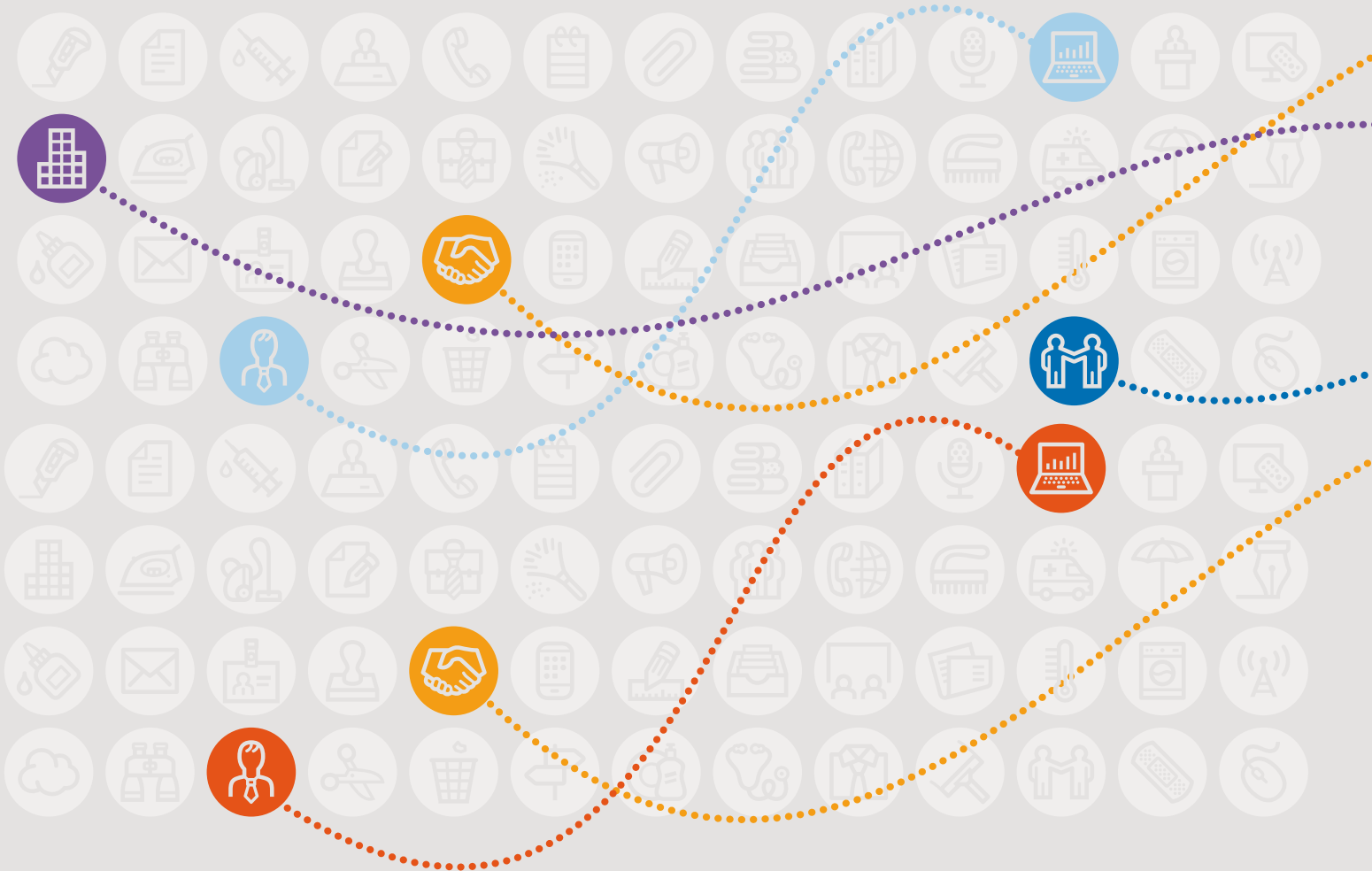




Crown
Commercial
Service

Annual Report and Accounts 2015/16



Presented to Parliament pursuant to Section 4 (6A) (b)
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(as amended by the Government Trading Act 1990).

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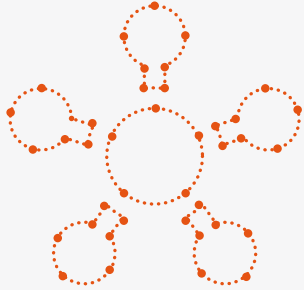
Crown Commercial Service

Welcome

to the Crown Commercial Service Annual Report and Accounts 2015/16

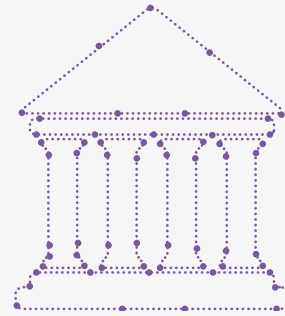
In 2015/16, the Crown Commercial Service, as a trading fund and an executive agency of the Cabinet Office, delivered commercial savings for central government and the wider public sector.

Key statistics



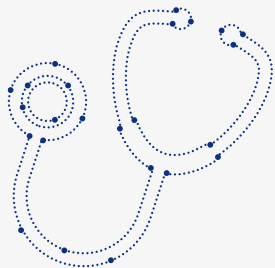
£12.8bn

of public sector procurement business channelled through our central deals
 £6.8bn central government
 £6bn wider public sector



£2.5bn

spend on common goods and services managed on behalf of 8 government departments



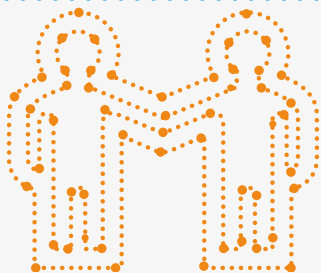
£101m

commercial benefits and savings for NHS customers



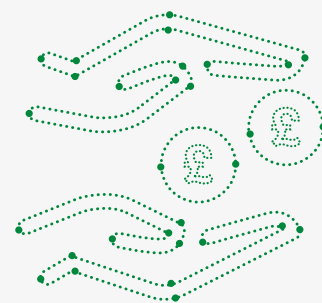
£138m

commercial benefits and savings for wider public sector (excluding NHS)



27.1%

of central government spend in 2014/15 reached small businesses
 10.9% directly
 16.2% through supply chain



£282m

commercial benefits and savings for government departments



Commercial benefits including savings

We helped our customers achieve commercial benefits and savings on common goods and services this year. These are just a few examples:

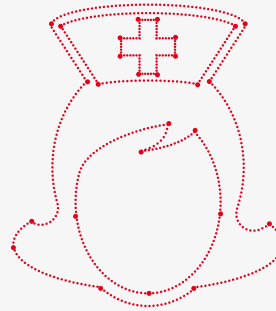
Central government



The Department for Work and Pensions has saved over **£850,000** by extending their records storage contract

the equivalent of **50** benefit case workers.

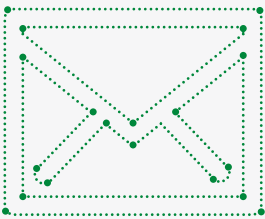
NHS



The NHS has saved over **£2.2 million** on their bulk text messaging service

the equivalent of **88** nurses.

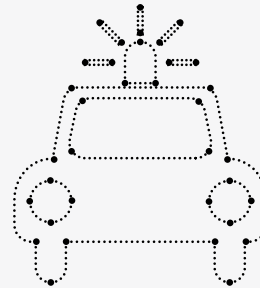
Local government



A group of London borough councils saved **£750,000** on their postal services

the equivalent of running **4** libraries for a year.

Police



The purchase of 2,800 vehicles for 22 police forces will save them over **£5 million**

the equivalent of **215** police officers.

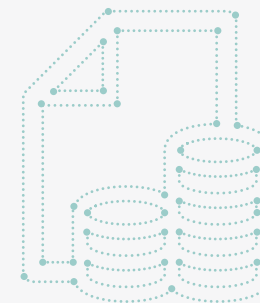
Education



A group of 5 academies saved **£40,000** on their insurance

the equivalent of **3** teaching assistants.

Commercial advice and expertise



We launched an in-house spend recovery audit service. To date, it has identified over **£2.5 million** to be returned to public sector organisations

£1 million has already been returned and we are currently recovering **£1.5 million.**



Our vision

**CCS seeks
to become the primary
commercial services provider
to the public sector, delivering
savings, expert advice and
services to ministers
and customers.**



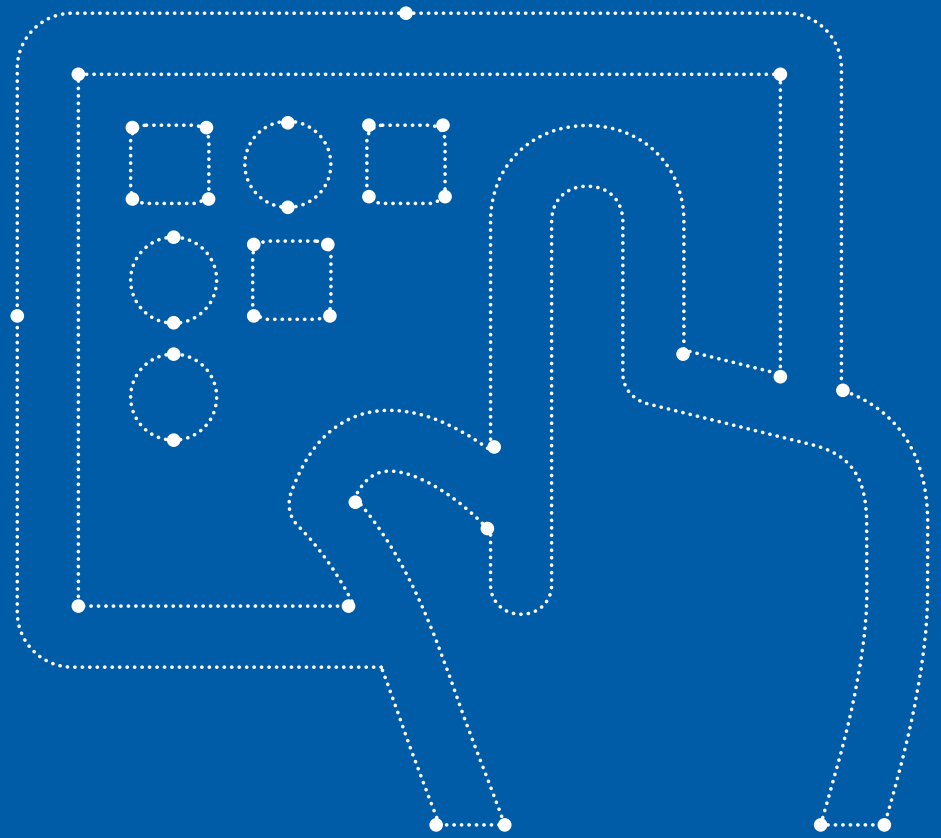
Delivering with confidence: our values and behaviours

We see it as our collective responsibility in everything we do to live and breathe our corporate values and behaviours, developed through consultation with our people and stakeholders. In CCS, we LISTEN, we RESPECT, we COLLABORATE and we TRUST in order to DELIVER with CONFIDENCE.

