



Crown
Commercial
Service

Annual Report and Accounts 2022/23

HC1627

Crown Commercial Service Annual report and accounts 2022/23

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 Crown Commercial Service

Welcome

to the **Crown Commercial Service** Annual Report and Accounts 2022/23

In 2022/23 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



£25.3 billion of public sector spend was channelled through our commercial agreements



Our employee engagement index, as measured by the Civil Service People Survey is **69% maintaining top quartile performance**



Customers who have used our agreements have **achieved commercial benefits equivalent to £3.8 billion**



We helped customers with procurements worth a **total annual contract value of over £2.3 billion**



In line with government policy on prompt payment **we paid 98.9% of undisputed supplier invoices within five days** and 100% of undisputed payments due within 30 days



Customers who have used our agreements have **achieved commercial benefits equivalent to £3.8 billion**



Our G-Cloud framework marks its 10-year anniversary, **with £1.5 billion in commercial benefits achieved for public sector customers**



Our **Net Promoter Scores for customer satisfaction** over the year were:
+65 for Customer Service
+69 for Assisted Procurement



We launched our new Carbon Net Zero funding page on our website, bringing all open CNZ grants and funding opportunities from across the government into one place



We announce that 17 projects have been formally awarded, totalling over £700 million, in the first year of our partnership with NHS England to help build and reconfigure NHS England estates, through the Construction Works and Associated Services 2 / ProCure 23 agreement

Year at a glance



April 2022

We announced funding of the new Contract Management Pioneer Programme, in partnership with the Department for Levelling Up, Housing and Communities (DLUHC), to boost commercial capability in local government.



May 2022

The CCS Energy Team, together with EDF, wins the Best Contract Delivery category for 2021/22 at the UK National GO Awards. The project saw over 25,000 electricity meters transferred to EDF to ensure the best experience and value was delivered for the public sector. This was the largest transfer ever attempted within the UK with 100% success.



June 2022

We receive a Gold award in Mind's Workplace Wellbeing Awards in recognition of our long-term and in-depth commitment to supporting the mental health of our colleagues.



July 2022

We announce the roll out and £12.8 million of funding for the Atamis e-commerce system, enabling one common procurement platform for all NHS Trusts in England.



August 2022

We launched our new digital transformation guide for the NHS, built around the Central Digital and Data Office's technology code of practice.



September 2022

We put in place a new, first of its kind, Big Data and Analytics agreement to help support the requirements of the government and the wider public sector as they continue to use data to innovate.



October 2022

We produced a new glossary of the most common procurement terms and abbreviations to help provide customers with a useful reference when buying goods and services for their organisation.



November 2022

Our Customer Service Centre wins Contact Centre of the Year at the Northern Contact Centre Awards 2022, for evidencing delivery of world-class customer service, exceptional levels of staff engagement and a unique smarter working approach.



December 2022

Our Chief Executive, Simon Tse, is recognised in the King's New Year honours list and receives a CBE for his services to the public sector and race equality.



January 2023

We negotiate a new Memorandum of Understanding with software provider, ServiceNow, to support consistent innovation across government and the wider public sector digital public services.



February 2023

We launch our new Commercial Insider series, in which CCS experts discuss the key themes and debates in public procurement right now and share their own experiences as leaders of the government commercial profession.



March 2023

We announce the award of our new Supply of Energy 2 agreement - the biggest energy contract ever awarded in the public sector, expected to supply up to £51 billion of electricity and gas, and saving central government and wider public sector organisations over £2 billion.

Our values shape and drive everything we do. We listen, respect, collaborate and trust in order to deliver with confidence

The graphic consists of four panels arranged in a 2x2 grid, each with a different background color and a dotted-line illustration. The text 'we listen, we respect, we collaborate, we trust' is repeated in each panel, with the words 'we listen' and 'we trust' in white and 'we respect' and 'we collaborate' in a color matching the panel's background.

- Top-left panel (Maroon):** The text 'we listen' and 'we trust' is white, while 'we respect' and 'we collaborate' is maroon. The illustration shows a person's head and shoulders with radiating lines, symbolizing listening.
- Top-right panel (Teal):** The text 'we listen' and 'we trust' is teal, while 'we respect' and 'we collaborate' is white. The illustration shows two hands shaking, symbolizing collaboration.
- Bottom-left panel (Orange):** The text 'we listen' and 'we trust' is orange, while 'we respect' and 'we collaborate' is white. The illustration shows two people standing and holding up a rectangular frame, symbolizing respect and collaboration.
- Bottom-right panel (Dark Blue):** The text 'we listen' and 'we trust' is white, while 'we respect' and 'we collaborate' is dark blue. The illustration shows a person standing with their hands held out, symbolizing trust.

Who we are

Crown Commercial Service is an Executive Agency and Trading Fund of the Cabinet Office and a key constituent of the Government Commercial Function.

Purpose

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

Ambition

Our ambition is to increase the value that we help the public sector achieve from commercial and procurement activity, by sustainably increasing the depth of our impact and the breadth of our coverage.

Vision

Our vision is to be the provider of choice for public sector organisations seeking commercial and procurement solutions. CCS will be a customer focused organisation trusted and admired by buyers and suppliers for our expertise and the quality of the service we offer and the solutions we provide.



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	DHSC	The Department of Health and Social Care
BSI	British Standards Institute	DLUHC	Department of Levelling Up, Housing and Communities
Carbon Net Zero/CNZ	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	DPS	Dynamic purchasing systems
CCS	Crown Commercial Service	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
CETV	Cash Equivalent Transfer Value	FM	Facilities management
CFBC	Counter Fraud, Bribery and Corruption	FReM	The government Financial Reporting Manual, which is the technical accounting guide for the preparation of financial statements
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	FTEs	Full time equivalent, the hours worked by one employee on a full-time basis
CIPS	Chartered Institute of Procurement and Supply	GBS	Government Buying Standards
CG	Central government, the ministerial departments	GDPR	General Data Protection Regulation
CO	Cabinet Office	GGC	Greening Government Commitments
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 	GCF	Government Commercial Function
CRM	Customer relationship management, either the processes of managing customer relationships or the tools/software we use to manage customer information	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
DDS	Digital and Data Services	GCO	Government Commercial Organisation
DfE	Department for Education	GDS	Government Digital Service
		GIAA	Government Internal Audit Agency
		GHG	Greenhouse gas
		GPA	Government Property Agency
		KPI	Key Performance Indicator
		ICT	Information and Communication Technology
		ISO 14001	An internationally agreed standard that sets out the requirements for an environmental management system
		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
		NAO	National Audit Office
		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
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
PCSPS	Principal Civil Service Pension Scheme
PES	Public Expenditure System
PFI	Private Finance Initiative
PPG	Public Procurement Gateway
PPR	Planning, Performance and Risk
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	<u>Smarter working</u> 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)
SOCI	Statement of comprehensive income
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
SOFP	Statement of financial position

Spend types 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.

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.

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

SRO Senior Responsible Owner, the individual responsible for ensuring that a programme or project meets its objectives

SSRB Senior Salaries Review Body

tCO₂e Greenhouse gas emissions are referred to as tonnes of Carbon Dioxide equivalent. This is to ensure simplicity in reporting and consistency, and encapsulate a number of different gases such as Carbon Dioxide, Methane and Nitrous Oxides

WPS Wider public sector, including local government, health and education, and third sector (charities)



Performance report

Overview

Chair's statement



Tony van Kralingen
Chair

When writing my Chair's Statement for last year's Annual Report, I had anticipated this being my last, with plans to step down in 2022/23. A change in circumstances afforded me an opportunity to remain with CCS for an additional year, and I'm delighted to be able to reflect back on yet another successful year for the organisation.

CCS has emerged from the Covid-19 pandemic with a stronger reputation across the public sector, demonstrating its commercial expertise and supporting public sector buyers with the challenges that they faced.

In recent months, we have seen the impact of inflation and price rises across the UK. CCS's agreements have helped our customers to navigate these challenges and continue to deliver significant commercial benefits.

In 2022/23, CCS achieved well over £3 billion of commercial benefits for its customers for the first time. Alongside this, CCS has increased the total spend through its commercial agreements reaching over £30 billion. This is a considerable achievement considering that when I started my appointment as Chair seven years ago, CCS had £12.4 billion of spend through its agreements, and £725 million of commercial benefits.

I'm delighted that as a result of CCS's growth over the last few years we are now in a position to invest in programmes and projects to help further develop commercial capability across the public sector.

As CCS continues to mature as an organisation, we have had to rethink our organisational design and review our current and future capabilities, particularly within the technology and digital space, to ensure that we are set up for the future. Part of this focus has been the development of comprehensive market segmentation tools, enabling faster, more appropriate solutions for customers.

The organisation has proudly and consistently improved levels of productivity and continues to focus on efficiency, cognisant of the headcount challenges set by our parent department, the Cabinet Office. What remains the priority for the organisation are our customers' needs.

CCS has extremely dedicated and passionate staff, and I continue to be impressed by their commitment to excellent customer service. The Civil Service People Survey results from 2022 demonstrate that CCS remains a positive place to work. I would like to take this opportunity to express my gratitude towards each and every staff member, for their continued excellence in delivery. I would also like to thank my fellow Non-Executive colleagues for their continued support.

Congratulations must go to Simon and his Executive Board for their fantastic work in leading the organisation. Simon being awarded a CBE in the King's New Year's Honours is richly deserved. Finally, I must give thanks to all of CCS's customers and suppliers who continue to work closely with us to realise savings across the public sector.

Chief Executive's introduction



Simon Tse CBE
Chief Executive

2022/23 finally brought us into the post-pandemic era, although challenges brought on by the pandemic have remained as we readjust how we live and work. We have, indeed, faced other tests during this period, witnessing the invasion of Ukraine by Russian forces and the conflict that continues there, and the sad passing of Her Late Majesty Queen Elizabeth II.

Reflecting on the past year, I'm extremely proud of the resilience, professionalism, integrity and flexibility demonstrated by our CCS family. Colleagues have demonstrated their unwavering commitment and support to our public sector customers in meeting their commercial requirements as they, in turn, have responded to the challenges that the past year has brought.

The benefits we bring to our customers

It is through this support for our customers that this year we have delivered commercial benefits of well over £3 billion - an incredible achievement. This comes very soon after reaching over £2.5 billion in commercial benefits for the very first time last year, so achieving another significant milestone is a testament to the hard work and dedication of our people.

Commercial benefits are how we deliver real value for our customers. It's important to remember that we also deliver additional benefits, including the support we offer in helping our customers with their procurement policy priorities. Whether that's enabling apprenticeship schemes, working to achieve Carbon Net Zero, modern slavery requirements and more, customers can use our commercial agreements to support those ambitions.

Our Assisted Procurement Service continues to mature, delivering contracts with an Annual Contract Value of £2.3 billion in 2022/23 through 395 procurements, representing a return to pre-pandemic levels of Annual Contract Value. Our priority is to continue to deliver complex, high value procurements for our customers, saving them time and resources on conducting these themselves.

We awarded 26 new commercial agreements this year and as we keep evolving and maturing our product portfolio we continue to see growth in the total spend through our commercial agreements, achieving £30 billion of spend this year. This outstanding performance puts CCS in the enviable position of being able to invest our surplus in improving our operational effectiveness and commercial capability across the entire public sector.

In 2022/23 we committed to invest £12 million in the NHS to enable the implementation of a common procurement platform across the health service. Within the first year of the programme, we and they have already realised significant benefits and efficiencies, with further still expected as the platform is more widely rolled out across NHS organisations.

We have also continued to invest, in partnership with the DLUHC, in providing a commercial capability training programme to the Local Government sector.

These investments are a source of great pride for myself and colleagues across CCS. They perfectly demonstrate the important work that we have carried out over recent years to develop and enhance our relationships and reputation with customers across the wider public sector.

Through these strengthened relationships we have seen increased growth in spend from the wider public sector again in 2022/23, and indeed, we aim to further embed this new approach to market segmentation in 2023/24 to grow this spend further.

Our customer satisfaction remains high, with Net Promoter Scores of +69 and +65 for Assisted Procurements and Customer Service respectively. We are investigating how best to measure customer satisfaction across all of our products and services, to use this insight in order to develop our service offering even further, to better meet or exceed customer needs and ensure exceptional delivery for our customers.

Our digital journey

Our digital journey continues and 2022/23 saw the launch of our new Contracts Award Service for selected products, with a view to expanding the products offered through this service in the near future.

We have also launched the Public Procurement Gateway, which provides a single sign-on for customers and suppliers to register and use our systems, simplifying their digital journey and removing the need to log in to multiple different platforms.

Along with success in this area, we must acknowledge that there have also been challenges, as we continue to evolve our digital offering and build our capability and maturity in the digital space. We know there is more that we can do to improve the experience for our customers and suppliers, and our communications with them regarding our new digital products. Addressing these challenges will be a priority for us going forwards.

Our people

Central to everything that we do and everything that we have achieved, this and every year, are our people. An important tool to enable us to understand how our colleagues feel about working at CCS, and address the priority issues that colleagues are facing, is the Civil Service People Survey. Whilst we saw a modest dip in engagement scores in 2022 from the previous year, I'm pleased to report that we remained in the top 25% for our overall staff engagement results.

The insights we gain from the survey help us to develop and implement our local engagement action plans, and directly address key issues affecting colleagues and make improvements. I'm also pleased to observe that we saw a reduction in scores relating to bullying and discrimination within CCS.

As an organisation, we know we must continue to evolve and develop to build resilience and opportunity for future success, improving our operations, products and service offerings. 2022/23 saw the introduction of the new Chief Commercial Officer role.

Along with the majority of Civil Service organisations, we continue to respond to the headcount reduction targets set by the Cabinet Office. It is important to ensure that we remain a well run and efficient organisation, and I am pleased that we have maintained a Moderate internal audit opinion again this year.

The wellbeing of colleagues is a priority and I'm pleased to confirm the launch of our new wellbeing strategy last summer. In recognition of our work in this area, we achieved a Gold award in the Mind Workplace Wellbeing Index, in our second year of entering the awards.

In 2022/23, we hosted in-person all staff events at each of our office locations, and this provided an opportunity to meet all of the new colleagues who had joined us throughout the pandemic.

We now have eight staff networks across a range of protected characteristics and themes. These networks are led and convened by volunteers from across our organisation, actively contributing to ensure that CCS is an inclusive, supportive and all round positive place to work.

The staff networks have led a broad range of initiatives during the year. These have included a Social Mobility Outreach Programme in partnership with the Government Commercial Function, two reverse mentoring cohorts, the collection of social mobility and caring data for colleagues, and an Inclusion and Diversity calendar for the organisation.

Industry recognition

CCS has been recognised through several industry awards over the past year. Our Energy team took home the award for Best Contract Delivery at the national GO Awards, with two other teams also shortlisted. CCS teams were nominated in four categories at this year's Government Commercial Function Leadership Awards.

Our Customer Service Centre was named Contact Centre of the Year at the Northern Contact Centre Awards 2022, which includes both private and public sector organisations. A huge congratulations to the teams in receipt of this external recognition for outstanding service to our customers.

Looking to the future with thanks to all CCS colleagues

As we look ahead to the new financial year, we are keenly aware of the challenges ahead of us. The new Procurement Bill is currently making its way through Parliament. Our Transforming Public Procurement project is working tirelessly to ensure that we are prepared for this. We are working closely in partnership with the Cabinet Office Procurement Policy team to ensure that we can provide as much guidance and support to our suppliers and customers ahead of the new Regulations being introduced. The Procurement Bill will introduce significant changes to the way that public procurement is carried out in the UK, and we do not underestimate the impact that this will have on our operations.

We have a clear vision for our future as we look to double the commercial benefits we deliver to £6 billion per year for public sector customers. Underpinning this vision is a comprehensive strategy that is focused on developing our products and services and ensuring that the customer is at the centre of everything we do.

We want to deepen our impact and bring our commercial expertise to bear across the entire public sector. I remain confident that this is within our reach, and I know how committed CCS colleagues are to ensuring that we are a strong, effective and resilient organisation, both in terms of exceptional delivery and also as a place to work.

The CCS Board have once again provided me, and the organisation, with great support and advice, whilst also applying significant scrutiny to ensure that we are the best organisation we can be. I am grateful to our Chair, Tony van Kralingen, for extending his tenure on the Board and continuing to provide me with great counsel throughout the year.

It saddens me greatly to reflect on the loss of our much valued colleague Michael Evans in December 2022. Working most recently as a Commercial Agreement Manager within the Food Category as part of the Workplace Services team, Michael is greatly missed by everyone in CCS.

My sincerest and heartfelt thanks go to all of my CCS colleagues for another exceptional year of delivery. Once again, colleagues have risen to the challenges that they have faced, and I am so proud of each and every one of you. Thank you.



