) delivery, product and solution design and customer access (digital and self serve) market segmentation and identification of enhancements to customer service creation of an organisational wide blueprint and operating model to support future business growth and improved operational efficiency a plan to deliver the required organisational change with associated governance provided through a Business Design Authority through 2022/23 	<p>Partially achieved</p> <p>Initial service definition blueprints have been developed to inform development of CCS strategy. Sector strategies are being developed and will be completed by the end of June 2022. The operating model has been developed in outline and is being refined through a series of reviews, which are due to be completed and implemented by December 2022. The Business Plan for 2022/23 to 2023/24 sets out clear objectives and targets to support strategy implementation. Strategy implementation is being overseen by the Strategy Implementation Group</p>
<p>Implement the Scale platform for commercial agreements:</p> <ul style="list-style-type: none"> pass GDS assessments for Find My Needs service, Shopping services and Contract services full minimum viable products for Shopping services and Contract services in place for public Beta by January 2022 Incremental development and enhancement of each Scale service from March 2021 Establish and implement a prioritised 2021/22 plan for onboarding new agreements to the three Scale services 	<p>Partially achieved</p> <p>Progress has been made on implementing the Scale platform. Further development is subject to the outcome of a review of our Data and Digital strategy and current operating model</p> <p>During the Financial Year, in accordance with the relevant accounting standard IAS 36, which mandates the requirement to carry out an annual impairment review of intangible assets, the Shopping Service element of the Scale asset has been impaired as it is no longer part of the asset which will be brought into use in 2022/23. (See notes 5 and 8 of the notes to the accounts)</p>

Effective category strategies

Performance measure	Assessment and achievements
<p>Develop and maintain highly effective category strategies. Complete and secure endorsement of the category strategies that remain from 2020/21 and make the summaries available for our customers</p>	<p>Fully achieved</p> <p>76 (100%) category strategies endorsed by customers with 8 new strategies under development</p>
<p>Use our category strategies, in conjunction with the output from our market segmentation work, to focus more on the creation of new customer and sector channels, digital products, and go to market strategies to enable future business growth</p>	<p>Partially achieved</p> <p>Sector strategies are under development as part of the market segmentation initiative. The first strategy developed (Health) is being used to shape future product design and the go to market strategy</p>

Growth from increased spend through our solutions / products

Performance measure	Assessment and achievements
Direct Spend of £18.08 billion (+£20 million on 2020/21)	Fully achieved Direct Spend of £23.20 billion
Public Sector Commercial Agreement Spend of £2.23 billion (+£350 million on 2020/21)	Fully achieved Public Sector Commercial Agreement Spend of £2.48 billion
Transacted Spend of £3.90 billion (+£1.24 billion on 2020/21)	Not achieved Transacted Spend of £1.95 billion. The shortfall against the target was due to the suspension (in March 2021) and subsequent withdrawal of the Supplier Early Payment Solutions product
Aggregate spend of £24.21 billion (+£1.50 billion on 2020/21) comprising: <ul style="list-style-type: none"> £15.29 billion in CG (+£200 million on 2020/21) £8.92 billion in WPS (-£1.30 billion on 2020/21) 	Fully achieved Aggregate spend of £27.63 billion comprising: <ul style="list-style-type: none"> £18.02 billion in CG £9.61 billion in WPS

Pillar	Aggregate spend		
	2020/21 Result	2021/22 Result	Growth
	£ billion	£ billion	£ billion
Buildings	3.56	5.83	2.27
Corporate	6.24	6.80	0.56
People	4.78	5.59	0.81
Technology	8.13	9.41	1.28
Total of which:	22.71	27.63	4.92
CG	15.09	18.02	2.93
WPS	7.62	9.61	1.99

Performance measure	Assessment and achievements
Award up to 30 new and or refreshed commercial agreements	Fully achieved 34 commercial agreements were awarded - 24 replacement and 10 new

Pillar	Plan for 2021/22		Actual	
	Replacement	New	Replacement	New
Buildings	3	2	4	1
Corporate	11	1	11	3
People	7	1	7	3
Technology	2	3	2	3
Total	23	7	24	10

Central Government and Wider Public Sector strategies

Performance measure	Assessment and achievements
Convert at least 33% of the value of opportunities in the 2021/22 pipeline at stages 2 to 4 into 'closed won'	Fully achieved The approach to measuring conversion was adjusted from value to volume within the first two months of the year. 70% of the volume of opportunities at stages 2 to 4 were converted into 'closed won'. The Annual Contract Value of 'closed won' was £5.1 billion
Populate the 2022/23 pipeline (all stages) to support achievement of targeted incremental growth of £4.05 billion compared to 2021/22	Fully achieved The value of the 2022/23 pipeline has an estimated Annual Contract Value of £8 billion with an estimated full contract value of £31 billion
Develop and implement a partnerships strategy and delivery plan and integrate with go to market strategies by March 2022	Fully achieved Partnerships strategy, guidance and operational delivery plan developed and endorsed. A new Partnerships Board approved by the Executive Board has financial decision-making authority and oversight of strategies for non-commercial and commercial partnerships. Our partnerships portfolio is valued at £2.5 billion per annum across CG and WPS
Increase spend in CG ALBs to £2.50 billion	Fully achieved Direct spend increased by 37% to £2.9 billion (+£577 million compared to 2020/21). Aggregate spend reduced from £3.9 billion to £3.1 billion due to the suspension (in March 2021) and subsequent withdrawal of the Supplier Early Payment Solutions product
Implement market segmentation pilots across target sectors and operationalise within go to market strategies across CCS to drive new customer products in 2021/22	Partially achieved Sector strategy for Health is complete and being implemented. The remaining six strategies are set to be developed by the end of June 2022
Achieve 30% of customers across English regions, spending over £3 million, spending more with CCS (excluding energy, payment cards, pandemic affected spend and large one-off procurements) than 2020/21	Partially achieved 28% of those customers spending £3 million+ in 2020/21, spent more in 2021/22. The top 100 WPS customers spent £2.9 billion through CCS agreements which is £0.6 billion higher than the previous year

Digital

Performance measure	Assessment and achievements
Establish a design function (user research, product management, business analysis and service design) to support the delivery of our projects and commercial agreements by September 2021	Fully achieved Design function in place, operating plan and roadmap presented to the Technology and Digital Transformation Committee. Ongoing work plans in place
Develop a product and service roadmap in response to Transforming Public Procurement by June 2021	Fully achieved Approach and Roadmap presented to the Technology and Digital Transformation Committee
Establish central project delivery capability and resource pool with associated business partnering model by March 2022	Partially achieved Project delivery resources identified and a paper submitted to 'foundation for change' project board via the digital and project delivery workstream. Will be implemented once approved
Scale: deliver Guided Match Light by May 2021, Shopping Service - Full MVP in place for public Beta by January 2022 and Contract Service - Full MVP in place for public Beta by January 2022	Partially achieved Guided match service in operation. Shopping Service currently paused and Contract Award Service is still in development
Conclave: deliver Alpha by 30 April 2021, elements to private Beta by October 2021, and public Beta by January 2022	Partially achieved Conclave delivery was split into Public Procurement Gateway (PPG) and Buyer and Supplier Information after the March Alpha Service Assessment. PPG Scheduled for public beta 20 April 2022 (Achieved). Buyer and Supplier Information is scheduled for public Beta autumn 2022 Later delivery reflects complexity in achieving GDS service assessment standards
Build out supply chain analysis across the top 25 suppliers for each of the four pillars by December 2021	Fully achieved Public domain information researched, collated and shared with categories
Establish a plan to migrate spend analytics platform into a strategic solution aligned with system requirements of CCS and the GCF by March 2022	Partially achieved Mandate submitted and DOS opportunity for discovery work has been developed
Establish machine learning and analytics capability; building insight into customer segment profiles and performance characteristics across pillars, sectors and digital solutions by March 2022	Fully achieved Team established and has implemented a number of big data analytics and machine learning initiatives. These include supporting customer buying prediction, customer enquiries categorisation and analysis which have been shared with wider CCS users groups. Further work continues now as business as usual for the team
Implement a capability to measure performance of digital services, customer behaviour and impact on business performance and expand across all Dynamic Purchasing Systems and hosted services by December 2021	Fully achieved Analytics is now on all current Dynamic Purchasing Systems (DPS) solutions. Contract Award Service implementation is in place for analytics on their product ahead of launch. Proof of concept finalised for PPG reporting. Guided Match Business Benefits report published and available in Microsoft Power BI

Digital continued

<p>Migrate common platforms, technology and security into the new Cabinet Office Technology organisation by March 2022</p>	<p>Not achieved Gov.uk are planning to move away from Cloud Foundry within the next couple of years and are now exploring other options. Planning to migrate applications currently hosted on Amazon Web Services should resume when details of the alternative platform are announced by CO Chief Digital Information Officer</p>
<p>Establish a new Acceptance into Service function to ensure protection of existing live services and any new transitioned services by October 2022</p>	<p>Partially achieved Review of the Digital Services Gateway completed and the Acceptance into Service framework has been drafted. The full design and launch of the Digital Service Gateway, incorporating Acceptance into Service will continue in the new reporting year aligned to the Governance, Data and Reporting workstream</p>
<p>Improve digital vendor management through establishment of a supplier management function by December 2021</p>	<p>Partially achieved Better understanding of the critical suppliers for the Digital and Data Services directorate but the Supplier Management Function is still in its infancy and therefore not established</p>
<p>Enhance the information security management system and embed security controls within digital business units by March 2022</p>	<p>Fully achieved Additional risk based Cyber and Technical Security guidance has been added to the Information Security Management System (ISMS) to support, educate and enable the workforce to protect its data</p> <p>Security controls have been designed and created to support the Delivery and Service functions in relation to the implementation of ongoing digital programmes</p>

Building capability

Performance measure	Assessment and achievements
<p>Develop a strategic workforce plan by March 2022, including influence and consideration of business needs, organisational redesign, existing skills and commercial market conditions</p>	<p>Partially achieved Foundation work is largely complete. Job profiles and the assignment of job families are complete for all directorates except for the Pillars. Competency Assessment Tool has been rolled out in Workday. Identification of critical roles and associated succession planning is continuing. Organisational design is subject to the conclusion of organisational review workstreams</p>
<p>Embed CCS Inclusion and Diversity Strategy 2020-25 from April 2021 to drive change throughout the business and promote a more inclusive working environment. Road map developed and implemented to support improvement covering:</p> <ul style="list-style-type: none"> • Culture of inclusivity • Workforce diversity • Data and representation 	<p>Fully achieved Roadmap developed with Inclusion and Diversity dashboard in place to measure progress. Annual gender and ethnicity pay gap reports complete. Equality Impact Assessment process and guidance in place. General training programme for allyship in place. Achievement of Carers Confident accreditation level one. Publishing of the Annual gender and ethnicity pay gap reports. Equality Impact Assessment piloted, applying the process to a number of key CCS projects. New Social Mobility staff network launched, bringing the total number to seven</p>

Maintain top quartile staff engagement scores in 2021/22 People Survey	Fully achieved 71% engagement (top quartile)
Implement a management development programme incorporating coaching and apprenticeship initiatives, with all managers completing by March 2022	Partially achieved More than 70 managers have either completed or are in the process of completing the management development programme which incorporates coaching. Apprentices are in place
Implement and embed a wellbeing strategy that supports staff to transition to Smarter Working by March 2022	Fully achieved Wellbeing Strategy and associated action plan covering 2021-2024 published which fully supports transition to Smarter Working. Strategy and plan actively promoted to our people via team meetings
Design and implement Smarter Working designs for our CCS sites by March 2023	Fully achieved Fully implemented in Liverpool, London, Newport and Birmingham offices. Implementation is near completion in Norwich
Develop and implement Smarter Working routines through new policies and principles to maximise CCS productivity by March 2022	Fully achieved Policies and principles launched and a new Smarter Working approach has been implemented as part of the phased return to offices plan following office refurbishments
Develop an estate strategy which encompasses the Publicly Available Specification Guidelines for Smarter Working and the Government Hub programme by March 2022	Partially achieved Revisions to the Estates strategy has been delayed due to a priority focus on office refurbishments and implementation of Smarter Working. Final decisions on specific locations were agreed with directors in February and will be included in the updated strategy
Develop and implement CCS Blueprint in line with Government Commercial Function requirements by March 2022	Partially achieved Key elements are being implemented through the new business strategy and corporate plan for 2022/23 to 2023/24. Capability assessed against Government Commercial Function standards with an improvement plan agreed and being implemented
Develop and implement a capability support plan for commercial functions, primarily in the WPS using the capability budget by March 2022	Fully achieved Contract Management Pioneer Programme established in partnership with the Department for Levelling Up Housing and Communities and the Local Government Association. We have provided funding to enable 180 commercial colleagues drawn from over 32 local authorities to receive either Practitioner or Expert level training through the Cabinet Office capability team and Government Commercial College

Effective Governance, Risk Management and Efficiency

Performance measure	Assessment and achievements
Implement the recommendations from the Tailored Review of CCS (June 2021) and review and support implementation of any other recommendations of reviews on behalf of the government	Partially achieved All recommendations were accepted and are largely complete. Those that are not fully complete (Customer Segmentation, Advisory Services and Data Exchange) are being taken forward as part of the implementation of our new business strategy and underpinning a two year Business Plan covering 2022/23 to 2023/24
Deliver a compliant 2020/21 and 2021/22 CCS Annual Report and Accounts (July each year). Maintain our overall 'moderate' annual Internal Audit Opinion whilst continuing to improve	Fully achieved Internal Audit assessment maintained at 'moderate' and showing continuous improvement
Achieve Prompt Payment targets of undisputed invoices (90% of valid and undisputed invoices from SMEs in 5 days and 100% within 30 days)	Fully achieved >99% of invoices were paid in 5 days and 100% within 30 days
Manage CCS's parliamentary business and respond within specified deadlines	Fully achieved All specified deadlines were met
Implement and embed financial risk strategy including assessment of impact of DPS+ by July 2022	Not achieved Finance risk strategy superseded by adoption of Playbook Economic and Financial Standing. Further clarity required regarding CCS supplier assurance service offering, subsequent strategy/process amendments to be devised following the outcome
Implement enterprise wide portfolio management (total view of change) by June 2021	Fully achieved Enterprise Portfolio Management function in place providing second line assurance. Total view of change established and being used to inform decisions on resource allocation and organisational efficiency
Maintain the commercial benefit methodology standard and embed in the Commercial Agreement Advisory and Approval Board process. Rollout to an increased number of commercial agreements. Target 80% of in year forecast spend covered by benefit methodologies (March 2022)	Fully achieved 90.5% of in year forecast spend was covered by benefit methodologies

Strategic Key Performance Indicators

A review of the strategic KPIs was carried out in consultation with the Board. The following refinements were agreed in-year:

- re-baseline of the addressable spend in the market reflecting a more comprehensive data source drawn from transparency data
- spend related commercial benefits should not be added together with business change benefits
- core cost should be used in any ratios relating to aggregate spend or spend related commercial benefits

These changes resulted in the establishment of a set of revised targets which are set out in the table below.

		Headline measure	2021/22 target	2021/22 result
Business growth - The extent to which we are growing our business	1	Direct spend as a percentage of total spend on CG&S	Increase market share to 15.82%	Fully achieved A market share of 20.29% in relation to the re-baselined target
Business efficiency - Our cost in relation to our outputs	2	Core cost as a percentage of aggregate spend	To achieve a cost ratio of 0.35%	Fully achieved A cost ratio of 0.29%
	3	Core cost as percentage of spend related commercial benefits	To achieve a cost ratio of 4.72%	Fully achieved A cost ratio of 2.85%
Business effectiveness - How effective we are in achieving benefits for our customers	4	Spend related benefits as a percentage of aggregate spend	To achieve an effectiveness ratio of 5.76%	Fully achieved An effectiveness ratio of 9.22%
	5	Income as a percentage of aggregate spend	To achieve an effectiveness ratio of 0.54%	Fully achieved An effectiveness ratio of 0.62%
Customer - What our customers think of our services	6	Customer Service Net Promoter Score	+55	Fully achieved +56
	7	Assisted Procurement Net Promoter Score	+55	Fully achieved +62
People - How engaged are our people	8	Engagement score	Maintain top quartile	Fully achieved +71
Financial - Our effectiveness in financial management	9	Income less expenditure (P&L) / Net surplus (deficit)	Target of £(5.3)m	Fully achieved Surplus of £68.5m
	10	Percentage rate of increase in income versus rate of increase in core cost	Target of 126.9%	Fully achieved 175.7%

Key measures of success

Commercial benefits - The value that CCS drives for customers when purchasing through our commercial agreements. Our methodology allows for two routes for benefit calculations:

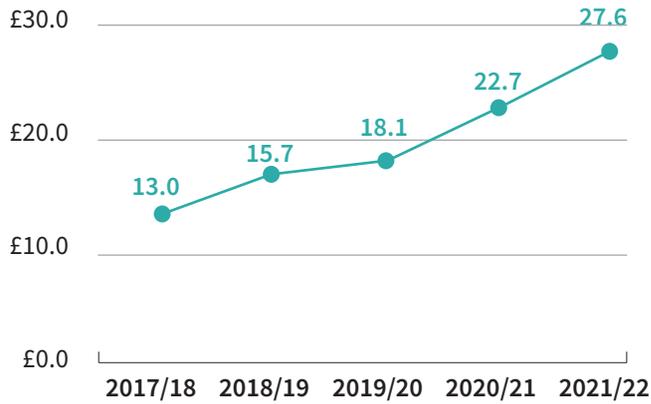
- o 'Spend Benefits' are based on sampling all spend through a commercial agreement and calculating average benefit for all the customer population using the agreement, compared to current comparator market prices
- o 'Change Benefits' are a specific measure applicable to an individual customer usually as a result of a business change influenced by CCS and signed off accordingly by the customer

Our aim is to continue to attract more business from both new and existing customers so that the public sector is able to realise increased commercial benefits in terms of benchmarked prices, as well as quality goods and services.

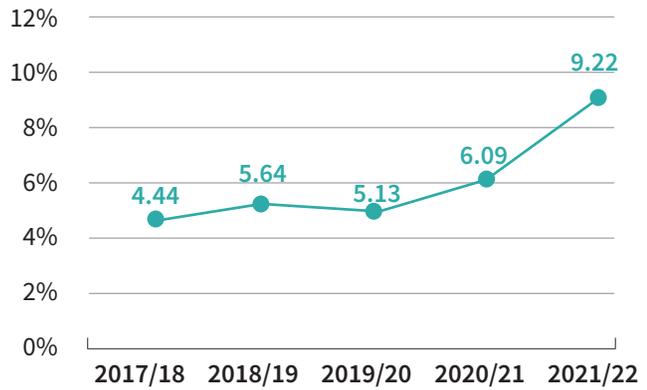
The graphs below illustrate over the period 2017/18 to 2021/22 the following:

- growth in both spend through our agreements
- commercial benefits achieved through those commercial agreements
- the gross rate of return - benefits as a percentage of spend
- the upward trend in our Net Promoter Scores

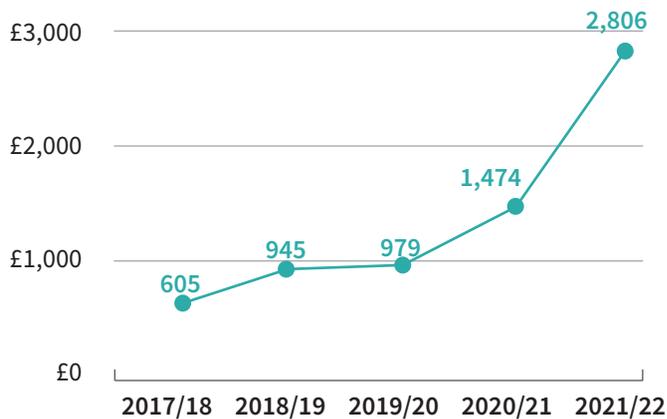
Aggregate spend £ billion



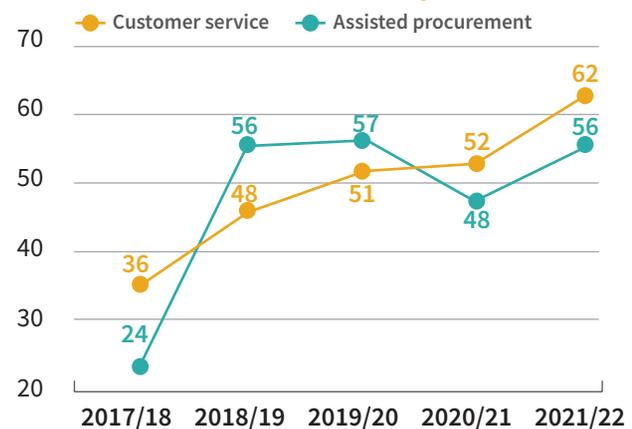
Spend related commercial benefits as a % of aggregate spend



Spend related commercial benefits £ million



NPS - Customer service and assisted procurement



Sustainability report

We continue to work in support of the Greening Government Commitments to reduce the impact of our estates occupancy on the environment and the Government Property Agency's (GPA) objective to deliver a 50% reduction in carbon emissions across the public estate by 2032.