The central graphic consists of four colored panels arranged in a 2x2 grid. Each panel contains the text 'we listen, we respect, we collaborate, we trust' in a color matching the panel. Below the text is a dotted-line illustration: the top-left panel shows a person's head and shoulders; the top-right panel shows two hands shaking; the bottom-left panel shows two people standing and holding hands; the bottom-right panel shows a person standing with their arms outstretched.



Performance report



Overview

Chief Executive's perspective on performance over the period



Malcolm Harrison

Interim Chief Executive

I am delighted, and feel privileged, to have been appointed to the position of Chief Executive of the Crown Commercial Service (CCS) on an interim basis.

I would like to take this opportunity to extend gratitude on behalf of our people to Sally Collier for the leadership she has provided and all that has been achieved under her tenure – she should be proud of what was achieved during a difficult time for CCS.

Whilst the first year of CCS was one of formation and building, this year has been one of consolidation, transformation and review as we move forward on our journey towards a mature organisation. 2015/16 has been hugely challenging, but nonetheless, a successful one in certain key aspects for the Crown Commercial Service.

I am delighted that our people have maintained a relentless focus on the delivery of our strategic objectives throughout the course of the year, most of which we have substantially met:

- Establishing and leveraging commercial benefits including savings from centralised deals for common categories of goods and services
- Managing procurement expenditure on behalf of central government departments through the provision of procurement services
- Developing and implementing Government's commercial policy in line with ministerial priorities
- Delivering an in-year operating surplus before other operating costs for the CCS Trading Fund.



£521m

of commercial benefits and savings for our customers on the procurement of common goods and services

Performance summary

Commercial Benefits and Savings

We have supported central government departments and the wider public sector in achieving £521m¹ of commercial benefits and savings against a 2014/15 baseline and this exceeds the £380m target set at the beginning of the year.

Integral to the delivery of central government savings, particularly in the largest spending departments, has been the implementation of the Commercial Accelerator Programme. The Commercial Accelerator Programme is an innovative gain-share arrangement with McKinsey to identify and accelerate implementation of savings opportunities. This arrangement has been successful in aligning incentives, and transferring knowledge and expertise from industry to government, with payment dependent on the achievement of savings.

Through the Commercial Accelerator Programme, departments have also been able to identify and secure cash-releasing savings through reducing demand as a result of changing internal policies, practices and behaviours.

£12.8bn of public sector procurement business was channelled through our centralised arrangements. Central Government spend was £6.8bn and wider public sector spend was £6bn.

Policy Delivery

The commercial policy agenda has continued to be a high priority for us. In particular, we have remained focused on supporting the Minister for the Cabinet Office in taking forward two manifesto commitments:

- Increasing small businesses' share of government procurement to one third by April 2020
- Commencing implementation of prompt payment measures across Government's largest suppliers in line with the Prompt Payment Code. The Code sets out standards for payment practices and is administered by the Chartered Institute of Credit Management on behalf of the department for Business Innovation and Skills (BIS).

On the small business agenda, we were delighted to be able to report in December 2015, that 27.1% of Government's spend for financial year 2014/15 reached small businesses, either directly (10.9%) or through the supply chain (16.2%). This exceeded the target set in the last parliament of spending 25% of the central government procurement budget with small businesses by 2015. Building upon this, we have worked hard with central government departments to agree individual targets and inform the development of underpinning plans to support the achievement of the 33% target for this parliament, ensuring that the small business agenda features prominently in each Single Departmental Plan.

On prompt payment, we have secured 22 signatories to the Prompt Payment Code from Government's 32 Strategic Suppliers and will be pushing hard to get sign-up from the remainder as soon as possible. Additionally, we have incorporated prompt payment criteria into Government's standard procurement prequalification questionnaire to support widespread improvement across the supply base.

¹ Subject to external audit by Government Internal Audit Agency on behalf of National Audit Office.



27.1%
of Government's
spend reached
SMEs either
directly (10.9%) or
through the supply
chain (16.2%)

We have also implemented a wide range of equally important measures to support economic growth, with specific and rapid interventions on developing government procurement guidelines to help support the UK steel industry.

As part of this growth work we have developed a procurement scorecard tool to enable key social measures, informed by value for money considerations, to be used to prompt open and creative thinking when for example, designing a major infrastructure procurement project.

We have implemented a new procurement policy to support the creation of apprenticeships in appropriate contracting opportunities.

Service delivery

We have delivered procurement services to central government departments over the course of the year as part of customer service agreements covering in excess of £2.5bn of spend on common goods and services. This represents an increase of more than £500m on 2014/15 levels comprising spend in fleet, contingent labour, facilities, utilities and financial services categories and is in line with the target which was reset in October 2015.

Delivery of a consistent level and quality of customer service has at times been highly challenging, particularly against the backdrop of organisational change and transformation. Collectively, we worked hard to ensure services were delivered in line with customer needs and, as part of this, we strengthened our engagement with our customers to develop a deeper understanding of their business and their delivery priorities. However, customer service delivery needs to continue to improve.

Customer satisfaction has been measured through the application of the Net Promoter Score methodology in line with industry best practice as part of a quarterly survey to our customers in central government and the wider public sector. The scores over the course of the year have been very disappointing (an average of minus 41.5 across the four quarters) which confirms that service delivery must improve significantly. As part of the Net Promoter Score survey, we have also captured qualitative feedback to deepen our understanding of the views of our customers. This has also played a key role in informing our ongoing organisational transformation programme.

We have given a significant focus to our Operational Review - identifying opportunities to refine and improve our service delivery model, part of which is about service standardisation. We also identified the need to have a clear, joined-up and simple operating model that is not only very effective but also gives real clarity to our customers on how CCS operates. This will be key to continuously improving both the quality and responsiveness of the services that we provide in future.

Integral to achieving our goal of improving service delivery is the implementation of our Digital Transformation Programme and Crown Marketplace Programme, which collectively will provide the digital technology that is required to underpin our service delivery. Phase 1 of the Digital Transformation Programme commenced and initial scoping of the Crown Marketplace Programme concept was progressed.



Capability improvement

We have continued to focus on improving our commercial capability. In part, this has been through recruitment with new people joining from outside the Civil Service. As part of this we have recruited a number of senior specialist commercial staff within our strategic category teams. We created headroom for recruitment through a combination of the second phase of the voluntary exit scheme, performance management and carefully managed staff turnover. We also had a number of resignations of recent joiners who, after a short time with CCS, decided that the Civil Service was not for them. Together, this has resulted in our overall people numbers being slightly less at the end of the year compared to the start.

We have supported the Government's Youth Employment Initiative, developing our own in-house talent as well as recruiting capability from outside the organisation. This year we have recruited 19 Fast Track Apprentices and Fast Streamers.

Our learning and development programme has continued to be a key focus as part of our ongoing strategy to increase the commercial capability of our people. Integral to this has been the arrangement we have with McKinsey as part of the Commercial Accelerator Programme where our strategic category management teams have and are continuing to benefit from access to their commercial best practice via a series of interactive workshop-based learning modules.

Organisational Governance

The Internal Audit Annual Report and Opinion highlights that there is evidence to suggest that the organisation is better controlled now than at the beginning of the year. New controls are being embedded following action taken by the Senior Leadership Team, particularly during the latter months of the year and the outlook is positive.

However, despite the collective efforts to strengthen governance and control over the course of the year and the acknowledged improvements, the overall audit opinion was assessed as limited. On balance, this is a fair assessment but nonetheless disappointing for myself and the Senior Leadership Team.

A key development during the year was a change in reporting lines of the Commercial Advice Team to the Government's Chief Commercial Officer (CCCO) in Cabinet Office. These resources have remained CCS employees and are funded through the Trading Fund. Since June 2015, the deployment of these resources and associated performance targets have been the responsibility of CCCO and subject to Cabinet Office's governance arrangements, with financial oversight from CCS.



Financial Performance

Total income was £67.7m and costs were £66.3m. Other operating costs were also incurred relating to the Digital Transformation Programme (£0.7m) and a voluntary exit scheme (£2.4m). £5.0m of costs were incurred on the Commercial Accelerator Programme which identified future savings opportunities in central government departments which could be delivered over the next four years. After £0.1m interest and £(2.0)m dividend the retained deficit was £(8.6)m.

The opening General Reserve of £37.1m was therefore reduced to £28.5m. There was no change to Public Dividend Capital (£0.35m) meaning that the total of taxpayers' equity in CCS reduced from £37.4m to £28.9m. The return on capital employed for the year was minus 20.1% generating an average return from 1 April 2014 of minus 7.5% (2014/15: plus 5.1%) reflecting the spend on other costs in the year. More information is contained within the Notes to the accounts on pages 65 to 77.

We have continued to be committed to paying creditors in line with the Prompt Payment Code. In 2015/16, CCS paid 90.1% of supplier invoices within five days and 99.2% of payments due within 30 days.

Looking forward

Our priorities for 2016/17 will see a continued focus on savings delivery, policy delivery, on improving our procurement services to our central government customers and extending our business with the wider public sector.

We must complete our recruitment of senior commercial hires to lead our strategic category management function as well as other selected commercial specialists, which is a key enabler to improving our capability along with continuing to develop the commercial skills of our people across the business.

We also need to implement the identified refinements to our operating model, which will underpin the delivery of our procurement services and in doing so significantly improve customer satisfaction levels. We must become more efficient and create the capacity to service increased volumes of public sector procurement spend to deliver deeper and wider savings for taxpayers and to support deficit reduction.

Integral to this will be ongoing improvements to the technology we use to underpin our service and savings delivery, which is being modernised as part of the Digital Transformation Programme as well as the innovation planned through the establishment of the Crown Marketplace. We must rapidly move the Crown Marketplace from concept to delivery, making it easy for our customers to access our products services via digital channels, some of which will be as part of a self-service 'click and buy' experience. We have the opportunity, to innovate and disrupt supply markets through the use of technology, commencing with pilots for catalogue-able spend categories such as Office Supplies, Tyres and Furniture.



Together, this capability improvement and transformational investment provides CCS with the opportunity to deliver consistently high quality services to more public sector customers for less cost per pound of spend channelled through our deals.

We must also continue on our trajectory to improve organisational governance and control taking all available steps to ensure that improvements made during the latter part of the year are fully embedded and are effective in reducing risk during 2016/17.

In summary, the right foundations have been laid and CCS is well placed to build on its achievements during 2015/16 and take positive strides towards commercial excellence.

Statement of purpose and activities

CCS is a component of the Government Commercial Function, operating as an Executive Agency and Trading Fund of the Cabinet Office. Our role is to support the UK public sector achieve benefits by developing commercial solutions for common goods and services and to join with customers to deliver targeted savings initiatives. We also take the lead in developing and implementing the Government's commercial policy priorities.

CCS also supports the Cabinet Office through provision of resources and funding deployed under the direction of the Government Chief Commercial Officer.

CCS's mission is three-fold:

01

To enable savings for central government and the wider public sector, supporting deficit reduction and economic growth

02

To deliver high quality services to customers through procurement of common goods and services

03

To implement commercial policy in line with ministerial expectations.



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

CCS actively manages risk across all activities carried out by the organisation. Risk management is co-ordinated across a network of risk managers representing each delivery function within the business.