Simon Tse CBE
Chief Executive and
Accounting Officer
07 July 2023



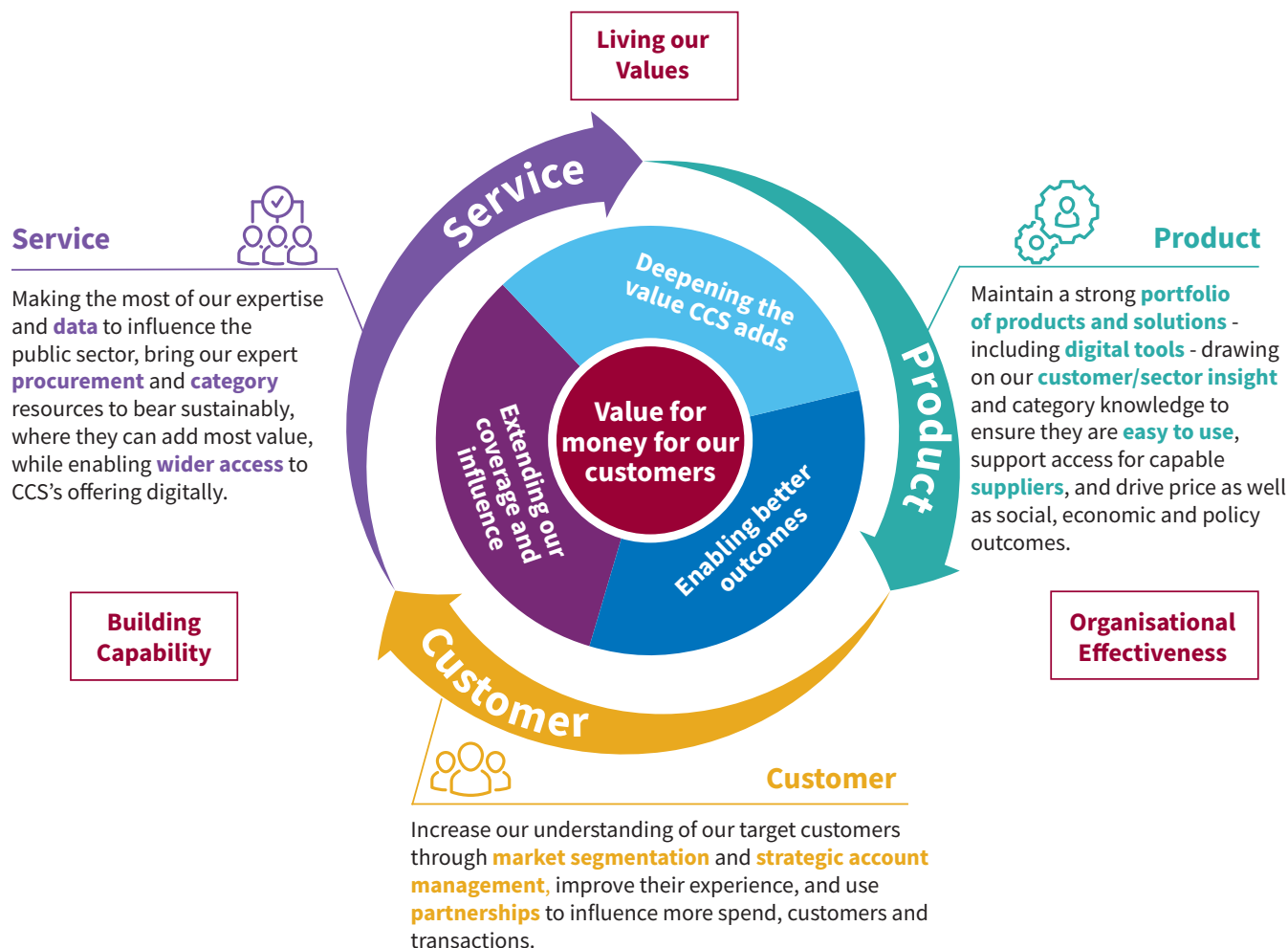
In Memoriam
Michael Evans
20 July 1989 to 9 December 2022

Statement of purpose, scope and strategy

CCS has three strategic priorities:

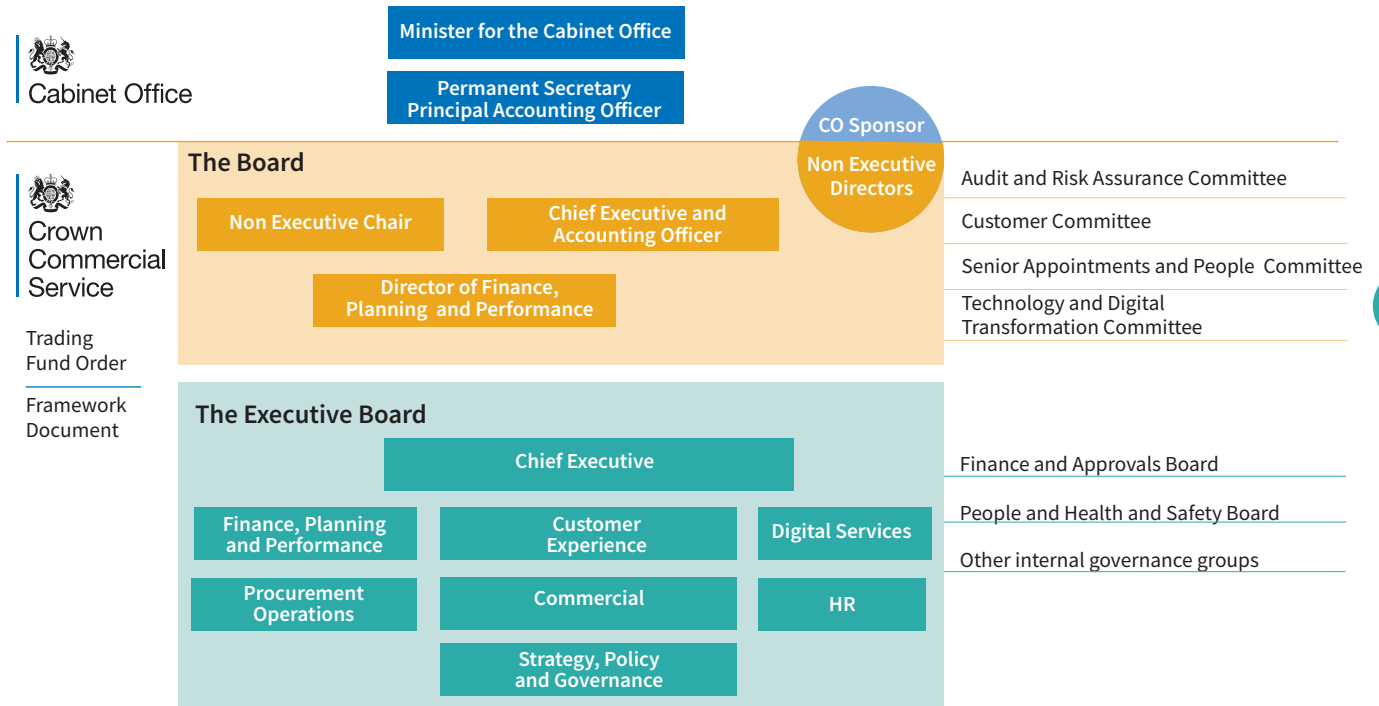
- extending our coverage and influence
- deepening the value CCS adds
- enabling better outcomes

Our business strategy implements our strategic priorities by focusing on enhancing CCS’s key interventions - Customer, Service and Products - and sustaining and developing the critical enabling activity which will allow the organisation to operate effectively and sustainably at a greater scale. It is aligned to the Government Commercial Function strategy and supports the delivery of the Commercial Functional Plan.



Organisational structure

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



Performance overview

The purpose of this section is to provide a summary of progress made against the three strategic priorities within our organisational strategy along with an overview of our financial performance. It also sets out the key strategic risks that have been and continue to be actively managed as we move forward.

1. Extending our coverage and influence

We've continued to extend our coverage increasing the spend transacted through our agreements, both by increasing the number of organisations that use CCS agreements and by increasing the amount of spending that individual organisations transact through them. Over the course of the year we recorded £25.3 billion of direct spend (£23.2bn in 2021/22), £2.9 billion of public sector commercial agreement spend (£2.5bn in 2021/22) and £2.9 billion of transacted spend (£1.9bn in 2021/22) through our commercial agreements.

In parallel, we've developed our engagement with key sectors outside central government supporting the NHS with the roll out of e-commerce platforms and helping local authorities with access to contract management training. We've developed new relationships and partnerships with other representative public sector organisations to develop commercial solutions that meet their and their stakeholders' needs. We've developed and deployed our category and procurement expertise more widely, entering new markets, and providing new commercial routes and digital channels, as we've refreshed our portfolio of commercial agreements, with 26 new agreements procured this year.

We have also strengthened our engagement and communications providing our customers with access to category strategies, commercial insight and procurement guidance to help them buy effectively in our categories and tackle key strategic challenges, such as Carbon Net Zero. We've made progress in extending the assisted procurement service we provide for public sector buyers, running the call off procurement process through our agreements on their behalf while maintaining its quality. In line with our strategy we have increased the total Annual Contract Value of transactions

supported by our assisted procurement service to £2.3 billion in 2022/23, and deployed our specialist procurement teams to undertake more complex and higher value transactions. We have maintained our Net Promoter Scores for both our Customer Service (+65) and Assisted Procurement Service (+69) as we have done so.

2. Deepening the value CCS adds

CCS commercial agreements help public sector organisations to buy more efficiently and effectively, enabling access to capable suppliers on favourable terms and with maximum prices that have been set through competitive procurement processes that leverage the combined scale of public sector business to be transacted through each agreement.

Once live, CCS agreements then provide for further competitions at call off so that buyers can compete their specific requirements and push prices down further if they wish. Beyond this, CCS employs a number of mechanisms to help public sector organisations secure the best possible price when they buy. CCS is designing new pricing mechanisms into our framework agreements so that pricing can be reviewed as volume thresholds are reached and operates Memorandums of Understanding with key suppliers in certain categories (such as software licences) so that all public sector buyers have access to reduced prices as the combined volume of public sector demand for a particular item rises. In key categories CCS runs aggregation events to coordinate purchases from our frameworks by multiple buyers along with e-auction processes to secure the maximum competitive tension.

In 2022/23, CCS recorded commercial benefits of £3.6 billion from a comparison of the prices paid by organisations using CCS commercial agreements and market comparators. We also recorded a further £206 million in change benefits where our work helped the public sector take a different approach and avoid costs. We will be looking to capture more evidence of this type of impact in future.

3. Enabling better outcomes

It is central to CCS's strategy that buyers can achieve not only good prices from using CCS products and services but also can achieve a range of other outcomes: confidence that they are procuring compliantly with procurement regulations, confidence in the capability of their suppliers and the resilience of supply chains, and confidence that they can support the policy and social and economic outcomes that matter.

During the course of the year, we have been working to understand the details of the reforms to the public procurement regulations that the government is proposing and in particular how CCS will need to adjust its processes and ways of working so that we will be ready - once the reforms are live - not only to remain compliant but also to maximise the opportunity which the reforms offer to improve public procurement for CCS, for the buyers that use our agreements and for suppliers.

We have also taken steps to strengthen our supplier assurance, in particular by building our capacity to assess and monitor suppliers' economic and financial standing in line with commercial best practice.

We have taken action to ensure our commercial agreements help drive policy through procurement - tackling modern slavery, enabling social value and sustainability as well as supporting small and medium-sized enterprises (SMEs) access to public procurement opportunities and encouraging prompt payment practice.

Financial performance

We exceeded our financial targets in 2022/23. Total income was £177.6 million and expenditure was £94.9 million, delivering a surplus before other operating costs of £82.7 million (2021/22: £85.8m). Other operating costs of £4.2 million were also incurred relating to the NHS Future Operating Model, Digital and Data Services, and Procurement Capability. After interest and dividends, the retained surplus was £45.3 million (2021/22: £68.5m). The in-year surplus achieved was the result of planned and continuing growth in use of our commercial agreements, especially through increased usage of partnership arrangements to drive better value and improve the commercial benefits arising to customers. We also

continued to manage our cost base effectively with headcount in the organisation particularly closely managed following Cabinet Office direction.

The opening General Reserve of £132.1 million increased to £177.5 million. Indexation of intangible assets resulted in a revaluation gain of £0.05 million. There was no change to Public Dividend Capital (£0.35m) meaning that the total of taxpayers' equity in CCS increased from £132.6 million to £178.0 million. More information is contained within the notes to the accounts on pages 85 to 101.

The Dividend which the Cabinet Office receives from CCS was £36.0 million in 2022/23 (2021/22: £15.0m). 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.

In 2022/23 CCS achieved a Return on Capital Employed of 50.6% (2021/22: 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 103.

Our strategy of inward investment for the future, stimulating growth in customer spend and increased commercial benefits continued in 2022/23. 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 2022/23, CCS paid 98.9% (2021/22: 99.9%) of undisputed supplier invoices within 5 days and 100% (2021/22: 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 its sub-committees also review the Strategic Risk Register with a focus on the effectiveness and impact of mitigating actions.

Operational risks are reviewed by the Risk Assurance 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 2022/23 are set out in the following table. All of these risks are subject to continuous review.

Risk area	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
Customer	Deepen our relationships with customers and extend our presence and engagement within our market sectors, as defined by market segmentation	Implementation of market segmentation strategies and strategic account management. Further development of the partnership arrangements with other professional buying organisations. Initial development of a more robust approach to capture customer feedback. Development of richer data and customer insight to better support our customers achieve better value from their procurements.	The level of risk has been reduced. The impact has remained the same (significant) but the likelihood has reduced from severe to moderate.
Product	Provide a clear and compelling set of products and solutions with easy access to a diverse range of suppliers that meet the needs of customers, deliver value, achieve policy outcomes and which sustain required levels of business growth	Product portfolio review with ongoing consolidation of products to better meet customer needs aligned to market segmentation strategies and customer sectors. Improved enterprise-wide governance of commercial agreement design. Procurement reform programme established to ensure readiness of commercial agreements to meet the requirements of the new regime and customer expectations. Review, refinement and greater standardisation of commercial agreement customer guidance. Implementation of a more robust approach to supplier management through development of more effective policies and procedures and training.	The level of risk has been reduced. The impact has reduced from severe to moderate and likelihood has reduced from very likely to unlikely.
Service	Maintain and extend the use of the services and support we provide to customers through making best use of our capability in running procurement operations and our category expertise and knowledge of markets and suppliers	Creation of capacity for carrying out more assisted procurements through reducing the volume of low value procurements for customers. Commercial futures workstreams established to review and improve advisory services relating to category strategies, commercial solutions, supply market strategy and product sourcing strategy. Review of organisational approach to facilitating aggregated procurement for customers through mechanisms such as e-auctions and implementation of volume pricing mechanisms within commercial agreements as part of their design.	The level of risk has been reduced. The impact has reduced from significant to moderate and likelihood has reduced from very likely to likely.

Risk Topic	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
People Capability	Attract, develop and retain the required capability and to deploy resources flexibly across the organisation to meet priority business needs and to sustain continued business growth	<p>Further refinement and implementation of the Strategic Workforce Plan along with annual pay review to determine competitiveness of reward package, including salary.</p> <p>Implementation of improved talent management and succession planning. Budget provision for contracting with service delivery partners established to address shortfalls in specialist capability and capacity more broadly. Establishment of a project delivery function to better manage the implementation of projects and programmes.</p>	The level of risk has reduced. The impact has reduced from significant to moderate and the likelihood has remained the same (possible).
Technology & Digital Capability	Deliver technology and digital solutions aligned to the business strategy which meets the needs of our business and our customers (buyers and suppliers)	Digital strategy review resulting in the design of a more effective target operating model which aims to create the right balance of in-house expertise/leadership with operational excellence. Improved governance of digital project development along with the establishment of a digital analytics capability. Continuous improvement of information and cyber security.	The level of risk has reduced. The impact has remained the same (significant). The likelihood has reduced from very likely to unlikely.
Organisational Effectiveness	Continuously improve organisational efficiency, effectiveness and sustain business growth	Implementation of a new governance structure to better support the Executive Board (three sub committees; P&S, DD&T and People, Health & Safety & Finance). Annual operational management assurance assessment carried out with review and challenge by the Accounting Officer. Assessment against functional standards. Continued focus on organisational efficiency (more with less) through planning and organisational performance reviews. Establishment of budget for Service Delivery Partners to create capacity.	<p>The level of risk has reduced. The impact has reduced from significant to moderate and the likelihood has reduced from possible to unlikely.</p> <p>However, there is a significant amount of business change being implemented which must not distract the organisation from delivering 'business as usual' activities.</p>

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. The Executive Board also performs a quarterly performance review with a focus on key risks and issues.

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, the monthly summary performance report has been issued for use by staff.