In practice we do this by working with the landlords of all the premises we operate from (who are other government departments). CCS is not the majority occupier at any of our office locations and is therefore unable to report on the levels of waste management. However, we work closely with the GPA and our landlords to ensure we are focused on the reduction of greenhouse gas emissions, waste and water usage.

While there are limited options to undertake wide-scale biodiversity actions within our office spaces, next year CCS will support the introduction of beehives onto rooftop spaces in Liverpool.

We continue to work in partnership with Cycle Solutions to promote the Cycle to Work scheme. The scheme was closed due to COVID-19 until July 2021. There are currently 3 active members of the scheme.

CCS has introduced Smarter Working as we move away from COVID-19 restrictions. To support new ways of working, CCS has invested, and will continue to invest, in technology to encourage staff to work flexibly, utilising IT such as teleconferencing and virtual communication mediums to reduce travel. Going forward our travel policy will be reviewed to ensure the most sustainable options are used when appropriate.

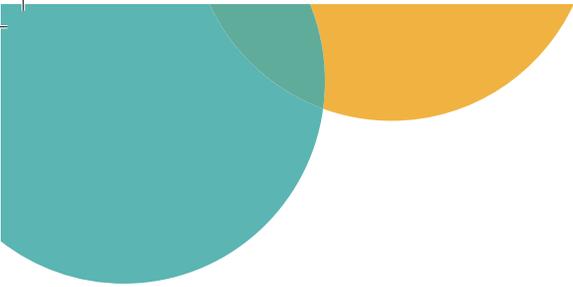


Greenhouse gas (GHG) emissions: official business travel

Tonnes CO ₂	2009/10 (Baseline)	2018/19	2019/20	2020/21	2021/22
Official travel - Road	98	25	62	1	6
Official travel - Rail	57	185	167	0	9
Official travel - Air	128	23	22	0	0
Total GHG emissions	283	233	251	1	15

Expenditure on official business travel

	2009/10 (Baseline)	2018/19	2019/20	2020/21	2021/22
Financial indicators (£k)	1,183	1,142	1,217	2	68



Reducing environmental impacts

As an organisation, CCS is committed to integrating sustainable development into everyday practice by minimising environmental impacts wherever possible. Due to staff largely working from home during 2021/22, additional paper was not purchased for our offices and we are unable to benchmark our paper usage. As part of the refurbishment of our offices and in line with Smarter Working colleagues are encouraged to work digitally by default. This year CCS has:

- reduced the amount of paper-based marketing literature used at both internal and external events. This included the creation of an app-based system that uses downloadable digital content to share with customers, avoiding the requirement to produce, print and transport thousands of leaflets to an event
- reduced the number of printers across the estate to encourage staff to work digitally to reduce paper being used on sites
- invested in audio-visual technology to encourage hybrid meetings, which reduce the requirement to travel



In terms of information and communications technology, all of our operational services are in public clouds. The services we use such as Amazon Web Services and Microsoft's Azure platform have commitments to achieve 100% renewable energy by 2025.

Adapting to climate change

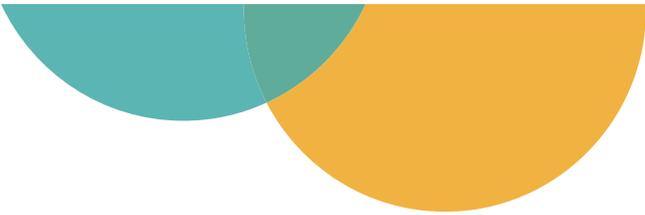
This year CCS has developed a Carbon Reduction Plan to set targets for reducing greenhouse gas emissions and define actions to help achieve Carbon Net Zero by 2050. Actions have included:

- further implementation of Smarter Working to enable employees to make decisions about where and how they work, with a focus on outputs to support the reduction of our carbon footprint by reducing unnecessary travel
- the introduction of a third party application to monitor employee commuting emissions. Initial work has been undertaken in 2021/22 to enable a full roll-out for 2022/23
- the creation of an environmental awareness programme for all CCS employees

Sustainable construction

CCS has been undergoing refurbishment projects at our Liverpool, Newport, and Norwich offices in conjunction with the Government Property Agency (GPA). Sustainability was embedded within the project, examples include:

- waste was stored on-site until there was a sufficient amount to dispose to reduce the number of skips used and the amount of labour engaged to transport to the disposal point
- existing floor tiles were recycled by CCS for use in a school elsewhere
- the supply chain was encouraged to deliver materials to sites without packaging and just protection
- furniture was recycled, where possible, across the estate or donated to other government departments, local businesses and schools
- local suppliers were utilised to reduce transportation – circa 75% of the value of subcontractors were within a 25 mile radius (with the remainder being specialist subcontractors whose product was specific to the project's requirements)
- local labour was employed on the scheme specifically (including a general operative)
- newly procured furniture was made from recyclable materials as appropriate



Sustainable procurement

We recognise that procurement has a critical part to play in the Government's 25 Year Environment Plan and the transition to a Net Zero greenhouse gas emission economy by 2050.

We have the following priorities with regard to sustainable procurement:

- a commitment to apply relevant and appropriate buying standards and best practice industry innovation to all our procurement activity
- a commitment to reduce carbon emissions through the procurement of energy across government and the public sector
- a commitment to ensure our procurements make a contribution towards reducing single use plastics in the supply of goods
- a commitment to ensure our procurements and wider activities make a contribution towards the government's Net Zero target for 2050

Government Buying Standards

The Government Buying Standards (GBS) are a principal source of procurement guidance and set minimum mandatory buying standards for certain goods and services such as paper, office technology equipment, cleaning products, furniture and textiles, construction and fleet. Where relevant and aligned with the timing of their procurement, these standards are explicitly referenced in CCS's current commercial agreements:

- our new Transport Technology & Associated Services (TTAS) agreement includes a lot dedicated to sustainability, driving change within the industry and exploring if Electric Vehicles (EV) are the best option for cleaner air
- our Facilities Management marketplace sets out a requirement for suppliers to meet the relevant GBS for both the catering services work package and the furniture management service

CCS also consults with policy experts in other departments, as well as relying on the considerable expertise of our category teams who will incorporate industry level best practice where relevant.

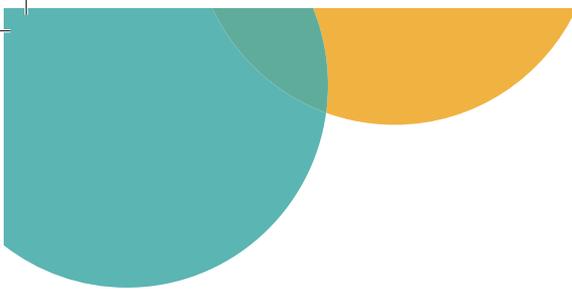
Carbon Net Zero project

To support the government's commitment to the United Nations Net Zero 2050 target, CCS has created a Carbon Net Zero (CNZ) project team to identify the ways the organisation can help to deliver the Net Zero target of reducing greenhouse gas emissions by at least 100% against 1990 levels. The team has been involved with providing customer advice and assistance, supplier training and employee learning.

36 commercial agreements have been identified that can play a key part in our customers' carbon reduction journey and we are working with our customers to understand the biggest CNZ challenges and where they are on their decarbonisation journey. We have created a dedicated Net Zero web page, which includes customer focused resources and information on how to make initial improvements towards CNZ, guides on starting the CNZ journey and a podcast series with suppliers and customers from several sectors.

CCS is supporting the carbon reporting requirement of the Public Procurement Notice PPN06/21 following its release in June 2021 by publishing the CCS Carbon Reduction Plan. The plan helps to support suppliers to find the right path to work towards CNZ, recognising the challenges they may face. In partnership with the CO Policy team we have delivered Carbon Reporting PPN06/21 supplier training to over a thousand suppliers through workshops and webinars.

Employee engagement and knowledge-building are central to our project's success. We have teamed up with Get Informed Know your Impact (Giki) to bring colleagues a personalised employee sustainability training programme. Giki Zero Pro is an interactive way to learn more about climate change and what actions can help cut carbon emissions. As part of this programme, we have recruited sustainability champions to drive engagement and action, create tailored learning programmes, and encourage participation through new ideas.



Commercial agreements

We see the Net Zero target as an opportunity to encourage broader green innovation in new and future supply chains, and we are developing our agreements to contribute towards the target.

Commercial agreements are being created with sustainability built in from the start. Where applicable, we apply PPN06/21, requiring bidders to provide a Carbon Reduction Plan, ensuring that agreement suppliers are committed to achieving CNZ by 2050. We also use relevant standards in contract specifications, and build in contractual levers such as social value provisions, enabling users of our agreements to meet their own sustainability goals.

We have had an increasing focus on driving sustainability through our procurement, offering a growing number of greener products and services through our agreements in the fleet, technology and energy categories. Our internal CNZ steering group has worked to co-ordinate our support for customer carbon reduction efforts across all pillars of the organisation, including the creation of 'first steps' customer guides to carbon reduction for various categories of spend. This work will continue into the future as we move closer to the Government's CNZ target of 2050.



Looking ahead, CCS has a growing portfolio of opportunities where we can apply strong sustainable procurement principles and terms to future frameworks.

Reducing carbon emissions through energy use across the public sector

We are currently in the process of renewing our main renewable energy agreement - Heat Networks and Electricity Generation Assets (HELGA). We have been reviewing the market and trends towards more sustainable energy sources. Following on from this analysis and engagement with key customers and suppliers, the team determined that as well as a direct replacement of the HELGA DPS customers would benefit from a standard commercial agreement approach enabling a choice of commercial routes to market to support the public sector decarbonisation strategy.

The Supply of Energy 2 agreement will go live in 2023 and will continue to support public sector organisations in their gas and electric purchasing strategy. This agreement will continue with the green energy backed by Renewable Energy Guarantees of Origin certificates. The team are also working on an indirect power purchase agreement route to market which will support our customers in buying renewable electricity from the wider UK market.

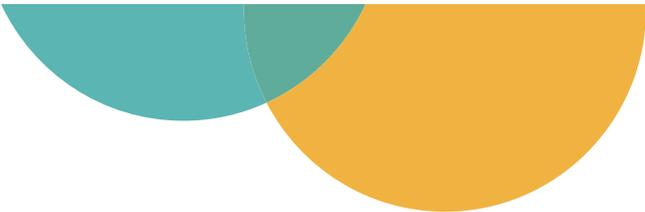
Reducing carbon emissions across public sector fleets

The CCS Fleet category has again seen an increase in the uptake of hybrid and electric vehicles during 2021/22 with ultra low emission vehicles accounting for more than 48% of all new vehicles procured through its agreements - an increase of more than 8% from 2020/21. Pure electric, zero emission vehicles now account for 30% of all new vehicle registrations through our agreements.

Recognising the importance of improving air quality through reduced carbon emissions, we have been focussed on ensuring that our agreements provide access to all the latest vehicles available on the UK market. This supports our customers in their transition to electric and alternatively fuelled vehicles, ensuring that they can procure the most appropriate vehicles for their needs as soon as they are introduced into the market.

The Government Fleet Commitment sets out to electrify at least 25% of government car fleets by the end of 2022, and 100% of both cars and vans by 2027. As members of the Office for Zero Emission Vehicles steering board we continue to provide advice and insight to policy makers and fleet strategy developers, together with the support needed for central government fleets in meeting their targets.

To assist in the growth of electric vehicles both pure and hybrid, CCS have commercial agreements to cover vehicle charging requirements. These agreements help customers with all aspects of charging from a simple supply via a direct award to multiple sites, covering all aspects from installation, energy supply, back office control work and ongoing maintenance.



Reducing single use plastics in the supply of goods and materials

The government has stated its commitment to eliminate single-use plastic waste and all avoidable plastics by 2042. The Office Supplies framework is designed to contribute towards market-level shifts in the manufacture and use of plastics, which have short and limited use value. Where relevant, we include the 'Fighting Climate Change' social value theme in our agreements, meaning customers can ask suppliers to help them reduce plastics in the delivery of contracts.

Social Value

Effective implementation of procurement policy is a strong driver of national and local economic development and we see social value as a key enabler to levelling up communities across the UK.

We work from the principle that every pound spent is an investment in the quality of life in our society and not just a financial transaction. That's why we are placing even stronger emphasis on social value and sustainable procurement when designing and developing our commercial agreements.

We have worked with the Cabinet Office and the National Social Value Taskforce to share best practice in social value and fully embed Procurement Policy Note 06/20. Our category strategies now specifically identify opportunities to deliver social value. We are building our new agreements in ways that allow customers to create tangible benefits in towns and cities across the UK, including an evaluation of suppliers' approaches during the procurement stage. Our internal network of social value champions continues to peer review each procurement for social value inclusion and share best practice across the organisation. As a result, every new agreement we have launched in the past year has included social value provisions, enabling customers to work towards their economic, social and environmental objectives through procurement.

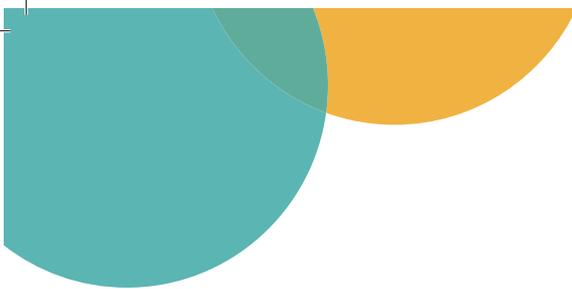
Small and medium-sized enterprises

CCS is committed to obtaining value for money and supporting small and medium-sized enterprises through our procurements. Through regular engagement, CCS is increasing the understanding of the challenges and barriers facing SMEs and is determined to tackle them. This is being done through a range of measures including paying suppliers on time, increasing visibility of tenders and ensuring its agreements are structured to ensure a range of suppliers can access them. SMEs are a key component of the commercial agreements we create, not only because of the government's spend aspirations, but for the diversity, value and innovation they bring to our supply chains.

To drive the focus on SMEs, CCS has set up an SME working group and appointed an SME champion and an executive sponsor. These individuals are not only working together to drive positive change throughout the organisation to support and encourage the ongoing commitment to the SME agenda, but also collaborating closely with the Cabinet Office Small Business Advisory Panel. This panel, made up of entrepreneurs and leading small businesses, works to provide feedback and constructive challenge to the actions we are taking, and the exchange of ideas and information is wholly beneficial to the SME agenda.

CCS has published its first SME Action Plan outlining how the organisation is helping the public sector to meet the government's aspiration to level the playing field for SMEs. The plan sets out:

- CCS's continued commitment to take positive action to ensure SMEs are well represented
- CCS's role in enabling customers to increase the proportion of spend that goes to SMEs
- how supporting the growth of the SME sector will generate opportunities to deliver greater social value
- how CCS is simplifying processes to make it easier for SMEs to win government contracts
- how market engagement and access is being improved and the drive to digitise aspects of the user journey



CCS agreements are focused on helping customers buy from SMEs directly, rather than in the supply chain, and because of this the spend data only represents direct spend (although we are aware that in many agreements there is additional spend being awarded indirectly through the supply chain). £2.2 billion of CG spend was directly with SMEs through CCS's commercial agreements in 2021/22. This is an additional £687 million compared to 2020/21. The number of SMEs winning business through CCS agreements has more than doubled since 2018.

The creation, development and implementation of the simplified Public Sector Contract across our commercial agreements continues to make it easier for SMEs to do business with the public sector. The key benefits to SMEs are: using standard terms across multiple agreements; it is written in plain English; and it is structured to encourage buyers to only use the elements which are relevant. This will support small firms who may lack the resources to read and digest reams of complicated terms and conditions, and/or afford to get expensive legal advice to supply goods and services to the government. The PSC also requires our suppliers to meet with the standards set out in the Supplier Code of Conduct and comply with the provisions of the Modern Slavery Act 2015.



Modern Slavery

We are committed to tackling modern slavery in global supply chains. Our agreements are designed to prevent modern slavery as part of our wider supplier due diligence. In September we published our first Modern Slavery Statement, outlining in detail our approach to managing labour risks in our supply chains. The statement is available to view on our website at <https://www.gov.uk/government/organisations/crown-commercial-service/about/modern-slavery-statement>

We understand how important access to information is in empowering our customers to buy responsibly. Our Making Responsible Decisions web pages provide guidance and information on how we enable sustainable procurement. For us, doing policy well is good business, and good for confidence-inspired growth, through bringing a broader range of suppliers to a market, ensuring fair play by improving the promptness of payment behaviours and asking companies to work with us to create markets that work from a broad and public spirited view on the value they can create.



Simon Tse
Chief Executive and
Accounting Officer
8 July 2022



Accountability report

Corporate governance report

Directors' report

The purpose of this corporate governance report is to provide an overview of CCS's governance arrangements and the Accounting Officer's responsibilities in managing and controlling the resources of the CCS Trading Fund during the year.

As an Executive Agency of the Cabinet Office, CCS is accountable to the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office. The Rt Hon Michael Gove served in the role until September 2021 and the Rt Hon Steve Barclay was appointed from that date. In February 2022, the Rt Hon Michael Ellis took on the responsibility of Minister for the Cabinet Office. The sponsor of CCS is the Government Chief Commercial Officer, Gareth Rhys Williams.

The management of CCS was directed by the Board, comprising the Chair, Non-Executive Directors, Chief Executive and Director of Finance, Planning and Performance. Tony van Kralingen was Non-Executive Chair during the reporting period and Simon Tse was Chief Executive and Accounting Officer for the Trading Fund for the period 1 April 2021 to 31 March 2022.

After six years of service as a Non-Executive Director, Silla Maizey stepped down from the CCS Board in August 2021 and Dr Manuela Gazzard was appointed as a new Non-Executive Director and Chair of the Customer Committee from September 2021.

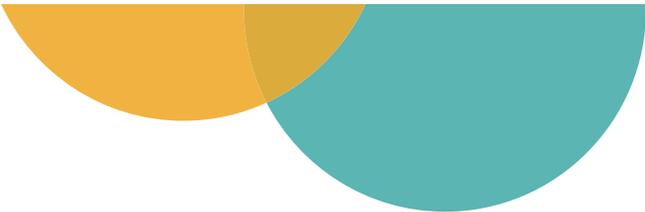
The attendance list is provided on page 53 and the remuneration of all Board members during the year is shown on page 64 of the remuneration and staff report.

Managing outside interests

CCS has a clear policy and process in place for managing and reviewing outside interests in accordance with the requirements under the Civil Service Management Code (Section 4.3). To provide the necessary corporate governance, accountability and transparency of CCS the policy applies to employees and representatives of CCS. All employees and representatives are required to declare any private interests which may give rise to a perceived or actual conflict of interest when they commence employment and through an annual mandatory declaration of interests exercise. All interests returned are reviewed to ensure that the right safeguards have been put in place to mitigate or remove any potential conflicts.

The declaration of interests is a standard item at the start of Board meetings. Additionally, Board members complete an annual declaration of interest form. The following Board members' outside interests were declared during the reporting period although no actual conflict of interest has arisen:

- T van Kralingen (Chair) is an Honorary Professor at the University of Nottingham
- Dr M Gazzard (Non-Executive Director) is Group Executive Director, Regulatory Services at the British Standards Institute (BSI). One of BSI's subsidiaries, BSI Cybersecurity and Information Resilience (UK) Limited, is a supplier on the G-Cloud framework. Dr Gazzard was not involved in the day to day operation or decisions relating to that framework
- S Maizey (Non-Executive Director) was the Chair of NHS Business Services Authority, a Non-Executive Director at John Menzies plc, a Non-Executive Director at Network Rail and also a Director of Saffron Solutions Ltd. During 2021/22, NHS BSA and Network Rail procured goods and services through CCS frameworks. S Maizey was not involved in these transactions
- G Rhys Williams (Non-Executive Director) is the Government Chief Commercial Officer and an employee of the Cabinet Office

- 
- D Wakefield (Non-Executive Director) is the Chair of the University Hospitals of North Midlands NHS Trust. During 2021/22, the Trust procured goods and services through CCS frameworks. D Wakefield was not involved in these transactions
 - S Tse (Chief Executive) is the Chair of Mumbles Community Association. Additionally, his son was employed as an Assistant Category Manager during 2021/22 however there is no direct working contact between either party
 - P Coombs (Director of Finance, Planning and Performance) is an independent external member of the Bristol Zoological Society Audit and Risk Committee

Statement of Accounting Officer's responsibilities

Under Section 4 (6A) (b) of the Government Trading Funds Act 1973, HM Treasury has directed the Crown Commercial Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Directions 2021/22. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of CCS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
 - make judgments 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 financial statements
 - prepare the financial statements on a going concern basis
 - confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable
- 

HM Treasury has appointed the Chief Executive as Accounting Officer of CCS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CCS's assets, are set out in Managing Public Money published by HM Treasury.