The Senior Leadership Team reviews the Corporate Risk Register on a monthly basis and risk management is a standing agenda item at each Board meeting. Additionally the Audit Committee provides scrutiny of key areas of risk and the associated mitigation plans.

The ongoing areas of risk that could affect or prevent the organisation from delivering its objectives are set out in the table below along with mitigating actions.

Risk	Mitigation actions
Failure to achieve savings commitments made to our customers.	Develop and actively manage a pipeline of savings opportunities in partnership with customers. Track delivery progress and resolve any issues arising through strong governance arrangements involving senior representation from departments.
Failure to achieve income targets set out in financial plan. Failure of pillar leads and management to improve forecasting and completion of income processing.	Implement new operating model and Operational Review outcomes, in particular business development and account management. Alignment of senior management responsible for income forecasting and generation.
Failure to achieve our forecast at the end of the year.	Introduction of new top down/bottom-up budgeting processes. New and improved controls over pay/non-pay and monthly forecasting. Re-align budget priorities.
Inability to hire, develop or retain specialist, experienced commercial talent in line with plan.	Complete senior hire recruitment programme. Introduce talent management programme. Continue to build pipeline of future capabilities/leaders.
Failure to deliver high quality services (common goods and services) in line with customer needs.	Implement Operational Review outcomes and operating model. Ensure resource allocations align to business needs.
Failure to adopt outcomes as identified from the Operational Review in an efficient and integrated manner.	Ensure transformation is underpinned by effective governance, project management and risk management processes. Ensure Design Authority and Project Management Office is a key part of governance.
Inability of the Digital Transformation and Crown Marketplace programmes to make it easier for suppliers and customers to do business with CCS at the pace required.	Ensure resourcing plans and delivery milestones remain on target through a Project Management Office. Ensure Digital Transformation / Crown Marketplace programmes are driven by business processes aligned to business objectives (business analysis underpinning requirements).
Failure to establish robust governance and internal controls.	Ensure financial, risk and internal control processes are fully deployed across CCS directorates. Drive risk management standards into the daily activities of directorates.



Performance analysis

Performance against Business Plan objectives

The table below summarises our achievements against the objectives which were set out in our 2015/16 Business Plan.

Objective	What we said we would do	What we achieved
1. Spend and Savings		
<p>a) To directly manage departmental spend on common goods and services.</p>	<p>We will directly manage c£2.5bn of central government spend as part of a managed service to seven departments and aim to increase this to eight departments by the end of the year.</p> <p>The target was reset in October 2015. The volume of spend transition was reduced to focus on transitioning the spend which CCS can bring value to and has the capacity to manage.</p>	<p>Fully achieved</p> <p>Directly managed central government spend reached c£2.5bn and was extended to eight departments. In addition to directly managed spend, CCS transacted £12.8bn of public sector spend. This comprises £6.8bn in central government and £6bn in the wider public sector.</p>
<p>b) To deliver savings from public sector procurement spend on common goods and services in support of deficit reduction.</p>	<p>We will deliver between £300m and £400m savings by the end of March against a 2014/15 baseline, from our buying services for common goods and services for central government and the wider public sector.</p> <p>We will also work with departments through the Commercial Accelerator Programme (CAP) to establish a pipeline of commercial savings opportunities totalling between £800m and £1bn across the Spending Review (SR) period.</p> <p>The reporting lines of the commercial advice function changed in June 2015. Accountability for associated savings was transferred to the Government Chief Commercial Officer.</p>	<p>Fully achieved</p> <p>Savings of £521m were achieved comprising £282m central government, £101m national health service and £138m remainder of the wider public sector.</p> <p>Fully achieved</p> <p>The pipeline of potential savings opportunities identified through the CAP for the SR period is in excess of £2bn for central government. c50% of opportunities by value are commercial savings opportunities, with the remainder being potential demand management savings. CCS is targeting c£1bn of commercial savings over the SR period within central government.</p>



2. Ministerial Priorities		
<p>a) To improve SME presence in UK Public Sector Procurement and support the growth agenda.</p>	<p>We will agree plans with departments to support achievement of the target that one third of central government procurement spend will be with small business.</p>	<p>Fully achieved Plans discussed and developed with all government departments with a trajectory towards 33% by 2020. Governance group established (chaired by CEO of the Civil Service) to drive forward implementation.</p>
<p>b) To implement new EU Directives.</p>	<p>We will implement the new directives on Utilities and Concessions.</p>	<p>Fully achieved Both Directives have been implemented and came into force on 18 April 2016.</p>
<p>c) To facilitate an increase in apprenticeships through contracting.</p>	<p>We will implement measures to support departments to consider and implement requirements to establish apprenticeships through appropriate government contracts.</p>	<p>Fully achieved A new policy was published on 15 August 2015 and communicated across Government to support implementation. The policy sets out that public procurement of contracts worth £10 million or more, which last 12 months or longer, should support skills development and the apprenticeship commitment.</p>
<p>d) To implement measures to support UK steel suppliers.</p>	<p>We will implement procurement policy measures to address barriers that prevent UK steel suppliers from competing effectively for public sector contracts.</p>	<p>Fully achieved A new policy was published on 30 October 2015 and communicated across Government, setting out advice to support UK steel suppliers in any infrastructure, construction or other major procurement project with a significant steel component, where the overall project requirement has a capital value of £10 million or above.</p>
3. Customer Satisfaction		
<p>a) To deliver a high quality, integrated service offering to our customers in line with plans.</p>	<p>We will deliver a managed procurement service in line with service agreements, which meets the needs of our customers. Customer satisfaction measured through a Net Promoter Score (NPS) approach.</p>	<p>Not achieved Service delivery has not always been in line with service agreements. Service Improvement Plans were put in place during the course of the year to address specific hotspots. The NPS survey has been undertaken quarterly resulting in an average score of minus 41.5.</p>



4. People and Capability		
<p>a) To materially improve capability.</p>	<p>We will transform our category and customer operations through the recruitment of senior commercial specialists and create headroom to do this by the implementation of a voluntary exit scheme and through tackling poor performance. We will invest in Learning and Development and ensure participation of all relevant staff in functional development centres.</p>	<p>Partially achieved</p> <p>Recruitment has taken place along with organisational restructuring that resulted in the establishment of the Strategic Category Management function and consolidation of the Customer Operations Function. The recruitment of senior commercial expertise is ongoing and will be completed in 2016/17. A second phase of the voluntary exit scheme was completed. An Operational Review is underway to establish a more efficient service delivery model. Up-skilling of commercial staff is being supported through the Commercial Accelerator Programme.</p>
<p>b) To strengthen leadership.</p>	<p>We will set up new governance boards and empower more leaders across our business to take effective decisions for and on behalf of all.</p>	<p>Fully achieved</p> <p>New cohesive leadership team is in place with key roles filled. New governance boards (People, Investment & Estates and Performance) were established to support the Senior Leadership Team. These comprise representatives at below SCS level, drawn from across the business.</p>
<p>c) To improve staff engagement.</p>	<p>We will invest in staff engagement, running specific interventions to tackle priority issues and aim to improve our scores from 2014/15.</p>	<p>Not achieved</p> <p>Significant engagement has taken place and resulted in collective all-staff work to develop, launch and embed new organisational values. Additionally, SCS and All-staff events have been held in the latter part of the year. However, the 2015/16 people survey results showed a small decline compared to 2014/15, which is unsurprising given the scale of organisational change. Improvement in staff engagement scores remains a priority going forward.</p>



5. Operational Excellence		
a) To improve our use of technology.	We will improve our internal technology capability and implement the initial components of the Crown Marketplace as part of our technology strategy.	Partially achieved The Digital Transformation Programme is underway with improvements being implemented as part of an agile approach. The Crown Marketplace concept has been scoped with implementation planned in 2016/17 and beyond.
b) To strengthen the Operating Framework.	We will work to improve our internal operating and control framework and in doing so, improve our internal audit results.	Partially achieved Improvements have been made and this has been reflected in more positive audit reports particularly in the second half of the year.
c) To improve our use of spend data and market intelligence.	We will improve our management of spend data and commercial intelligence to systematically identify savings opportunities and accelerate savings delivery.	Partially achieved Improvements have been made through a combination of work carried out as part of an interdepartmental working group to raise standards across government, internal process development and increased levels of automation. Further improvements are being implemented through the ongoing Digital Transformation Programme.
d) To review effectiveness and efficiency of the organisational Operating Model.	We will carry out an operational review to identify opportunities to improve the effectiveness and efficiency of CCS's operating model.	Partially achieved The first phase (understand 'as is' operating model) of the operational review has been completed. Phase Two (determine the 'to be') is set to complete in July 2016, with implementation by April 2017.



Sustainability report

CCS is fully committed to the Greening Government Commitments (GGC) to reduce the impact we have on our environment, with particular emphasis on reducing our greenhouse gas emissions, waste and water usage and making our procurements more sustainable. During the financial year, all buildings occupied by CCS were managed by other Government Departments, and therefore estate-related performance (gas emissions, energy, waste, water) are collected at building level and reported by those owners on behalf of the occupiers.



Greenhouse gas emissions and energy performance: business travel

Our locations across seven sites means that business travel is often necessary and our performance is shown in the tables below. We constantly keep our travel policy under review to ensure the most sustainable and cost efficient travel methods are used wherever possible, as well as encouraging our staff to make the best use of technology to minimise travel between offices.

GGC 1 –

Reduce GHG emissions by 25% from a 2009/10 baseline from the whole estate and business-related transport.

Greenhouse gas emissions (GHG)		2015/ 2016	2014/ 2015	2013/ 2014	2012/ 2013	2009/ 2010 Baseline
Non - Financial indicators (tonnes CO ² e)	Official Travel - Road	70	81	68	68	98
	Official Travel - Rail	193	265	133	120	57
	Official Travel - Air	47	103	128	69	128
Financial indicators (£k)	Expenditure on official business travel	1,540	1,694	1,021	797	1,183

In 2015/16 overall CO² emissions decreased across all travel methods. Changes in working practices, including the introduction of mobile computing and the use of virtual meetings using video chats, has started to bring about a decrease in business travel. It is hoped that as technology improves, the requirement to travel will be reduced, thereby further decreasing CO² emissions.



Sustainable procurement

CCS has the opportunity to influence sustainable procurement through our policy work and key commercial arrangements. During the last year, CCS has played an important role in the development of policies to address barriers that may prevent UK steel producers competing effectively for UK public sector business. Among other considerations to which Departments should pay attention when undertaking relevant projects, the published guidelines direct them to take account of the health & safety and sustainability of steel producers at the supplier pre-qualification stage of procurements, and of appropriate social and environmental factors at the tender evaluation stage.

In a similar but broader context, in work sponsored by the Chief Executive of the Civil Service, CCS has developed a “Procuring Growth Balanced Scorecard” to help clarify for Departments how the 2015 Public Contract Regulations allow broader policy considerations such as social and environmental factors to be integrated into major procurement decisions.

Our Utilities and Fuels team have procured a framework called RE:FIT for Greater London Authority and Local Partnerships. It is a procurement initiative for public sector organisations wishing to implement energy efficiency and local energy-generation measures to their buildings, or estate and support services. The framework solution has gained popularity firstly in the London area, and now widening to other areas of England and Wales. The measures available improve the energy performance of buildings, thereby reducing carbon emissions and achieving substantial guaranteed annual cost savings. This also allows the potential for significant income generation opportunities through the introduction of energy-generation. For example, within the London area it has created over £90m of investment with £6m savings across 600 buildings, and delivered savings of 103,000 tonnes of CO².