Performance against Business Plan objectives

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

Commercial benefits

Performance measure	Assessment and achievements
Target £2,613 million of spend related commercial benefits representing a target gross margin 7.9% on £30.43 billion. This comprises: <ul style="list-style-type: none"> £1,611 million for CG with a target gross margin of 8.12% on £18.24 billion of spend £1,002 million for WPS with a target gross margin of 7.59% on £12.20 billion of spend Target £100 million of business change related benefits	Fully achieved Total £3,591 million of spend related benefits representing a gross margin of 10.37% on £31.02 billion comprising: <ul style="list-style-type: none"> £2,371 million for CG with a gross margin of 10.83% on £19.51 billion of spend £1,220 million for WPS with a gross margin of 9.59% on £11.51 billion of spend £206 million of business change related benefits were also signed off by customers

Spend growth

Performance measure	Assessment and achievements
Direct spend of £25.40 billion (2021/22: £23.20bn)	Partially achieved Direct spend of £25.30 billion
Of which:	Of which:
CG £15.99 billion (2021/22: £16.09bn)	CG £16.94 billion
WPS £9.41 billion (2021/22: £7.11bn)	WPS £8.36 billion

Performance measure	Assessment and achievements
Public sector commercial agreement spend of £2.44 billion (+£210m on 2021/22)	Fully achieved Public sector commercial agreement spend of £2.85 billion
Transacted spend of £2.59 billion (-£1.31bn on 2021/22)	Fully achieved Transacted spend of £2.87 billion

Key objectives

Customer		
Performance measure		Assessment and achievements
Sector strategies	All 7 sector strategies developed and being implemented by March 2023	Partially achieved All strategies developed. Priority Delivery Authorities established to lead on implementation with more being established in financial year 2023/24
Partnerships	Achieve at least a 20% increase in spend through new and / or existing partnerships compared to £2.2bn baseline for FY 2021/22	Fully achieved Spend growth of £530 million (21%) achieved
Opportunity management	>40% of potential opportunities by volume converted into new business	Fully achieved Conversion rate of 70% achieved
Marketing - generating leads	Generate >5,000 leads and prospects with evidence of new opportunities in the pipeline	Fully achieved c8,000 leads and prospects generated
Self serve user feedback	Establish a feedback mechanism for commercial agreements by March 2023	Not achieved Business case approved with implementation delayed to FY 2023/24

Product		
Performance measure		Assessment and achievements
Cross category solutions	Establish business cases for new cross cutting commercial agreements or solutions for use by customers by March 2023	Partially achieved An increasing number of mandates for new and replacement commercial agreements were approved with cross category design as part of portfolio consolidation
Volume pricing mechanisms	Establish approach to test and implement volume pricing in the design of commercial agreements by September 2022	Partially achieved Policies and principles established which require new and replacement commercial agreements to include, where appropriate, volume pricing and aggregation mechanisms in their design. Implementation is scheduled for FY 2023/24 as part of the commercial agreement development process
Compliant & effective product portfolio	Award up to 27 commercial agreements	Partially achieved 26 commercial agreements awarded. The business requirement to prioritise and consolidate new and replacement agreements resulted in commercial agreement redesigns and fewer awards
Influencing and shaping Procurement Reform	Establish and implement programme to prepare organisation for rules reform	Fully achieved Programme established with workstreams ensuring organisational readiness. The programme will continue into FY 2023/24
	Gap analysis completed by December 2022	Fully achieved Issues to address have been identified and the workstreams are systematically putting in place requirements
Policy through procurement & commercial standards	All awarded commercial agreements have social value & other relevant policy considerations as well as alignment to commercial standards factored into the design	Fully achieved All awarded commercial agreements have been assured for alignment to policy requirements (where applicable) as part of the governance process

Service		
Performance measure		Assessment and achievements
Expand capacity of assisted procurement service	Full business case for expansion of procurement service developed, signed off and with resources identified by June 2022	Partially achieved Change of strategic direction arising from CO 2025 and constraints. Focus has been on reducing volume of low value procurement to create capacity for high value procurements
	Achieve Annual Contract Value of at least £2bn through assisted procurements	Fully achieved £2.29 billion Annual Contract Value with 93% delivered within agreed timescales
	Post procurement NPS score is at least maintained at 55	Fully achieved Post procurement score of +69
Category advice	Capture and record all significant change and advisory impacts	Fully achieved Business change benefits of £206 million were achieved for our customers
Category & thematic advice	Implement recommendations from the CNZ and PFI projects	Partially achieved Both projects are on track to deliver target benefits. PFI has been embedded into 'business as usual' operations. CNZ enters Phase 2 of the project during FY 2023/24
CCS Strategic Supplier Relationship Management (SSRM)	CCS SSRM programme defined and agreed with the Markets & Suppliers unit within the Cabinet Office's Central Commercial Team by September 2022	Partially achieved Further enhancements are being carried out through the refinement of the operating model for the Commercial Directorate

Strategic Key Performance Indicators

Our organisational performance is measured through a set of KPIs. They are used to both measure in year performance as well as inform target setting and planning for future years to maintain target trend.

		Headline measure	2022/23 target	2022/23 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 20.94%	Partially achieved A market share of 20.86%
Business efficiency - our cost in relation to our outputs	2	Core cost as a percentage of aggregate spend	To achieve a cost ratio of less than 0.31%	Fully achieved A cost ratio of 0.28%
	3	Core cost as percentage of spend related commercial benefits	To achieve a cost ratio of less than 3.66%	Fully achieved A cost ratio of 2.43%
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 more than 7.91%	Fully achieved An effectiveness ratio of 10.37%
	5	Income as a percentage of aggregate spend	To achieve an effectiveness ratio of 0.57%	Fully achieved An effectiveness ratio of 0.57%
Customer - what our customers think of our services	6	Customer Service Net Promoter Score	+55	Fully achieved +65
	7	Assisted Procurement Net Promoter Score	+55	Fully achieved +69
People - how engaged are our people	8	Engagement score	Maintain top quartile	Fully achieved 69
Financial - our effectiveness in financial management	9	Income less expenditure (P&L) / net surplus (deficit)	Target of £58.13 million	Fully achieved Surplus of £81.32 million - which includes interest received
	10	Percentage rate of increase in income versus rate of increase in core cost	Target of 149.0%	Fully achieved 166.3%

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

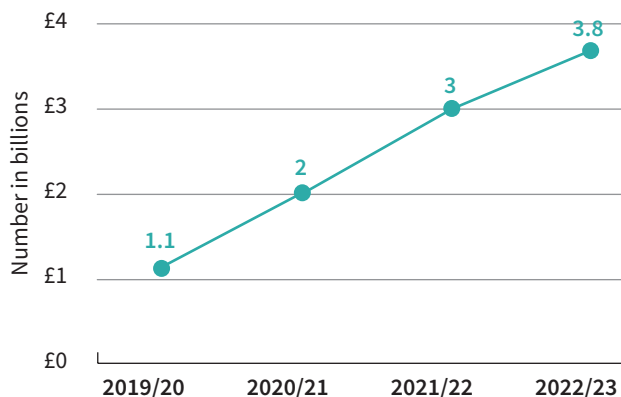
Our aim is to continue to attract more business from both new and existing customers so that the public sector is able to realise increased commercial benefits in terms of benchmarked prices, as well as quality goods and services.

The graphs illustrate over the period 2019/20 to 2022/23 the following:

- growth in commercial benefits achieved through commercial agreements
- growth in spend directly through our agreements
- growth in our market share
- the gross rate of return - benefits as a percentage of spend
- the upward trend in our Net Promoter Scores for Assisted Procurement and Customer Service
- the downward trend in our core costs in relation to the output we manage (spend through the portfolio of commercial agreements)

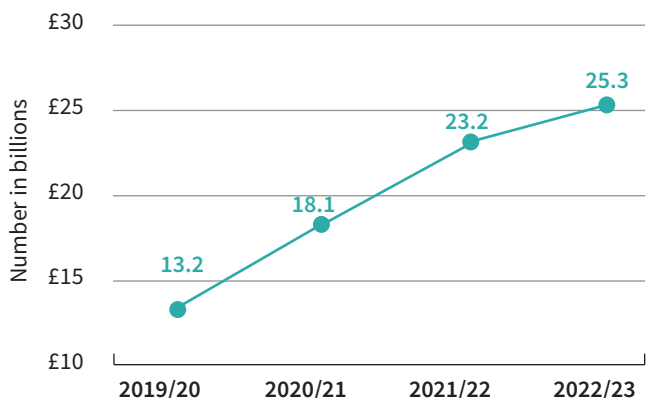
Growth in commercial benefits achieved through commercial agreements

Commercial benefits - all spend types and change initiatives £ billion

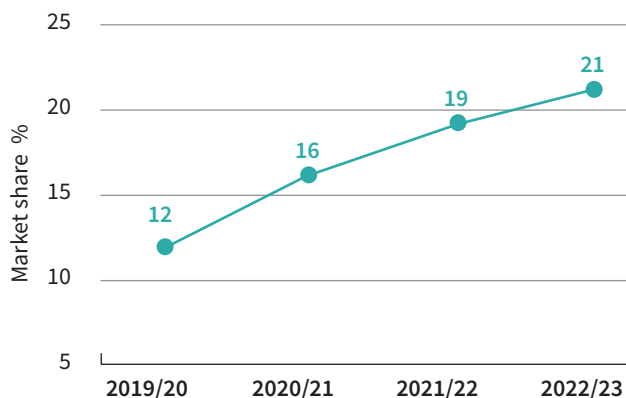


Direct spend & market share on common goods and services

Direct spend growth

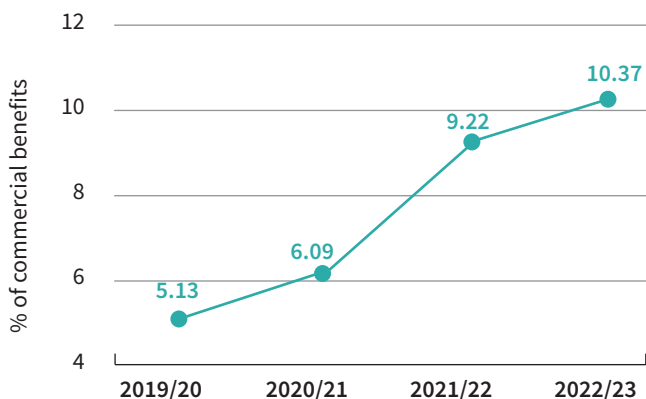


Market share - %



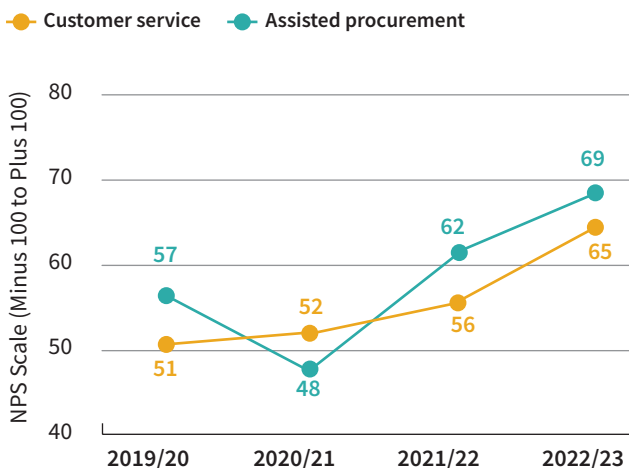
Gross rate of return

Spend related commercial benefits as a % of aggregate spend



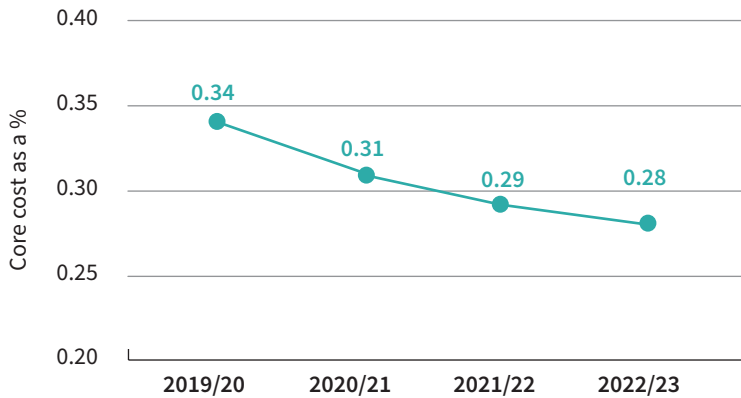
Net Promoter Scores

Customer Service and Assisted Procurement



Efficiency - cost in relation to output (spend channelled through commercial agreements)

Core cost as a % of aggregate spend managed



Sustainability report

The government has made a commitment to be CNZ by 2050. The Greening Government Commitments demonstrate how the government is working to improve the environmental performance of its estate and operations. As an organisation we are committed to supporting the GGCs in reducing our impact in these areas, to contribute towards meeting this target.

Our CCS estate is managed by the Government Property Agency and its partners. In previous years our landlords have reported on our GHG emissions, waste and water usage. However, we are now working closely with the GPA to provide data that reflects our proportion of office space in our shared buildings, in order to accurately report on our performance going forward.

We continue to work closely with the GPA and our landlords in reducing the environmental impact of our estate.

The Greening Government Commitments

The GGCs set out the actions government departments and their partner organisations will take to reduce their impacts on the environment in the period 2021 to 2025.

The following GGC reporting areas are not applicable to CCS and are therefore excluded from this report:

- **Nature recovery and biodiversity action planning** – CCS does not have any significant natural capital. Our staff have participated in a number of ‘green’ voluntary initiatives across the UK throughout the year including beach cleans, brush cutting, habitat creation and general parkland maintenance to compensate for the lack of opportunity in this area within our estates and operation. CCS will look to incorporate a biodiversity action plan where possible in our climate change adaptation plan
- **Travel car fleet** – CCS do not own, lease or hire any fleet cars and therefore cannot report on this area. However we are able to report on official business travel through other methods as detailed below
- **ICT** – Environmental impacts of ICT and paper usage will be reported by the Cabinet Office who provide CCS’s ICT equipment. CCS have moved all of our internally managed services on to the AWS and Azure public clouds and benefit from the activities undertaken by those service providers with regards to the sustainability, carbon tracking and waste reduction associated with the services we host with them, as well as the reporting they provide in support of those efforts

Over leaf is an overview of CCS’s performance against each GGC for the year 2022/23, with a breakdown of the metrics for each area included underneath.

Mitigating Climate Change: working towards Net Zero by 2050

CCS's overall GHG emissions for the period 2022/23 are 316 tCO₂e and our direct GHG emissions are 217 tCO₂e. We have recently completed smarter working refurbishments to our offices, as well as upgrades to lighting, heating, ventilation and air conditioning systems which were part funded by the GPA's Life Cycle Replacement and Net Zero programmes. In addition, the CCS travel policy has been updated to state that lower carbon options must be considered first when booking any business travel, with rail travel remaining the preferred option. To encourage greener commuting, CCS continues to offer a 'Cycle to Work' scheme to all employees and we currently have 10 active members of the scheme, an increase in headcount of 7 on last year's report. It should also be noted that three of our five office buildings are currently on green energy tariffs to support the net zero target, and as part of our climate change adaptation plan we will be working with the GPA to move the remaining two sites across to a green tariff when contracts are up for renewal in the near future.

Minimising waste & promoting resource efficiency

In 2022/23 CCS produced 21.14 tonnes of waste, equating to 0.96 tCO₂e. Our waste bins are categorised and clearly labelled allowing us to manage waste efficiently, and monitor output. There is a strong focus on recycling across our offices with 63% of our total waste for the year having been recycled, helped by regular comms reminding staff how to correctly use the waste bins.

CCS has minimal single use plastic across the organisation. All of our offices are equipped with ceramic mugs and glasses, stainless steel cutlery and ceramic plates for staff to use. In 2022 reusable cups were also introduced across all offices for staff to use when visiting food outlets for hot beverages to reduce single use plastic in the supply chain.

Finite resource consumption - reducing water use

The amount of water consumed across the CCS estate in 2022/23 was 1,440.53 cubic metres. The introduction of smarter working across the organisation has been a large driver in reducing consumption as staff are now able to work flexibly from a location to suit their needs rather than being office based. In addition, the recent office refurbishments have introduced combined hot and cold taps which have replaced the need for separate hot water boilers or kettles. These taps are an efficient system which only cool or heat what is required to avoid water waste and as an ISO14001 accredited manufacturer, they are helping to reduce emissions in the supply chain.

Procuring sustainable products and services

We remain committed to supporting the government's 25 Year Environment Plan and the transition to a Net Zero GreenHouse Gas emission economy by 2050. We 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.

In particular CCS is committed to the following sustainable procurement priorities:

- applying relevant and appropriate buying standards and best practice industry innovation to all our procurement activity
- reducing carbon emissions through the procurement of energy across government and the public sector
- ensuring our procurements make a contribution towards reducing single use plastics in the supply of goods
- ensuring our procurements and wider activities make a contribution towards the government's Net Zero target for 2050
- enabling the delivery of social value in public sector contracts through effective contract levers
- helping address the risks of modern day slavery in government's supply chains
- supporting small and medium-sized enterprises through our procurements

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. 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.

Modern Slavery Prevention

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. We continue to implement the key activities outlined in our Modern Slavery Statement, which sets out our approach to managing labour risks in our supply chains. The statement is available to view on [our website](#).

We are working to ensure that there are appropriate measures in place to mitigate the risk of modern slavery throughout the whole commercial agreement lifecycle. All new commercial agreements are reviewed to ensure that they include a modern slavery risk assessment and outline the steps that will be taken to prevent the occurrence of forced labour abuses in the supply chain if the risk level is high.