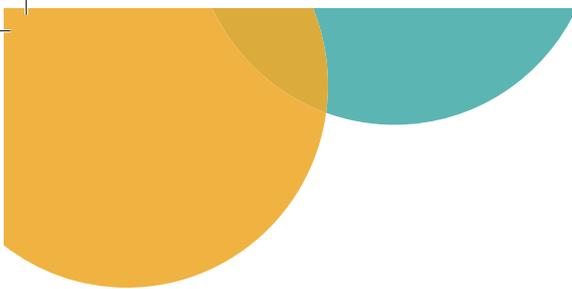
As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that CCS's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

The Accounting Officer confirms compliance with all the above requirements.

Governance statement

As Accounting Officer, I have responsibility for reviewing the effectiveness of CCS's governance, risk management and system of internal control.

My review has been informed by the assurance of individual Operational Governance Self-Assessment returns from each executive director and other sources of assurance including compliance with government functional standards. Further assurance has also been gained from internal audit reports and the annual audit opinion from the Government Internal Audit Agency.



I am in agreement with the Internal Audit overall opinion rating of 'Moderate Assurance' as outlined in this Governance Statement: namely that CCS some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

I have considered the evidence provided to support this Governance Statement and sought relevant Audit and Risk Assurance Committee assurance. Overall I conclude that a sound system of governance, risk management and internal control has been in place for the year under review and up to the date of approval of the annual report and accounts.

Corporate governance

CCS is an executive agency of the Cabinet Office and operates as a trading fund under the Government Trading Funds Act 1973. The governance arrangements are set out in the diagram on page 22.

As a Trading Fund, CCS is required to have a Framework Document agreed with the Cabinet Office as its sponsor department that outlines key activities and governance. The document sets out CCS's roles and responsibilities and the framework within which it operates. The Framework Document was updated and agreed in July 2019 and will be reviewed and updated by end of 2022 to reflect the new guidance and templates published by HM Treasury in March 2022.

The 2021/22 Accounting Officer System Statement for the Cabinet Office includes assurance for the accountability relationships and processes between the department and CCS.

The role of the CCS Board

The primary responsibility of the CCS Board is to support, advise and challenge the Chief Executive and Accounting Officer on matters of strategic importance to CCS. In addition, the Board is responsible for:

- 
- endorsing CCS's vision, standards and values
 - endorsing CCS's strategic aims, objectives and target setting
 - developing and endorsing the CCS Strategy and annual Business Plan
 - reviewing the management of financial and human resources to deliver the Business Plan
 - monitoring the operational and financial performance, and actions needed to keep performance on plan
 - monitoring strategic risks and seeking assurance on their management
 - reviewing the Annual Report and Accounts prior to approval by the Accounting Officer
 - reviewing the effectiveness of maintaining a transparent system of prudent and effective controls (including internal controls) and providing a scheme of delegated authority
 - reviewing the results of staff surveys, the results of customer satisfaction surveys, the health and safety report and major projects on a regular basis throughout the year
 - scrutinising and endorsing business cases of above £1 million prior to approval by the Accounting Officer and other central government controls

During 2021/22, ongoing improvements were made to the management information and performance reporting data provided to the Board. Additional charts and narrative around our performance against targets for commercial agreements and customer endorsement of category strategies were incorporated within monthly corporate performance reports and corporate dashboards. This provided the Board with additional data to review progress against strategic objectives, budgets and key programmes.

In March 2022, the Board and Audit and Risk Assurance Committee considered proposals to increase financial and contractual delegation thresholds for the organisation and agreed that the Board threshold would increase from £1m to £2m from 2022/23.

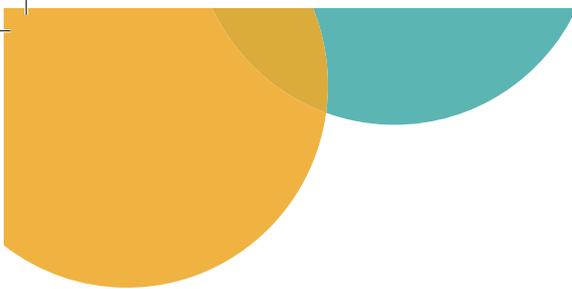
In line with the Corporate Governance in Central Departments: Code of Good Practice Code, both the Board and Audit and Risk Assurance Committee carried out an annual effectiveness review through the completion of self-assessment questionnaires. The findings and next steps were discussed at the September 2021 meetings. The reintroduction of physical meetings was felt to be an important element to enhance the Board's effectiveness for strategic discussions and greater engagement with the wider Executive team. It was agreed that there should be greater line of sight between the Cabinet Office Audit and Risk Assurance Committee and that of CCS, through annual attendance by the Audit and Risk Assurance Committee Chair and Finance Director.

Board and Committee attendance

Meeting attendance per Board member of meetings eligible to attend						
Name	Position	Board	Audit & Risk Assurance Committee	Customer Committee	Senior Appointments and People Committee	Technology and Digital Transformation Committee
T van Kralingen	Non-Executive Chair	7/7	N/A	N/A	2/2	N/A
M Gazzard	Non-Executive Director and Chair of the Customer Committee (from 9/2021)	4/4	4/4	2/2	2/2	N/A
S Maizey	Non-Executive Director and Chair of the Customer Committee (until 8/2021)	3/3	1/1	1/1	1/1	N/A
S McCrystal	Non-Executive Director and Chair of the Technology Committee	7/7	4/5	N/A	3/3	6/6
G Rhys Williams	Non-Executive Director	7/7	N/A	3/3	3/3	N/A
D Wakefield	Non-Executive Director and Chair of the Audit Committee	7/7	5/5	N/A	3/3	6/6
S Tse	Chief Executive	7/7	5/5*	3/3	3/3	6/6
P Coombs	Director of Finance, Planning and Performance	7/7	5/5*	N/A	N/A	6/6

*attendance by the Chief Executive and Director of Finance, Planning and Performance at the Audit & Risk Assurance Committee was in an attendee not member capacity

- there were 6 full Board meetings during the year and 1 extraordinary meeting to approve the 2020/21 Annual Report and Accounts
- there were 4 full meetings of the Audit & Risk Assurance Committee and 1 extraordinary meeting



Board sub-committee reports

The Board is supported by four sub-committees: Audit and Risk Assurance Committee, Customer Committee, Technology and Digital Transformation Committee, and Senior Appointments and People Committee. All committees have met regularly throughout the year to review and provide assurance on those specific areas of responsibility.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee's role is to advise the Board and Accounting Officer on the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the Annual Report and Accounts. In September 2021, the Committee agreed to change its name to the Audit and Risk Assurance Committee to reflect the Committee's responsibilities for risk assurance.

The Committee met on five occasions during the year and core membership comprised three Non-Executive Directors. Other regular attendees included the Chief Executive, Director of Finance, Planning and Performance, Head of Internal Audit and representatives from the National Audit Office and Cabinet Office. In addition, other executive directors and managers attended as appropriate at the request of the Committee.

Annually, the Chair of the Audit and Risk Assurance Committee submits a report to the Accounting Officer and Board summarising the work of the Committee over the financial year providing a summary of findings and areas of focus for the year ahead. The Committee agreed a programme of internal audit assurance reviews for 2021/22 and considered the outcomes of 6 assurance reviews and 2 advisory reviews. Despite the ongoing impact of the COVID-19 pandemic, the Committee was pleased to see that CCS out-delivered its financial targets and made good progress against its strategy of improving services, growing revenue and delivering savings for its customers. Throughout 2021/22 the organisation demonstrated both flexibility and adaptability in meeting the increased demands of customers, particularly in central government, through remote working and innovative approaches.



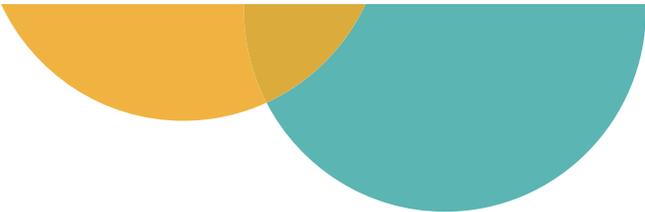
The audit programme for 2021/22, however, was severely restricted by a number of factors, including the ongoing COVID restrictions, increased staff absences and strict working conditions. In addition, the timely production and delivery of assurance reviews was significantly affected by process delays with the Committee receiving the majority of reports beyond the scheduled timescale. Whilst fully recognising and appreciating the challenges tackled by the organisation through this difficult period the Audit and Risk Assurance Committee believe that a return to the expected cycle of reviews be acted upon as a priority in the forthcoming months and that all factors and issues impacting upon the cycle of assurance reports be resolved to ensure a continuation of good governance practices.

The Committee accepted the Internal Audit overall opinion rating of Moderate assurance. For 2022/23 the Committee agreed that the key areas of focus are the delivery of the digital strategy and investments; continuation of the supplier health assurance programme; and ensuring good governance at all levels of the organisation.

Customer Committee

The Customer Committee's role is to support the Board and Accounting Officer by providing guidance, challenge and support to CCS leadership against its strategic priority to 'focus on the customer'. It met three times in 2021/22. Core membership comprised two Non-Executive Directors and other regular attendees included the Chief Executive, the Business Development and Customer Experience Director and Procurement Operations Director.

The Committee considered the progress of the customer experience directorate to support CCS's plans for growth and engagement with customers across central government and the wider public sector. The Committee welcomed the development of a new data pack and received regular updates on performance against spend and commercial benefits targets for core departments, arm's length bodies and the wider public sector. The Committee noted the establishment of the Growth Prioritisation Steering Committee to monitor and review priority opportunities for driving growth and welcomed the refocus on strategic sectors with a regional context.



A number of key projects were discussed throughout the year including the implementation of a Strategic Account Management strategy supported by Cranfield School of Management. This has provided CCS staff with the tools, skills and support to drive and shape a different and more strategic level of conversation with customers, thereby driving mutually beneficial outcomes. Positive progress was also made on the Market Segmentation strategy as a key enabler towards a more customer centric organisation.

The Committee noted the good progress on development of the Partnerships Strategy which had identified c£2.5 billion spend per annum attributable to commercial partnerships agreements across central government and the wider public sector. The Committee was supportive of leveraging this channel to deliver further growth and benefit to customers.

Customer service satisfaction performance was discussed regularly and the Committee congratulated the team on the achievement of the excellent NPS scores for the year. The Committee endorsed the proposals for customer service measurement enhancements and to establish a new measurement regime based on broad best practice experience elsewhere from 2022/23. The Committee was also encouraged by the positive feedback from marketing campaign awareness tracking and the perceptions of CCS rated highly for being procurement experts and offering best value.

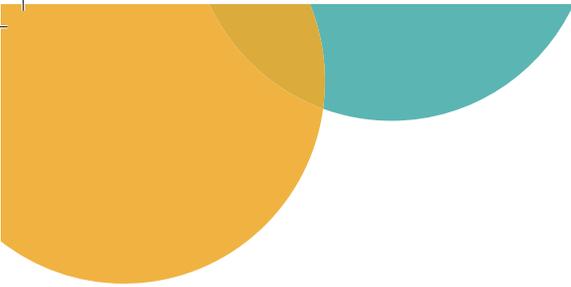
Technology and Digital Transformation Committee

The Technology and Digital Transformation Committee's role is to support the Board and Accounting Officer by providing oversight of CCS's digital and technology strategy and key digital transformation programmes. The Committee met six times in 2021/22 and its focus during the period has been the delivery of the portfolio of digital solutions along with the wider change programme and future digital strategy. The Committee fully recognised the challenges faced by the organisation through this period, particularly the ongoing difficulties of resourcing and recruiting to critical digital and technology roles and the impact on the prioritisation and delivery of projects and day to day operations.

The Conclave project has continued to be an area of priority for the Committee throughout the year. Now known as the Public Procurement Gateway, this will provide a single sign-on and evidence management service which supports the government's goal to speed up and simplify procurement processes for CCS's customers and suppliers. The Committee received regular updates on the programme's progress to gain assurance on risk management and delivery including readiness for the beta and alpha assessments by the Government Digital Service, particularly the extent of user research and meeting users' needs.

The Committee continued to monitor the Change Programme and supported management's decision in December 2021 to pause the Shopping Service element and rescope the programme to focus on completing work to deliver the tactical solution by the end of March 2022. This included enabling suppliers to be onboarded for the G-Cloud 13 and DOS 6 commercial agreements. The Committee welcomed management's decision to commission an independent review of CCS's digital strategy to inform the future strategy beyond the Change Programme and set CCS in good stead to deliver against its ambitious objectives from 2022/23.

The Committee reviewed and endorsed a number of business cases during the year and welcomed the development of new Digital and Data Services dashboards to provide regular reporting on operational performance and assurance that risk management, core controls and processes were being maintained and monitored covering service availability, incidents, outages, information security, resource management and project delivery. Regular updates were also provided on cyber security and an independent maturity assessment in May 2021 provided recommendations for improvements. The Committee commended CCS's swift and robust response to the potential threat of the Apache log4j vulnerability which emerged in December 2021 and affected software applications and online services worldwide. The regular monitoring of cyber security threats and the robust processes in place to ensure effective patch management meant that CCS systems were appropriately protected.



Senior Appointments and People Committee

The Senior Appointments and People Committee met three times in 2021/22 and its role is to review the performance, succession planning, talent management and development of senior leadership roles within CCS. The Committee received updates on the CCS pay award reward and reviewed the People dashboard and performance against key indicators including headcount, absence, turnover, reward, and learning and development.

The Committee also discussed proposals for reorganisation of the operating business model and endorsed the proposal to create a new Chief Commercial Officer role. This role will join the Executive Board and be responsible for ensuring that commercial activity across the pillars is more consistent and agile, and so achieves the maximum overall commercial benefits for customers. The appointment is expected to be confirmed by the end of 2022.

Executive Board

The Executive Board was led by the Chief Executive and included executive directors from all the key areas of the organisation and Head of CEO Office and Strategy. This group met formally as an Executive Board once a month and informally on a weekly basis. Its role was to manage operational service delivery and oversee delivery against the agreed strategy and to provide leadership to the organisation. The Executive Board was supported by internal boards covering people and health and safety, and finance and approvals.

Code of Corporate Governance

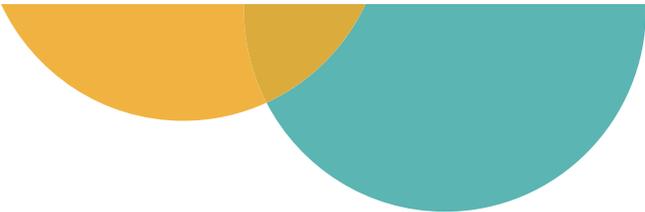


CCS follows best practice for corporate governance in line with the Corporate Governance in Central Departments: Code of Good Practice 2017 and its key principles (parliamentary accountability, role and composition of the board, effectiveness and risk management). The one departure from the Code is that there is no Nominations Committee, however the Senior Appointments and People Committee was established in 2015 and its remit is to ensure that resourcing, succession planning and developmental strategies are in place for senior leadership roles. Additionally, the Board's view is that governance forms a key part of the Audit and Risk Assurance Committee's role and so no additional committee is required.

Internal Audit

CCS has a dedicated Internal Audit service provided by the Government Internal Audit Agency (GIAA) which is delivered in accordance with the GIAA Charter and the Public Sector Internal Audit Standards. The Head of Internal Audit reports directly to both the Accounting Officer and the Audit and Risk Assurance Committee. Throughout the year, the Audit and Risk Assurance Committee was advised by the Internal Audit function on the effectiveness of internal controls within the organisation and on the status of outstanding actions from previous audit reviews. Internal Audit has a key role in the governance framework of the organisation through the provision of assurance to management, the Accounting Officer and the Audit and Risk Assurance Committee, along with identifying practical recommendations to reduce risk exposure across the organisation.

The Internal Audit Plan for 2021/22 was developed with reference to CCS's corporate objectives and risks, and was reviewed, discussed and subsequently approved by the Audit Committee in June 2021. During the year, 8 internal audit assurance and consultancy reviews were completed covering business activities across CCS, including governance, Digital Marketplace, Change programme, Assisted Procurement, Category Strategies and Key Financial Controls. In consultation with management, the Internal Audit Plan was reviewed regularly throughout the year to ensure that it remained fit for purpose and any proposed changes were presented to the Audit and Risk Assurance Committee for approval.



The Head of Internal Audit's overall opinion on the adequacy and effectiveness of CCS's risk management, internal control and governance arrangements for 2021/22 was confirmed as Moderate. The opinion reflected that during 2021/22 CCS has not been without significant operational challenges due to both the continuing COVID-19 response and recovery impacts and the war in Ukraine. The 2021/22 audit work focussed on the higher risk and challenging areas of CCS business included some positive aspects relating to the continuing internal control maturity within CCS.

Risk Management

CCS operates a robust and comprehensive approach to Risk and Issue Management, which is managed by the Planning, Performance and Risk (PPR) team within the Finance, Planning and Performance Directorate.

The PPR team records and monitors strategic risks (Board level) through a multi-level dashboard which comprises a summary dashboard, detailed Strategic Risk Register setting out the risks, causes, maximum risk tolerance (risk appetite) and the mitigations in place and those planned along with an assessment mechanism (5 x 5 matrix covering impact and likelihood and associated definitions and scoring criteria).

Each risk is mapped to organisational objectives that are subject to monthly Executive Board performance assessments and Quarterly Performance Reviews carried out by the CEO. Additionally, each risk is subject to rolling reviews and scrutiny by the appropriate Board sub-committees (Audit and Risk Assurance Committee, Customer Committee, Technology and Digital Transformation Committee). These reviews require the attendance of the risk owner (a Director) and the focus is to test out the effectiveness of mitigating actions to address causes and to reduce residual risk, in line with the maximum risk tolerance (risk appetite).

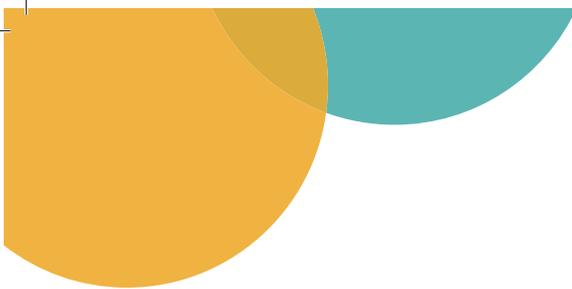
The Executive Board approves the addition and removal of risks. New risks are typically identified through Board / sub-committee / Executive Board discussions or where aspects of organisational performance are identified off track and the cause needs to be managed more effectively.

Risks are removed and closed where mitigations are considered to be fully implemented and effective. The maintenance of the strategic risk register is managed by a dedicated CCS Risk Manager who leads second line assurance.

Operational risks and issues are also recorded and tracked through a network of more than 40 Risk Champions (coordinated by the CCS Risk Manager) covering each team within the organisation. Monthly reviews are carried out at both first line assurance (Business Managers and Risk Champions) and second line (Directorate Business Manager and the CCS Risk Manager). Over the course of the year there were on average 220 operational risks and 80 issues recorded and tracked on a monthly basis.

The Operational Risk and Issue Group (ORIG), chaired by the Finance Director, reviewed progress on a monthly basis and as part of this focuses on Red risks (residual score >15) and Red Issues (High impact). ORIG also provided oversight of dedicated risk frameworks covering Counter Fraud Bribery and Corruption and Information Security. A summary report was also developed for the Executive Board to review on a monthly basis.

Third line assurance is provided by GIAA. The last audit of Risk and Issue management was carried out towards the end of 2020/21 which resulted in a 'strong moderate' rating with 10 low risk recommendations. These recommendations have been actioned and addressed.