Our Office Supplies deal is specifically designed to help customers manage their current electronic office supplies (toner) requirements and gain the best value for money. This is achieved by offering where possible a re-manufactured alternative to a branded product and offering empty toner collection and refilling.

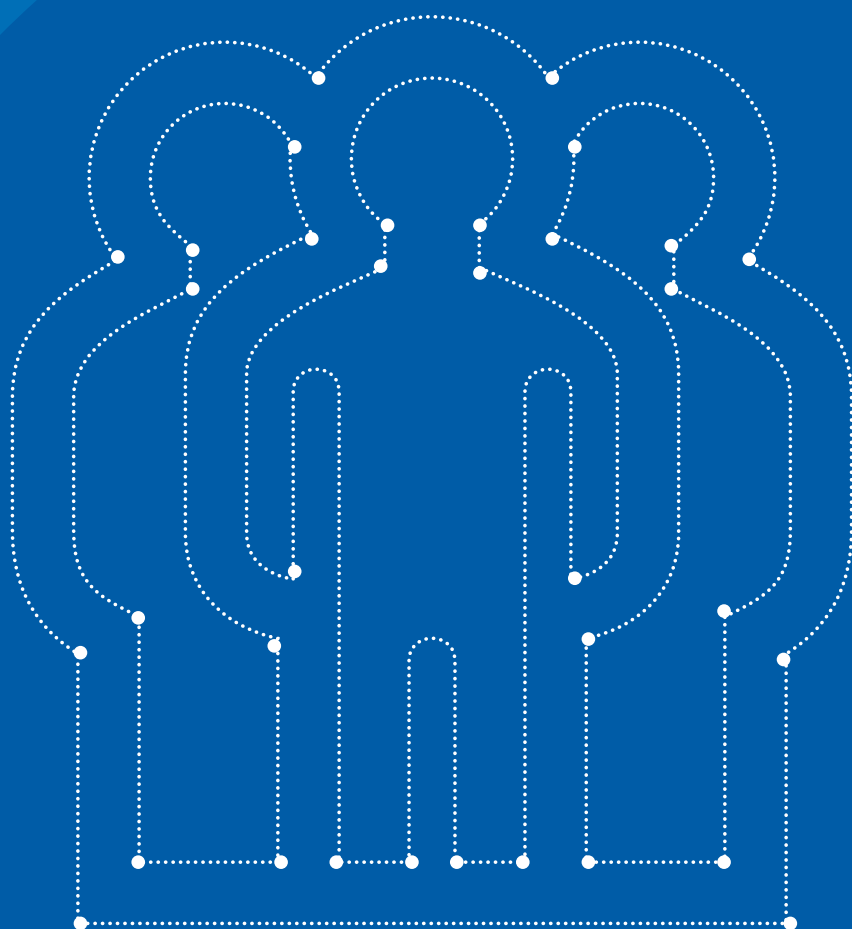
Our contracts and frameworks for Business Travel and Vehicle Hire include initiatives to support Government’s CO² agenda. For example, the Vehicle Hire Framework has a specific lot focusing on car share to reduce the number of separate journeys being taken. For Business Travel, the online booking tools display CO² information to assist travellers with their decisions as to whether to travel by air, rail or road.

Paul Coombs

P Coombs
Interim Accounting Officer
6 July 2016



Accountability report



Corporate Governance report

Directors' report

As an Executive Agency of the Cabinet Office, the Crown Commercial Service (CCS) is accountable to the Minister for the Cabinet Office and Paymaster General. The Rt Hon Matt Hancock MP was appointed on 11 May 2015 and The Rt Hon Lord Maude of Horsham was previously in the role from May 2010 until May 2015.

The management of CCS was directed by the Board, comprising the Chair, Chief Executive, Executive Directors and Non-Executive Directors. Ed Smith occupied the position of Non-Executive Chair and Sally Collier occupied the position of Chief Executive throughout the financial year with Malcolm Harrison replacing Sally Collier as Interim Chief Executive on 1 April 2016.

One new Non-Executive Director was appointed during the year following the scheduled departure of a Non-Executive Director at the previous year end. The Board executive membership was also subject to some change during the year, including the stepping down of the Director of Commercial Advice and the appointment of a new Finance Director and the Director of Policy Delivery. The attendance list is provided on page 31.

A list of all board members during the year is shown on page 40 of the Remuneration and Staff report.

CCS has in place procedures to handle conflicts of interest for all Board members. The following table details declarations of interest, although no actual conflict of interest has arisen.

Name	Position	Declaration of interest	Live or closed
J E Smith	Non-Executive Chair	NHS Improvement Department for Transport Competition & Markets Authority University of Birmingham Chatham House	Live
S Maizey	Non-Executive Director	NHS Business Services Authority John Menzies PLC	Live
D Wakefield	Non-Executive Director	NHS Bolton Foundation Trust	Live
R Wilmot	Non-Executive Director	Crowdicity Ltd	Live



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 Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Crown Commercial Service and of its income and expenditure, recognised gains and losses 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
- Confirm that as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware
- Confirm that he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information
- Confirm that the annual report and accounts as a whole is fair, balanced and understandable
- Confirm that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Sally Collier (Chief Executive) was the Accounting Officer for the Crown Commercial Service Trading Fund from 1 April 2015 to 24 March 2016 and HM Treasury has appointed Paul Coombs (Finance Director) as Interim Accounting Officer with effect from 25 March 2016 following the announcement of Sally Collier's departure to take up a new role in the public sector. The responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Crown Commercial Service's assets, as set out in Managing Public Money published by HM Treasury.

The Accounting Officer confirms compliance with all the above requirements.



Governance statement

Corporate Governance

CCS is an Executive Agency of the Cabinet Office and operates as a Trading Fund under the Government Trading Funds Act 1973.

As a Trading Fund, CCS is required to have a Framework Document in place, which 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 presented to and approved by the CCS Board in 2014 and will be updated and agreed with the Cabinet Office during 2016.

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

- Defining CCS's strategic aims, objectives and target setting
- Setting CCS's vision, standards and values
- Reviewing and agreeing the annual Business Plan which sets out strategic objectives, financial targets and human resources required to deliver. The plan is submitted to the Cabinet Office Sponsor
- Reviewing the Annual Report and Accounts prior to sign-off by the Accounting Officer
- Monitoring the operational performance of the business and any actions needed to keep performance on plan
- Maintaining a transparent system of prudent and effective controls
- Reviewing risk management processes, the Strategic Risk Register, staff survey results, customer satisfaction surveys, major projects, Health & Safety review
- Considering business cases and financial transactions above £700,000 prior to Accounting Officer sign-off.



During 2015/16, improvements were made to the management information and performance reporting data provided to the Board. Monthly performance and finance reports enable the Board to review progress against strategic objectives, budgets and key programmes.

In 2015/16 there were three sub-committees of the Board: the Audit Committee, the Senior Appointments and People Committee and the Customer Board.

- The principal role of the Audit Committee was 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. The Committee was chaired by an independent Non-Executive Director and included two other independent Non-Executive Directors as members. A representative from the Cabinet Office also attends the Committee, along with a representative from the National Audit Office as the external auditor. The Accounting Officer, Head of Internal Audit and the Finance Director participated as invitees to the meetings as well as other members of the Executive as required.
- The role of the Senior Appointments and People Committee was to ensure that resourcing, succession planning and developmental strategies were in place for senior leadership roles within CCS, i.e. those in Senior Civil Service posts.
- The role of the Customer Board was to establish an advisory forum for government department clients to provide individual and collective feedback on strategic plans and customer insight, and to help steer and hold CCS to account to ensure it delivered against goals. The Customer Board was chaired by the Non-Executive Chair and attended by senior representatives from departments with members of the executive as required. Attendance by the Non-Executive Directors was optional.

The Senior Leadership Team was led by the Chief Executive and included representatives from all the key areas of the organisation. Its principal role was to manage the delivery of the strategic aims and to provide leadership to the organisation. The Senior Leadership Team was supported by four internal boards covering People, Performance, Change and Transformation, and Investment and Estates.



Board and Committee attendance

Meeting attendance per board member of meetings eligible to attend						
Name	Position	Board	Audit Committee	Senior Appointments & People Committee	Customer Board	Comments
J E Smith	Non-Executive Chair	6/6	1/1	3/3	2/2	
D Wakefield	Independent Non-Executive Director and Chair of the Audit Committee	6/6	4/4	3/3	1/2	Optional attendance at the Customer Board
R Wilmot	Independent Non-Executive Director and member of the Audit Committee	5/6	4/4	2/3	0/2	Optional attendance at the Customer Board
S Maizey	Independent Non-Executive Director and member of the Audit Committee	3/3	2/3	1/1	0/1	Board member appointment from 1 September 2015 Optional attendance at the Customer Board
S Collier	Chief Executive	5/6	4/4*	2/3	2/2	
D Farrow	Finance Director	1/1				Board member until 28 April 2015
P Coombs	Finance Director	3/3	2/2*			Board member appointment from 30 October 2015
M Denham	Commercial Delivery Director	6/6			1/2	
M James	Commercial Advice Director	1/1				Board member until 30 June 2015
C Meewezen	Business Services Director	5/6	2/2*		1/2	
S Rowbury	Policy Delivery Director	1/1				Board member appointment from 2 February 2016

- There were six full board meetings during the year.
- * Attendance by the Accounting Officer, Finance Director and Business Services Director at the Audit Committee was in an attendee not member capacity.



Board effectiveness assessment

In line with the “Corporate Governance in Central Departments: Code of Good Practice 2011”, the Board has reviewed its performance and that of its Audit Committee during the financial year. Overall, the findings confirmed that the Board and Audit Committee are operating effectively and in line with their Terms of Reference and good practice.

Board sub-committee reports

Audit Committee

The Audit Committee is established under Board delegation with approved terms of reference aligned with the HMT Audit and Risk Assurance Committee Handbook.

The Committee met on four occasions during the year to discharge its responsibilities for scrutinising the risks, controls and governance arrangements and the comprehensiveness of the assurances supplied to the Board.

Core membership of the Committee comprised three Non-Executive Directors. Other regular attendees included the Chief Executive, Finance Director, 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.

In 2015/16 the Chair of the Audit Committee had regular dialogue and meetings with the Head of Internal Audit and all members engaged with senior management on a regular basis. When appropriate, Audit Committee members met with the Internal and External Auditors prior to each Audit Committee meeting.

Annually, the Chair of the Audit Committee submits a report to the Accounting Officer and Board summarising the work of the Audit Committee over the fiscal year providing a summary of findings and areas of focus for the year ahead.

The Committee’s work during the year predominantly focused upon reviewing the appropriateness and robustness of:

- The strategic processes for risk, control and governance within the organisation.
- The accounting policies, the Financial Statements and the Annual Report, and the processes which underpin them.
- The planned activity and results of both internal and external audit.
- The adequacy of the management response to issues identified by audit activity and external audit’s management letter.
- The assurances relating to the corporate governance arrangements for the Crown Commercial Service.
- The anti-fraud policies and whistleblowing processes.