Key to our work since April 2021 has been a determined focus on conducting effective follow-up conversations with suppliers whose Modern Slavery Assessment Tool (MSAT) assessments have returned high risk scores. We have held follow-up reviews with numerous suppliers, which has encouraged them to make improvements to their operations and risk management processes.

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.

Social Value

We continue to work with the Cabinet Office to fully embed PPN 06/20 and follow best practice in social value. Our category strategies specifically address the opportunities to deliver social value in each market where we operate. Our new agreements are designed to 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. 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.

Where relevant, we include the 'Fighting Climate Change' social value theme in our agreements, meaning customers can ask suppliers to help them support environmental initiatives, including reduction of single use plastics in the delivery of contracts.

Small and medium-sized enterprises

We have seen continued good progress with our efforts to enable small and medium-sized enterprises to participate in our commercial agreements, with £2.59 billion (14.4%) of central government spend directly with 1,541 SMEs. This represents an increase of £340 million in spend compared to 2021/22. We continue to design our commercial agreements so that SMEs are able to benefit and that is why 70% of the suppliers on CCS's commercial agreements are either micro (33%), small (24%) or medium (13%) sized enterprises.

Carbon Reduction plans

Commercial agreements are being created with sustainability built in from the start. Where applicable, we apply PPN 06/21, requiring bidders to provide a Carbon Reduction plan, ensuring that agreement suppliers are committed to achieving CNZ by 2050. In support of this, the Sustainability team has delivered fortnightly training sessions on the PPN to raise awareness of the policy and its requirements, helping suppliers understand how to create a compliant Carbon Reduction Plan. This financial year, over 2,000 free tickets have been ordered by suppliers and customers for these sessions.

Additionally, our CRP Compliance Team has been offering a free assessment to ensure the Carbon Reduction Plans of suppliers on existing agreements are compliant. Since November, we have also started linking supplier Carbon Reduction Plans to the CCS website, both when suppliers have provided their plan voluntarily or as part of a tender requirement.

Carbon Net Zero projects

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

Employee engagement and knowledge-building are central to our project's success. We have continued to team up with Get Informed Know your Impact (Giki) to bring colleagues a personalised employee sustainability engagement 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.

Funding CNZ projects is a big consideration when developing plans. To support our customers, we have started collating a list of open CNZ grants and funding opportunities from across government into a single place. The grants are mapped to appropriate routes to market offered by CCS, making it easy for customers to fund and operationalise Net Zero initiatives. The [Carbon Net Zero funding and grants page](#) was launched in September 2022 and is updated on a regular basis.

In November 2022, CCS was awarded a place on the Net Zero 50 list for the work achieved by the CNZ delivery team, which has been supporting our customers to operationalise their Net Zero strategies to reduce carbon emissions through greener procurement.

Adapting to climate change

In 2023/24 CCS will develop a Sustainability Strategy which will set out the approach we intend to take towards the cross government target of CNZ by 2050.

As part of this strategy we will include a climate change adaptation risk assessment of our estate and an action plan as to how we will work towards the Net Zero target. CCS's Workplace Services team will work closely with GPA who are leading on the reduction of carbon emissions from their buildings through the Life Cycle Replacement and Net Zero programmes. Over the next 5 years GPA plans to upgrade the heating, ventilation, lighting and utility meters across their estates, including those buildings occupied by CCS. We will work together to review CCS's current systems and needs ensuring, where applicable, that any upgrade projects are successfully delivered - contributing to the reduction in our carbon emissions.

The Sustainability Strategy will also aim to increase carbon literacy amongst our staff enabling them to make informed green choices, both in the workplace and at home through initiatives such as Giki Zero. We will continue to put in place learning and development opportunities to educate in this area, as well as introduce training specific to our commercial team, looking at sustainable procurement in the supply chain.

We will continue to build awareness of green volunteering opportunities as well as provide an active Green Network as a forum for engagement on sustainability. We will work closely with our communications team on delivering an effective sustainability engagement plan at key points throughout the year using events, newsletters and blogs, as well as continue to provide information to colleagues through the CNZ hub on the intranet.

CCS Greening Government Commitments data

The tables below show the data gathered for 2022/23 on scope 1-3 emissions, including waste, water and official business travel. The data only includes those CCS offices in scope for reporting and has been extrapolated from full building data, showing figures based on space occupied.

The offices reported on below are:

- Birmingham - 23 Stephenson Street - 70m² - 48 FTE
- Liverpool - The Capital Building - 1876.7m² - 455 FTE
- London - 10 South Colonnade, Canary Wharf - 482m² - 127 FTE
- Norwich - Rosebery Court, St Andrews Business Park - 1652m² - 170 FTE

To avoid double counting, any data relating to our office at Concept House in Newport has been excluded as it will be reported by the Intellectual Property Office (IPO).

Scope	Emission source/ activity	Detail	Amount (kWh)	tCO ₂ e	Expenditure (£)
Scope 1	Natural Gas (CCS contribution)	London	2,945	0.5	73.00
		Birmingham	0	0	0.00
		Liverpool	23,291	4.3	-
		Norwich	152,065	28	8,957.00
	Total scope 1		178,301	33	9,030.00

Scope	Emission source/ activity	Detail	Amount (kWh)	tCO ₂ e	Expenditure (£)
Scope 2	Electricity generated (CCS contribution)	London	104,819	20.3	8,257.00
		Birmingham	16,179	3.1	1,209.00
		Liverpool	630,927	122.0	-
		Norwich	201,764	39.0	47,698.00
	Total scope 2		953,689	184	57,164.00

As CCS's emission data has previously been reported by our landlords as part of a whole building, we do not have access to the apportioned data required for the last 3-5 years for this report. However, steps are being put in place to ensure data is gathered at this granular level moving forward, and as such 2022/23 will become the baseline for CCS's sustainability reporting.

NB: Figures in italics below indicate that the total usage reported for that line includes estimates for part of the year due to issues with gathering data. Estimates have been based on averages taken from the actual figures received. Some expenditure data is also unavailable. Processes are being put in place to avoid missing data in future reports.

Scope	Emission source/ activity	Detail	Amount	tCO ₂ e	Expenditure (£)
Scope 3	Upstream transportation and distribution	Transport of event equipment (miles)	3,985	1.3	
		Car (hire + grey fleet, miles)	113,435	31.2	40,503.21
	Business travel*	Rail travel (passenger.km)	1,276,126	45.3	334,745.40
		Air (passenger.km)	2,504	0.4	854.94
		Hotel stay	UK (room per night)	1,300	13.5
	Hotel stay	UK (London) (room per night)	510	5.9	64,753.35
		Waste disposal (CCS contribution)	Energy from waste (tonnes)	6.70	0.1
	Landfill (tonnes)		1.20	0.5	-
	Recycling (tonnes)		13.24	0.3	-
	Water (CCS contribution)	Water supply (m3)	1,440.53	0.2	3,102.00**
		Water treatment (m3)	1,440.53	0.4	
	Downstream transportation and distribution	(miles)	0.00	0	0.00
	Total scope 3				99

*Business travel does not include GCO deployed staff as their travel is booked via Cabinet Office

**Water expenditure excludes Birmingham and Liverpool as the data is currently unavailable

Scope 1 - direct emissions from owned or controlled sources

Scope 2 - indirect emissions from the purchase and use of electricity, steam, heating and cooling

Scope 3 - all other indirect emissions that occur in the upstream and downstream activities of an organisation

Further reporting areas

Sustainable Construction

During 2022/23 CCS completed the refurbishment programme at our Newport, Norwich and Liverpool offices in collaboration with the GPA. Although environmental assessment methods such as Building Research Establishment Environmental Assessment Method (BREEAM) were not used for the project, architectural specification did include the following clauses/items in relation to sustainability:

- for office acoustics, a particular manufacturer was specified as they have a sustainability strategy that aligns with the UN's Sustainable Development Goals
- a specific manufacturer was requested for the kitchen installations, as this company has adopted sustainable practices in relation to material sourcing, manufacturing and their distribution fleet that has allowed them to achieve carbon neutrality in their factories in the UK and reach zero waste to landfill in their production operations
- a specific brand of durable paints were requested as they can withstand repeated cleaning thus reducing maintenance cycles and the amount of re-decoration undertaken during the lifetime of the building. This brand also offers a recycling scheme for empty cans
- the supply chain was encouraged to deliver materials to site without packaging
- older furniture surplus to requirements was donated to local charities, businesses, schools and other government departments
- where new furniture was procured, recyclable materials were requested where appropriate



Simon Tse CBE
Chief Executive and
Accounting Officer
07 July 2023



Accountability report

Corporate governance report

This Accountability report includes the:

- Corporate governance report
- Remuneration and staff report
- Parliamentary accountability and audit report

The purpose of the 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 financial year.

The remuneration and staff 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. It also provides details on CCS's staff numbers, composition, costs and other staff-related matters.

The Parliamentary Accountability and Audit Report brings together the key parliamentary accountability documents within the Annual Report and Accounts.

Directors' report

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 holders of both roles during the financial year were:

- The Rt Hon Steve Barclay MP (Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office) from 1 April to 7 July 2022
- The Rt Hon Kit Malthouse MP (Chancellor of the Duchy of Lancaster) from 7 July to 6 September 2022
- The Rt Hon Nadhim Zahawi MP (Chancellor of the Duchy of Lancaster) from 6 September to 25 October 2022
- The Rt Hon Oliver Dowden CBE MP (Chancellor of the Duchy of Lancaster and Secretary of State) from 25 October 2022 to date
- Rt Hon Michael Ellis KC MP (Minister for the Cabinet Office) from 1 April to 6 September 2022
- Rt Hon Edward Argar MP (Paymaster General and Minister for the Cabinet Office) from 6 September to 14 October 2022
- Rt Hon Chris Philp MP (Paymaster General and Minister for the Cabinet Office) from 14 to 25 October 2022
- Rt Hon Jeremy Quin MP (Paymaster General and Minister for the Cabinet Office) from 25 October 2022 to date
- The sponsor of CCS is the Government Chief Commercial Officer, Gareth Rhys Williams

The governance 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 CBE was Chief Executive and Accounting Officer for the Trading Fund for the period 1 April 2022 to 31 March 2023.

After eight years of service as a Non-Executive Director, David Wakefield stepped down from the CCS Board in November 2022. Steve Weiner was appointed as a new Non-Executive Director from September 2022 and became Chair of the Audit and Risk Assurance Committee from November 2022. Sara Halton was also appointed as a new Non-Executive Director from September 2022.

The attendance list is provided on page 44 and the remuneration of all Board members during the year is shown on page 53 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.

No SCS employed by CCS has declared any paid or otherwise remunerated work, employment or appointment that falls under the Civil Service declaration and management of outside interests. Guidance can be found at <https://www.gov.uk/government/publications/declaration-and-management-of-outside-interests-in-the-civil-service>

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 and Chair of the Dovehouse Residents Association
- Dr M Gazzard (Non-Executive Director) is Group Executive Director, Regulatory Services at the 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 Halton is a Non-Executive Director and shareholder in Robinson PLC and is also a Non-Executive Director at Roys (Wroxham) Ltd
- S McCrystal has no interests to declare
- G Rhys Williams (Non-Executive Director) is the Government Chief Commercial Officer and an employee of the Cabinet Office, and is a Member of the FRC Advisory Panel and a Trustee of the Chartered Management Institute
- D Wakefield (Non-Executive Director) is the Chair of the University Hospitals of North Midlands NHS Trust. During 2022/23, the Trust procured goods and services through CCS frameworks. D Wakefield was not involved in these transactions
- S Weiner (Non-Executive Director) holds Non-Executive Director roles at Mediclinic International, Guy's and St Thomas' NHS Foundation Trust, King's College Hospital NHS Foundation Trust and King's College London. During 2022/23, King's College London procured goods and services through CCS frameworks. S Weiner was not involved in these transactions
- S Tse CBE (Chief Executive Officer) is the Chair of Mumbles Community Association and a Governor at Gower College, Swansea. The College has the opportunity to transact with CCS through commercial agreements. S Tse has not been involved in any transactions. 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
- P Coombs (Director of Finance, Planning and Performance) is an independent external member of the Bristol Zoological Society Finance, Risk and Audit 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 2022/23. 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 judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis; and
- 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 operational governance self-assessment returns from each executive director and other sources including compliance with government functional standards. 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 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 23.

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 by the CCS Board in November 2022 and subsequently agreed by the Cabinet Office to reflect the new guidance and templates published by HM Treasury in March 2022.

The 2022/23 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 £2 million prior to approval by the Accounting Officer and other central government controls

During 2022/23, ongoing improvements were made to the management information and performance reporting data provided to the Board. New financial and commercial benefits dashboards were developed and introduced during the year to provide a more detailed view of financial performance and analysis of commercial benefits data. This provided the Board with additional information to review progress against strategic objectives, budgets and key programmes.

The annual effectiveness reviews of the Board and its sub-committees were deferred from autumn 2022 to summer 2023 to allow the new Non-Executive Directors to feed back after six months in the role. The Board agreed in May 2023 that it will appoint an external partner to undertake an independent effectiveness review to report its findings in autumn 2023.

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
		Note 1	Note 2			Note 3
T van Kralingen	Non-Executive Chair	7/8	N/A	N/A	3/3	N/A
M Gazzard	Non-Executive Director and Chair of the Customer Committee	6/8	3/4	3/3	2/3	N/A
S Halton	Non-Executive Director (from 9/2022)	5/5	3/3	2/2	2/2	N/A
S McCrystal	Non-Executive Director and Chair of the Technology Committee	7/8	4/4	N/A	2/3	6/6
G Rhys Williams	Non-Executive Director	5/8	N/A	2/3	1/3	N/A
D Wakefield	Non-Executive Director and Chair of the Audit Committee (until 11/2022)	6/6	2/2	N/A	2/2	3/4
S Weiner	Non-Executive Director and Chair of the Audit Committee (from 9/2022)	3/5	3/3	N/A	2/2	2/3
S Tse	Chief Executive	7/8	4/4	3/3	3/3	6/6
P Coombs	Director of Finance, Planning and Performance	8/8	4/4	N/A	N/A	6/6

Note 1 There were 6 full Board meetings during the year and 2 extraordinary meetings

Note 2 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

Note 3 Attendance by the Director of Finance, Planning and Performance at the Technology & Digital Transformation Committee was in an attendee not member capacity

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

Role and responsibilities of the 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.

The Committee met virtually on four occasions during the year and core membership comprised three Non-Executive Directors, increasing to four Non-Executive Directors from September 2022. Other regular attendees included the Chief Executive, Director of Finance, Planning and Performance, GIAA 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. The Terms of Reference were reviewed and agreed in December 2022.

Focus during 2022/23

The Committee agreed a programme of internal audit assurance reviews for 2022/23 and considered the outcomes of 6 assurance reviews and 4 advisory reviews. Over the year, the implementation of actions and recommendations by the executive team was monitored by the Committee and overall good progress was made on completion of actions to close any control weaknesses. The Committee accepted the Internal Audit overall opinion rating of Moderate assurance.

It also welcomed the progress made on the revised approach to recording and managing strategic risk with a greater focus on mitigating actions to address a dynamic set of causes. The Committee received regular reports on counter fraud, bribery and corruption measures, whistleblowing and the Health Assurance inspection programme of health sector suppliers on CCS frameworks.

The Chair of the Committee and Director of Finance, Planning and Performance attended the Cabinet Office Audit and Risk Committee in December 2022 to present an annual update report on CCS's strategic risks and approach to risk management.

Customer Committee

Role and responsibilities of the 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'. The Committee met three times in 2022/23. 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 Terms of Reference were updated and agreed in November 2022.

Focus during 2022/23

In July 2022, the Committee reset the format of its meetings to focus more on strategic conversations to allow for constructive discussion and contribution towards CCS's ambition to be a customer focussed organisation and supporting the strategic priorities.

The Committee welcomed presentations from two departmental customers - Department for Levelling Up, Housing and Communities and Department for Education - which provided useful insight on CCS's services from a customer perspective and potential opportunities for collaboration and improvement.

The Committee also considered the progress of the customer experience directorate to support CCS's plans for growth and welcomed the ongoing development of the data pack and received regular updates on performance against commercial benefits targets for core departments, arm's length bodies and the wider public sector. A number of key projects and initiatives were discussed throughout the year including the Market Segmentation strategy, Partnerships Strategy and Brand Strategy. The Committee also had responsibility for scrutinising the mitigations against three of CCS's strategic risks - Customer, Product and Service.

The Committee considered proposals for customer satisfaction measurement enhancements and endorsed a business case to establish a new measurement regime and reporting solution from 2023/24.

Technology and Digital Transformation Committee

Role and responsibilities of the 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 2022/23. Core membership comprised two Non-Executive Directors and other regular attendees included the Chief Executive, the Chief Digital and Information Officer and Chief Commercial Officer.

Focus during 2022/23

The Committee's focus during the period has been the delivery of the portfolio of digital solutions and future digital strategy and primarily the launch of the new Contracts Award Service. It fully recognised the ongoing challenges faced by the organisation through this period, particularly the 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 throughout the year and now consists of two work streams: the Public Procurement Gateway and Buyer and Supplier Information. PPG will provide a single sign-on service which supports the government's goal to speed up and simplify procurement processes for CCS's customers and suppliers. B&SI will provide a database of supplier/buyer standing information. The Committee received regular updates on the project's progress to gain assurance on risk management and delivery.