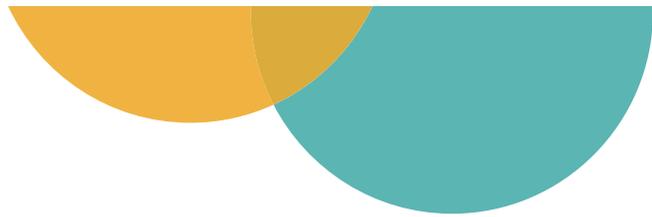


During 2021/22, CCS has continued to focus on embedding rigorous risk and issue management processes and culture across all parts of the business as part of our aim to continuously improve organisational capability. Specific developments in the year include:

- improving analysis and generating insight into trends and common and crossing cutting themes to inform discussions at Executive Board level
- reviewing the effectiveness of each Directorate's operational risk and issue management working practices through reviews at newly formed Operational Risk & Issue Group, and as part of this identifying best practice
- continuing with a rolling programme of Board and sub-committees reviews of the strategic risks and mitigating actions involving Directors
- continuation of mandatory online training for all staff along with risk workshops to further increase awareness, knowledge and capability of our people
- running workshops to ensure alignment between identified risks and the achievement of objectives in our business plan
- review and refresh our approach to strategic risk management to align with our new business strategy.

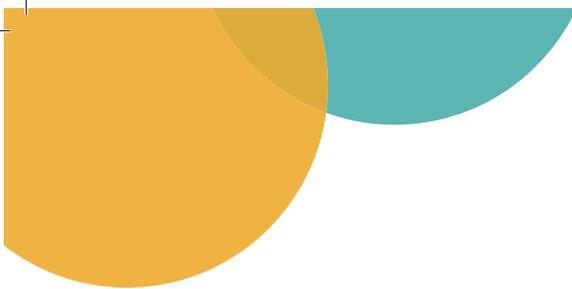
Central to the risk management approach is a policy and framework which is integral to Corporate Governance. Risk management practices are aligned to the guidance and main principles of HM Treasury's Orange Book. The following details our approach:





Principles of Orange Book	CCS's approach	Assessment of alignment
<p>Principle A: Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels</p>	<p>Risk and Issue management is integral to CCS's Governance framework. The effectiveness of risk management is reviewed across all levels of the organisation. Risk features as a standing agenda item at the Executive Board, Programme / Project Boards and the Operational Risk & Issue Group. Scrutiny of strategic risks is performed by Board sub-committees through detailed reviews of the effectiveness of mitigations</p>	<p>Full</p>
<p>Principle B: Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives</p>	<p>Risk management identification and assessment is integral to business planning and organisational performance management of operations and projects. Multi-level reporting is in place ranging from project boards to directorate and functional SMTs and formal organisational governance groups (CCS Board, Executive Board and its sub-committees and the Audit and Risk Assurance Committee). Risk informs the agendas of Executive Board meetings</p>	<p>Full</p>
<p>Principle C: Risk management shall be collaborative and informed by the best available information and expertise</p>	<p>The CCS Risk Manager works through a network of around 40 Directorate and Functional Risk Champions to continually develop organisational risk management and issue management capability, ensure compliance to corporate risk management policy and standards, alignment of risks to organisational strategy and business plan and to identify best practice and lessons learned</p>	<p>Full</p>
<p>Principle D: Risk management processes shall be structured to include:</p> <ul style="list-style-type: none"> • risk identification and assessment to determine and prioritise how the risks should be managed • the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level • the design and operation of integrated, insightful and informative risk monitoring; and • timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities 	<p>A standardised structured approach to risk identification, assessment, treatment and reporting is implemented across the organisation both at an operational and strategic level</p> <p>The Planning, Performance and Risk team facilitates workshops with Directorate teams to identify risks using Directorate business plans to refresh and renew risks to be recorded. The effectiveness of this process and associated working practices is assessed through monthly review by CCS's Risk Manager and the Operational Risk & Issue Group. Key findings including themes and trends are also formally reported monthly to the Executive Board. Both the Executive Board and the CCS Board sub-committees review CCS's strategic risks on a regular basis in addition to receiving updates on risk management and controls from the Audit and Risk Assurance Committee</p>	<p>Full</p>
<p>Principle E: Risk management shall be continually improved through learning and experience</p>	<p>CCS assesses risk management capability maturity at team level and sets organisational targets. The effectiveness of risk management practices is reviewed through engagement with Directors as part of an ongoing programme of assurance reviews as part of the Operational Risk & Issue Group</p>	<p>Full</p>





Management assurance

Operational Governance Self-Assessments

Executive Directors have completed Operational Governance Self-Assessments (OGSA), reviewing the effectiveness of operational governance during the year within their respective directorates. These assessments were designed, facilitated and reviewed by the Business Assurance Services Team with technical support from subject matter experts. Output has been reviewed, challenged and endorsed by the CCS Executive Board.

The 2021/22 OGSA exercise reaffirmed positive assessments in the areas of Leadership, Structure, Culture and Capability and Financial Management. The CCS Executive Board resolved to support a review of existing arrangements relating to conflicts of interest and enhanced succession planning.

Government functional standards

CCS implemented a policy to comply with the suite of government functional standards mandated for use from September 2021. This provides the Accounting Officer with further assurance and supports continuous improvement for CCS as a well run, efficient, sustainable and prosperous organisation. It builds on CCS's early adoption of the Commercial and Counter Fraud standards, compliance with relevant playbooks and completion of the annual Departmental Security Health Check.

Data governance



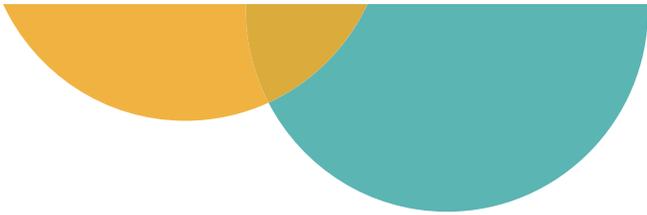
A review of Data Governance was carried out by GIAA in March 2021, it indicated that whilst CCS had some key structural components in place to support good data governance, there were weaknesses in ownership, accountability and policies, and an overarching data governance strategy was needed to meet the government functional standards for Digital Data and Technology. An SRO and project team was established in March 2021 to address the findings and implement the recommendations. A new CCS Knowledge and Information Management (KIM) team has been set up, new data governance strategy developed and data governance has been integrated into the CCS operating model. In March 2022, all GIAA action recommendations were completed and endorsed by GIAA, the Project Board and the Audit and Risk Assurance Committee. CCS Data Governance and KIM activities continue to mature under business as usual activities.

Security and data protection

CCS seeks to comply with the HMG Security Policy Framework, together with Cabinet Office's Minimum Cyber Security Standard and the Government Functional Standard GovS 007: Security. In addition, CCS adheres to Cabinet Office guidance on risk management, including bulk data security guidance. The UK General Data Protection Regulation (UK GDPR) compliance standards are embedded and approved by the Cabinet Office Data Protection Officer.

The CCS Senior Information Risk Owner acts as the focus for information risks and is a member of the CCS Board. All staff agree to an Acceptable Use Policy before accessing IT systems.

During 2021/22, there have been no material breaches and no incidents reportable to the Information Commissioner's Office. Similar to many organisations, CCS has faced increased security risks as a result of the COVID-19 pandemic and have ensured a proportionate level of security whilst keeping critical functions and priority work operational.



Fraud, bribery and whistleblowing

CCS continues to embed the Government's Functional Standards for Fraud, Bribery and Corruption (GovS013) ensuring it is aligned with the government's wider agenda around a robust and coordinated approach to protecting public services and the public purse against the risk of fraud, bribery and corruption (CFBC).

In keeping with the latest update of the standards (August 2021), CCS has refreshed its CFBC governance and reporting arrangements and its policies and procedures. In doing so, it has undertaken a programme of fraud risk assessments across the business to identify fraud risks for management at both a local and corporate level. In addition, CCS has developed outcome-based metrics to enable it to measure and monitor whether targeted outcomes have been achieved - these include metrics with financial impacts covering recovered, prevented and detected fraud. CCS also commenced a journey of utilising data analytics in its armoury to combat fraud, bribery and corruption.

CCS's compliance with GovS013 is reported to and monitored by the Audit and Risk Assurance Committee on a regular basis and included reference to six allegations received, progressed and fully concluded in 2021/22.

Two whistleblowing cases were received under the terms of the Whistleblowing policy during 2021/22. Both cases were fully investigated under the appropriate procedures and the outcome for both cases found there was 'no case to answer'.

Other

Ministerial directions

There have been no ministerial directions given.

Official and Parliamentary correspondence

During 2021/22, CCS received 85 Freedom of Information (FOI) requests and zero Subject Access Requests (SAR) under the Data Protection Act. Additionally, we answered 9 Parliamentary Questions and 19 MPs' and Peers' correspondence cases.

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman received no complaints about CCS for 2021/22.

Remuneration and staff report

This remuneration report sets out the policy and disclosures on directors' remuneration as required by the Companies Act 2006 sections 420 - 422 and as interpreted in the Government Financial Reporting Manual. The Companies Act requirements include some disclosures that are not likely to be relevant to the Crown Commercial Service (such as those on shareholdings, share options, long-term incentive schemes and excess pension benefits paid), however the report has been prepared to be compliant so far as is practicable and appropriate.

Remuneration policy

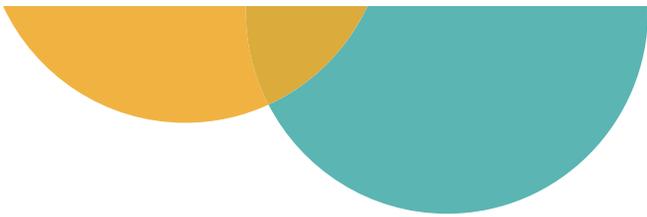
Senior Salaries Review Body

The Executive Directors are all Senior Civil Servants (SCS) and the precise funding available to departments each year is decided by the government in response to recommendations of the independent Senior Salaries Review Body (SSRB), taking account of the government's overall approach to public sector pay. SSRB recommendations cover the level of uplift to the SCS pay bands and progression target rates in the light of economic evidence and movements in the private and wider public sector markets for senior executives. SSRB also gives a view on performance awards for base salary and the minimum bonus payments. In reaching its recommendations, SSRB 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/local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target
- evidence received about the wider economic considerations and the affordability of recommendations

Further information about the work of the SSRB can be found at:

www.gov.uk/government/organisations/review-body-on-senior-salaries.



Performance and reward

The Senior Civil Servants pay system consists of two elements, both a consolidated and non-consolidated award as applicable. Increases to the minimum salaries of SCS pay ranges 1, 2 and 3 were in line with SSRB recommendations and the government's response.

In respect of performance assessments for those who were assessed as 'top' against performance objectives for 2020/21, they received a non-consolidated award. This payment was made in November 2021. No consolidated base pay awards or changes to pay ranges were made for Senior Civil Servants in 2021/22 owing to the pay pause announced by the government in the November 2020 Spending Review.

Further information about the performance and reward arrangements for Senior Civil Servants can be found at: <https://www.gov.uk/government/publications/senior-civil-service-performance-management>.

Service contracts

The Constitutional Reform and Governance Act 2010 requires that Civil Service appointments are made in accordance with the Civil Service Commission's Recruitment Principles which require appointments to be made on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

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



Remuneration of Board Members FY 2021/22 (Audited)

The following sections provide details of the remuneration interests of Board Member Executive and Non-Executive Directors employed by CCS.

	To 31 March 2022					To 31 March 2021				
	Salary	Bonus payments	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total	Salary	Bonus payments	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total
	Note 1 £000	Note 2 £000	Note 3	Note 4	£000	£000	£000			£000
T van Kralingen	15-20	-	-	-	15-20	15-20	-	-	-	15-20
Non-Executive Chairman										
S Maizey (Note 5)	5-10	-	-	-	5-10	10-15	-	-	-	10-15
Non-Executive Director										
Full Year equivalent	10-15				10-15					
M Gazzard (Note 6)	5-10	-	-	-	5-10	N/A	N/A	N/A	N/A	N/A
Non-Executive Director										
Full Year equivalent	10-15				10-15					
G Rhys Williams (Note 7)	-	-	-	-	-	-	-	-	-	-
Non-Executive Director										
D Wakefield	10-15	-	-	-	10-15	10-15	-	-	-	10-15
Non-Executive Director										
S McCrystal (Note 5)	10-15	-	-	-	10-15	5-10	-	-	-	5-10
Non-Executive Director										
Full Year equivalent						10-15	-	-	-	10-15
S Tse (Note 8)	150-155	5-10	-	59,000	220-225	150-155	5-10	-	60,000	220-225
Chief Executive										
P Coombs	130-135	5-10	-	60,000	195-200	130-135	5-10	-	56,000	195-200
Director of Finance, Planning and Performance										

Note 1 Salary includes gross salary, overtime, recruitment and retention allowances, private office allowances and any other taxable allowances or payments

Note 2 P Coombs and S Tse received a bonus for performance during 2021/22, which relates to performance for 2020/21. Non-Executive Board members are not entitled to bonus payments

Note 3 No benefits in kind were provided to any members of the Board during this year

Note 4 The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the individual. Non-Executive Board members do not receive any pension entitlements. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Note 5 S Maizey in post 1 April 2021 to 31 August 2021: actual earnings and full year equivalent are shown above

Note 6 M Gazzard in post 1 September 2021 to 31 March 2022: actual earnings and full year equivalent are shown above

Note 7 No remuneration was paid to G Rhys Williams as he is an employee of the Cabinet Office

Note 8 S Tse is an employee of the Government Commercial Organisation but as the Chief Executive of CCS, details of actual salary and pension benefits have been included

Senior management pension entitlements FY 2021/22 (Audited)

The pension entitlements of the Board member executive directors within CCS were as follows. These figures are calculated based on the duration of their tenure on the Board.

	Accrued pension and lump sum at pension age as at 31 March 2022	Real increase in annual pension and lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021 (or date of board appointment)	Real increase in CETV
		(Note 1)			(Note 2)
	£000	£000	£000	£000	£000
S Tse Chief Executive	55-60	2.5-5	914	838	40
P Coombs Director of Finance, Planning and Performance	30-35	2.5-5	578	507	36

Note 1 For an explanation of pension benefits and Cash Equivalent Transfer Value (CETV), please see the section below. CETV is a combined value of the CETV in both PCSPS and alpha schemes

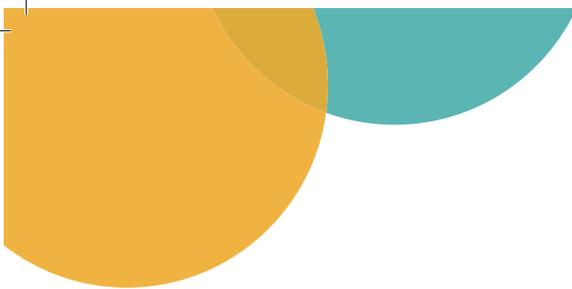
Note 2 This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement)

Civil Service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with the Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no



automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on 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 the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk



Cash Equivalent Transfer Values

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

Real increase in CETV

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.

Compensation on early retirement or for loss of office (Audited)

We have not made any compensation for early retirement or loss of office payments to Board Member Executive Directors in 2021/22 or 2020/21.

Fair pay disclosure (Audited)

The table below illustrates the relationship between the remuneration of the highest paid director and the median remuneration of the workforce. The following information includes staff deployed from the Government Commercial Organisation (GCO). The calculation includes fixed term and agency and interim staff. For details of the remuneration of Board Member Executive Directors and Non-Executive Directors see page 64.

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

Year	25th Percentile Pay Ratio	Median Pay ratio	75th Percentile Pay Ratio
2021/2022	5.17:1	4.04:1	2.59:1

The banded remuneration of the highest paid Board Member Executive Director in the financial year 2021/22 was £160,000 to £165,000 (2020/21 £160,000 to £165,000). This was:

- 5.17 times (2020/21 5.58) the 25th percentile remuneration of the workforce, which was £31,405 (2020/21 £29,131). Salary component, £30,941 (2020/21 £27,773)
- 4.04 times (2020/21 4.23) the median remuneration of the workforce, which was £40,237 (2020/21 £38,417). Salary component £39,642 (2020/21 £36,626)
- 2.59 times (2020/21 2.72) the 75th percentile remuneration of the workforce, which was £62,720 (2020/21 £59,787). Salary component £60,000 (2020/21 £58,000)

Total remuneration ranged from £19,298 to £217,169 (2020/21 £19,794 to £213,473). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The median total remuneration for 2021/22 is derived from the annualised payments of all staff made in March 2022, including staff paid by the GCO, interim and fixed term appointments. Part time employees' payments are adjusted to a full time basis.

In 2021/22, 14 staff members received an annualised salary in excess of the highest paid Board Member Executive Director. Of these, 5 were GCO deployed staff members. The remaining 9 were interim members of staff who were paid by an external agency and charged to CCS. These staff held short term contracts and did not receive the actual annualised remuneration during the year. Similarly, there were 30 of these workers during 2020/21.

The average percentage changes since 2020/21 are outlined below:

- highest paid director salary, 0% (no increase since 2020/21)
- highest paid director bonus, 0%
- CCS employees salary taken as a whole, +3% (excluding highest paid director, the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entity's employees taken as a whole)
- CCS employees bonus taken as a whole, +5% (excluding highest paid director, bonus payment consistent with the two year pay award)

To ensure consistency with the updated guidelines, the 2020/21 numbers have been restated. This has allowed a more representative comparison between the financial years.

Staff report

Staff numbers and composition

There has been an overall increase in the SCS headcount of 10 (combined CCS and GCO). We have had 3 SCS leavers in this period (2 transfers to other government departments and 1 retirement).

Senior Civil Service staff by salary band:

Salary band (Note 1)	CCS SCS within band as at 31 March 2022		GCO deployed SCS within band as at 31 March 2022 (Note 2)		Total CCS and GCO deployed SCS within band as at 31 March 2022 (Note 3)		Total CCS and GCO deployed SCS within band as at 31 March 2021		
	£000	Number	%	Number	%	Number	%	Number	%
60 - 70		6	25.00%	1	3.70%	7	13.73%	3	7.32%
71 - 80		9	37.50%	7	25.93%	16	31.37%	11	26.83%
81 - 90		0	0.00%	2	7.14%	2	3.92%	0	0.00%
91 - 100		3	12.50%	4	14.81%	7	13.73%	8	19.51%
101 - 110		1	4.17%	2	7.14%	3	5.88%	2	4.88%
111 - 120		2	8.33%	2	7.14%	4	7.84%	6	14.63%
121 - 130		0	0.00%	3	11.11%	3	5.88%	3	7.32%
131 - 140		1	4.17%	0	0.00%	1	1.96%	1	2.44%
141 - 150		2	8.33%	1	3.70%	3	5.88%	2	4.88%
151 - 160		0	0.00%	3	11.11%	3	5.88%	3	7.32%
161 - 170		0	0.00%	0	0.00%	0	0.00%	0	0.00%
171 - 180		0	0.00%	1	3.70%	1	1.96%	1	2.44%
181 - 190		0	0.00%	1	3.70%	1	1.96%	1	2.44%
191 - 200		0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total		24	100.00%	27	100.00%	51	100.00%	41	100.00%

Note 1 The figures shown are salary band only and not total remuneration

Note 2 The table above illustrates the SCS deployed from GCO

Note 3 The figures shown relate to permanent payrolled employees and exclude interim SCS

Note 4 The figures shown exclude 1 x SCS loan out from CCS and 2 x SCS loan out from GCO

Staff numbers and costs (Audited)

The following information also provides details of staff deployed from GCO. CCS currently has 3 people on internal development opportunities within GCO but these individuals are included in CCS headcount and FTE figures.

CCS currently has 10 people on loan to other government departments which are on a long term basis i.e. 6 months or longer.

Total staff numbers

Details of the average number of full time equivalent employees during the period were as follows:

Average number of FTE employees during the period		
	2021/22	2020/21
Salaried staff	786	702
GCO deployed staff	157	146
Agency and contract staff	<u>54</u>	<u>57</u>
Total	<u>997</u>	<u>905</u>

Note 1 Figures above exclude Fast Streamers and loans out

Note 2 Salaried staff increases reflect overall organisational growth

Apprentices, internships and work experience students

In the last year CCS has achieved 26 new apprentice appointments. Overall, CCS now has 56 employees undertaking apprenticeship programmes in a wide range of areas and levels; for example, from Level 4 CIPS to Level 6 Digital and Technology Solutions and from Level 2 Customer Services Business Administration to Level 4 Cyber Security. This is a brilliant achievement which demonstrates CCS's commitment to apprenticeships by providing opportunities for our existing CCS colleagues to develop themselves and also giving opportunities for newly recruited apprentices to move into roles they would never have dreamed of pursuing if it wasn't for an apprenticeship.