A feature of the current year has been a focus on making progress on improvements in internal controls and improving capability throughout the organisation in spite of large staff turnover and the pace of change. The Committee recognised that there is more to be done to embed robust internal controls and governance and that further time and investment in new systems and people is required.

Senior Appointments & People Committee

The Senior Appointments & People Committee met three times in 2015/16. The Chief Executive attended two of these meetings. The Committee's focus during this period was the resourcing, succession planning, talent management and development of senior leadership roles within CCS.

Customer Board

The Customer Board held two meetings in 2015/16. Both meetings were chaired by the Non-Executive Chair and attended by the Chief Executive. Senior level customer representatives attended to represent both their own department's view and also the wider community of Central Government Departments. The Board's key focus during this period was the CCS strategy, funding arrangements, capability development and customer savings. The Board also discussed business transformation, customer service and the CCS business plan.

Code of Corporate Governance

CCS implemented a new corporate governance structure and framework following establishment of the organisation in April 2014. An internal audit review of Corporate Governance during 2014/15 found that CCS was in full compliance with a number of the good practice recommendations set out in the "Corporate Governance in Central Departments: Code of Good Practice 2011". The review noted that there is no Nominations and Governance Committee, as recommended in the Code, however, a 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. The Board's view is that governance forms a key part of the Audit Committee's role and so no additional committee is required. A further review of corporate governance is scheduled later in 2016.



Internal Audit

Work of Internal Audit

CCS has a dedicated Internal Audit function*, the independence and operation of which is enshrined in a Charter signed by the Accounting Officer, the Chair of the Audit Committee and the Head of Internal Audit. The Head of Internal Audit reports directly to both the Accounting Officer and the Audit Committee. Throughout the year the 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. The role of Internal Audit in CCS has been crucial over the last twelve months through the provision of assurance to management, the Accounting Officer and the Audit Committee, along with identifying practical recommendations to reduce risk exposure as the organisation has continued to evolve.

The Internal Audit Plan for 2015/16 was developed with reference to CCS's corporate objectives and risks and was reviewed, discussed and subsequently approved at the March 2015 Audit Committee meeting. Throughout the year there was a review of the appropriateness of the plan and updates in terms of timings and detailed scope were made.

The core finance-related systems reviewed included payroll, key reconciliations, ordering and payments, budget setting and monitoring, and income collection. Audits were also conducted of new savings methodologies, the business planning process, Crown Representatives, the Mystery Shopper initiative, learning and development, communications, the Change and Transformation Programme, and the Digital Transformation Programme.

Where appropriate, audit and advisory work has been 'real time' to enable CCS management to take immediate remedial action where control weaknesses have been found. Management's progress against audit actions has continued to be tracked by the Internal Audit function and reported to the CCS Audit Committee for challenge and review.

Upon completion of the Internal Audit programme of work, the Head of Internal Audit writes the Annual Report to the Accounting Officer and Chair of the Audit Committee to provide an overall opinion on the adequacy of CCS's risk management, control and governance arrangements. The opinion is provided below as part of this Governance Statement.

*For the first part of the financial year (up to 31 October 2015) the Internal Audit function was internal to CCS. From 1 November 2015 the function moved into Government Internal Audit Agency (GIAA). GIAA, a stand-alone Executive Agency, was formed on 1 April 2015 to provide a single, integrated internal audit service for government.



Head of Internal Audit Opinion

The Head of Internal Audit's annual report for 2015/16 recognised that there was a strong focus in the year on developing and improving core controls, in particular, significant progress in key financial control areas. As well as ensuring the basic control areas reached expected standards, CCS has started to demonstrate an upwards trajectory in respect of wider corporate controls such as those relating to its new integrated business planning framework and its links with the overhauled budget setting and monitoring processes. There was evidence that the new controls were being embedded following management action during the latter months of the year, suggesting that CCS is better controlled now than at the start of the 2015/16 year. However, there were governance issues throughout the year which suggested a need to obtain clarity, and document fully, CCS's reporting and authorisation line. The report therefore concluded that the Crown Commercial Service's framework of governance, risk management and control was limited for the year as a whole in its overall adequacy and effectiveness. For the coming year, it is important that management ensures continuous improvement in embedding the new controls and addressing control weaknesses as the organisation continues to evolve. Key areas of focus for 2016/17 include learning and development, business planning and savings delivery.

Risk Management

During 2015/16, CCS continued to focus on embedding good risk management processes and culture across all parts of the business. The Board reviews CCS's principal risks on a regular basis. In addition to receiving updates on risk management and controls from the Audit Committee, CCS continued to improve the risk management process based on findings from the Moore Stephens independent review of risk undertaken in March 2015. In this review, CCS was provisionally set at the 'risk defined' level by the Chartered Institute of Internal Auditors framework.

The risk management focus for the organisation in 2015/16 has been to closely align risks with strategic objectives and for confidence in the controls in place to be provided. The organisation has been actively managing risks, as described in the table on page 19.



Ministerial directions

There have been no ministerial directions given.

Data Security

The Business Services Director is the Senior Information Risk Owner supported by an Information Manager who have responsibility for information governance, assurance and managing information risk.

CCS has policies and guidance in place relating to data handling and protective security. During 2015/16, there have been no material breaches.

Fraud, Bribery and Whistleblowing

CCS has policies and guidance in place to ensure compliance with the Bribery Act and an ongoing programme of raising awareness in all aspects of anti-fraud, bribery, conflicts of interest, gifts and hospitality and whistleblowing.

There was one reported case of attempted fraud in 2015/16. The case was an attempted 'Executive impersonation' fraud whereby fraudsters pretend to be a Senior Executive to trick the finance department into transferring money into an account. The attempted fraud was identified promptly and no payment was made as a result of robust internal controls.

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman received no complaints about CCS for 2014/15 (the latest reporting period).



P Coombs
Interim Accounting Officer
6 July 2016



Remuneration and staff report

Introduction

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 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 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 Review Body can be found at www.gov.uk/government/organisations/review-body-on-senior-salaries.



Performance and reward

The Senior Civil Service (SCS) pay system consists of relevant performance assessments. The highest performing individuals in CCS were awarded a non-consolidated performance reward for their performance against objectives in 2014/15 which was paid in 2015/16. These awards varied in amounts with the overall cost envelope set by the Senior Salaries Review Body and approved by the Government. Consolidated base pay awards are limited to 1% increase to the Agency's SCS paybill. Only those receiving a top performance mark who were in the lower half of the pay scale were given a base salary increase and those below the new band minimum had their salary uplifted to the new band minimum.

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

Service Contracts

The Constitutional Reform and Governance Act 2010 requires 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 which 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>.



Senior Management Salary Entitlements FY 2015/16 (Audited)

The following table provides details of the remuneration interests on Board Member Executive and Non-Executive Directors employed by CCS.

	To 31 March 2016					To 31 March 2015				
	Salary	Bonus	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total	Salary	Bonus	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total
	Note 1	Note 2	Note 3	Note 4		Note 1	Note 2	Note 3	Note 4	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
J E Smith Non-Executive Chairman Full Year Equivalent	15-20				15-20	5-10 15-20				5-10
S Collier Chief Executive	115-120			47	160-165	115-120			97	215-220
D Farrow (03/07/14-18/01/2015) Finance Director Full Year Equivalent					0	125-130 (Note 5) 265-270				125-130
D Farrow (19/01/2015-28/04/2015) Finance Director Full Year Equivalent	10-15 135-140				10-15	25-30 135-140			10 (Note 6)	35-40
P Coombs (from 30/10/2015) Finance Director Full Year Equivalent	45-50 100-105			26	70-75					
M Denham Commercial Delivery Director	155-160			61	215-220	155-160			59	215-220
M James (to 30/06/2015) Commercial Advice Director Full Year Equivalent	25-30 110-115			41	65-70	95-100		16.6	132 (Note 7)	240-245
C Meewezen Business Services Director Full Year Equivalent	105-110			38	140-145	15-20 105-110			6	20-25
S Rowbury (from 02/02/2016) Policy Delivery Director Full Year Equivalent	10-15 85-90			1	15-20					
D Wakefield Non-Executive Director Full Year Equivalent	10-15				10-15	5-10 10-15				5-10
R Wilmot Non-Executive Director	25-30 (Note 8)				25-30	50-55 (Note 8)				50-55
S Maizey (from 01/09/2015) Non-Executive Director Full Year Equivalent	5-10 10-15				5-10 10-15					

Non-Executive Board Members were not entitled to bonus payments and do not receive any pension entitlements.



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

Note 2 There were no bonus payments made in FY 2015/16.

Note 3 No benefits in kind were provided to any members of the board during this year. M James received no accommodation allowance in FY 2015/16.

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.

Note 5 The amount shown reflects payments to a third party for D Farrow's services from 03.07.14 to 18.01.15.

Note 6 D Farrow transferred out of the pension scheme FY 2015/16 therefore no benefits have been accrued.

Note 7 M James 2014/15 pension benefits have been revised upwards from £75k to £132k.

Note 8 The amount shown for R Wilmot reflects salary as a Non-Executive Director of £10-15k and fee based payments as a Crown Representative (for the period April to August 2015) of £10-15k. For the FY 2014/15 the amount shown reflects salary as a Non-Executive Director of £10-15k and fee based payments as a Crown Representative of £35-40k.

Senior Management Pension Entitlements FY 2015/16 (Audited)

The pension entitlements of the Board Member Executive Directors within CCS were as follows:

	Accrued pension and lump sum at pension age as at 31 March 2016	Real increase in annual pension and lump sum at pension age (Note 1)	CETV at 31 March 2016 (Note 2)	CETV at 31 March 2015 (or date of board appointment)	Real increase in CETV
	£000	£000	£000	£000	£000
S Collier Chief Executive	35-40 plus lump sum of 100-105	2.5-5	591	517	20
D Farrow (to 28/04/2015) (Note 3) Finance Director	0	0	0	6	0
P Coombs (from 30/10/2015) Finance Director	10-15 lump sum nil	0-2.5	171	138	21
M Denham Commercial Delivery Director	5-10 lump sum nil	2.5-5	81	41	22
M James (to 30/06/2015) (Note 4) Commercial Advice Director	35-40 lump sum nil	0-2.5	441	410	21
C Meewezen (Note 4) Business Services Director	15-20 lump sum nil	0-2.5	180	143	9
S Rowbury (from 02/02/2016) Policy Delivery Director	20-25 plus lump sum 50-55	0-2.5	311	294	-4

Note 1 Real increase in annual pension and lump sum are the combined increased in both PCSPS and Alpha.

Note 2 For an explanation of pension benefits and Cash Equivalent Transfer values (CETV), please refer to page 43. CETV is a combined value of the CETV in both PCSPS and Alpha schemes.

Note 3 D Farrow transferred out of the pension scheme FY 2015/16 therefore no benefits have been accrued.

Note 4 Revised CETV at 31 March 2015 for M James & C Meewezen.



Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with 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 will switch into alpha sometime between 1 June 2015 and 1 February 2022. 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 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of 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 a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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.

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

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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



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

We have not made any compensation for early retirement or loss of office payments to Board Member Executive Directors in 2015/16.

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.