The Committee welcomed the ongoing development of 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, cyber security, resource management and project delivery.

Towards the end of the year, the Committee considered options for transforming the Digital and Data Services target operating model under the Foundations for Change programme. Oversight of the implementation of this programme will be a priority over the coming year to ensure DDS's digital capacity and capability can fully support CCS's growth ambitions and digital journey.

Senior Appointments and People Committee

Role and responsibilities of the Committee

The Senior Appointments and People Committee met three times in 2022/23 and its role is to review the performance, succession planning, talent management and development of senior leadership roles within CCS.

Focus during 2022/23

The Committee reviewed the People dashboard and performance against key indicators including headcount, absence, turnover, reward, and learning and development. It also reviewed the People Capability strategic risk and considered the effectiveness of mitigating actions.

The Committee considered proposals for organisational design changes under the Foundations for Change programme and changes to the Executive Board and appointment of a new Chief Commercial Officer. End of year performance management, talent and succession plans for the SCS cadre were also considered and the Committee welcomed the renewed focus on succession planning and talent management through a new Executive Board talent forum.

Executive Board

The Executive Board was led by the Chief Executive and included executive directors from all the key areas of the organisation. 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.

During 2022/23 a review of internal governance at executive level was undertaken as part of the Foundations for Change programme. Recommendations included establishing a centralised secretariat team, introducing an enhanced scheme of functional delegation, introducing formal Executive Board sub-committees and streamlining the existing committees and groups below Executive Board level. The new arrangements were introduced in early 2023/24.

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 risk 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 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 organisation through the provision of objective assurance to 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 2022/23 was developed with reference to CCS's corporate objectives and risks, and was reviewed, discussed and subsequently approved by the Audit and Risk Assurance Committee in March 2022. During the year, a total of 10 internal audit assurance and consultancy reviews were completed covering business activities across CCS, including governance, data governance, succession planning, cyber vulnerabilities and business planning. 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 framework of governance, risk management and internal control 2022/23 was confirmed as 'Moderate'. The opinion reflected that during 2022/23 CCS has been operating through a significant period of change, including its governance structure. The 2022/23 audit work focussed on the higher risk and challenging areas of CCS business.

Whilst this is the same level of assurance on the adequacy and effectiveness of governance, risk management and internal control that was issued to the Accounting Officer in each of the last four years, this is by no means an indication that CCS has remained static in its development. During the course of the year, we have seen improved processes and evolving ways of working across the organisation, such as the recently enhanced internal governance framework and review of operational procedures.

The challenge for next year needs to be ensuring that planned changes through the Foundations for Change workstreams, to improve business capability, are managed and implemented effectively. This is together with embedding the newly strengthened internal governance arrangements into the organisation.

Risk Management

CCS continues to operate a robust and comprehensive approach to Risk and Issue Management, which is managed by the Planning, Performance and Risk 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.

Operational risks and issues are also recorded and tracked through a network of more than 40 Risk Champions (coordinated by the Head of Risk Management) 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 Head of Risk Management).

The Risk Assurance Group, chaired by the Head of Risk Management, reviewed progress on a monthly basis. RAG 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.

During 2022/23, 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.

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 principles of HM Treasury's Orange Book.

Management assurance

Operational Governance Self-Assessments

Executive Directors have completed 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 Accounting Officer and the CCS Audit and Risk Assurance Committee.

The 2022/23 OGSA exercise confirmed largely positive assessments in the areas of Leadership, Structure, Policies & Procedures, Culture & Capability, Financial Management, Safety & Security and Risk Management. There are areas for improvement within specific parts of the business relating to Leadership, Structure Policies & Procedures and Culture & Capability. Initiatives are being taken forward throughout the organisation and through the Foundations for Change programme. This is focussed on improving organisational efficiency and effectiveness through an improved operating model to enable the organisation to achieve more value for our customers with a reduced level of resource.

Government functional standards

An assessment against functional standards was also carried out and reviewed by the Accounting Officer as part of the OGSA process. The assessment identified scope to improve the extent to which we are using some of the functional standards to identify and proactively drive improvements - especially where those standards are new and/or where central requirements are as yet undefined. A plan is in place to be fully compliant with the application and assessment of capability against all those functional standards that apply to the organisation by March 2024.

Data governance

In March 2021, GIAA undertook a review of data governance at CCS. GIAA concluded that whilst CCS had some 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.

A GIAA follow up review in the first quarter of 2023 concluded that CCS had made good progress in data governance and particularly in knowledge and information management. CCS will continue to make progress in all areas of compliance and improvement, particularly in key areas of governance (for example, CO MOU and new governance groups), policy implementation, operating procedures, CCS records management capability, awareness and training, information asset registers and retention schedules.

It is expected that GIAA will undertake its next review of progress in December 2023.

Security and data protection

CCS seeks to comply with the HMG Security Policy Framework, together with the Government Functional Standard GovS 007: Security. In addition, CCS adheres to Cabinet Office guidance on risk management, including data security guidance. The 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 2022/23, there have been no material breaches and no incidents reportable to the Information Commissioner's Office.

Fraud, Bribery and Whistleblowing

CCS complies with all requirements outlined in the Government Functional Standard for the management of Counter Fraud, Bribery and Corruption activity (GovS 013), 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.

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. It continues to manage fraud risks at both a local and corporate level. In addition, CCS has monitored agreed 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 and voluntarily participated in the National Fraud Initiative data matching exercise.

CCS's compliance with GovS 013 is reported to and monitored by the Audit and Risk Assurance Committee on a regular basis and included reference to 11 allegations received, 10 of which have been progressed and fully concluded in 2022/23.

Three whistleblowing cases were received under the terms of the whistleblowing policy during 2022/23. All cases were fully investigated under the appropriate procedures. The outcome of two cases found that there was no case to answer. The outcome of the third case found that the matter should be dealt with internally and concluded in May 2023.

Other

Ministerial directions

There have been no ministerial directions given.

Official and Parliamentary correspondence

During 2022/23, CCS received 111 Freedom of Information (FOI) requests and 5 Subject Access Requests (SAR) under the Data Protection Act. Additionally, we answered 23 Parliamentary Questions and 18 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 2022/23.

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 that were assessed as 'top' against performance objectives for 2021/22, they received a non consolidated award. This payment was made in November 2022. A consolidated base pay award of 2% was awarded across the board of eligible employees. SCS pay band minimums for SCS 1, 2 and 3 were increased from 1/4/2022. There were no increases to pay band maximums.

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 2022/23 (Audited)

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

	To 31 March 2023					To 31 March 2022				
	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	Note 2	Note 3	Note 4						
	£000	£000		£000	£000	£000	£000			£000
T van Kralingen	15-20	-	-	-	15-20	15-20	-	-	-	15-20
Non-Executive Chair										
M Gazzard	10-15	-	-	-	10-15	5-10	-	-	-	5-10
Non-Executive Director										
Full Year equivalent	-	-	-	-	-	10-15	-	-	-	10-15
G Rhys Williams (Note 5)	-	-	-	-	-	-	-	-	-	-
Non-Executive Director										
D Wakefield (Note 9)	5-10	-	-	-	5-10	10-15	-	-	-	10-15
Non-Executive Director										
Full Year equivalent	10-15	-	-	-	10-15					-
S McCrystal	10-15	-	-	-	10-15	10-15	-	-	-	10-15
Non-Executive Director										
S Weiner (Note 6)	5-10	-	-	-	5-10	-	-	-	-	-
Non-Executive Director										
Full Year equivalent	10-15	-	-	-	10-15	-	-	-	-	-
S Halton (Note 7)	5-10	-	-	-	5-10	-	-	-	-	-
Non-Executive Director										
Full Year equivalent	10-15	-	-	-	10-15	-	-	-	-	-
S Tse (Note 8)	155-160	10-15	-	61	225-230	150-155	5-10	-	59	220-225
Chief Executive										
P Coombs	130-135	5-10	-	25	165-170	130-135	5-10	-	60	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 2022/23, which relates to performance for 2021/22. 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

Note 5 No remuneration was paid to G Rhys Williams as he is an employee of the Cabinet Office

Note 6 S Weiner in post 12/09/2022 to 31/03/2023

Note 7 S Halton in post 12/09/2022 to 31/03/2023

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

Note 9 D Wakefield in post 01 April 2022 to 30 November 2022

Senior management pension entitlements FY 2022/23 (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 2023	Real increase in annual pension and lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022 (or date of board appointment)	Real increase in CETV
		Note 1		Note 2	
	£000	£000	£000	£000	£000
S Tse	60-65	2.5-5	1016	914	42
Chief Executive					
P Coombs	35-40	0-2.5	639	563	7
Director of Finance, Planning and Performance					

Note 1 Chief Commercial Officer is not included in the above as not a member of the Board

Note 2 The 31 March 2022 figure for P Coombs is slightly different to the published figure in last year's accounts (£578k). This happens when there is no or a small pay rise and therefore the increase in pension may not be sufficient to offset the inflationary increase. So, in real terms, the pension value can reduce

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. The PCSPS has four sections: 3 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 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, 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

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

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

The real increase in the value of the 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 2022/23.

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 53.

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
2022/2023	5.27:1	4.15:1	2.73:1

The banded remuneration of the highest paid Board Member Executive Director in the financial year 2022/23 was £170,000 to £175,000 (2021/22: £160,000 to £165,000).

This was:

- 5.27 times (2021/22: 5.17) the 25th percentile remuneration of the workforce, which was £32,730, (2021/22: £31,405). Salary component, £32,247 (2021/22: £30,941)
- 4.15 times (2021/22: 4.04) the median remuneration of the workforce, which was £41,615 (2021/22: £40,237). Salary component £40,813 (2021/22: £39,642)
- 2.73 times (2021/22: 2.59) the 75th percentile remuneration of the workforce, which was £63,157. (2021/22: £62,720). Salary component £60,000 (2021/22: £60,000)

Total remuneration ranged from £19,435 to £209,661 (2021/22: £19,298 to £217,169). 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 2022/23 is derived from the annualised payments of all staff made in March 2023, including staff paid by the GCO, interim and fixed term appointments. Part time employees' payments are adjusted to a full time basis.

In 2022/23, 6 staff members received an annualised salary in excess of the highest paid Board Member Executive Director. Of these, 4 were GCO deployed staff members. The remaining 2 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 14 of these workers during 2021/22.

The average percentage changes since 2021/22 are outlined below:

- highest paid director salary: 3%
- highest paid director bonus: 59%
- CCS employees salary taken as a whole, -1% (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, +2% (excluding highest paid director, bonus payment consistent with the two year pay award)

Staff report

Staff numbers and composition

There has been an overall decrease in the SCS combined CCS and GCO headcount. We have had 5 SCS leavers in this period and 1 employee who was included in last year's figures but is no longer an SCS.

Senior Civil Service staff by salary band:

Salary band	CCS SCS within band as at 31 March 2023		GCO Deployed SCS within band as at 31 March 2023		Total CCS and GCO Deployed SCS within band as at 31 March 2023		Total CCS and GCO Deployed SCS within band as at 31 March 2022	
Note 1			Note 2		Note 3			
£000	Number	%	Number	%	Number	%	Number	%
60-70	3	14.29%	0	0.00%	3	6.67%	7	13.73%
71-80	9	42.86%	3	12.50%	12	26.67%	16	31.37%
81-90	1	4.76%	4	16.67%	5	11.11%	2	3.92%
91-100	3	14.29%	4	16.67%	7	15.56%	7	13.73%
101-110	0	0.00%	2	8.33%	2	4.44%	3	5.88%
111-120	3	14.29%	0	0.00%	3	6.67%	4	7.84%
121-130	0	0.00%	4	16.67%	4	8.89%	3	5.88%
131-140	1	4.76%	0	0.00%	1	2.22%	1	1.96%
141-150	0	0.00%	1	4.17%	1	2.22%	3	5.88%
151-160	1	4.76%	1	4.17%	2	4.44%	3	5.88%
161-170	0	0.00%	2	8.33%	2	4.44%	0	0.00%
171-180	0	0.00%	0	0.00%	0	0.00%	1	1.96%
181-190	0	0.00%	3	12.50%	3	6.67%	1	1.96%
191-200	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	21	100.00%	24	100.00%	45	100.00%	51	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

Staff numbers and costs (Audited)

The following information also provides details of staff deployed from GCO. CCS currently has 4 people on internal development opportunities within GCO but these individuals are included in CCS headcount and FTE figures.

CCS currently has 7 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		
	2022/23	2021/22
Salaried staff	782	786
GCO deployed staff	172	157
Agency and contract staff	47	54
Total	<u>1001</u>	<u>997</u>

Note 1 Figures above exclude Fast Streamers and loans out

Apprentices, internships and work experience students (not audited)

CCS is proud to report that 42 of its employees (5.4% of CCS employees), are undertaking an apprenticeship programme in a wide range of areas and levels; for example, Level 4 Commercial Procurement and Supply, Level 6 Digital and Technology Solutions, Level 3 Business Administrator and Level 4 Cyber Security. This demonstrates CCS’s ongoing 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 perhaps never have had the opportunity to pursue if it wasn’t for an apprenticeship.

In addition, during the period 1 April 2022 - 31 March 2023, 16 CCS apprentices have successfully completed their apprenticeship programmes.

As in previous years, 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 2022 CCS was delighted to welcome a total of 8 interns on these programmes, a 50% increase compared to 2021.

- Summer Diversity Internship Programme (SDIP): This two-month long, multi-award winning programme, gives work experience opportunities in the Civil Services to penultimate and final year undergraduates from under-represented groups: ethnic minority, lower socio-economic, and people with disabilities.
- Autism Exchange Internship Programme (AEIP): This 3 week programme provides support to young people (up to degree level) who are on the autism spectrum. Through this programme, they are given the opportunity to experience work and develop employability and personal skills within the Civil Service.

CCS is also proud to have hosted 3 new work experience placement students from the University of East Anglia and Liverpool John Moores University. These placements have allowed students who are undertaking a degree course to experience a role which is relevant to their studies whilst at the same time providing them with the opportunity to develop personally.

Turnover (not audited)

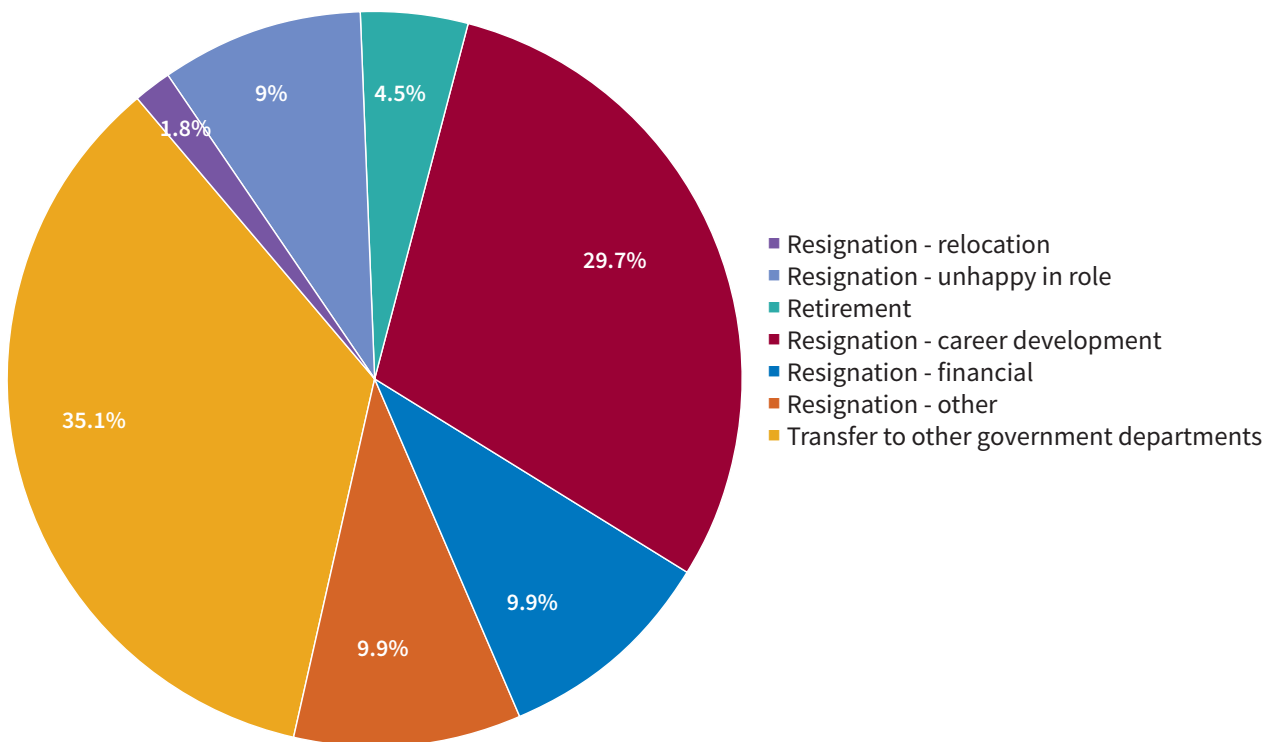
The rolling 12 month staff turnover rates over the last five years are:

2019	2020	2021	2022	2023
10.09%	9.88%	5.40%	10.40%	13.10%

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

CCS’s turnover reporting has captured and included those employees who have transferred to another government department. The 13.10% reported on 31 March 2023 reflects voluntary leavers, 4 of these were SCS grade. Transfers to other departments represent 35% of all leavers. In terms of length of service 8% of all leavers have more than 10 years of service.