CCS has participated in two of the Civil Service Internship programmes designed to help make the Civil Service a potential employer of choice for diverse young people. In 2021 CCS was delighted to welcome a total of 4 interns on these programmes:

- Summer Diversity Internship Programme (SDIP): This is a multi-award winning, two month long programme, offering work experience opportunities to penultimate and final year undergraduates from under-represented groups: ethnic minority, lower socio-economic, and people with disabilities
- Autism Exchange Internship Programme (AEIP): Developed in 2015, this multi-award winning programme, supports young people (up to degree level) who are on the autism spectrum. The AEIP offers a three week placement to provide workplace exposure and up-skilling

CCS is also proud to have hosted four new work experience placement students from the University of East Anglia and University of South Wales. These 12 month placements offer students in their penultimate year of their degree course an opportunity to undertake a role which is relevant to their degree course.

Turnover

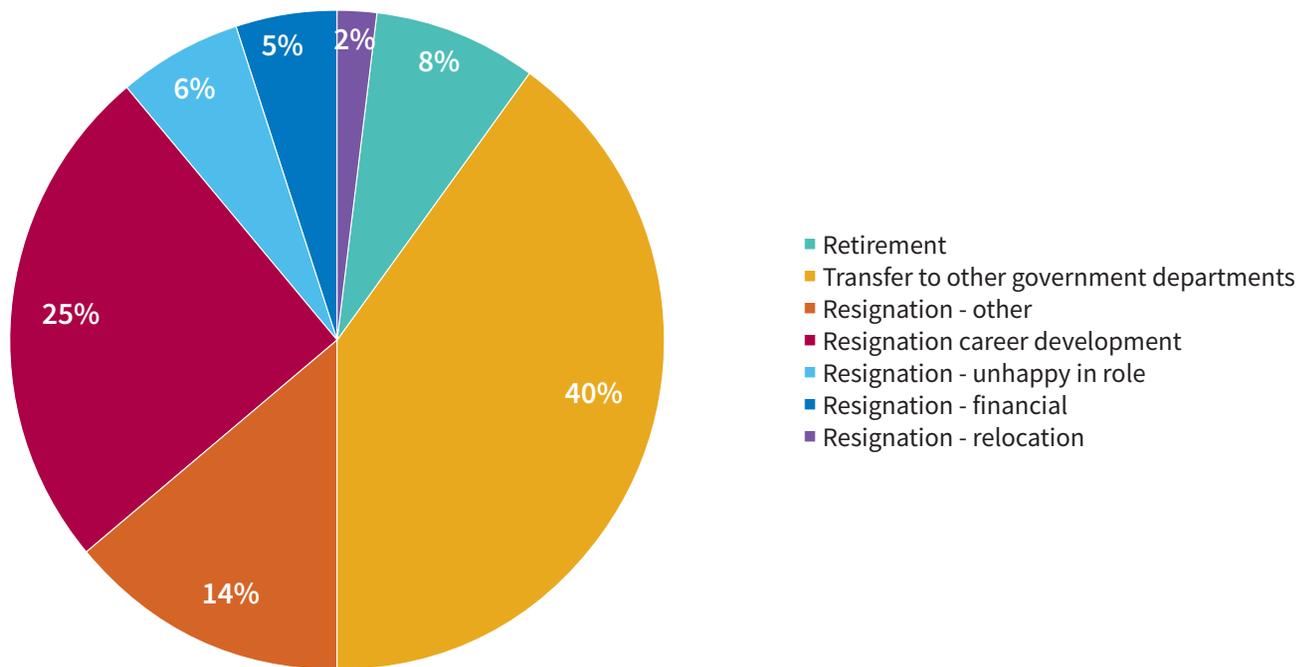
The rolling 12 month staff turnover rates over the last five years are:

2018	2019	2020	2021	2022
12.60%	10.09%	9.88%	5.40%	10.40%

Note Figures are taken as of 31 March for each of the years above and reflect the previous 12 months turnover

Historically CCS's turnover reporting has captured and included those employees who have transferred to another government department. The 10.40% reported on 31 March 2022 reflects 100 voluntary leavers, 3 of these were SCS grade. Transfers to other departments represent 40% of all leavers. In terms of length of service 21% of all leavers have more than 10 years of service.

Reasons for leaving as %



There have been a total of 100 exits from Crown Commercial Service including 3 SCS leavers. No Business Appointment Rules Conditions were set and there were no breaches of the rules during the financial year.

Our Business Appointment disclosures are published in accordance with the rules: <https://www.gov.uk/government/collections/crown-commercial-service-ccs-business-appointment-rules-advice>

Total staff costs

	2021/22			2020/21
	CCS	GCO	Total	Total
	£000	£000	£000	£000
Wages and salaries	32,571	-	32,571	28,437
Bonus	358	499	857	987
Social security	3,471	-	3,471	2,973
Superannuation (Note 1)	8,526	-	8,526	7,101
Voluntary early retirement	-	-	-	-
Apprentice levy	151	-	151	117
GCO staff costs (Note2)	-	14,402	14,402	13,656
Agency and contract staff costs	4,176	-	4,176	5,357
Total	<u>49,253</u>	<u>14,901</u>	<u>64,154</u>	<u>58,628</u>

Note 1 superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 65

Note 2 during the year, CCS has paid the Cabinet Office for the provision of GCO staff who are filling CCS roles. Costs are invoiced to CCS quarterly by the Cabinet Office. Any uninvoiced amounts are accrued

Staff composition

	Male		Female		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Board members	5	83.33%	1	16.67%	6	100%
SCS (CCS)	18	78.26%	5	21.74%	23	100%
Staff (CCS)	369	46.07%	432	53.93%	801	100%
SCS (GCO deployed)	17	60.71%	11	39.29%	28	100%
Staff (GCO deployed)	65	49.62%	66	50.38%	131	100%

Note 1 this table shows the gender composition for each category of staffing group as at 31 March 2022. It is not a cumulative table

Note 2 staffing figures shown are headcount and include staff on loan out to other government departments

Note 3 staffing figures are made up of the following contract types - Permanent, Fixed Term Appointments, Loan In

Note 4 S Tse, CCS CEO, has been included in the CCS Board Members figures and not the SCS GCO Deployed

Sickness absence and attendance management

Year	CCS Average Working Days Lost	Civil Service
2017 - 2018	5.56	7.4
2018 - 2019	6.75	6.9
2019 - 2020	7.08	6.9
2020 - 2021	3.87	7.4
2021 - 2022	6.34	6.1

The number of working days lost due to sickness was 5,130. The average number of days lost per employee in the 12 month period was 6.34 (based on average headcount of 809 - excludes contingent workers as we do not record their absence). This compares to 3.87 average days lost in 2020/21 and an average of 6.1 days lost across the Civil Service as a whole.

Sickness absence figures have increased significantly in comparison to 2020/21, we believe that the COVID-19 pandemic had resulted in a reduction of recorded non-COVID-related sickness absences in 2020/21, and there would seem to be a nationwide trend for those employees working from home to report fewer instances of sickness absence. This may be attributable to reduced transmission and/or greater flexibility around working patterns enabling employees to better manage workloads when feeling unwell. Therefore the 2021/22 Average Working Days Lost figure is not directly comparable with the 2020/21 year and compared to previous years it is around a similar level.

175 CCS employees were impacted by COVID-19 in this reporting year. 190 employees reported sickness absence due to COVID-19 or reaction to the COVID-19 vaccine. Another 39 employees reported needing to isolate due to COVID-19 but were still able to work. 4 employees took special leave to care for someone with COVID-19 and 2 employees had to take time off work for childcare due to classroom closures linked to COVID-19.

Recruitment

We are an equal opportunities employer and our recruitment processes are underpinned by the Civil Service Commission Recruitment Principles. As such all appointments are awarded on merit and based upon fair and open competition. We are subject to an annual audit by the Civil Service Commission.

The Civil Service Commission's latest audit of the recruitment practices in operation within CCS has been assessed and our rating is yet to be finalised. Our rating for 2020/21 was fair and the trajectory was static. In this year's audit, record keeping breaches were found due to mixed methodology in candidate assessment scoring. However, in April 2022 we introduced a new scoring approach that will rectify this and which is consistent with the wider Civil Service.

In August 2021, we launched a virtual version of our internal recruitment training 'Licence to Recruit' which has been rolled out to all Hiring Managers with recruitment responsibility and is run on a monthly basis. The training covers Civil Service Recruitment Principles alongside an overview of internal recruitment processes.

New recruits to CCS in 2021/22 are shown in the following table:

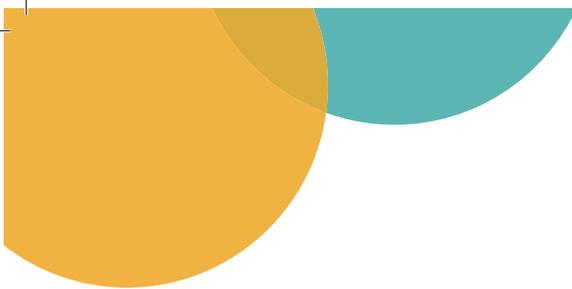
CCS - New hires				GCO - New hires				Total
Band	Male	Female	Total	Band	Male	Female	Total	
Band 1	8	10	18	Band 1	0	0	0	18
Band 2	12	21	33	Band 2	0	0	0	33
Band 3	10	18	28	Band 3	0	0	0	28
Band 4	10	8	18	Band 4	0	0	0	18
Band 5	7	7	14	Band 5	2	1	3	17
Band 6	0	1	1	Band 6	10	12	22	23
SCS 1	0	1	1	SCS 1	0	0	0	1
SCS 2	0	0	0	SCS 2	0	0	0	0
Total	47	66	113	Total	12	13	25	138

Note 1 These figures relate to external hires from outside the Civil Service, they exclude transfers, loans or secondments from other government departments. Figures shown are headcount

Staff policies and other employee matters

During 2021/22 work has continued on the development of our Smarter Working framework, including our future estate strategy, with colleagues and Trade Unions engaged in this work. Our modern working practices for the future will empower our people to embrace change through technology. We are also developing new ways of working to maximise performance and productivity whilst importantly maintaining a work life balance. There will be an ongoing review of our policies and processes to ensure they are fit for the future, particularly for a Smarter Working world and in line with our organisation culture. During 2021, the CCS Pay Award Business Case was approved and following successful discussions with the Trade Unions was implemented. As part of our wider reward strategy, work has begun on developing our employee value proposition.

The relationship with our Trade Unions continues to be productive and engaging with regular discussion taking place between the CEO, management, HR and Trade Union colleagues.



Inclusion and diversity

We are committed to creating a culture where staff feel included and valued, regardless of their background. We believe an inclusive and diverse workforce is good for everyone and to emphasise this we launched our second Inclusion and Diversity (I&D) Strategy for 2020 to 2025 in July 2020.

The following are key elements to our strategy:

- **representation:** ensuring that CCS's workforce is representative of the diversity of modern British society
- **inclusion:** refers to the behaviours and social norms that ensure people feel that they belong
- **networks:** our formal staff networks which are set up internally to represent groups of employees with a specific characteristic

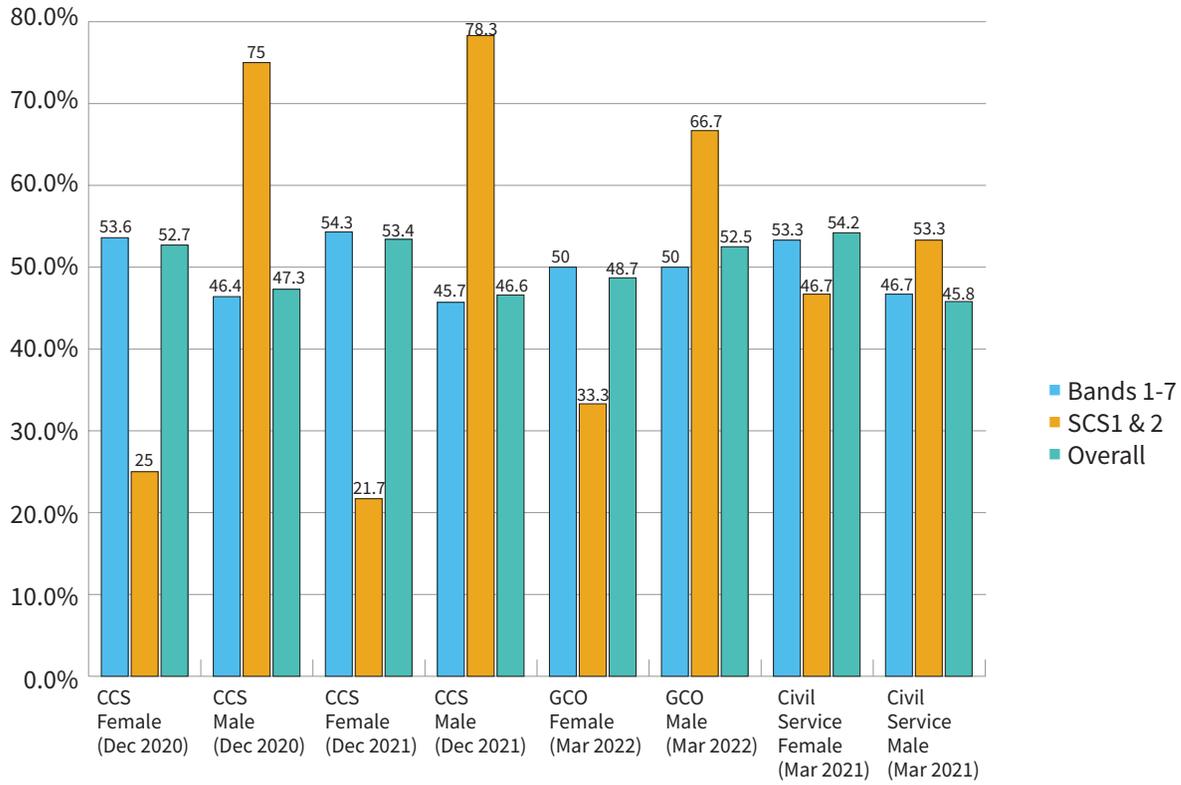
Our achievements over the past 12 months include:

- 
- the growth of six existing staff networks plus the launch of our seventh staff network (Social Mobility)
 - continued with our I&D steering group and Executive Board sponsor to each network
 - development of an I&D dashboard to inform decision making
 - agreed a comprehensive I&D communications plan
 - two cohorts of reverse mentoring and a planned third cohort
 - published our 2021 gender pay gap report. Our overall median and mean pay gaps continue to be significantly lower than the Civil Service averages
 - published our very first ethnicity pay gap report
 - our inclusion and fair treatment score in the People Survey was 87% (85% in 2020/21, 83% in 2019/20)
 - achieved Carers Confident Active Level 1 accreditation
 - achieved a silver award in the MIND Workplace Index
 - launched the 'Say my name' initiative, a phonetic email signature to help with name pronunciations
 - welcomed our first diversity internships from the Summer Diversity Internship Programme and the Autism Internship Programme, both with success
 - continued staff network engagement in the estates strategy, recruitment and management training

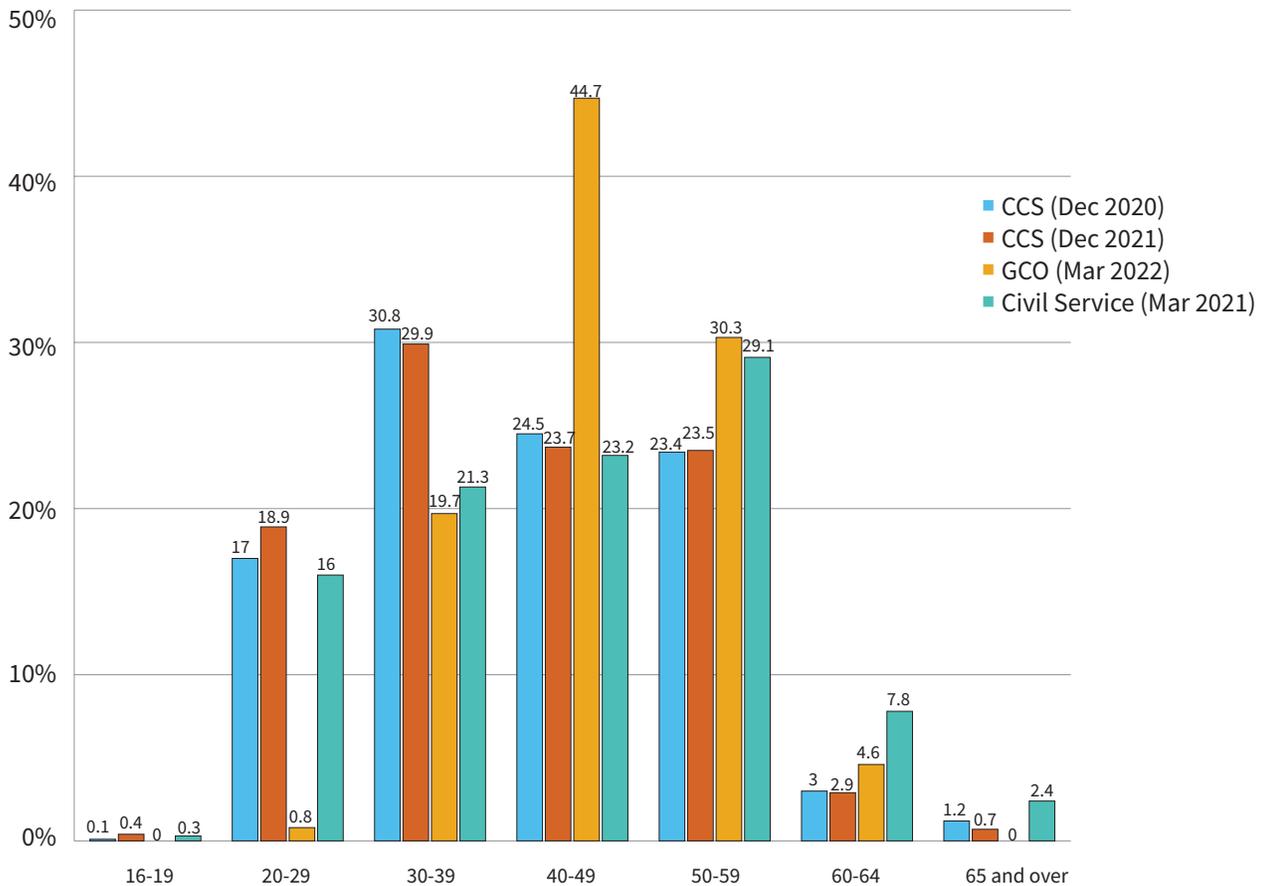
Our representation rates for CCS colleagues, compared to the wider Civil Service averages, as at 31 December 2021 are shown below. We have also included the CCS representation rates for 31 December 2020 which show positive increases across all characteristics.

This data includes colleagues deployed from GCO. We continue to work closely with GCO HR colleagues to monitor their declaration and representation rates and their data is included in the following charts.