	2015/16	2014/15
Full Time Equivalent Band of the Highest Paid Director (£000)	155 - 160	265 - 270
Median Total Remuneration (£)	38,301	36,089
Ratio of highest paid to median	4.18	7.41

The banded remuneration of the highest-paid director in the financial year 2015/16 was £155,000 - £160,000 (2014/15: £265,000 - 270,000). This was 4.18 times (2014/15: 7.41) the median remuneration of the workforce, which was £38,301 (2014/15: £36,089).

In 2015/16 two employees received remuneration in excess of the highest-paid director. (2014/15: 0)

Total remuneration ranged from £16,975 to £200,000 (2014/15: £16,807 to £162,000). 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 2015/16 is derived from the annualised payments of all staff made in March 2016. Part time employees' payments are adjusted to a full time basis. There was a decrease of 3.23 in the ratio due to the appointment of a new permanent Finance Director, who is paid less than the interim that was in post in the previous year, and less than the highest paid director in 2015/16.



Staff report

The figures in this report include staff in the Commercial Central Teams within Cabinet Office who are funded through the CCS Trading Fund.

Staff numbers and composition

Senior Civil Service (SCS) staff by salary band

Salary band £000	SCS within band as at 31 March 2016		SCS within band as at 31 March 2015	
	Number	Percentage	Number	Percentage
60 - 70	15	23.08%	10	17.24%
70 - 80	11	16.92%	8	13.79%
80 - 90	9	13.85%	14	24.14%
90 - 100	12	18.46%	13	22.41%
100 - 110	11	16.92%	6	10.34%
110 - 120	3	4.62%	3	5.17%
120 - 130	0	0.00%	0	0.00%
130 - 140	1	1.54%	2	3.45%
140 - 150	0	0.00%	0	0.00%
150 - 160	1	1.54%	1	1.72%
160 - 170	0	0.00%	1	1.72%
170 - 180	0	0.00%	0	0.00%
180 - 190	1	1.54%	0	0.00%
190 - 200	1	1.54%	0	0.00%
Total	65		58	

The figures shown are headcount and exclude interim SCS.

The increase in SCS numbers and salary packages is the result of our external recruitment to raise commercial capability within the organisation. Labour market conditions for commercial roles are currently highly competitive.



Staff numbers and costs (Audited)**Total staff numbers**

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

	2015/16	2014/15
Salaried staff	741	708
Agency and contract staff	<u>49</u>	<u>49</u>
TOTAL	<u>790</u>	<u>757</u>

Note 1: The total staff numbers for 2014/15 have been restated to include Fixed Term Appointments.

Total staff costs

	2015/16	2014/15
	£000	£000
Wages and salaries	30,730	30,307
Bonus	147	468
Social security	2,956	2,699
Superannuation	6,382	5,593
Voluntary early retirement	2	-
Agency and contract staff costs	<u>5,944</u>	<u>5,369</u>
TOTAL	<u>46,161</u>	<u>44,436</u>

Note 1: The anticipated bonus award for 2013/14 (paid out in 2014/15) was over-estimated by £173k last financial year and the accrual has been offset against the bonus allocation for 2015/16.

Note 2: Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme (PCSPS) and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 42. Details of the underlying liabilities applicable to Agency employees are not separately identifiable.

Superannuation (Audited)

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS), known as "alpha", are unfunded multi-employer defined benefit schemes but CCS is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2015/16, employer's contributions of £6,382,000 were payable to the PCSPS and alpha (2014/15 £5,593,000) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £63,019 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £3,317, 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £9,148. Contributions prepaid at that date were nil.

Partnership pension contributions are included within the overall pension contributions figure of £6,382,000.

Staff breakdown by gender as at 31 March 2016 - for temporary staff we have matched them to the closest band dependent on their role:

Staffing Figures as at 31 March 2016							
Band	Permanent Male	Permanent Female	FTA (Temporary) Male	FTA (Temporary) Female	Interim Male	Interim Female	Total
Band 1	8	19	1	1	0	1	30
Band 2	42	60	5	6	0	0	113
Band 3	77	81	4	8	5	2	177
Band 4	71	84	1	0	5	1	162
Band 5	47	56	2	5	12	3	125
Band 6	46	32	1	0	6	2	87
Band 7	2	0	0	0	0	0	2
SCS1	35	16	1	1	7	2	62
SCS2	7	4	0	1	4	0	16
Crown Reps	13	4	0	0	2	0	19
Total	348	356	15	22	41	11	793

Notes:

1. Staffing figures shown are headcount.
2. Staffing figures are made up of the following contract types - Permanent, Fixed Term Appointments, Loan In, Fee Paid.
3. Staffing figures exclude 18 x Fast Streamers, 4 x Non-Executive Directors, 5 x Loans Out.
4. Non CCS banded employees have been mapped to CCS equivalents.



Staff breakdown by age as at 31 March 2016

Staff by Age 31 March 2016			
Age	Male	Female	Total
16 - 20	6	2	8
21 - 30	55	60	115
31 - 40	89	126	215
41 - 50	112	119	231
51 - 60	75	64	139
61 - 70	23	7	30
70+	2	0	2
Not recorded (Note 2)			1
Total	362	378	741

Notes:

1. Ages for agency and interim staff are not retained, therefore figures above show Permanent and Fixed Term staff only.
2. One Crown Representative age not recorded.
3. Staffing figures are made up of the following contract types - Permanent, Fixed Term Appointments, Loan In, Fee Paid.
4. Staffing figures exclude 18 x Fast Streamers, 4 x Non-Executive Directors, 5 x Loans Out.



Sickness Absence

The number of working days lost due to sickness was 4,792. The average number of days lost per employee in the 12 month period was 6.5 (based on average headcount of 741 - excludes interims as we do not record their absence). This compares to 6.6 average days lost in 2014/15 and an average of 7.4 days lost across the Civil Service as a whole.

Recruitment

We are an equal opportunities employer and our recruitment processes aim to meet the rules and regulations laid down and subsequently audited by the Civil Service Commissioners.

CCS new recruits 2015/16

Total no of New Hires			
Band	Male	Female	Total
Band 1	2	2	4
Band 2	12	17	29
Band 3	10	7	17
Band 4	2	4	6
Band 5	3	5	8
Band 6	2	1	3
Band 7	0	0	0
SCS 1	3	3	6
SCS 2	0	0	0
Crown Rep	3	1	4
Total	37	40	77

Notes:

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.



Policy on the employment of disabled persons

CCS, as part of the Civil Service, is an equal opportunity employer. This means, inter alia:

- (a) giving full and fair consideration to applications for employment by the agency made by disabled persons, having regard to their particular aptitudes and abilities;
- (b) continuing the employment of, and for arranging appropriate training for, employees of the agency who have become disabled persons during the period when they were employed by the agency, and;
- (c) providing for the training, career development and promotion of disabled persons employed by the agency.

Expenditure on Consultancy and Temporary Staff

	2015/16	2014/15
Consultancy Spend	£788,329	£3,114,626
Contingent Labour Spend	£5,944,200	£5,369,099

Consultancy costs have reduced by 75% since 2014/15. In 2014/15, the first year of CCS, there was spend on compliance and controls for the new expanded organisation. In the current year, costs have reduced significantly and have focused on commercial development, resource analysis and savings validation.

There has been a 10% increase in contingent labour spend in 2015/16.



Reporting of High Paid Off-Payroll Appointments

We continue to use contingent labour as part of our resourcing model. It allows the business to respond quickly to demand for our specialist services from Government Departments and has allowed us to augment our current commercial capability as we transform the organisation.

For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for longer than six months:

No. of existing engagements as of 31 March 2016	19
Of which...	
No. that have existed for less than one year at time of reporting	8
No. that have existed for between one and two years at time of reporting	11
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	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 or replace with a new recruit.

In line with the HM Treasury Public Expenditure System (PES) guidance (IR35 assurance) we have conducted an assurance exercise to ensure IR35 compliance of all our interim/agency staff. We conduct this exercise every six months.



For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months:

No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	55
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	55
No. for whom assurance has been requested (Note 1)	46
Of which...	
No. for whom assurance has been received	38
No. for whom assurance has not been received (Note 2)	8
No. that have been terminated as a result of assurance not being received	1

Notes:

1. Three interims joined and left the organisation before the six monthly request for assurance data was due, two requests were omitted and are currently being sought, four left the organisation due to their assignments ending during the data request time period.
2. Two assurances have been received post 31st March 2016 and one is pending, four left the organisation due to their assignments ending during the data request time period.

Where we have not been able to establish suitable assurance that the worker is meeting their Income Tax and National Insurance obligations we have ended the work assignment in line with the instructions set out in the HM Treasury Public Expenditure System (PES) (2015) 10 guidance issued in July 2015.

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. 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.	11

We have had no board members or senior officials with significant financial responsibility engaged in an interim capacity during 2015/16.



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

During the financial year, CCS continued to support a voluntary exit scheme and 27 staff left the organisation at a cost of £1.35m. 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.

	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
Exit package cost band:						
<£10,000	-	-	3	3	3	3
£10,000 - £25,000	-	-	6	11	6	11
£25,001 - £50,000	-	-	6	19	6	19
£50,001 - £100,000	-	-	12	24	12	24
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,000 +	-	-	-	-	-	-
Total number of exit packages by type	-	-	27	57	27	57
Total cost £	-	-	1,354,000	2,500,000	1,354,000	2,500,000

Note: The amounts shown exclude Contribution in Lieu of Notice payments. The full cost is shown in Note 5.2.

Paul Coombs

P Coombs
Interim Accounting Officer
6 July 2016



Parliamentary accountability and audit report

Regularity of expenditure (Audited)

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

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

CCS meets the requirement for regularity through compliance with relevant legislation (including EU legislation). HM Treasury delegated authority to the Accounting Officer 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. Charges are set to recover full costs and to achieve the required rate of return on capital employed, before interest and dividends, of 6.5% a year averaged over the five year period from 1/4/2014 to 31/3/2019.

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 65, three types of charges are applied from which income is derived:

- Framework Income – a commission levy is applied at the appropriate rate on sales reported by suppliers and also a monthly levy for energy based on the number of sites
- Managed and Advisory Services Income - chargeable directly to customers for services received
- Whitehall Income - service charges are made to users of the Whitehall Systems in line with service and maintenance costs

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

Remote contingent liabilities

The Crown Commercial Service does not have any remote contingent liabilities.

Long-term expenditure trends

A five year summary of CCS's income and costs is shown on page 79 of the Notes to the accounts. In recent years, increases in operating costs have reflected organisational expansion as a result of a more centralised approach to the procurement of common goods and services.



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

I certify that I have audited the financial statements of Crown Commercial Service for the year ended 31 March 2016 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Crown Commercial Service circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Crown Commercial Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.