Reasons for leaving as %



There have been a total of 111 exits from Crown Commercial Service. We have had 5 SCS leavers and 1 employee who was included in last year's figures but is no longer an SCS. 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

	2022/23			2021/22
	CCS	GCO	Total	Total
	£000	£000	£000	£000
Wages and salaries	32,786	-	32,786	32,571
Bonus	475	991	1,466	857
Social security	3,761	-	3,761	3,471
Superannuation (Note 1)	8,651	-	8,651	8,526
Voluntary early retirement	50	-	50	-
Apprentice levy	115	-	115	151
GCO staff costs (Note2)	-	16,159	16,159	14,402
Agency and contract staff costs	<u>4,716</u>	-	<u>4,716</u>	<u>4,176</u>
Total	<u>50,554</u>	<u>17,150</u>	<u>67,704</u>	<u>64,154</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 54

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	4	66.67%	2	33.33%	6	100%
SCS (CCS)	16	80.00%	4	20.00%	20	100%
Staff (CCS)	365	45.91%	430	54.09%	795	100%
SCS (GCO deployed)	15	65.22%	8	34.78%	23	100%
Staff (GCO deployed)	65	43.62%	84	56.38%	149	100%

Note 1 This table shows the gender composition for each category of staffing group as at 31 March 2023. 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
2018/19	6.75	6.9
2019/20	7.08	6.9
2020/21	3.87	7.4
2021/22	6.34	6.1
2022/23	5.83	7.9

The number of working days lost due to sickness was 4,388. The average number of days lost per employee in the 2022/23 reporting period was 5.83 (based on an average headcount of 812.5 - excludes contingent workers as we do not record their absence). This compares to 6.34 average days lost in 2021/22 and an average of 7.9 days lost across the Civil Service as a whole.

Sickness absence figures have decreased in comparison to 2021/22 where the number of working days lost was 5,130. This may be due to flexibility around working patterns and smarter working, with employees working from home reporting fewer instances of sickness absence. The reduction may also be attributable to the reduction in Covid-19 sickness absences, as in 2021/22 there were 175 employees impacted by Covid-19 as opposed to 77 in 2022/23.

The majority of working days lost were due to stress/anxiety and depression/psychological. This trend is in line with the latest Civil Service sickness absence data (2021/22) which reported that mental ill-health is the leading cause of sickness absence across the whole of the Civil Service.

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 regular 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 was 'Fair'. One breach was found in relation to record keeping due to mixed methodology in candidate assessment scoring, which has now been rectified through the implementation of a new scoring approach consistent with the wider Civil Service, which was introduced in April 2022. We have received no recruitment complaints.

New recruits to CCS in 2022/23 are shown in the following table, showing gender breakdown for CCS and GCO:

CCS - New hires				GCO - New hires				Total
Band	Male	Female	Total	Band	Male	Female	Total	
Band 1	1	4	5	Band 1	0	0	0	5
Band 2	4	4	8	Band 2	0	0	0	8
Band 3	4	14	18	Band 3	0	0	0	18
Band 4	6	6	12	Band 4	0	0	0	12
Band 5	1	0	1	Band 5	3	3	6	7
Band 6	0	1	1	Band 6	1	2	3	4
SCS 1	0	0	0	SCS 1	0	0	0	0
SCS 2	0	0	0	SCS 2	1	0	1	1
Total	16	29	45	Total	5	5	10	55

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 2022/23 work has started to embed our People Strategy aligned to the Capability objective set out in the Business Plan. The People Strategy prioritises recruitment, retention, inclusion & diversity, wellbeing, learning & development, reward & recognition for all employees. The key areas specific to policy have and will continue to focus on eradicating bullying and harassment, managing performance for growth and success, building case management capability and developing our Employee Value Proposition to empower our people to foster and embrace diversity and individuality. The objective for our policies is to embed managerial ownership and ensure our workplace is one that makes everyone, regardless of who they are or what they do, feel equally involved and supported in all areas of our business. There will be ongoing review of our policies and processes to ensure they remain fit for purpose to deliver the CCS People Strategy.

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:

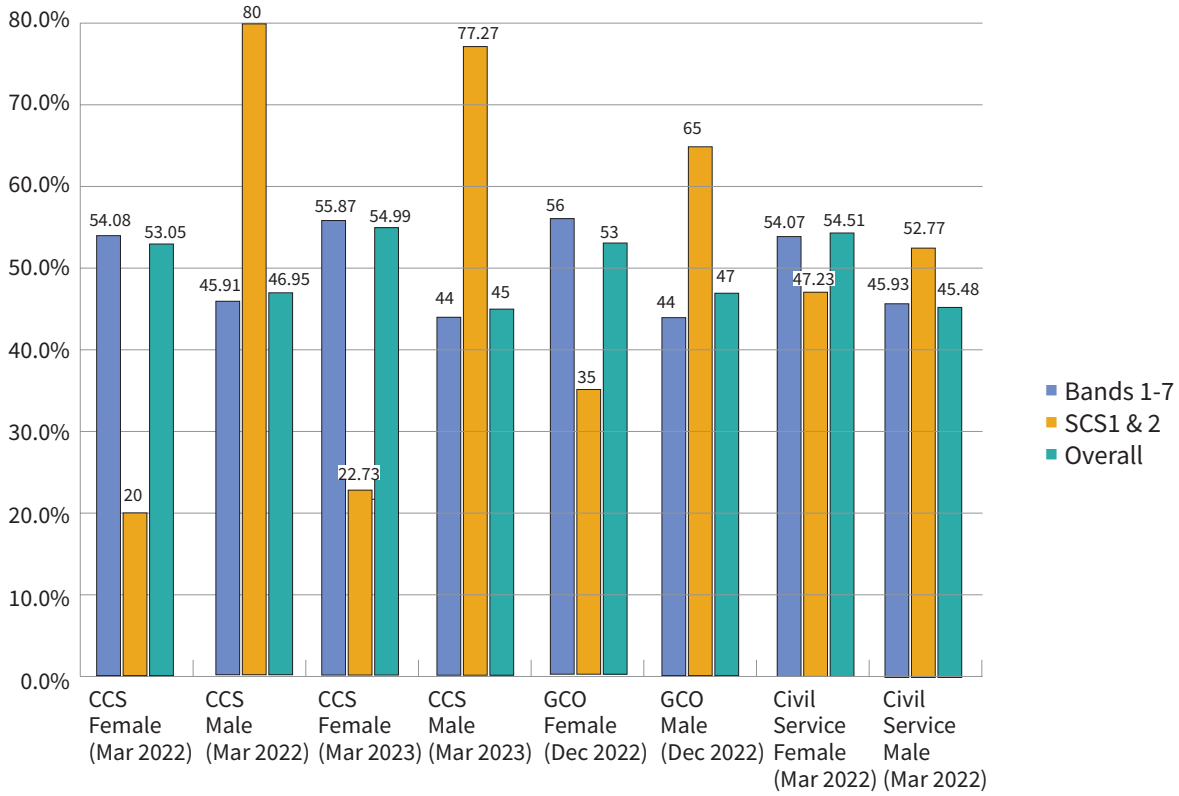
- **representation:** ensuring that CCS's workforce is representative of the diversity of modern British society
- **inclusion:** refers to the behaviours and social norms that ensure people feel that they belong
- **networks:** our formal staff networks which are set up internally to represent groups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

Our achievements over the past 12 months include:

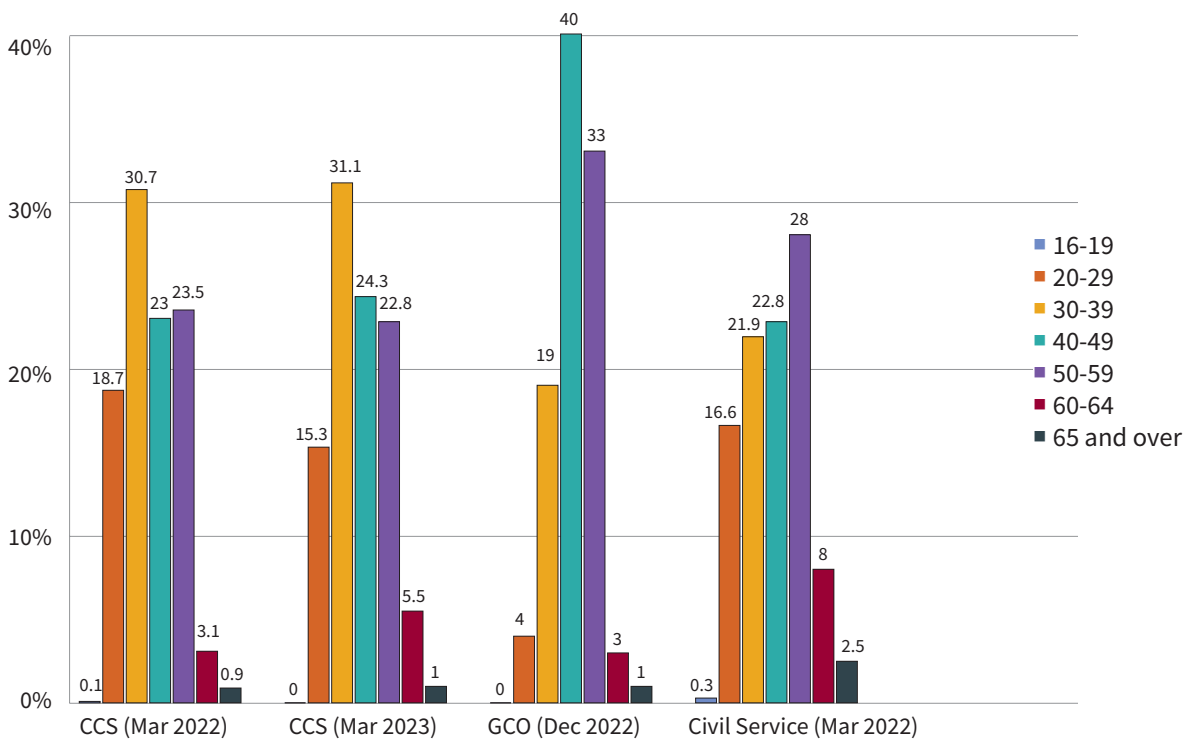
- the launch of our eighth staff network (Uniformed Services) and the growth of the existing seven networks
- continued collaboration with our I&D steering group and Executive Board sponsor assigned to each network
- automated development of an I&D dashboard with enhanced data set to inform decision making
- delivered a comprehensive I&D communications plan
- third consecutive year of the reverse mentoring programme, delivering two cohorts
- published our 2022 gender pay gap report, overall progress has been made and our median and mean pay gap remains significantly lower than the Civil Service averages
- published our second ethnicity pay gap report
- our inclusion and fair treatment score in the People Survey was 85% (2021/22: 87%)
- achieved a gold award in the Mind Workplace Index ranked 28 out of 119 organisations
- welcomed our second diversity interns from the Summer Diversity Internship Programme and the Autism Internship Programme, both with success, and secured funding for the year ahead
- became members of Inclusive Companies, which provides a wealth of inclusive learning materials for all colleagues and job adverts on inclusivejobs.co.uk
- organised an event to mark National Inclusion Week, bringing colleagues across the organisation together in person to collaborate on inclusion and diversity
- delivered a training session on the power of staff networks for network chairs to mark zero discrimination day
- created a learning library of learning resources to cover all protected characteristics and other inclusive topics
- created the first of a bi-annual I&D newsletter
- conducted a mid point review of our 5 year I&D Strategy (2020 to 2025) and updated our action plan
- introduction of the I&D calendar which colleagues can subscribe to
- gained a top 50 place in the Inclusive Companies top 50 employers list
- entered the Social Mobility Index for the first time in 2022

Our representation rates for CCS colleagues, compared to the wider Civil Service averages, as at 31 March 2023 are shown over leaf. 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.

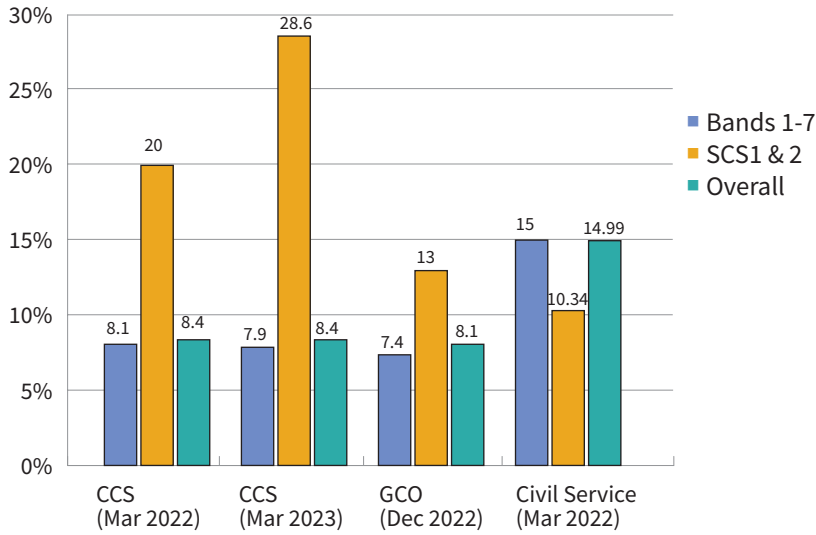
Gender in CCS and GCO



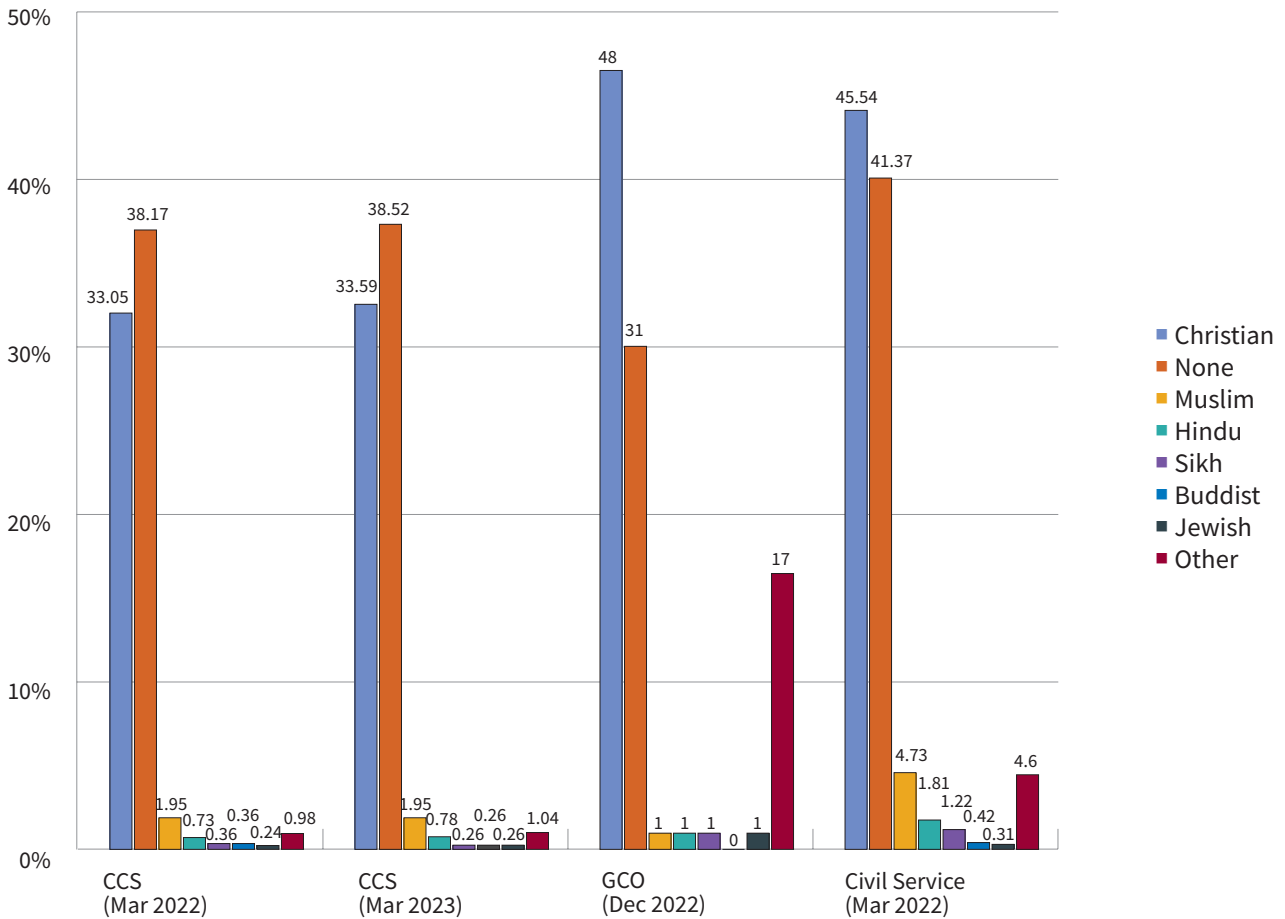
Age in CCS (100% declaration rate)