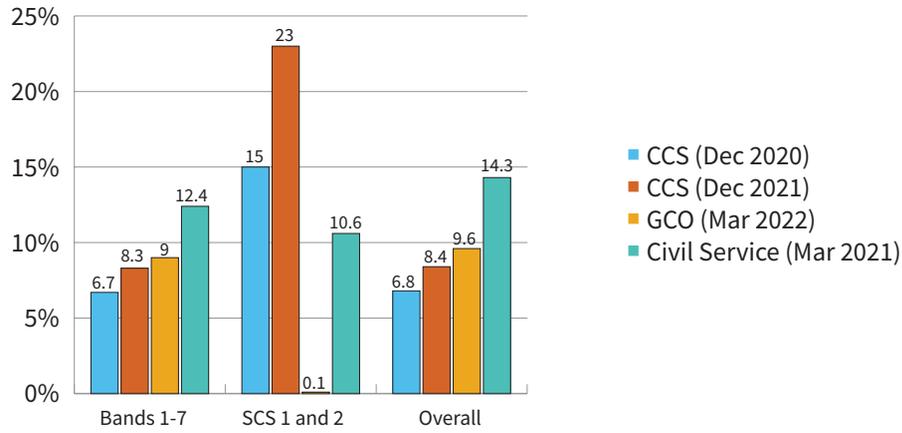
Gender in CCS and GCO



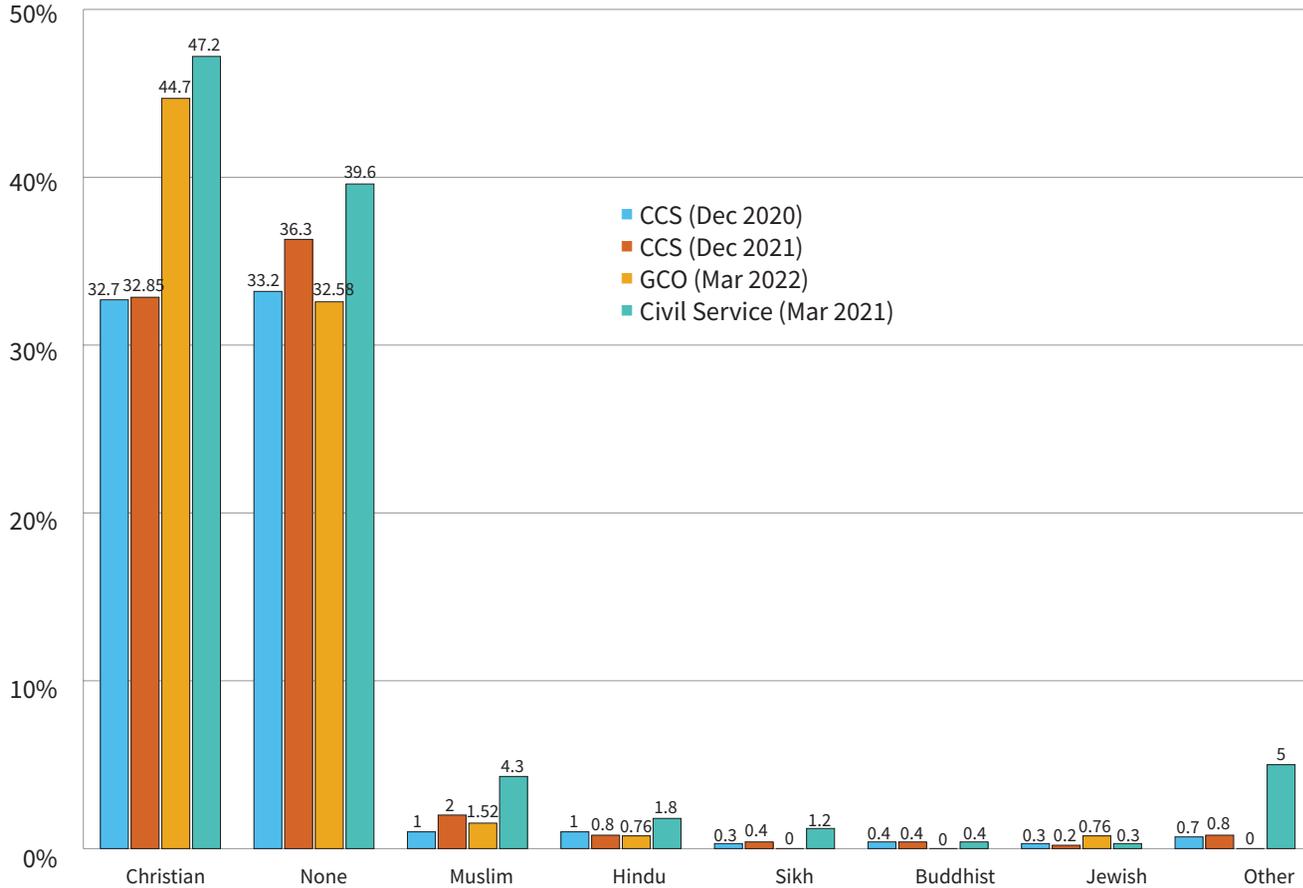
Age in CCS (100% declaration rate)



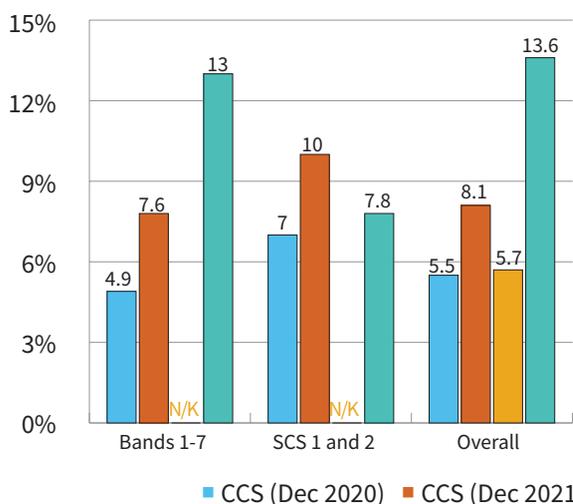
Ethnic Minorities in CCS - 87% declaration rate (up 3% in last 12 months)



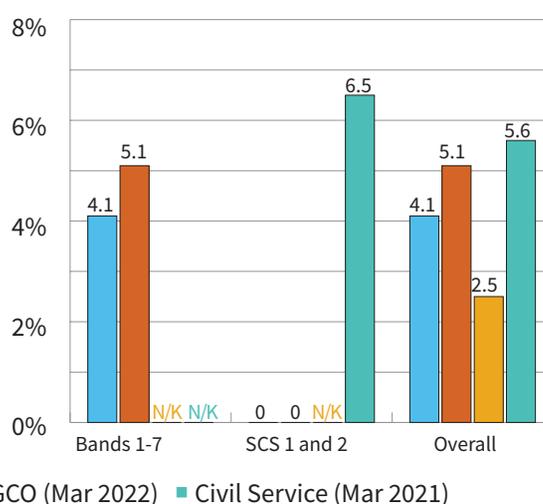
Religion and belief in CCS - declaration rate 80.7% (up 3.2% in last 12 months)



Disability in CCS - 42.9% declaration rate (up 8.3% in last 12 months)



LGBTQ+ in CCS - 81.7% declaration rate (up 3.7% in last 12 months)



Gender pay gap

We published our fifth CCS Gender Pay Gap report in March 2022. CCS figures are included in the Cabinet Office report which is published externally on GOV.UK. The CCS report is based on a ‘snapshot’ of the pay of all CCS employees on 31 March 2021, as well as annual payments and bonuses which were paid between 1 April 2020 and 31 March 2021.

Whilst we are not legally obliged to do so, the Executive Board is committed to producing our own overview to illustrate how CCS is doing specifically, affirming the steps we are taking and reiterating our commitment to achieving pay equality.

Our overall median and mean pay gaps are both significantly lower than the Civil Service averages, and we are pleased to report that women are achieving more equal representation at senior grades including bands 5 and 6. We have also seen an increase in men working at bands 1 and 2, with a 6% increase in men in these bands compared to 2020. Fair and open opportunities for career progression have helped to ensure that 53% of all of our promotions in 2021 were offered to women.

	2017	2018	2019	2020	2021
Median pay gap	8%	12.49%	6.46%	1.73%	0%
Mean pay gap	14%	12.75%	9.47%	7.58%	3.63%

Drivers of the reduction of the pay gap were:

- seniority – there are more females at Band 5-6, and in particular there has been a 13% increase in females at Band 6 level over the past year
- the two year pay deal was developed to take into consideration our ongoing efforts to reduce pay gaps
- a focus on recruitment, inclusion and diversity, starting salaries, pay and development. More details on this can be found below
- an increase in males at the lower bands

Over the next 12 months we will be moving towards a focus on Smarter Working, ensuring all staff have the flexibility to develop and progress while also taking account of individual circumstances. That means offering opportunities for flexible working patterns and locations, and more options for families and carers.

As at 31 December 2021, we have seen a further reduction in the percentage of women at SCS level. Through our focus on talent development we will continue to promote and support the central Civil Service talent programmes to encourage and prepare women for SCS roles.

Ethnicity pay gap

Gender is not the only characteristic that we are focused on. This year, for the first time, we have published our ethnicity pay gap data, and the work of our Inclusion and Diversity Staff Networks continues to inform our strategy.

A median pay gap of 2.2% and mean gap of 5.48% is reported in 2021. Whilst these averages clearly represent a pay gap, they are reasonably low in comparison to when CCS published our first gender pay gap report in 2018, which were 12.5% (median) and 12.7% (mean). This demonstrates our efforts to reduce pay gaps are working across CCS communities, including gender and ethnicity, but there is still more to do.

	2021
Median pay gap	2.2%
Mean pay gap	5.48%

Drivers of the pay gap were:

- seniority – there are currently less ethnic minority colleagues at senior grades, specifically at Band 6 and SCS2 level
- a higher proportion of ethnic minority colleagues at the lowest grades, specifically at Band 1 level

Following the publication of our first ethnicity pay gap report, we want to continue to learn and seek improvements for the future. We will commit to continuously look at what our data is telling us but also continue to listen to our people through the Civil Service People Survey results, through directorate communication and staff networks. We will look at creating opportunities, reviewing our policies and practices and build on the work we have started to be as inclusive as we can.

Policy on the employment of disabled persons

We are an equal opportunities employer and a recognised Disability Confident employer.

This means:

- giving full and fair consideration to applications for employment made by disabled persons, including accessibility and having regard to their particular aptitudes and abilities
- continuing the employment of, and for arranging appropriate training and support for, employees who have become disabled persons during the period when they were employed by CCS
- providing for the training, career development and promotion of disabled persons employed by CCS

Our data shows that we have low rates of declaration in relation to disability at 42.9%, although this has increased from 23% over the past two years. We have an action plan in place, working closely with the CCS ABLE Staff Network, to increase the percentage of complete declaration rates for disability. This includes raising confidence with colleagues as to how this information will be used and how they will be supported.

Employee engagement

Year	Response rate (%)
2017	63%
2018	66%
2019	68%
2020	72%
2021	71%

CCS measures employee engagement through the annual Civil Service People Survey which focuses on employees' attitudes and experiences of working in the Civil Service. The CCS employee Engagement Index (EI) score – which brings together feelings of pride, motivation and personal attachment, has remained positive at 71%.

This is 5% above the Civil Service Benchmark Score of 66%, making CCS a 'High Performing Department' for the second successive year. This is testament to the leadership and collective resilience of CCS during what has been a difficult year particularly in the context of the pandemic and the associated individual and collective challenges so many have been navigating. Due to the efforts of all staff, CCS has continued to function well during this time and our employees continue to feel engaged and supported as part of our CCS family.

Our EI score gives us an overall ranking of 12th highest among all participating organisations and 3rd highest amongst organisations of a similar size. Our 94% response rate was one of the highest across the Civil Service.

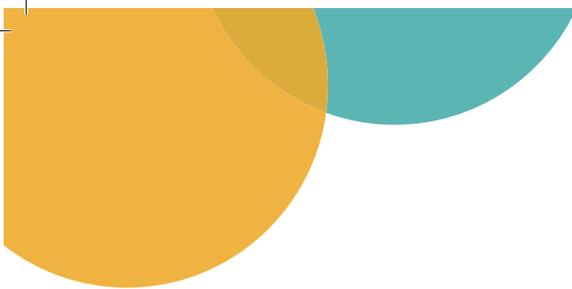
CCS outperformed the Civil Service benchmark across all key 'engagement indicators' and 'core themes' of employee engagement. CCS has made improvements in six of the nine 'core themes' since 2020, with notable progress in 'Pay and Benefits' and 'Learning and Development'. In terms of Leadership and Managing Change, and collective understanding of our organisational objectives and purpose, our scores have remained steady. The CCS Inclusion and Diversity score has increased to 87% (+1pp) and reports of bullying and harassment remain low.

Our people are what make this organisation and whilst we acknowledge the EI score has fallen 1% since 2020, we remain focussed on making CCS a great place to work and an organisation where people are motivated and proud to come to work. We are committed to acting on the results of the People Survey and strive to improve further to ensure CCS remains a top-performing organisation.

Health, safety and wellbeing

We continue to comply with our legal obligations by continuing to:

- maintain working relationships with Government Property Agency, FM providers and Trade Unions
- provide advice, guidance and support to our colleagues
- maintain and develop systems and policies to ensure staff safety and promote health and safety compliance
- report all health and safety matters to the Health and Safety Committee and the People Board each quarter
- support colleagues with specialist equipment as required by Occupational Health workstation assessment reports



There were no incidents during 2021/22 that required reporting to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR).

CCS continues to focus on the physical, mental and financial wellbeing of its people. The Health and Wellbeing strategy and action plan was launched in October 2021. We achieved a Silver Award in the MIND Wellbeing Index in 2021 and have launched the new survey to take place again in 2022.

There are ongoing wellbeing initiatives such as 'The Big Team Challenge', health awareness sessions in areas such as sleep and musculoskeletal. CCS continues to promote national awareness days including Time to Talk, Cancer Awareness and Mental Health Awareness Week.

The People Survey for 2021 showed the following results in the wellbeing space:

- 80% reported that their overall mental health was excellent, very good or good. This is 10% above the Civil Service average
- 77% reported that their overall physical health was excellent, very good or good. This is 6% above the Civil Service average
- 83% felt that the people within their team genuinely care about their wellbeing

CCS staff were asked to begin working from home in March 2020 in response to the COVID-19 pandemic. Since the removal of lockdown restrictions staff and the subsequent opening of our offices staff have adopted a hybrid working model and are encouraged to make the best use of our office spaces for team and collaborative working. CCS continued to develop a suite of products and services in order to support staff in this new way of working and address the needs of vulnerable people and staff's physical and mental health.

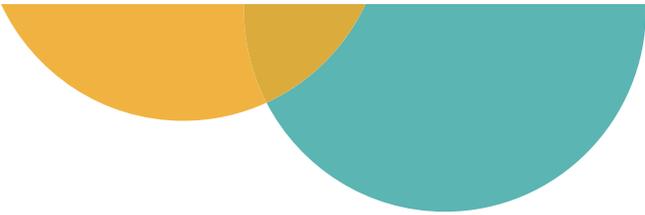


CCS is committed to developing modern working practices that will empower our people to embrace change through technology and enable our employees to take a more proactive rather than reactive approach to flexibility in delivering their work. This transition to a Smarter Working methodology is supported by the relevant policy and clear guidance on Smarter Ways of working. Our fully refurbished offices lend themselves to supporting this new way of working and were open to staff from March 2022 onwards. The refurbished offices have been designed with wellbeing in mind and have a wellbeing room as part of this work space.

Expenditure on consultancy and temporary staff

	2021/22	2020/21
Consultancy spend	£1,516,455	£1,281,622
Contingent labour spend	£4,175,488	£5,357,360

Consultancy costs have increased by 18.5% since 2020/21 and contingent labour costs have decreased by 22%. The increased consultancy expenditure is driven by two main factors - expenditure on the Change Programme and expenditure on the Market Segmentation project. In terms of reduced agency spend, the main reduction of agency expenditure was due to changes in the scope in the Change Programme, in addition to reduced dependence on agency staff in DDS. This was offset by higher use of agency staff in the wider project portfolio.



Reporting of off-payroll appointments

We continue to use contingent labour as part of our resourcing model as we recognise the need for flexibility within our workforce to respond to various circumstances for example:

- short term absences
- peaks in demand
- seasonal variations
- one-off events
- to gain specialist skills/knowledge

Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater:

The total number of existing engagements as of 31 March 2022	52
Of which, number that existed:	
for less than one year	43
for between one and two years	4
for between two and three years	5
for between three and four years	0
for four or more years	0

Interims that have been with us for more than one year are currently assigned to key long-term government commercial negotiations/projects where continuity of personnel is critical to a successful outcome. Where appropriate we have run recruitment campaigns in line with the Civil Service Commission's Recruitment Principles to convert key personnel into permanent civil servants.

In line with the HM Treasury Public Expenditure System (PES) guidance (IR35 assurance) we have conducted an assurance exercise to ensure IR35 compliance of all our interim/agency staff. We conduct this exercise every time a contract is renewed and confirm the outcome via a Status Determination Statement (SDS) where applicable, which is passed down the supply chain.

All highly-paid off-payroll appointments engaged at any point during the year ended 31 March 2022, earning £245 per day or greater.

Number of temporary off-payroll workers engaged during the year ended 31 March 2022	100
Of which...	
Not subject to off-payroll legislation	94
Subject to off-payroll legislation and determined as in scope of IR35	4
Subject to off-payroll legislation and determined as out of scope of IR35	2
Number of engagements reassessed for compliance or assurance purposes during the year	0
Number that saw a change to IR35 status following review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022:

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0 (Note 1)
Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year	6 (Note 2)

Note 1 Excludes Simon Tse, CEO and Gareth Rhys Williams, Non-Executive Board Member as they are paid by Cabinet Office. Gareth Rhys Williams does not receive remuneration for his non-executive role

Note 2 There were no board members or senior officials with significant financial responsibility engaged in an off-payroll capacity during 2021/22

Reporting of Civil Service and other compensation schemes - exit packages (Audited)

During the financial year, CCS did not operate a voluntary exit scheme. Exit costs are accounted for at the point the organisation is demonstrably committed to making the payment. Exit costs do not include contribution in lieu of notice payments. All payments are made in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972.

	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Exit package cost by band:	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band (Note 1)	
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	-	-	-
£50,001 - £100,000	-	-	-	1	-	1
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,000 +	-	-	-	-	-	-
Total number of packages by type	-	-	-	-	-	-
Total cost £	0	0	0	95,000	0	95,000

Note 1 The amounts shown exclude Contribution in Lieu of Notice payments



Simon Tse
Chief Executive and
Accounting Officer
8 July 2022

Parliamentary Accountability and Audit Report

Regularity of expenditure (Audited)

In spending public money, CCS operates in accordance with the principles of HM Treasury Managing Public Money (MPM). This includes the framework of HM Treasury approval of expenditure and the practice of HM Treasury delegating authority to departments to enter into commitments and expenditure within predefined limits without specific prior approval.

The key requirements are regularity, propriety, value for money, and feasibility.

CCS meets the requirements for regularity through compliance with relevant legislation, HM Treasury delegated authority, and through following MPM guidance.

HM Treasury spending controls continue to operate on the basis of the delegated authorities set by spending teams, with spending proposals above the Department's delegated authority requiring HM Treasury approval.

The Cabinet Office operates a set of additional spending controls on behalf of HM Treasury, which focus on common categories of expenditure. CCS is compliant with these controls.

There were no losses or special payments in the year.

Fees and charges (Audited)

As a Trading Fund, CCS manages the funded operations so that the revenue of the fund is sufficient to cover general running costs and the cost of capital, which are chargeable to the Statement of Comprehensive Income.

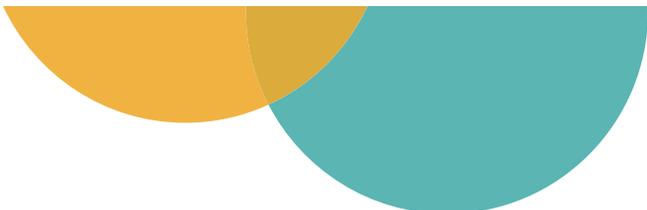
Levies are set to recover costs and to achieve the required rate of return on capital employed, before interest and dividends, of 5.0% a year averaged over the five year period from 01/04/2021 to 31/03/2026.

The in-year surplus achieved is the result of highly exceptional trading conditions largely driven by the public sector's collective response to addressing the wide ranging challenges arising from the COVID-19 pandemic.

As part of our preparations to manage a post pandemic level of business where COVID-19 related public expenditure is already reducing sharply and will ultimately cease, we are continuing to develop plans for investment to support more effective public sector commercial or procurement activity.

Integral to this is our plan to potentially deploy future excess surplus income back to individual customers or groups of customers that is proportionate to their usage of CCS commercial agreements.

CCS provides services to government departments (including agencies in other departments), non-departmental public bodies and other bodies within central government. CCS also provides commercial services to National Health Service bodies and the wider public sector.



As per the segmental analysis shown in Note 2 of the Notes to the accounts on page 99, three types of charges are applied from which income is derived:

- **Commercial agreements** - a commission levy is applied as applicable at the appropriate rate on sales reported by suppliers or based on a specific customer measure (such as energy levy based on the number of sites)
- **Other operating segments** - services: chargeable directly to customers for services received
- **NHS Future Operating Model** - chargeable on a full cost recovery basis together with possible additional income based on savings achieved

In setting fees and charges, CCS follows the principles of Chapter 6 of Managing Public Money.

Remote contingent liabilities (Audited)

We do not have any remote contingent liabilities.



Simon Tse
Chief Executive and
Accounting Officer
8 July 2022

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Crown Commercial Service for the year ended 31 March 2022 under the Government Trading Funds Act 1973.