Opinion on regularity

In my opinion, in all material respects 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Crown Commercial Service's affairs as at 31 March 2016 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP
7 July 2016



Financial Statements



Statement of comprehensive income year ended 31 March 2016

	Note	2015/16 £000	2014/15 £000
Income from external sales	2	66,901	68,439
Other operating income	4	778	1,805
Total income		67,679	70,244
Staff costs	3.2	(46,161)	(44,436)
Depreciation of property, plant and equipment	7	(728)	(248)
Amortisation of intangible assets	8	(16)	(29)
Other expenditure	5.1	(19,352)	(20,122)
Total		(66,257)	(64,835)
Surplus / (deficit) before other operating costs		1,422	5,409
Other operating costs	5.2	(8,090)	(3,500)
Operating (deficit) / surplus		(6,668)	1,909
Finance income	6	99	124
(Deficit) / surplus for the financial year		(6,569)	2,033
Dividend payable to Cabinet Office		(2,000)	(2,000)
Retained (deficit) / surplus for the financial year		(8,569)	33
Other comprehensive income		-	-
Comprehensive (expenditure) / income for the financial year		(8,569)	33

Income and surplus / (deficit) are derived entirely from continuing operations. There were no material disposals or acquisitions.

The Notes to the accounts on pages 65 to 77 form an integral part of these accounts.

Statement of financial position as at 31 March 2016

	Note	31 March 2016		31 March 2015	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	7		2,727		3,385
Intangible assets	8		2		18
			<u>2,729</u>		<u>3,403</u>
Current assets					
Inventories	9	104		107	
Trade and other receivables	10	23,273		25,200	
Cash and cash equivalents	11	31,968		35,851	
		<u>55,345</u>		<u>61,158</u>	
Current liabilities					
Trade and other payables	12	(28,288)		(23,614)	
Employee benefit payable	13	(575)		(990)	
		<u>(28,863)</u>		<u>(24,604)</u>	
Net current assets			<u>26,482</u>		<u>36,554</u>
Non-current assets plus net current assets			<u>29,211</u>		<u>39,957</u>
Provisions	15		(344)		(2,521)
Total assets less liabilities			<u>28,867</u>		<u>37,436</u>
Capital and reserves					
Public dividend capital	16		350		350
General reserve	17		28,517		37,086
Total capital and reserves			<u>28,867</u>		<u>37,436</u>

The Notes to the accounts on pages 65 to 77 form an integral part of these accounts.

Paul Coombs

P Coombs
Interim Accounting Officer
6 July 2016

Statement of changes in taxpayers' equity at 31 March 2016

	General Reserve £000	Public Dividend Capital £000	Total £000
Taxpayers' equity at 1 April 2014	37,053	350	37,403
Recognition in statement of comprehensive income	<u>33</u>	-	<u>33</u>
Taxpayers' equity at 31 March 2015	<u>37,086</u>	<u>350</u>	<u>37,436</u>

	General Reserve £000	Public Dividend Capital £000	Total £000
Taxpayers' equity at 1 April 2015	37,086	350	37,436
Recognition in statement of comprehensive income	<u>(8,569)</u>	-	<u>(8,569)</u>
Taxpayers' equity at 31 March 2016	<u>28,517</u>	<u>350</u>	<u>28,867</u>

The Notes to the accounts on pages 65 to 77 form an integral part of these accounts.

Statement of cash flows for the year ended 31 March 2016

	2015/16	2014/15
	£000	£000
Net cash inflow / (outflow) from operating activities	(3,910)	7,595
Cash flows from investing activities		
Finance income	99	126
Purchases to acquire intangibles	-	-
Purchases of property plant and equipment	<u>(72)</u>	<u>(22)</u>
Net Cash inflow from investing activities	<u>27</u>	104
Net Cash inflow / (outflow) before financing	(3,883)	7,699
Cash flows financing activities		
Dividend paid	-	(4,641)
Net Cash outflow from financing activities	<u>-</u>	(4,641)
Net increase / (decrease) in cash and cash equivalents	<u>(3,883)</u>	<u>3,058</u>

See Note 18 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 65 to 77 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 (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by Crown Commercial Service are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1a Standards issued and effective in the 2015/16 FRoM for the first time

The following standards are now effective:

IFRS 13 - Fair Value Measurement

Adaptation of IAS 16 - Property, Plant and Equipment

1.1b Standards in issue but not in force

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2016 and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that may be adopted in subsequent periods:

IFRS 14 Regulatory Deferral Accounts

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

Amendments to IAS16 and IAS41 Bearer Plants

Amendments to IAS27 Equity Method in Separate Financial Statements

Amendments to IAS1 Presentation of Financial Statements

1.2 Accounting convention

The accounts have been prepared under the historical cost convention modified to account for the revaluation of Whitehall District Heating and Whitehall Standby Distribution Systems (the Whitehall Systems) included within property, plant and equipment. The Whitehall Systems were fully impaired during the financial year 2013/14.

The accounts have not been modified to include other non-current assets valued at current value in existing use as required in the FRoM. Any difference is not material.

1.3 Income and segmental reporting

Income consists of the value of the goods and services net of Value Added Tax, trade discounts, and commission shares from the ordinary activities of the business. Income is recognised in segments as follows:

1. Framework Income
 - a) General framework income – income is recognised in the calendar month in which spend takes place - at the appropriate commission rate on sales reported from suppliers
 - b) Energy framework income – a monthly levy is charged based on the number of sites a department has. Income is recognised monthly based on site information provided by our suppliers.
2. Managed and Advisory Services – Income is recognised through invoices billed directly to customers for services received.
3. Whitehall Systems income – standing charges are recognised quarterly in arrears with sales recognised in the month of consumption.

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

1.4 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.

Whitehall Systems

The Whitehall Systems are a specialised asset and they have been stated at depreciated replacement cost and since 2013/14 have been fully impaired. Other property, plant and equipment assets that have short lives and/or low values are valued at depreciated historic cost as a proxy for fair value.

Depreciation

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

- Computer equipment – three to six years
- Fixtures & fittings – five to 10 years
- Plant & equipment – five to 20 years

Notes to the accounts continued

1.5 Intangible assets

Acquired computer software licences and costs that are directly associated with the development of identifiable and unique software products controlled by the Agency are capitalised where future economic benefits are exceeding beyond one year. Economic benefits are assessed with reference to revenue generation and/or clear cost savings.

Such assets are amortised over their estimated useful economic lives (not exceeding three years). The prescribed capitalisation level is £5,000.

1.6 Inventories

Inventories comprise oil stocks held in respect of Whitehall Systems. These are valued at weighted average cost.

1.7 Early retirement

CCS is required to meet the additional cost of liabilities beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of payments to employees who have or are due to retire early. Full provision is made in the Accounts for this cost (see Note 15 in the Notes to the accounts).

1.8 Leases

All costs of operating leases are charged to the Income and Expenditure Account as incurred. There were no finance leases.

1.9 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. During the period, funds surplus to immediate requirements have been deposited with the National Loans Fund. Trade and other receivables are recognised at fair value and subsequently at amortised cost.

1.10 VAT

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

1.11 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:

Depreciation and amortisation

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

Lease obligations

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

Employee benefit obligations

Excess or deficit annual leave balances have been applied to employee mid point salary bands to derive a liability cost.

Voluntary Early Retirement (VER) provision

The calculation of the VER provision is based on an estimate of future pension liability costs until the relevant employees reach age 60.

1.12 Going concern

The financial statements have been prepared under the going concern assumption. The net deficit for the year has been planned and expected, following HM Treasury approval to utilise reserves to invest and to improve savings realisation for departments.

2 Segmental analysis

2015/16	Frameworks	Managed and Advisory Services	Whitehall Systems	TOTAL
	31 March 2016	31 March 2016	31 March 2016	31 March 2016
Statement of comprehensive income (SOCl)	£000	£000	£000	£000
Gross income from external sales	49,171	18,345	3,353	70,869
Commission shares	(3,968)	-	-	(3,968)
Net Income from external sales in SOCl	45,203	18,345	3,353	66,901
Other operating income	-	778	-	778
Total income	45,203	19,123	3,353	67,679
Operating costs	(29,578)	(33,326)	(3,353)	(66,257)
Surplus / (deficit) before other operating costs	15,625	(14,203)	-	1,422
Other operating costs	(6,322)	(1,768)	-	(8,090)
Operating (deficit) / surplus	9,303	(15,971)	-	(6,668)
Statement of financial position				
Non-current assets	1,162	1,567	-	2,729
Current assets	50,562	2,936	1,847	55,345
Total assets	51,724	4,503	1,847	58,074

2014/15	Frameworks	Managed and Advisory Services	Whitehall Systems	TOTAL
	31 March 2015	31 March 2015	31 March 2015	31 March 2015
Statement of comprehensive income (SOCl)	£000	£000	£000	£000
Gross income from external sales	48,722	20,790	2,807	72,319
Commission shares	(3,880)	-	-	(3,880)
Net Income from external sales in SOCl	44,842	20,790	2,807	68,439
Other operating income	-	1,805	-	1,805
Total income	44,842	22,595	2,807	70,244
Operating costs	(36,712)	(25,289)	(2,834)	(64,835)
Surplus / (deficit) before other operating costs	8,130	(2,694)	(27)	5,409
Other operating costs	(2,273)	(1,227)	-	(3,500)
Operating surplus / (deficit)	5,857	(3,921)	(27)	1,909
Statement of financial position				
Non-current assets	1,733	1,670	-	3,403
Current assets	49,065	10,502	1,591	61,158
Total assets	50,798	12,172	1,591	64,561

Notes to the accounts continued

3 Total staff costs

	2015/16 £000	2014/15 £000
Wages and salaries	30,730	30,307
Bonus	147	468
Social security	2,956	2,699
Superannuation	6,382	5,593
Voluntary early retirement	2	-
Agency and contract staff costs	5,944	5,369
TOTAL	<u>46,161</u>	<u>44,436</u>

Note 1: The anticipated bonus award for 2013/14 (paid out in 2014/15) was over-estimated by £173k last financial year and the accrual has been offset against the bonus allocation for 2015/16.

Note 2: Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme (PCSPS) and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 42. Details of the underlying liabilities applicable to Agency employees are not separately identifiable.

4 Other operating income

	2015/16 £000	2014/15 £000
Income		
Department for Communities and Local Government funding (DCLG)	-	1,608
Recruitment services	587	90
Commissioning Academy course fees	191	107
TOTAL	<u>778</u>	<u>1,805</u>

In advance of providing managed services, CCS transitioned a number of employees from DCLG. A recharge agreement was reached to support the cost of these transition arrangements. The agreement finished in March 2015.

The Commissioning Academy is a development programme for senior commissioners of public services. CCS funded the programme and charged a fee to departments for each participating delegate. CCS's management of the programme ceased on 31 March 2016.

5 Operating costs

5.1 Other expenditure

Charges Include:

	2015/16 £000	2014/15 £000
Auditor's remuneration	55	55
Charges for operating leases	2,550	2,232
Travel and subsistence	2,331	2,577
Accommodation and utilities	134	48
Marketing	34	52
Training	811	768
Whitehall Systems Management	3,203	2,674
Legal fees	898	2,019
Depreciation and amortisation	744	277
Technology and telephony	5,921	4,863
Other operating and external charges	2,671	4,557
TOTAL	<u>19,352</u>	<u>20,122</u>

The Comptroller and Auditor General is the auditor of CCS's accounts. The charge for the year is £55,000. All of this cost is related to audit services.