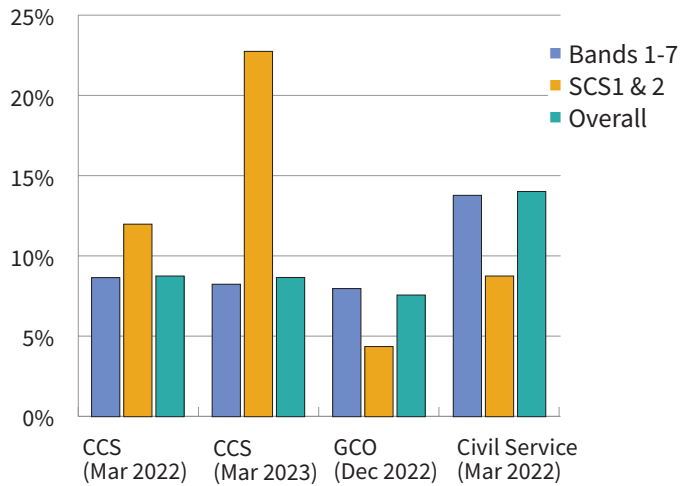
Ethnic Minorities in CCS - 87% declaration rate (up 3% in last 12 months)



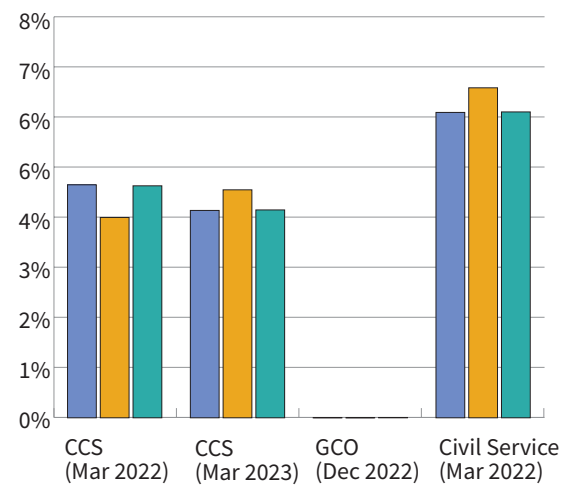
Religion and belief in CCS - declaration rate 80.7% (up 3.2% in last 12 months)



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 sixth CCS Gender Pay Gap report in March 2023. 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 2022, as well as annual payments and bonuses which were paid between 1 April 2021 and 31 March 2022. It is important to note here that the 2019/20 pay award for CCS Bands 1-7 was paid in July 2021 and the 2020/21 pay award for CCS Bands 1-7 was paid in December 2021. Both pay awards are therefore included in the report.

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, specifically at Band 6 where women now represent 57% of these roles, compared to 52% in 2021.

	2018	2019	2020	2021	2022
Median pay gap	12.49%	6.46%	1.73%	0%	1.63%
Mean pay gap	12.75%	9.47%	7.58%	3.63%	3.87%

Drivers of the reduction of the pay gap were:

- seniority –whilst there are more females at Band 5-6, there is still less representation at SCS1 and SCS2
- this report factors in the two year pay deal whereas there was no pay award reflected in last year’s report, other than SCS. This still reflects a positive outcome when compared to the 2020 report
- there has been an increase in females at the lower bands

We are continuing to invest in long-term programmes such as talent and leadership schemes, as well as focusing on our Employee Value Proposition to retain and invest in our diverse talent. Whilst progress has been made in representation at more senior levels, we appreciate that there is still more work to be done.

Ethnicity pay gap

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

Our representation of ethnic minority colleagues is reported at 9.8%. This is a 2.2% increase on last year's reported representation. For the first time, a median pay gap of 0% was reported in 2022. The mean gap has however increased to 8.94%.

	2021	2022
Median pay gap	2.2%	0%
Mean pay gap	5.48%	8.94%

Drivers of the pay gap were:

- seniority – representation of ethnic minority colleagues at senior grades, specifically at Band 6 and SCS2 level. Please note that we have GCO colleagues deployed within CCS but for the purpose of this report we do not include them
- a higher proportion of ethnic minority colleagues at the lowest grades, specifically at Band 1 level

Following the publication of our second 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
- offering work experience placements for people with disabilities
- promoting a disability confident culture by raising awareness of conditions and colleagues experiences along with the support available through internal communications
- providing colleagues with support, education and a voice through membership of our Able staff network

Our data shows that we have low rates of declaration in relation to disability at 50.13%, although this has increased from 46.97% over the past year. We have continued to raise awareness of updating declarations through our internal communications and directorate engagement activities, in order to increase our percentage completion rates. This also includes raising confidence with colleagues as to how this information will be used and how they will be supported.

Employee engagement

Year	Response rate (%)
2018	66%
2019	68%
2020	72%
2021	71%
2022	69%

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 69%.

Our EI score gives us an overall ranking of 2nd highest amongst organisations of a similar size and 15th highest among all participating organisations. Our 96% response rate to the survey was one of the highest across the Civil Service.

Our 69% response rate to the survey was 4% above the Civil Service Benchmark Score of 65%, making CCS a ‘High Performing Department’ for the third successive year. This is testament to the collective resilience of CCS in a year that has presented some challenges to prepare for significant change, for example public procurement reforms. Due to the efforts of all staff, CCS has continued to function well and our employees continue to feel engaged as part of our CCS family.

Although CCS outperformed the Civil Service benchmark across all key ‘indicators’ and ‘core themes’ of engagement, CCS has seen a reduction in positive responses across 9 key themes in 2022. However overall engagement has not fallen below our pre-pandemic EI score of 68% in 2019 and reports of bullying and harassment remain low.

Our people are what make this organisation and whilst we acknowledge the EI score has fallen 2% since 2021, we remain committed to acting on the results of the People Survey. We strive to improve further to ensure CCS is an even better place to work, an inclusive organisation where our people are motivated, inspired and well supported.

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
- continue to ensure all workplaces are safe and legally compliant supporting our smarter working initiative by undertaking and managing all relevant risk assessments
- maintain and develop systems and policies to ensure staff safety and promote health and safety compliance by moving towards an employee led H&S culture
- 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 2022/23 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 CCS Wellbeing strategy 2021-24 and action plan were launched in October 2021. We were proud to achieve a Gold Award in the Mind Wellbeing Index in 2022 and continue to work on an action plan to offer support and initiatives to our staff.

There are ongoing wellbeing initiatives such as 'The Big Team Challenge', financial wellbeing awareness sessions and check in and chats. This year we also launched a financial wellbeing toolkit and the Thrive app to support health and wellbeing of our colleagues. CCS continues to promote national awareness days including Time to Talk and Mental Health Awareness Week with the support of our Mental Health First Aid Representatives. We are proud that approximately 20% of our colleagues are fully qualified Mental Health First Aiders.

The People Survey for 2022 showed the following results in the wellbeing space:

- 76% reported that their overall mental health was excellent, very good or good. This has reduced by 4% when compared with the 2021 result. The Civil Service average is 71%
- 75% reported that their overall physical health was excellent, very good or good. This has reduced by 2% when compared with the 2021 result. The Civil Service average is 73%
- 84% felt that the people within their team genuinely care about their wellbeing. This has increased by 1% since last year

Since the reopening of our offices after the pandemic, 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 continues 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

	2022/23	2021/22
Consultancy spend	£2,087,749	£1,516,455
Contingent labour spend	£4,715,919	£4,175,488

The figure for Consultancy of £2,087,749 is represented in the Financial Statements as £762,506 as per Note 5.1, and a proportion of Note 5.2 of £1,325,243.

Consultancy costs have increased by 38% since 2021/22 and contingent labour costs have increased by 13%. The increased consultancy expenditure is driven by two main factors - expenditure on a Digital Strategy Review and an increase in this category of expenditure in the investment pot/projects i.e. the blend of change initiatives/projects undertaken last year. In addition there was an increased dependency on agency staff for the Commercial Finance and Investment 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 2023, earning £245 per day or greater:

The total number of existing engagements as of 31 March 2023	42
Of which, number that existed:	
for less than one year	21
for between one and two years	19
for between two and three years	1
for between three and four years	1
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 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 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 2023, earning £245 per day or greater.

Number of temporary off-payroll workers engaged during the year ended 31 March 2023	93
Of which...	
Not subject to off-payroll legislation	87
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 2022 and 31 March 2023:

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	7 on payroll 0 off-payroll

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

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.

	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
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	-	-	1	-	1	-
£50,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,000 +	-	-	-	-	-	-
Total number of packages by type	-	-	-	-	-	-
Total cost £	0	0	50,000	0	50,000	0

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

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. 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.

In ensuring we use surpluses generated for the benefit of the public purse, we are continuing to develop plans for investment covering:

1. Initiatives that prioritise building the public sector's commercial and digital capabilities
2. Further development of digital tools to make it easier to conduct compliant and effective public procurement through our commercial agreements
3. Investing further in assuring the compliance and resilience of suppliers and supply chains accessed through our 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 89, 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 CBE
Chief Executive and
Accounting Officer
07 July 2023

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 2023 under the Government Trading Funds Act 1973.

The financial statements comprise the Crown Commercial Service's

- Statement of Financial Position as at 31 March 2023;
- 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 adapted 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 2023 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 Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the 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 the 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.

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

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government 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 Reports.

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Crown Commercial Service from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; 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, I:

- considered 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.
- inquired 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 policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Crown Commercial Service's controls relating to the Crown Commercial Service compliance with the Government Trading Funds Act 1973, Statutory Instrument 2009/81 and Managing Public Money
- inquired of management, the Crown Commercial Service's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team 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 required to perform specific procedures to respond to the risk of management override.

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

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

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

I also communicated relevant identified laws and regulations and potential risks of fraud 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 expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
11 July 2023

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



Financial statements

Statement of comprehensive income for the year ended 31 March 2023

		2022/23		2021/22	
	Note	£000	£000	£000	£000
Income from external sales	2		176,795		171,017
Other operating income	3		833		911
Total income			177,628		171,928
Staff costs	4	(67,704)		(64,154)	
Depreciation of property, plant and equipment	7	(653)		(86)	
Amortisation of intangible assets	8	(668)		(256)	
Lease Depreciation	9	(975)		-	
Lease interest		(60)		-	
Other expenditure	5.1	(24,837)		(21,647)	
Total expenditure			(94,897)		(86,143)
Surplus before other operating costs			82,731		85,785
Other operating costs	5.2		(4,195)		(2,361)
Operating surplus			78,536		83,424
Finance income	6		2,780		90
Surplus for the financial year			81,316		83,514
Dividend payable to Cabinet Office			(36,000)		(15,000)
Retained surplus for the financial year			45,316		68,514
Other comprehensive income	18		52		61
Comprehensive income for the financial year			45,368		68,575

The Notes to the accounts on pages 85 to 101 form an integral part of these accounts.

Statement of financial position as at 31 March 2023

	Note	31 March 2023		31 March 2022	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	7		2,759		3,054
Intangible assets	8		18,304		11,511
Right of use assets	9		5,856		—
			26,919		14,565
Current assets					
Trade and other receivables	10	44,092		41,066	
Cash and cash equivalents	11	140,488		104,854	
		184,580		145,920	
Current liabilities					
Trade and other payables	12	(26,348)		(26,360)	
Employee benefit payable	13	(554)		(630)	
Lease liabilities due in less than one year	14	(930)		—	
		(27,832)		(26,990)	
Net current assets			<u>156,748</u>		<u>118,930</u>
Total assets less current liabilities			<u>183,667</u>		<u>133,495</u>
Non current liabilities					
Lease liabilities due in more than one year	14	(5,015)		-	
Provisions	15	(692)		(903)	
Total non current liabilities			<u>(5,707)</u>		<u>(903)</u>
Total assets less liabilities			<u>177,960</u>		<u>132,592</u>
Capital and reserves					
Public dividend capital	16		350		350
General reserve	17		177,460		132,144
Revaluation reserve	18		150		98
Total capital and reserves			<u>177,960</u>		<u>132,592</u>

The Notes to the accounts on pages 85 to 101 form an integral part of these accounts.



Simon Tse CBE
Chief Executive and
Accounting Officer
07 July 2023

Statement of cash flows for the year ended 31 March 2023

		2022/23		2021/22	
	Note	£000	£000	£000	£000
Net cash inflow from operating activities	19		78,219		81,165
Cash flows from investing activities					
Finance income		2,355		44	
Purchases of property plant and equipment		(1,589)		(1,852)	
Purchases of intangible assets		(2,186)		-	
Assets under construction		(3,992)		(8,327)	
Net cash outflow from investing activities			<u>(5,412)</u>		<u>(10,135)</u>
Net cash inflow before financing			72,807		71,030
Cash flows from financing activities					
Dividend paid		(36,000)		(15,000)	
Lease rental paid		(1,173)		-	
Net cash outflow from financing activities			<u>(37,173)</u>		<u>(15,000)</u>
Net increase in cash and cash equivalents			<u>35,634</u>		<u>56,030</u>
Cash and cash equivalents 1 April			<u>104,854</u>		<u>48,824</u>
Cash and cash equivalents 31 March			<u>140,488</u>		<u>104,854</u>

See Note 19 in the Notes to the accounts, in which operating surplus (as shown in the Statement of Comprehensive Income) is reconciled to net cash flows from operating activities.

The Notes to the accounts on pages 85 to 101 form an integral part of these accounts.

Statement of changes in taxpayers' equity as at 31 March 2023

	Public Dividend Capital	General Reserve	Revaluation Reserve	Total
	£000	£000	£000	£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>

Following the adoption of IFRS 16, CCS have initially recognised a right of use asset and lease liability on 1 April 2022. Both values are the same, therefore, there is no net impact on the general reserve.

	Public Dividend Capital	General Reserve	Revaluation Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2022	350	132,144	98	132,592
Comprehensive income for the financial year	—	45,316	52	45,368
Balance at 31 March 2023	<u>350</u>	<u>177,460</u>	<u>150</u>	<u>177,960</u>

The Notes to the accounts on pages 85 to 101 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 (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM 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

There is one new standard in issue but not yet in force for the year ended 31 March 2023 and it has not been applied in preparing these financial statements. The standard that may be adopted in subsequent periods is:

- 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 FReM. CCS does not expect the standard to apply and therefore it will not have a future financial impact.

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.

Income received in advance of services provided is deferred.

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. Where management information has been received and commercial agreement sales have been invoiced but not paid as at the year end, this is recognised as receivables and measured at supplier sales times the relevant contractual levy. Where current year management information has not been received by the year end this is recognised as accrued income. Accrued income is initially estimated based on previous management information returns and subsequently measured at supplier sales times the relevant contractual levy where the management information is received and the sale is invoiced prior to accounts production.

- 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.

Notes to the accounts *continued*

2. Other operating segments

- a) Managed services – income is recognised through invoices billed directly to customers for services received. Any uninvoyed 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 uninvoyed 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. See note 2.6 leases for the subsequent evaluation of right of use assets.

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
- right of use assets - over the life of the associated lease

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.

In accordance with IAS 38, 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.

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

In 2022/23, CCS has adopted IFRS 16, Leases, which replaces the previous standard IAS 17 and has material implications for the recognition, measurement and disclosure of leases. Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain substantively all the economic benefits from the asset and to direct its use. If so the relevant part of the contract is treated as a lease.

Initial recognition

At the IFRS 16 transition date of 1 April 2022, CCS recognises a right-of-use asset and a lease liability.

Each lease liability is measured at the payment for the remaining lease term discounted by the HM Treasury discount rate as its incremental borrowing rate. HM Treasury's PES paper states that the incremental borrowing rate (a nominal rate) for leases commencing in the 2022 calendar year is 0.95%.

Each right-of-use assets is measured at the value of the lease liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs in obtaining the lease; and any disposal costs at the end of the lease. The Treasury has withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. Hence CCS has only applied IFRS 16 to those contracts identified as a lease, or containing a lease under IAS 17.

Subsequent measurement

The right-of-use assets are measured using the cost model. (measurement by reference to the lease liabilities) as CCS consider that the cost model is a reasonable proxy for fair value for CCS's current leases. The value of the leases are adjusted for subsequent depreciation and impairment and for any reassessments and modifications of the lease liabilities. Where the amount of a reduction to an asset exceeds the carrying value of the asset, the excess amount will be recognised in expenditure.

The lease liabilities are adjusted for the accrual of interest, repayments, and any reassessments, and modifications. Reassessments and modifications are accounted for by discounting the revised cash flows: using a revised discount rate where CCS becomes or ceases to be reasonably certain to exercise or not exercise an extension or termination option, or the lease is modified to amend the non-cancellable period, change the term of the lease, change the consideration or the scope, or at the existing discount rate where there is a movement in an index or rate that will alter the cash flows.