The financial statements comprise the Crown Commercial Service's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Crown Commercial Service's affairs as at 31 March 2022 and of its retained surplus for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on regularity

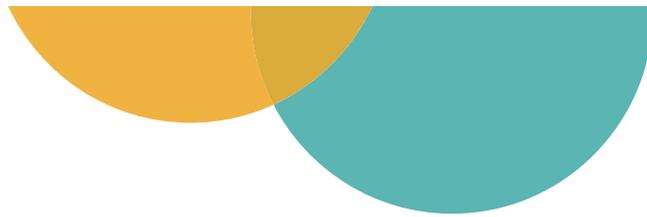
In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Crown Commercial Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Crown Commercial Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

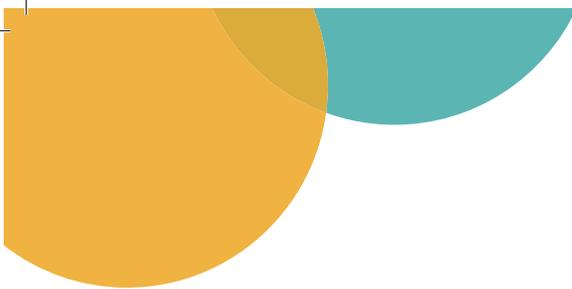
My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.





Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Crown Commercial Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

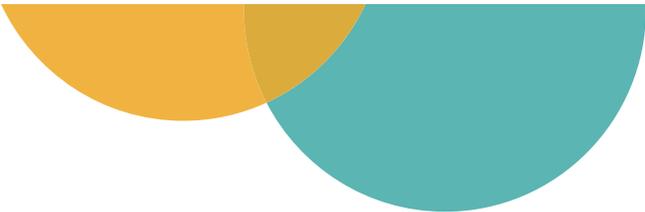
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
 - adequate accounting records have not been kept by the Crown Commercial Service or returns adequate for my audit have not been received from branches not visited by my staff; or
 - the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
 - certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
 - the Governance Statement does not reflect compliance with HM Treasury's guidance.
- 

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Crown Commercial Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

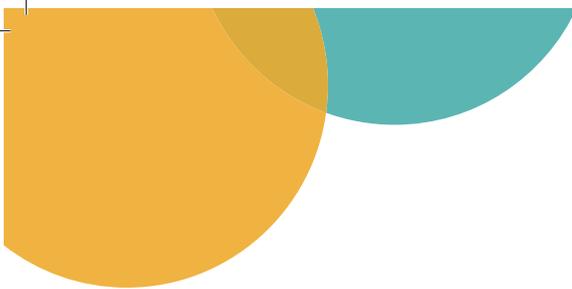
Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Crown Commercial Service's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Crown Commercial Service's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Crown Commercial Service's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Crown Commercial Service's controls relating to the Crown Commercial Service's compliance with the Government Trading Funds Act 1973, Statutory Instrument 2009/81 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Crown Commercial Service for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Crown Commercial Service's framework of authority as well as other legal and regulatory frameworks in which the Crown Commercial Service operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Crown Commercial Service. The key laws and regulations I considered in this context included the Government Trading Funds Act 1973, Statutory Instrument 2009/81, Managing Public Money, employment law and tax legislation.



In addition, I considered the results of my review of Board meeting minutes; attendance at Audit and Risk Committee meetings; enquiries of management, internal audit and those charged with governance; review of significant and unusual transactions; and review of segregation of duties.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
12 July 2022

National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP



Financial statements

Statement of comprehensive income for the year ended 31 March 2022

		2021/22		2020/21	
	Note	£000	£000	£000	£000
Income from external sales	2		171,017		132,088
Other operating income	3		911		701
Total income			171,928		132,789
Staff costs	4	(64,154)		(58,628)	
Depreciation of property, plant and equipment	7	(86)		(103)	
Amortisation of intangible assets	8	(256)		(279)	
Other expenditure	5.1	(21,647)		(17,938)	
Total expenditure			(86,143)		(76,948)
Surplus before other operating costs			85,785		55,841
Other operating costs	5.2		(2,361)		(3,560)
Operating surplus			83,424		52,281
Finance income	6		90		-
Surplus for the financial year			83,514		52,281
Dividend payable to Cabinet Office			(15,000)		(14,500)
Retained surplus for the financial year			68,514		37,781
Other comprehensive income	17		61		37
Comprehensive income for the financial year			68,575		37,818

The Notes to the accounts on pages 96 to 110 form an integral part of these accounts.

Statement of financial position as at 31 March 2022

	Note	31 March 2022		31 March 2021	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	7		3,054		68
Intangible assets	8		<u>11,511</u>		<u>8,013</u>
			14,565		8,081
Current assets					
Trade and other receivables	9	41,066		38,688	
Cash and cash equivalents	10	<u>104,854</u>		<u>48,824</u>	
			145,920		87,512
Current liabilities					
Trade and other payables	11	(26,360)		(30,207)	
Employee benefit payable	12	<u>(630)</u>		<u>(656)</u>	
			(26,990)		(30,863)
Net current assets			<u>118,930</u>		<u>56,649</u>
Non-current assets plus net current assets			<u>133,495</u>		<u>64,730</u>
Provisions	14		(903)		(713)
Total assets less liabilities			<u>132,592</u>		<u>64,017</u>
Capital and reserves					
Public dividend capital	15		350		350
General reserve	16		<u>132,144</u>		<u>63,630</u>
Revaluation reserve	17		<u>98</u>		<u>37</u>
Total capital and reserves			<u>132,592</u>		<u>64,017</u>

The Notes to the accounts on pages 96 to 110 form an integral part of these accounts.



Simon Tse
Chief Executive and
Accounting Officer
8 July 2022

Statement of cash flows for the year ended 31 March 2022

		2021/22		2020/21	
	Note	£000	£000	£000	£000
Net cash inflow from operating activities	18		81,165		54,720
Cash flows from investing activities					
Finance income		44		7	
Purchases of property plant and equipment		(1,852)		-	
Purchases of intangible assets		-		(348)	
Assets under construction		(8,327)		(5,828)	
Net cash outflow from investing activities			(10,135)		(6,169)
Net cash inflow before financing			71,030		48,551
Cash flows from financing activities					
Dividend paid		(15,000)		(28,975)	
Net cash outflow from financing activities			(15,000)		(28,975)
Net increase in cash and cash equivalents			<u>56,030</u>		<u>19,576</u>
Cash and cash equivalents 1 April			48,824		29,248
Cash and cash equivalents 31 March			<u>104,854</u>		<u>48,824</u>

See Note 18 in the Notes to the accounts, in which operating surplus (as shown in the Statement of Comprehensive Income (SOCII)) is reconciled to net cash flows from operating activities.

The Notes to the accounts on pages 96 to 110 form an integral part of these accounts.

Statement of changes in taxpayers' equity as at 31 March 2022

	Public Dividend Capital £000	General Reserve £000	Revaluation Reserve £000	Total £000
Balance at 1 April 2020	350	25,849	-	26,199
Comprehensive income for the financial year	-	37,781	37	37,818
Balance at 31 March 2021	<u>350</u>	<u>63,630</u>	<u>37</u>	<u>64,017</u>

	Public Dividend Capital £000	General Reserve £000	Revaluation Reserve £000	Total £000
Balance at 1 April 2021	350	63,630	37	64,017
Comprehensive income for the financial year	-	68,514	61	68,575
Balance at 31 March 2022	<u>350</u>	<u>132,144</u>	<u>98</u>	<u>132,592</u>

The Notes to the accounts on pages 96 to 110 form an integral part of these accounts.

Notes to the accounts

1 Accounting policies

The accounts have been prepared in accordance with the Government Financial Reporting Manual (FRm) issued by HM Treasury. The accounting policies contained in the FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRm permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of CCS for the purpose of giving a true and fair view has been selected. The particular policies adopted by CCS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Standards in issue but not in force

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2022 and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that may be adopted in subsequent periods:

- IFRS 16 - leases

IFRS 16 deals with the definition of a lease and recognition and measurement of leases, establishes principles for disclosures and replaces IAS 17 Leases. It represents a significant change in lessee accounting by largely removing the distinction between finance and operating leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position (SOFP). There are corresponding changes to the disclosure requirements to show the effect that the leases have on the financial position, financial performance and cash flows of the lessee. Given the consequences of COVID-19 and the associated reporting burden, HM Treasury agreed with the Financial Reporting Advisory Board (FRAB) on 19 November 2020 to further defer the implementation of IFRS 16 in central government until 1 April 2022. This represents a further one-year deferral from the initial effective date of 1 April 2020. The new standard will have a material impact on CCS, with the majority of this due to the GPA's lease and sublease arrangements.

We have carried out an initial assessment of the new standard on leases to which CCS is a party, and have concluded that the only significant leases are those relating to the use of property. CCS currently has leases in place for office space in Liverpool, London, Newport, Birmingham and Norwich over varying lease terms. We expect that this will require the recognition of right to use assets and related liabilities for future lease payment commitments. This will require an adjustment in the SOFP. The change will be applied to transactions relevant to the period after the date of the policy change and will not affect prior periods. We estimate that as at 1 April 2022, we will recognise right to use assets and related liabilities of approximately £6.1 million and the impact on the SOCI is expected to be a charge of £1.0 million.

- IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard was issued in May 2017 and is expected to apply to annual reporting periods during 2025/26. IFRS 17 does not currently apply within the FRm.

1.2 Income and segmental reporting

Income consists of the value of the goods and services net of Value Added Tax (VAT), trade discounts, and commission shares from the ordinary activities of the business. Income is recognised in line with IFRS 15 principles.

The applicable segments are as follows:

1. Commercial agreement income

- a) General income – income is recognised in the calendar month in which spend takes place, at the appropriate commission rate on sales reported from suppliers.
- b) Energy income – a monthly levy is charged based on the number of sites and meters a department has. Income is recognised monthly based on site information provided by our suppliers.
- c) Crown Hosting income – a charge is recovered from customers based on their rental hosting charges.
- d) Workforce Alliance – CCS has entered into an Alliance agreement with four other Purchasing partners to enhance and simplify health workforce procurement services to the NHS. Commercial Agreement income received across the applicable portfolio of workforce frameworks is distributed to each of the five organisations who form the Workforce Alliance in accordance with market share and growth percentages achieved within a financial year. CCS only includes the share of income it is entitled to within the Statement of Comprehensive Income.

Commercial agreements exist between CCS and each customer (suppliers to the end user) with separate call off arrangements between that customer and end user. The performance obligating event is the construction and award of the framework (i.e. the point at which control and access is handed to the customer and end user). CCS does not recognise the income at this point because of the uncertainty in the value of potential customer sales to the end user from which CCS earn a commission. Consequently, CCS recognises income at the point supplier sales are made. This information is disclosed within monthly management information provided to CCS from the customer. The Workforce Alliance (WA) has agreed income will be distributed to each of the five organisations who form the WA in accordance with market share and growth percentages achieved within a financial year as set out in the commercial model. The amounts due to each party are calculated quarterly based on cumulative cash received and distributed accordingly. CCS's income through the SOCI is recognised and accrued in accordance with CCS's applicable share of overall income.

2. Other operating segments

- a) Managed services – income is recognised through invoices billed directly to customers for services received. Any uninvoiced amounts are accrued.

The performance obligating event for contracts for managed services between CCS and specific customers continues to be the direct provision of the service to the customer. Income is recognised progressively as the performance obligations associated with these engagements are satisfied over time in proportion to contracted values. CCS has determined that the performance obligations are satisfied over time rather than at a point in time. This is because CCS's performance under the agreement does not create an asset with an alternative use to CCS and CCS has an enforceable right to payment for performance completed to date. Income is invoiced after the event and accrued if not invoiced before year end.

- b) National Health Service Future Operating Model (NHS FOM) – income is recognised through monthly invoices billed directly to the customer for services received. Income is chargeable on a full cost recovery basis. Additional income may arise if agreed savings are achieved. Any uninvoiced amounts are accrued.

The performance obligating event for the contract with the customer is the direct provision of the service to the customer. Income is recognised progressively as the performance obligations associated with these engagements are satisfied over time through the incurrance of costs. This provides a faithful depiction of the transfer of services because the nature of work is that the costs of staff time, travel expenses and other costs incurred represent progress towards satisfaction of the performance obligation. Income is invoiced after the event and accrued if no invoices are received for work completed before year end. If savings are achieved, the gain share entitlement to income is calculated and recognised following agreement with the customer in line with IFRS 15.

Payment is due from customers no later than 30 days from the date of invoice.

The segmental analysis (Note 2) reflects the income and costs applicable to each segment.

1.3 Property, plant and equipment

Property, plant and equipment assets are capitalised at their cost of acquisition and installation. The prescribed capitalisation level is £5,000. Where an asset costs less than this but forms an integral part of a package whose total value is greater than the capitalisation level, then it is treated as a capital asset. Where material, assets are revalued but where assets have a short life or are low value, depreciated historic cost is used as a proxy for fair value.

Depreciation

Depreciation is provided on property, plant and equipment on a straight-line basis at annual rates based on the estimated lives of the assets as follows:

- computer equipment – three to six years
- fixtures and fittings – four to 10 years
- plant and equipment – five to 25 years

A full month's depreciation cost is charged in the first month of acquisition.

Assets which are work in progress are held within the SOFP until such time that they are brought into use. Only assets that have been brought into use are depreciated.

1.4 Intangible assets

Recognition and Amortisation

Software licences and costs directly associated with the development of identifiable and unique software products controlled by CCS are capitalised where future economic benefits are expected and can be reliably measured. Economic benefits are assessed with reference to revenue generation and/or clear cost savings.

Third party software licences are not capitalised and are expensed within the SOCI. Licences with a life greater than one year are prepaid.

Intangible Assets are measured on initial recognition at cost. Costs include both permanent and temporary pay costs directly attributable to bringing the asset into service. Such assets are amortised over their estimated useful economic lives (not exceeding 10 years). The amortisation period and method are reviewed at each financial year end. The prescribed capitalisation level is £5,000. A full month's amortisation cost is charged in the first month of acquisition.

Development expenditure is recognised as an intangible asset when CCS can demonstrate:

- the feasibility of completing the asset for its intended use
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure the expenditure reliably during development.

Following initial recognition of development expenditure as an asset, where an active market exists, intangible assets would be carried at fair value in the SOFP. Where no active market exists, the asset is carried at amortised replacement cost indexed for relevant price increases as a proxy for fair value. CCS uses ONS published indices to assess the amortised replacement cost. Indexation is applied to assets in the year after acquisition.

Any research costs are not capitalised and are expensed as incurred.

Notes to the accounts *continued*

Asset under construction

Assets which are work in progress are held within the SOFP until such time that they are fully brought into use. Only assets that have been brought into use are amortised.

The majority of AUC costs relate to time spent by both temporary and permanent resources in the build of an asset until it is ready to be brought into use.

Impairment

In accordance with IAS 36 CCS carries out an annual impairment review to assess at the end of each reporting period whether there is any indication that an asset maybe impaired.

1.5 Early retirement

The majority of past and present employees within CCS are covered by the provisions of the Civil Service pension arrangements. The defined benefit schemes are unfunded. CCS recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Civil Service pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Civil Service pension arrangements. In respect of the defined contribution schemes, CCS recognises the contributions payable for the year.

1.6 Leases

All costs of operating leases are charged to the SOCI on a straight line basis over the life of the lease. There are no finance leases.

1.7 Financial instruments, cash and cash equivalents

Cash and cash equivalents comprise bank deposits together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Trade and other receivables are recognised at fair value and subsequently at amortised cost.

1.8 VAT

CCS charges output VAT on external sales and pays input VAT on VAT applicable costs. Income and expenditure are shown net of VAT.

1.9 Significant judgements and critical accounting estimates

The preparation of the financial statements requires CCS to make some estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and disclosure of lease obligations. Key assumptions are stated below:

Total staff costs

An estimate has been calculated for the CCS pay award and bonus relating to the reporting year.

Depreciation and amortisation

The useful lives of property, plant and equipment and those of intangible assets have been estimated for the purposes of applying the accounting policies for depreciation and amortisation respectively.

Lease obligations

Future lease obligations have been prepared on the basis of current year obligations being used as the estimates for future years.

Office dilapidations

Estimates for future liabilities arising at the termination of office leases have been based on information provided by GPA who act as the lessor. The provision is estimated on a rate per square metre of floor space for each property.

Impairment

As a result of the annual impairment review of intangible assets, £3.5 million has been impaired from assets under construction (see notes 5 and 8). The key element of this cost were the staff costs incurred which required a management judgement to establish the appropriate proportion of costs attributable to the impaired element.

Bad debt provision

In accordance with the requirements of IFRS 9, the calculation reflects CCS's historic loss average and a prudent, aged profiled approach. CCS applies a simplified model for expected credit losses.

1.10 Impact of COVID-19 related activity within the Financial Statements

The in year surplus achieved has been significantly impacted by the overall effect of the COVID-19 pandemic, resulting in increased customer spend through CCS Commercial Agreements. It should also be noted some commercial agreements have been adversely impacted.

In the prior year CCS supported the Department of Health and Social Care, Home Office, Foreign Commonwealth and Development Office and Department for Levelling Up, Housing and Communities through the use of our commercial agreements to facilitate them quickly and efficiently addressing some of their COVID-19 related requirements. CCS has placed orders through our agreements and then invoiced those departments accordingly via a "pass through" agency type arrangement. There was a nil impact on CCS's SOCI. Current assets and liabilities within the SOFP reflected any timing differences arising from those activities.

1.11 Going concern

The directors have formed the judgement at the time of approving the financial statements that CCS has adequate resources to continue in operational existence for the foreseeable future. The directors have assessed that the potential impact of Procurement reform supports CCS's ability to operate as a going concern. Future financial plans and forecasts have been subject to sensitivity analysis on which the directors have based the going concern assessment. The assumptions made in this assessment are reasonable and appropriate in the context of the FReM and accordingly the financial statements have been prepared on the basis that CCS is a going concern.

2 Segmental analysis

2021/22

31 March 2022

	Commercial Agreements	Other Operating Segments	Total
	£000	£000	£000
Statement of Comprehensive Income (SOCl)			
Gross income from external sales	178,523	247	178,770
Commission shares	(7,753)	-	(7,753)
Net income from external sales in SOCl	170,770	247	171,017
Other operating income	-	911	911
Total income	170,770	1,158	171,928
Operating costs	(85,510)	(633)	(86,143)
Surplus before other operating costs	85,260	525	85,785
Other operating costs	(2,131)	(230)	(2,361)
Operating surplus	83,129	295	83,424
Statement of financial position			
Non-current assets	14,565	-	14,565
Current assets	145,842	78	145,920
Total assets	160,407	78	160,485

2020/21

31 March 2021

	Commercial Agreements	Other Operating Segments	Total
	£000	£000	£000
Statement of Comprehensive Income (SOCl)			
Gross income from external sales	141,857	291	142,148
Commission shares	(10,060)	-	(10,060)
Net income from external sales in SOCl	131,797	291	132,088
Other operating income	-	701	701
Total income	131,797	992	132,789
Operating costs	(76,377)	(571)	(76,948)
Surplus before other operating costs	55,420	421	55,841
Other operating costs	(3,558)	(2)	(3,560)
Operating surplus	51,862	419	52,281
Statement of financial position			
Non-current assets	8,081	-	8,081
Current assets	87,438	74	87,512
Total assets	95,519	74	95,593

The segments reflect how income and expenditure are currently managed and reported.

Notes to the accounts continued

2.1 IFRS 15 contract assets and liabilities

Contract balances relating to the reporting segments are as follows.

	31 March 2022 Commercial Agreements	31 March 2022 Other Services	31 March 2022 Other NHS FOM	31 March 2022 Other Services Total	31 March 2022 Overall Total
	£000	£000	£000	£000	£000
Contract assets					
Trade receivables	13,955	-	30	30	13,985
Accrued income	<u>22,861</u>	<u>1,539</u>	<u>67</u>	<u>1,606</u>	<u>24,467</u>
	<u>36,816</u>	<u>1,539</u>	<u>97</u>	<u>1,636</u>	<u>38,452</u>
Contract liabilities					
Accrued MoU	3,148	-	-	-	3,148
Workforce Health Alliance payable	2,810	-	-	-	2,810
Trade payables	1,583	-	-	-	1,583
Deferred income - Other	420	-	-	-	420
	<u>7,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,961</u>

	Restated 31 March 2021 Commercial Agreements	Restated 31 March 2021 Other Services	Restated 31 March 2021 Other NHS FOM	Restated 31 March 2021 Other Services Total	Restated 31 March 2021 Overall Total
	£000	£000	£000	£000	£000
Contract assets					
Trade receivables	13,604	-	69	69	13,673
Accrued income	<u>22,014</u>	<u>406</u>	<u>65</u>	<u>471</u>	<u>22,485</u>
	<u>35,618</u>	<u>406</u>	<u>134</u>	<u>540</u>	<u>36,158</u>
Contract liabilities					
Accrued MoU	4,337	-	-	-	4,337
Workforce Health Alliance payable	1,963	-	-	-	1,963
Trade payables	514	-	-	-	514
Deferred income - Other	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>
	<u>7,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,151</u>

Contract assets relate to invoices raised not paid, and income accrued and not invoiced.