Notes to the accounts *continued*

Lease expenditure

Expenditure includes lease interest, straight-line depreciation and any asset impairments and any changes in variable lease payments not included in the measurement of the liability.

Lease payments are debited against the liability. Rental payments for leases where the term is 12 months or less, or where the lease is classified as low-value, are expensed.

Transitional arrangement

CCS has adopted IFRS 16 using the cumulative catch-up method. As a result, comparatives will not be restated and the measurement of the asset and liability balances are recognised from 1 April 2022. Consequently, the Statement of Comprehensive Net Income and the Statement of Financial Position for 2021/22 reflect the requirements of IAS 17.

For leases previously recognised as Operating Leases, the right-to-use asset and associated liability were measured by calculating the present value of the remaining payments, discounted as set out above in 'Initial Recognition'.

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 and fixed asset additions. Income and expenditure are shown net of VAT.

1.9 Expenditure

Expenditure is recognised on an accruals basis to reflect when the service is performed/goods are received. Services performed/goods received but not paid by year end are recognised as trade payables (if invoice received) or accruals if not. When payments are made for services not performed/goods are not received by year end they are recorded as prepayments.

1.10 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:

Income accruals

Accrued income where known is based on customer invoiced data received and where not known is based on an average calculation of the previous 6 months invoiced data.

Total staff costs

An estimate has been calculated for the CCS 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.

Office dilapidations

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

Impairment

The annual impairment review identified no indications of impairments being required in the current year. In the prior year £3.5 million was 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.

1.11 Going concern

The directors continue to form 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

2022/23
31 March 2023

	Commercial Agreements	Other Operating Segments	Total
	£000	£000	£000
Statement of Comprehensive Income (SOCl)			
Gross income from external sales	181,498	245	181,743
Commission shares	(4,948)	—	(4,948)
Net income from external sales in SOCl	176,550	245	176,795
Other operating income	—	833	833
Total income	176,550	1,078	177,628
Operating costs	(94,142)	(755)	(94,897)
Surplus before other operating costs	82,408	323	82,731
Other operating costs	(2,796)	(1,399)	(4,195)
Operating surplus	79,612	(1,076)	78,536
Statement of financial position			
Non-current assets	26,919	-	26,919
Current assets	184,523	57	184,580
Total assets	211,442	57	211,499

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

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 2023 Commercial Agreements	31 March 2023 Other Services	31 March 2023 Other NHS FOM	31 March 2023 Other Services Total	31 March 2023 Overall Total
	£000	£000	£000	£000	£000
Contract assets					
Trade receivables	15,065	-	52	52	15,117
Accrued income	<u>23,853</u>	<u>607</u>	<u>48</u>	<u>655</u>	<u>24,508</u>
	<u>38,918</u>	<u>607</u>	<u>100</u>	<u>707</u>	<u>39,625</u>
Contract liabilities					
Accrued MoU	2,576	-	-	-	2,576
Workforce Health Alliance payable	2,552	-	-	-	2,552
Trade payables	520	-	-	-	520
Deferred income - Other	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>
	<u>5,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,985</u>

	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	<u>420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420</u>
	<u>7,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,961</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 based on customer invoice data received (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.

3 Other operating income

	2022/23	2021/22
Income	£000	£000
NHS FOM funding	614	653
EU transition support	219	191
Digital Marketplace asset transfer	—	67
Total	<u>833</u>	<u>911</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

	2022/23	2021/22
	£000	£000
Wages and salaries	32,836	32,571
Bonus	475	358
Social security	3,761	3,471
Superannuation (Note 1)	8,651	8,526
Apprenticeship levy	115	151
GCO staff costs (Note 2)	17,150	14,901
Agency and contract staff costs	4,716	4,176
SOCl total	<u>67,704</u>	<u>64,154</u>
SOFP capitalised staff costs	1,717	1,103
Total	<u>69,421</u>	<u>65,257</u>

Note 1: Superannuation costs relate to staff participation in the PCSPS and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 54

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 51

Notes to the accounts continued

5 Operating costs

5.1 Other expenditure

	2022/23	2021/22
Charges include:	£000	£000
Auditor's remuneration*	79	68
Accommodation - buildings and utilities	1,142	2,909
Accommodation - furniture and equipment	73	45
Travel and subsistence	939	204
Marketing	1,369	858
Training	1,180	832
Impairment**	-	3,481
Legal fees	1,193	884
Technology and telephony	15,024	8,612
Recruitment	195	946
Consultancy	763	681
Seminars, conferences and room hire	159	(17)
Security clearance and information assurance	268	66
Crown Hosting Services	352	398
GCO non pay costs	872	832
Internal audit fees	163	213
Other operating and external charges	<u>1,067</u>	<u>635</u>
Total	<u>24,837</u>	<u>21,647</u>

*The Comptroller and Auditor General is the auditor of CCS's accounts. The charge for the year is £78,500 (2021/22: £68,000). All of this cost is related to audit services.

**Following the annual impairment review of intangible assets, assets under construction were impaired in the prior year by £3.5 million.

5.2 Other operating costs

	2022/23	2021/22
	£000	£000
DDS Digital and Technology Portfolio	597	597
Digital capability	2,199	1,534
Customer, commercial and contract management capability	1,395	228
NHS FOM	<u>4</u>	<u>2</u>
Total	<u>4,195</u>	<u>2,361</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.

Digital capability contains a number of programmes to improve our digital solutions and to improve the customer experience.

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

6 Finance income

	2022/23	2021/22
	£000	£000
Interest earned on cash held with the Government Banking Service	2,780	90
Total	<u>2,780</u>	<u>90</u>

7 Property, plant and equipment

2022/23

	31 March 2023 Computer equipment	31 March 2023 Fixtures and fittings	31 March 2023 Asset under construction	31 March 2023 Total
Cost	£000	£000	£000	£000
At beginning of period	162	2,573	1,231	3,966
Additions in period	-	358	-	358
Asset under construction transfer	-	1,231	(1,231)	-
Disposals in period	(162)	(707)	-	(869)
At end of period	<u>-</u>	<u>3,455</u>	<u>-</u>	<u>3,455</u>
Depreciation				
At beginning of period	161	751	-	912
Amount provided in period charged to SOCI	1	652	-	653
Disposals in period	(162)	(707)	-	(869)
At end of period	<u>-</u>	<u>696</u>	<u>-</u>	<u>696</u>
Net book value at March 2023	<u>-</u>	<u>2,759</u>	<u>-</u>	<u>2,759</u>
Net book value at March 2022	<u>1</u>	<u>1,822</u>	<u>1,231</u>	<u>3,054</u>

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>

Asset under construction comprised refurbishment costs of the CCS offices.

Notes to the accounts continued

8 Intangible assets

2022/23

	31 March 2023 Software licences	31 March 2023 Asset under construction	31 March 2023 Total
Cost	£000	£000	£000
At beginning of period	1,913	10,479	12,392
Additions in period	119	7,290	7,409
Additions - asset under construction transfer	2,067	(2,067)	-
Revaluation	125	-	125
Impairment	-	-	-
Disposals in period	-	-	-
At end of period	<u>4,224</u>	<u>15,702</u>	<u>19,926</u>
Amortisation			
At beginning of period	881	-	881
Amount provided in period	668	-	668
Revaluation	73	-	73
Disposals in period	-	-	-
At end of period	<u>1,622</u>	<u>-</u>	<u>1,622</u>
Net book value at March 2023	<u>2,602</u>	<u>15,702</u>	<u>18,304</u>
Net book value at March 2022	<u>1,032</u>	<u>10,479</u>	<u>11,511</u>

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>

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

9 Right of use assets

	31 March 2023 Land and buildings £000	31 March 2023 Total £000
Cost		
1 April 2022	-	-
Additions in periods	<u>6,831</u>	<u>6,831</u>
At end of period	<u>6,831</u>	<u>6,831</u>
Depreciation		
1 April 2022	-	-
Amounts provided in period	975	975
At end of period	975	975
Net book value at March 2023	<u>5,856</u>	<u>5,856</u>
Net book value at March 2022	<u>-</u>	<u>-</u>

10 Trade and other receivables

	31 March 2023 £000	31 March 2022 £000
Current receivables		
Trade receivables	15,251	14,133
Less: bad and doubtful receivables impairment assessment	<u>(134)</u>	<u>(148)</u>
Net trade receivables	15,117	13,985
Other receivables	532	85
Prepayments	3,803	2,410
Accrued income	<u>24,640</u>	<u>24,586</u>
Total current receivables	<u>44,092</u>	<u>41,066</u>
Aged debt analysis		
Within credit terms	12,877	11,495
Past due date but not impaired:		
1-30 days	2,036	2,052
31-60 days	51	222
61-90 days	98	44
Over 90 days	<u>55</u>	<u>172</u>
Total receivables	<u>15,117</u>	<u>13,985</u>
Bad and doubtful receivables impairment analysis		
Assessment at the beginning of the year	148	338
Decrease in the assessment for the year	<u>(14)</u>	<u>(190)</u>
Assessment at the end of the year	<u>134</u>	<u>148</u>

Notes to the accounts continued

11 Cash and cash equivalents

	31 March 2023	31 March 2022
	£000	£000
Government Banking Service cash balance	<u>140,488</u>	<u>104,854</u>
Total	<u>140,488</u>	<u>104,854</u>

12 Trade and other payables

	31 March 2023	31 March 2022
	£000	£000
Current payables		
VAT	6,665	5,327
Other taxation and social security costs	1,066	1,090
Trade payables	5,648	7,540
Other payables	869	865
Dividend	-	-
Accruals	11,659	10,967
Deferred income	<u>441</u>	<u>571</u>
Total	<u>26,348</u>	<u>26,360</u>

All of the dividends have been paid in the year.

13 Employee benefit payable

	31 March 2023	31 March 2022
	£000	£000
Balance at beginning of period	630	656
Decrease in the period	<u>(76)</u>	<u>(26)</u>
Balance at end of the period	<u>554</u>	<u>630</u>

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

14 Lease liabilities

	31 March 2023	31 March 2022
	£000	£000
Obligations under leases		
Not later than one year	981	735
later than one year and not later than five years	3,394	2,720
later than 5 years	<u>1,769</u>	<u>1,542</u>
	6,144	4,997
Less interest elements	<u>(199)</u>	-
Present value of obligations	<u>5,945</u>	<u>4,997</u>
Present value of obligations under leases		
Not later than one year	930	-
later than one year and not later than five years	3,275	-
later than 5 years	<u>1,740</u>	-
	<u>5,945</u>	<u>-</u>
Amounts recognised in the statement of comprehensive income		
Depreciation	975	-
Interest expense	<u>60</u>	-
	<u>1,035</u>	<u>-</u>
Amounts recognised in the statement of cash flows		
Interest expense	60	-

IFRS 16 - leases - first time adoption

	1 April 2022
	£000
Operating lease commitments as previously disclosed	4,997
Prior year reclassification	1,342
Interest applicable as per IFRS 16	(259)
Annual rent review increase	<u>751</u>
IFRS 16 lease liability opening balance	<u>6,831</u>

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the PES borrowing rate at 1 April 2022.

Notes to the accounts continued

15 Provisions

	31 March 2023	31 March 2022
	£000	£000
Balance at beginning of period	903	713
Utilised in the period	(136)	-
(Decrease) / increase in the period	(75)	190
Balance at end of period	<u>692</u>	<u>903</u>

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

16 Public dividend capital (PDC)

	31 March 2023	31 March 2022
	£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>

PDC is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the Trading Fund. A dividend is payable to the Cabinet Office which is accrued through the year and paid annually.

17 General reserve

	31 March 2023	31 March 2022
	£000	£000
Balance at beginning of period	132,144	63,630
Retained surplus for the period	45,316	68,514
Balance at end of period	<u>177,460</u>	<u>132,144</u>

18 Revaluation reserve

	31 March 2023	31 March 2022
	£000	£000
Balance at beginning of period	98	37
Increase in the period	<u>52</u>	<u>61</u>
Balance at end of period	<u>150</u>	<u>98</u>

19 Notes to the statement of cash flows

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

	Note	2022/23	2021/22
		£000	£000
Operating surplus		78,536	83,424
Capital grant in kind	8	-	(67)
(Decrease) / increase in provisions	15	(211)	190
Depreciation charges	7	653	86
Amortisation of intangible assets	8	668	256
Right of use depreciation	9	975	-
Lease interest		60	-
Asset impairment	8	-	3,481
(Decrease) in receivables	10	(2,602)	(2,332)
Less movements in receivables not passing through the SOCI		228	-
Increase / (decrease) in payables and employee benefit	12/13	(88)	(3,873)
Net cash inflow from operating activities		<u>78,219</u>	<u>81,165</u>

Note (ii): Analysis of changes in net funds

Net funds at 1 April	104,854	48,824
Net funds increase	<u>35,634</u>	<u>56,030</u>
Net funds at 31 March	<u>140,488</u>	<u>104,854</u>

Notes to the accounts *continued*

20 Capital commitments

Capital commitments contracted for at 31 March 2023 were £1.4 million (31 March 2022: £0.4 million).

21 Financial objective

The Minister for the Cabinet Office (with the concurrence of HM Treasury) set a financial target 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 has a financial plan to deliver this target.

22 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 2022/23, CCS had various material transactions with most government departments and other central government bodies, devolved administrations and wider public sector bodies including the NHS and many local authorities.

P Coombs is Director of Finance, Planning and Performance for CCS and an external member of the Finance, Risk & Audit 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 Tse CBE is Chief Executive Officer at CCS and is the Chair of Mumbles Community Association and a Governor at Gower College, Swansea. The College has the opportunity to transact with CCS through commercial agreements. S Tse has not been involved in any transactions. 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 2022/23, the Trust procured goods and services through CCS frameworks. D Wakefield was not involved in these transactions.

S Weiner is a Non-Executive Director of CCS and holds Non-Executive Director roles at Mediclinic International, Guy's and St Thomas' NHS Foundation Trust, King's College Hospital NHS

Foundation Trust and King's College London. During 2022/23, King's College London procured goods and services through CCS frameworks. S Weiner was not involved in these transactions.

Compensation due to key management personnel in year has been disclosed in the Remuneration report (page 51).

23 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.

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 2023	£000	£000	£000	£000			
Trade receivables	15,117	-	-	15,117	-	-	-
Accrued income	24,640	-	-	24,640	-	-	-
Cash and cash equivalents	140,488	-	140,488	-	2.2	-	-
Gross financial assets	180,245	-	140,488	39,757	-	-	-
31 March 2022							
Trade receivables	13,985	-	-	13,985	-	-	-
Accrued income	24,586	-	-	24,586	-	-	-
Cash and cash equivalents	104,854	-	104,854	-	0.11	-	-
Gross financial assets	143,425	-	104,854	38,571	-	-	-

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 2023	£000	£000	£000	£000			
Trade payables	5,648	-	-	5,648	-	-	-
Accruals and other payables	12,528	-	-	12,528	-	-	-
Gross financial liabilities	18,176	-	-	18,176	-	-	-
31 March 2022	£000	£000	£000	£000			
Trade payables	7,540	-	-	7,540	-	-	-
Accruals and other payables	11,832	-	-	11,832	-	-	-
Gross financial liabilities	19,372	-	-	19,372	-	-	-

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).

24 Contingent liabilities

There were no contingent liabilities.

25 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 2018 to 31 March 2023

	Year 2022/23	Year 2021/22	Year 2020/21	Restated Year 2019/20	Year 2018/19
	£000	£000	£000	£000	£000
Statement of financial position					
Non-current assets	26,919	14,565	8,081	2,574	6,168
Net current assets	156,748	118,930	56,649	24,202	19,001
Non-current liabilities	(5,707)	(903)	(713)	(577)	—
Assets employed	<u>177,960</u>	<u>132,592</u>	<u>64,017</u>	<u>26,199</u>	<u>25,169</u>
Financed by					
Public dividend capital	350	350	350	350	350
General reserve	177,460	132,144	63,630	25,849	24,819
Revaluation reserve	150	98	37	—	—
Total capital and reserves	<u>177,960</u>	<u>132,592</u>	<u>64,017</u>	<u>26,199</u>	<u>25,169</u>
Statement of Comprehensive Income					
Income	<u>177,628</u>	<u>171,928</u>	<u>132,789</u>	<u>93,269</u>	<u>91,762</u>
Operating costs	(94,897)	(86,143)	(76,948)	(71,767)	(64,172)
Surplus before other operating costs	82,731	85,785	55,841	21,502	27,590
Other operating costs	(4,195)	(2,361)	(3,560)	(6,167)	(6,774)
Operating surplus	78,536	83,424	52,281	15,335	20,816
Finance income	2,780	90	—	170	141
Surplus for the year	81,316	83,514	52,281	15,505	20,957
Dividend payable to the Cabinet Office	(36,000)	(15,000)	(14,500)	(14,475)	(6,158)
Retained surplus	<u>45,316</u>	<u>68,514</u>	<u>37,781</u>	<u>1,030</u>	<u>14,799</u>
Other comprehensive income	52	61	37	—	—
Comprehensive income	<u>45,368</u>	<u>68,575</u>	<u>37,818</u>	<u>1,030</u>	<u>14,799</u>

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