Contract liabilities represent uninvoiced Memorandum of Understanding (MoU) commission shares (where money is rebated to customers), Workforce Health Alliance payable, Trade payables and deferred income balances where income has been collected in advance of service provision.

FY 2020/21 contract liabilities have been restated to include Trade payables.

3 Other operating income

	2021/22	2020/21
Income	£000	£000
NHS FOM funding	653	611
EU transition support	191	90
Digital marketplace asset transfer	67	—
Total	<u>911</u>	<u>701</u>

NHS FOM is a service CCS provides to NHS BSA for the provision of office solutions.

Cabinet Office provided CCS with income to recruit a number of staff with regards to EU transition support work.

In October 2021 control of the digital marketplace asset was transferred from Cabinet Office to CCS. The transfer took place via a capital grant in kind.

4 Total staff costs

	2021/22	2020/21
	£000	£000
Wages and salaries	32,571	28,437
Bonus	358	335
Social security	3,471	2,973
Superannuation (Note 1)	8,526	7,101
Apprenticeship levy	151	117
GCO staff costs (Note 2)	14,901	14,308
Agency and contract staff costs	4,176	5,357
Total	<u>64,154</u>	<u>58,628</u>

Note 1: Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme (PCSPS) and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 65

Note 2: During the year, CCS has paid the Cabinet Office for the provision of GCO staff who are filling CCS roles. Costs are invoiced to CCS quarterly by the Cabinet Office. Any uninvoiced amounts are accrued

Note 3: Further details are provided in the remuneration and staff report on page 62

Notes to the accounts continued

5 Operating costs

5.1 Other expenditure

	2021/22	2020/21
Charges include:	£000	£000
Auditor's remuneration*	68	65
Charges for operating leases	2,036	3,506
Travel and subsistence	204	36
Accommodation and utilities	918	675
Marketing	858	364
Training	832	635
Impairment**	3,481	-
Legal fees	884	851
Technology and telephony	8,612	8,397
Recruitment	946	706
Consultancy	681	1,007
Crown Hosting Services	398	263
GCO non pay costs	832	844
Internal audit fees	213	229
Dual workplace costs	-	(46)
Other operating and external charges	684	406
Total	<u>21,647</u>	<u>17,938</u>

*The Comptroller and Auditor General is the auditor of CCS's accounts. The charge for the year is £68,000 (2020/21: £65,000). All of this cost is related to audit services.

**Following the annual impairment review of intangible assets, assets under construction have been impaired by £3.5 million.

5.2 Other operating costs

	2021/22	2020/21
	£000	£000
DDS Digital and Technology Portfolio	597	1,471
CCS Change Programme	1,534	2,087
Procurement capability	228	-
NHS FOM	2	2
Total	<u>2,361</u>	<u>3,560</u>

Other operating costs relate to specific programmes of work which are in addition to costs relating to normal operations.

DDS Digital and Technology Portfolio contains the large digital project Conclave plus other digital resources that are in place to provide support to projects from the wider portfolio the other operating costs are staff and associated training cost.

CCS Change Programme is the refreshed Transformation Programme which consisted of three elements, the accelerate element delivered tactical digital solutions for specific commercial agreements, the Scale element is focused on delivering a strategic digital solution for CCS and the Transform element is focused on the people and cultural elements of change.

CCS have agreed to provide a contribution to the Cabinet Office to deliver contract management capability training to CCS customers.

6 Finance income

	2021/22	2020/21
	£000	£000
Bank and short term investment interest	90	-
Total	<u>90</u>	<u>-</u>

7 Property, plant and equipment

2021/22

	31 March 2022 Computer equipment	31 March 2022 Fixtures and fittings	31 March 2022 Asset under construction	31 March 2022 Total
Cost	£000	£000	£000	£000
At beginning of period	162	727	11	900
Additions in period	-	1,852	1,220	3,072
Disposals in period	-	(6)	-	(6)
At end of period	<u>162</u>	<u>2,573</u>	<u>1,231</u>	<u>3,966</u>
Depreciation				
At beginning of period	142	690	-	832
Amount provided in period charged to SOCI	19	67	-	86
Disposals in period	-	(6)	-	(6)
At end of period	<u>161</u>	<u>751</u>	<u>-</u>	<u>912</u>
Net book value at March 2022	<u>1</u>	<u>1,822</u>	<u>1,231</u>	<u>3,054</u>
Net book value at March 2021	<u>20</u>	<u>37</u>	<u>11</u>	<u>68</u>

2020/21

	31 March 2021 Computer equipment	31 March 2021 Fixtures and fittings	31 March 2021 Asset under construction	31 March 2021 Total
Cost	£000	£000	£000	£000
At beginning of period	3,358	727	-	4,085
Additions in period	-	-	11	11
Disposals in period	(3,196)	-	-	(3,196)
At end of period	<u>162</u>	<u>727</u>	<u>11</u>	<u>900</u>
Depreciation				
At beginning of period	3,308	614	-	3,922
Amount provided in period charged to SOCI	27	76	-	103
Disposals in period	(3,193)	-	-	(3,193)
At end of period	<u>142</u>	<u>690</u>	<u>-</u>	<u>832</u>
Net book value at March 2021	<u>20</u>	<u>37</u>	<u>11</u>	<u>68</u>
Net book value at March 2020	<u>50</u>	<u>113</u>	<u>-</u>	<u>163</u>

Asset under construction comprises refurbishment costs of the CCS offices.

Notes to the accounts continued

8 Intangible assets

2021/22	31 March 2022 Software licences	31 March 2022 Asset under construction	31 March 2022 Total
Cost	£000	£000	£000
At beginning of period	1,747	6,853	8,600
Additions in period	67	7,107	7,174
Revaluation	99	-	99
Impairment	-	(3,481)	(3,481)
Disposals in period	-	-	-
At end of period	<u>1,913</u>	<u>10,479</u>	<u>12,392</u>
Amortisation			
At beginning of period	587	-	587
Amount provided in period	256	-	256
Revaluation	38	-	38
Disposals in period	-	-	-
At end of period	<u>881</u>	<u>-</u>	<u>881</u>
Net book value at March 2022	<u>1,032</u>	<u>10,479</u>	<u>11,511</u>
Net book value at March 2021	<u>1,160</u>	<u>6,853</u>	<u>8,013</u>

2020/21	31 March 2021 Software licences	31 March 2021 Asset under construction	31 March 2021 Total
Cost	£000	£000	£000
At beginning of period	1,852	1,077	2,929
Additions in period	348	5,818	6,166
Asset under construction transfer	42	(42)	-
Revaluation	53	-	53
Disposals in period	(548)	-	(548)
At end of period	<u>1,747</u>	<u>6,853</u>	<u>8,600</u>
Amortisation			
At beginning of period	518	-	518
Amount provided in period	279	-	279
Revaluation	16	-	16
Disposals in period	(226)	-	(226)
At end of period	<u>587</u>	<u>-</u>	<u>587</u>
Net book value at March 2021	<u>1,160</u>	<u>6,853</u>	<u>8,013</u>
Net book value at March 2020	<u>1,334</u>	<u>1,077</u>	<u>2,411</u>

Asset under construction comprises costs of the development of digital systems.

9 Trade and other receivables

	31 March 2022	31 March 2021
	£000	£000
Current receivables		
Trade receivables	14,133	14,084
Less: bad and doubtful receivables impairment assessment	(148)	(338)
Net trade receivables	13,985	13,746
Other receivables	85	42
Prepayments	2,410	2,393
Accrued income	24,586	22,507
Total current receivables	<u>41,066</u>	<u>38,688</u>
Aged debt analysis		
Within credit terms	11,495	11,269
Past due date but not impaired:		
1-30 days	2,052	1,711
31-60 days	222	321
61-90 days	44	204
Over 90 days	172	241
Total receivables	<u>13,985</u>	<u>13,746</u>
Bad and doubtful receivables impairment analysis		
Assessment at the beginning of the year	338	1,310
Decrease in the assessment for the year	(190)	(972)
Assessment at the end of the year	<u>148</u>	<u>338</u>

10 Cash and cash equivalents

	31 March 2022	31 March 2021
	£000	£000
Government Banking Service and cash in hand	104,854	48,824
Total	<u>104,854</u>	<u>48,824</u>

Notes to the accounts continued

11 Trade and other payables

	31 March 2022	31 March 2021
	£000	£000
Current payables		
VAT	5,327	4,640
Other taxation and social security costs	1,090	981
Trade payables	7,540	6,815
Other payables	865	792
Dividend	-	-
Accruals	10,967	16,390
Deferred income	571	589
Total	<u>26,360</u>	<u>30,207</u>

All of the dividends have been paid in the year.

12 Employee benefit payable

	31 March 2022	31 March 2021
	£000	£000
Balance at beginning of period	656	490
Increase / (decrease) in the period	(26)	166
Balance at end of the period	<u>630</u>	<u>656</u>

Excess or deficit annual leave balances have been applied to the actual employee salary costs to derive a liability cost. The increase in the period is reflected within total wages and salaries (Notes 1.9 and 4).

13 Lease obligations

	31 March 2022	31 March 2021
	Land and buildings	Land and buildings
	£000	£000
Operating lease rentals due within:		
One year	735	963
Two to five years	2,720	2,440
Over five years	1,542	1,029
Total	<u>4,997</u>	<u>4,432</u>

14 Provisions

The provision reflects future expected dilapidation liabilities incurred upon exit of leased offices.

	31 March 2022	31 March 2021
	£000	£000
Balance at beginning of period	713	577
Increase in the period	190	136
Balance at end of period	<u>903</u>	<u>713</u>

15 Public dividend capital

	31 March 2022	31 March 2021
	£000	£000
Issued pursuant to Government Trading Funds Act 1973	100	100
Issued upon acquisition of Fuel Branch 1 July 1995	250	250
Balance at end of period	<u>350</u>	<u>350</u>

16 General reserve

	31 March 2022	31 March 2021
	£000	£000
Balance at beginning of period	63,630	25,849
Retained surplus for the period	68,514	37,781
Balance at end of period	<u>132,144</u>	<u>63,630</u>

17 Revaluation reserve

	31 March 2022	31 March 2021
	£000	£000
Balance at beginning of period	37	-
Increase in the period	61	37
Balance at end of period	<u>98</u>	<u>37</u>

Notes to the accounts continued

18 Notes to the statement of cash flows

Note (i): Reconciliation of operating (deficit) to net cash outflow from operating activities

	Note	2021/22	2020/21
		£000	£000
Operating surplus		83,424	52,281
Capital grant in kind		(67)	-
Increase in provisions	14	190	136
Depreciation charges	7	86	103
Amortisation of intangible assets	8	256	279
Asset disposal loss	7/8	-	325
Asset impairment	8	3,481	-
(Increase) in receivables	9	(2,332)	(4,140)
(Decrease) / increase in payables and employee benefit	11/12	(3,873)	5,736
Net cash inflow from operating activities		<u>81,165</u>	<u>54,720</u>
Note (ii): Analysis of changes in net funds			
Net funds at 1 April		48,824	29,248
Net funds increase		<u>56,030</u>	<u>19,576</u>
Net funds at 31 March		<u>104,854</u>	<u>48,824</u>

19 Capital commitments

Capital commitments contracted for at 31 March 2022 were £0.4 million (31 March 2021: £2.6 million).

20 Financial objective

The financial target was set at an annual average of 5% return on capital employed (ROCE) per annum over a five year period (April 2021 to March 2026). ROCE is measured as CCS's operating surplus as a percentage of the annual average of opening and closing net assets. CCS had a financial plan to deliver this target.

21 Related party transactions

In accordance with IAS 24 Related Party Disclosures, as interpreted by the FReM, the following information is provided on related party transactions.

CCS is an Executive Agency within the Cabinet Office. Cabinet Office is regarded as a related party.

During 2021/22, CCS had various material transactions with most government departments and other central government bodies, devolved administrations and Wider Public sector bodies including NHS and many local authorities.

P Coombs is Director of Finance, Planning and Performance for CCS and an external member of the Audit and Risk Committee for the Bristol Zoological Society. The Society has the opportunity to transact with CCS through commercial agreements. P Coombs has not been involved in any transactions.

Dr M Gazzard is a Non-Executive Director for CCS and is a Group Executive Director for the Regulatory Services at the British Standards Institute (BSI). One of the BSI's subsidiaries, BSI Cybersecurity and Information Resilience (UK) Limited, is a supplier on the G-Cloud framework. Dr Gazzard was not involved in the day to day operation or decisions relating to that framework.

S Maizey was a Non-Executive Director for CCS (until 31 August 2021) and also a Non-Executive Director for Network Rail and NHS BSA. During 2021/22, Network Rail and NHS BSA procured goods and services through CCS frameworks, however S Maizey was not involved in any of the CCS procurement processes or transactions.

G Rhys Williams is a Non-Executive Director at CCS and is also an employee of the Cabinet Office.

D Skinner is Commercial Director, People Pillar for CCS. His wife is employed in a non managerial role for Agiito Travel, a supplier to CCS. D Skinner was not directly involved in any transactions.

S Tse is Chief Executive Officer at CCS. His son is employed as an Assistant Category Manager within the corporate pillar from 29 March 2021 to present. There is no direct working contact between either party.

D Wakefield is a Non-Executive Director of CCS and is the Chair of the University Hospitals of North Midlands NHS Trust. During 2021/22, the Trust procured goods and services through CCS frameworks. D Wakefield was not involved in these transactions.

Compensation due to key management personnel in year has been disclosed in the Remuneration report (page 62).

22 Financial instruments

CCS has powers to borrow funds.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

CCS's policies for managing its financial risks are set to achieve compliance with the regulatory framework.

- Liquidity risk – CCS faces some liquidity risk as revenue resource and capital expenditure requirements are financed solely by its trading activities.

Liquidity risk is managed as part of the overall organisational risk management strategy. The objective of liquidity risk management is to ensure that the organisation can continue to trade and invest according to the corporate strategy.

Liquidity risk management activities include:

- Short and long-term cashflow monitoring
- Analysis of key performance indicator ratios including liquidity and working capital ratios
- Monitoring and managing outstanding receivables.

Information on all of these measures is included in the monthly operational review document used by the Board and Executive Board.

- Interest rate risk – CCS places funds on short-term deposit with the National Loans Fund at fixed rates of interest. Sums held in the Government Banking Service are deposited overnight on a fixed rate basis.
- Foreign currency risk – CCS has no foreign currency income. Foreign currency expenditure has not exceeded £5,000 in the financial year. CCS is not exposed to currency risk. Transactions have not been hedged.
- Credit risk – CCS has little risk in cash and cash equivalents because these are deposited with the Government Banking Service and the National Loans Fund, within government. CCS has no significant concentration of credit risk from its customers as exposure is spread over a large number of entities, many of which are UK public sector.

In accordance with IFRS 7 and IFRS 9, the carrying values of short term assets and liabilities (at amortised cost) are not considered different to fair value.

Notes to the accounts continued

Financial assets

	Total	Floating rate	Fixed rate	Non-interest bearing	Weighted average interest rate %	Weighted average period for which fixed years	Non-interest bearing weighted average term until maturity
31 March 2022	£000	£000	£000	£000			
Trade receivables	13,985	-	-	13,985	-	-	-
Accrued income	24,586	-	-	24,586	-	-	-
Cash and cash equivalents	<u>104,854</u>	<u>-</u>	<u>104,854</u>	<u>-</u>	<u>0.11</u>	<u>-</u>	<u>-</u>
Gross financial assets	<u>143,425</u>	<u>-</u>	<u>104,854</u>	<u>38,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2021							
Trade receivables	13,746	-	-	13,746	-	-	-
Accrued income	24,900	-	-	24,900	-	-	-
Cash and cash equivalents	<u>48,824</u>	<u>-</u>	<u>48,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross financial assets	<u>87,470</u>	<u>-</u>	<u>48,824</u>	<u>38,646</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities

	Total	Floating rate	Fixed rate	Non-interest bearing	Weighted average interest rate %	Weighted average period for which fixed years	Non-interest bearing weighted average term until maturity
31 March 2022	£000	£000	£000	£000			
Trade payables	7,540	-	-	7,540	-	-	-
Accruals and other payables	<u>11,832</u>	<u>-</u>	<u>-</u>	<u>11,832</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross financial liabilities	<u>19,372</u>	<u>-</u>	<u>-</u>	<u>19,372</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2021							
Trade payables	6,815	-	-	6,815	-	-	-
Accruals and other payables	<u>17,183</u>	<u>-</u>	<u>-</u>	<u>17,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross financial liabilities	<u>23,998</u>	<u>-</u>	<u>-</u>	<u>23,998</u>	<u>-</u>	<u>-</u>	<u>-</u>

The only financial instruments held by CCS are those which arise from CCS's day to day operational activities and include trade receivables (Note 9) and trade payables (Note 11).

23 Contingent liabilities

There were no contingent liabilities.

24 Events after the reporting period

There are no events to report. In accordance with the requirements of IAS 10 - Events after the Reporting Period, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as being the date of the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament.

Treasury minute dated July 2022

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a Trading Fund established under the Act shall be under the control and management of the responsible Minister and in the discharge of the Minister's functions in relation to that fund it shall be the Minister's duty:
 - a. To manage the funded operations so that the revenue of the fund:
 - i. consists principally of receipts in respect of goods and services provided in the course of the funded operations, and
 - ii. is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to income and expenditure account; and
 - b. To achieve such further financial objectives as the Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. OGcbuying.solutions Trading Fund was established as the Buying Agency Trading Fund with effect from 1 April 1991. The name of the Buying Agency Trading Fund was amended to OGcbuying.solutions Trading Fund with effect from 3 April 2001 by the OGcbuying.solutions Trading Fund Order 1991 (S.I. 2001. No 922). The Buying Agency Trading Fund (Amendment) Order 2009 (S.I. 2009/647) then changed OGcbuying.solutions Trading Fund to the Buying Solutions Trading Fund from 6 April 2009, which was subsequently changed to the Government Procurement Service Trading Fund by the Buying Agency Trading Fund (Amendment) Order 2011 (S.I. 2011/2208) from 1 October 2011. The Government Procurement Service Trading Fund has since changed to the Crown Commercial Service Trading Fund by the Buying Agency Trading Fund (Amendment) Order 2014 (S.I. 2014/561) from 1 April 2014.
3. The Minister for the Cabinet Office, being the responsible Minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by Crown Commercial Service Trading Fund for the 5 year period from 1 April 2021 to 31 March 2026 shall be to achieve a minimum return, averaged over the period as a whole, equivalent to 5 percent a year in the form of an operating surplus, i.e. before interest (both receivable and payable) and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long term loan capital (if any) and the general reserve.
4. This minute supersedes that dated 30 June 2020.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

Five year summary

1 April 2017 to 31 March 2022

	Year 2021/22	Year 2020/21	Restated Year 2019/20	Year 2018/19	Year 2017/18
	£000	£000	£000	£000	£000
Statement of financial position					
Non-current assets	14,565	8,081	2,574	6,168	4,204
Total current assets less liabilities	118,930	56,649	24,202	19,001	6,166
Provision for liabilities and charges	(903)	(713)	(577)	—	—
Assets employed	<u>132,592</u>	<u>64,017</u>	<u>26,199</u>	<u>25,169</u>	<u>10,370</u>
Financed by					
Public dividend capital	350	350	350	350	350
General reserve	132,144	63,630	25,849	24,819	10,020
Revaluation reserve	98	37	—	—	—
	<u>132,592</u>	<u>64,017</u>	<u>26,199</u>	<u>25,169</u>	<u>10,370</u>
Statement of Comprehensive Income					
Income	<u>171,928</u>	<u>132,789</u>	<u>93,269</u>	<u>91,762</u>	<u>74,961</u>
Operating costs	(86,143)	(76,948)	(71,767)	(64,172)	(80,508)
Surplus / (deficit) before other operating costs	85,785	55,841	21,502	27,590	(5,547)
Other operating costs	(2,361)	(3,560)	(6,167)	(6,774)	(2,611)
Operating surplus / (deficit)	83,424	52,281	15,335	20,816	(8,158)
Finance income	90	—	170	141	58
Surplus / (deficit) for the year	83,514	52,281	15,505	20,957	(8,100)
Dividend payable to the Cabinet Office	(15,000)	(14,500)	(14,475)	(6,158)	(2,000)
Retained surplus / (deficit)	<u>68,514</u>	<u>37,781</u>	<u>1,030</u>	<u>14,799</u>	<u>(10,100)</u>
Other comprehensive income	61	37	—	—	—
Comprehensive income/(expenditure)	<u>68,575</u>	<u>37,818</u>	<u>1,030</u>	<u>14,799</u>	<u>(10,100)</u>