5.2 Other operating costs

	2015/16 £000	2014/15 £000
Commercial accelerator programme	5,011	1,000
Digital transformation programme	687	-
Restructuring - voluntary exit scheme	2,392	2,500
TOTAL	<u>8,090</u>	<u>3,500</u>

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

6 Finance income

	2015/16 £000	2014/15 £000
Bank and short term investment interest	99	124
TOTAL	<u>99</u>	<u>124</u>

Notes to the accounts continued

7 Property, plant and equipment

2015/16

	31 March 2016 Computer Equipment £000	31 March 2016 Fixtures & Fittings £000	31 March 2016 TOTAL £000
Cost			
At beginning of period	3,414	819	4,233
Additions in period	72	-	72
Disposals in period	(105)	-	(105)
At end of period	3,381	819	4,200
Depreciation			
At beginning of period	510	338	848
Amount provided in period charged to SOCI	640	88	728
Disposals in period	(103)	-	(103)
At end of period	1,047	426	1,473
Net book value at March 2016	<u>2,334</u>	<u>393</u>	<u>2,727</u>
Net book value at March 2015	<u>2,904</u>	<u>481</u>	<u>3,385</u>

2014/15

	31 March 2015 Computer Equipment £000	31 March 2015 Fixtures & Fittings £000	31 March 2015 TOTAL £000
Cost			
At beginning of period	462	819	1,281
Additions in period	2,952	-	2,952
At end of period	3,414	819	4,233
Depreciation			
At beginning of period	361	239	600
Amount provided in period charged to SOCI	149	99	248
At end of period	510	338	848
Net book value at March 2015	<u>2,904</u>	<u>481</u>	<u>3,385</u>
Net book value at March 2014	<u>101</u>	<u>580</u>	<u>681</u>

8 Intangible assets

	31 March 2016 Software licences £000	31 March 2015 Software licences £000
Cost		
At beginning of period	78	94
Additions in period	-	-
Disposals in period	<u>(21)</u>	<u>(16)</u>
At end of period	<u>57</u>	<u>78</u>
Amortisation		
At beginning of period	60	47
Amount provided in period	16	29
Disposals in period	<u>(21)</u>	<u>(16)</u>
At end of period	<u>55</u>	<u>60</u>
Net book value at March 2016	<u>2</u>	<u>18</u>
Net book value at April 2015	<u>18</u>	<u>47</u>

9 Inventories

	31 March 2016 £000	31 March 2015 £000
Fuel inventory for the Whitehall Systems	<u>104</u>	<u>107</u>
TOTAL	<u>104</u>	<u>107</u>

Notes to the accounts continued

10 Trade and other receivables

	31 March 2016 £000	31 March 2015 £000
Current receivables		
Trade receivables	11,228	15,593
Less: bad and doubtful receivables provision	(34)	(7)
Net trade receivables	11,194	15,586
Other receivables	82	94
Prepayments and accrued income	11,997	9,520
Total current receivables	<u>23,273</u>	<u>25,200</u>

Aged debt analysis

	31 March 2016 £000	31 March 2015 £000
Within credit terms	8,853	11,713
Past due date but not impaired:		
0-1 month	927	3,434
1-2 months	746	213
More than 2 months	668	226
Total receivables	<u>11,194</u>	<u>15,586</u>

Bad and doubtful receivables provision analysis

	31 March 2016 £000	31 March 2015 £000
Provision at the beginning of the year	7	2
Decrease in the provision for the year	(7)	(2)
Increase in the provision for the year	34	7
Provision at the end of the year	<u>34</u>	<u>7</u>

The bad and doubtful receivables provision is based on a review of receivables, balances as at the year end, particularly those outside the allowed credit period.

11 Cash and cash equivalents

	31 March 2016 £000	31 March 2015 £000
National Loans Fund	20,000	30,000
Government Banking Service and cash in hand	11,968	5,851
TOTAL	<u>31,968</u>	<u>35,851</u>

12 Trade and other payables

	31 March 2016 £000	31 March 2015 £000
Current payables		
Taxation and social security costs	3,127	3,707
Trade payables	6,705	3,994
Other payables	2,254	1,420
Dividend	2,000	-
Accruals and deferred income	14,202	14,493
TOTAL	<u>28,288</u>	<u>23,614</u>

13 Employment benefit payable

	31 March 2016 £000	31 March 2015 £000
Balance at beginning of period	990	566
Increase / (decrease) in the period	<u>(415)</u>	<u>424</u>
Balance at end of the period	<u>575</u>	<u>990</u>

Employment benefits represent accrued untaken leave. The decrease in the period is reflected within total wages and salaries (Note 3).

14 Lease obligations

	31 March 2016		31 March 2015	
	Other £000	Land & Buildings £000	Other £000	Land & Buildings £000
Operating lease rentals due within:				
One year	-	3,036	1	2,663
Two to five years	-	5,587	-	7,204
Over five	<u>-</u>	389	<u>-</u>	1,093
TOTAL	<u>-</u>	<u>9,012</u>	<u>1</u>	<u>10,960</u>

Notes to the accounts continued

15 Provisions

During the financial year, CCS continued with a voluntary exit scheme. At the end of the previous financial year the existence of the scheme had been communicated to staff and applications had been received to the extent that the entity was demonstrably committed to making payments, and so the requirements for a provision were met. The provision of £2.5m made in the previous financial year was fully utilised during the reporting period. The costs of voluntary exit in the reporting period have been charged through the SOCI. An additional provision of £0.3m has been made in the year.

The Voluntary Early Retirement provision for liabilities and charges is in respect of liabilities for future payments to employees who have or are due to retire early. The Agency bears pension costs from the date of early retirement until age 60, when the liability is assumed by the Principal Civil Service Pension Scheme (see page 42 for further information). The increase in the period relates to these payments.

	31 March 2016 £000	31 March 2015 £000
Balance at beginning of period	2,521	75
Utilised in the period	(2,509)	(54)
Increase in the period	<u>332</u>	<u>2,500</u>
Balance at end of period	<u>344</u>	<u>2,521</u>

16 Public dividend capital

	31 March 2016 £000	31 March 2015 £000
Issued pursuant to Government Trading Funds Act 1973	100	100
Issued upon acquisition of Fuel Branch 1 July 1995	<u>250</u>	<u>250</u>
Balance at end of period	<u>350</u>	<u>350</u>

17 General reserve

	31 March 2016 £000	31 March 2015 £000
Balance at beginning of period	37,086	37,053
Retained surplus / (deficit) for the period	<u>(8,569)</u>	<u>33</u>
Balance at end of period	<u>28,517</u>	<u>37,086</u>

18 Notes to the statement of cash flows

Note (i): Reconciliation of operating surplus to net cash inflow from operating activities

	Note	2015/16 £000	2014/15 £000
Operating surplus / (deficit)		(6,668)	1,909
Increase / (decrease) in provision	15	(2,177)	2,446
Depreciation charges	7	728	248
Amortisation of intangible assets	8	16	29
Decrease in inventories	9	3	2
(Increase) / decrease in receivables	10	1,927	(8,230)
Increase / (decrease) in payables and Employee Benefit	12/13	2,261	11,191
Net cash inflow / (outflow) from operating activities		<u>(3,910)</u>	<u>7,595</u>

Note (ii): Analysis of changes in net funds

	2015/16 £000	2014/15 £000
Net funds at 1 April	35,851	32,793
Net funds increase / (decrease)	(3,883)	3,058
Net funds at 31 March	<u>31,968</u>	<u>35,851</u>

19 Capital commitments

Capital commitments contracted for at 31 March 2016 were £nil for technology transformation (2015: £2,880,000).

20 Financial objective

The financial target was set at an annual average of 6.5% return on capital employed (ROCE) per annum over a five year period (April 2014 to March 2019). ROCE is measured as CCS's operating surplus as a percentage of the annual average of opening and closing net assets. CCS had a five year financial plan that aims to deliver this target. The current two year rolling average ROCE achieved is minus 7.5%.

21 Related party transactions

In accordance with ISA24 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 the year ending 31 March 2016, CCS has had various material transactions with this body. In addition, CCS had various material transactions with most government departments and other central government bodies, devolved administrations, the NHS and many local authorities.

CCS has had dealings with all government departments during the year.

Notes to the accounts continued

22 Financial instruments

CCS has powers to borrow funds.

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

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

- **Liquidity risk** The agency 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 Senior Leadership Team.

- **Interest rate risk** The agency 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** The agency has no foreign currency income. Foreign currency expenditure has not exceeded £5,000 in the financial year. The agency is not exposed to currency risk. Transactions have not been hedged.
- **Credit risk** The agency has little risk in cash and cash equivalents because these are deposited with the Government Banking Service and the National Loans Fund, within government. The agency 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, the carrying values of short term assets and liabilities (at amortised cost) are not considered different to fair value.

Financial assets

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
31 March 2016							
Trade receivables	11,194	-	-	11,194	-	-	-
Accrued income	10,286	-	-	10,286	-	-	-
Cash and cash equivalents	31,968	-	31,968	-	0.31	1.00	-
Gross financial assets	53,448	-	31,968	21,480	-	-	-
31 March 2015							
Trade receivables	15,586	-	-	15,586	-	-	-
Accrued income	8,866	-	-	8,866	-	-	-
Cash and cash equivalents	35,851	-	35,851	-	0.32	1.00	-
Gross financial assets	60,303	-	35,851	24,452	-	-	-

Financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
31 March 2016							
Trade payables	6,705	-	-	6,705	0.00	0.00	-
Accruals and other payables	<u>14,252</u>	-	-	<u>14,252</u>	<u>0.00</u>	<u>0.00</u>	-
Gross financial liabilities	<u>20,957</u>	-	-	<u>20,957</u>	-	-	-
31 March 2015							
Trade payables	3,994	-	-	3,994	0.00	0.00	-
Accruals and other payables	<u>13,931</u>	-	-	<u>13,931</u>	<u>0.00</u>	<u>0.00</u>	-
Gross financial liabilities	<u>17,925</u>	-	-	<u>17,925</u>	-	-	-

23 Contingent liabilities

There were no contingent liabilities.

24 Events after the reporting period

At the end of the reporting period, the Chief Executive left the organisation to pursue a new role within the public sector. In the short term, an Interim Chief Executive has been appointed whilst a permanent replacement is recruited. During this interim period, HM Treasury has appointed the Finance Director as the Interim Accounting Officer for the Crown Commercial Service.

Treasury minute dated June 2015

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 revenue account; and
 - b. To achieve such further financial objectives as HM Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with HM 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 HM Treasury concurrence) that a further financial objective desirable of achievement by Crown Commercial Service Trading Fund for the 5 year period from 1 April 2014 to 31 March 2019 shall be to achieve a minimum return, averaged over the period as a whole, equivalent to 6.5 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 26 April 2012.
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 2011 to 31 March 2016

Accounting convention applied	IFRS	IFRS	IFRS	IFRS	Restated
	Year 2015/16	Year 2014/15	Year 2013/14	Year 2012/13	IFRS Year 2011/12
	£000	£000	Note 1 £000	Note 1 £000	Note 1 £000
Statement of financial position					
Non-current assets	2,729	3,403	1,815	12,579	11,044
Total current assets less liabilities	26,482	36,554	35,663	28,757	25,711
Provision for liabilities and charges	(344)	(2,521)	(75)	(119)	(161)
Assets employed	<u>28,867</u>	<u>37,436</u>	<u>37,403</u>	<u>41,217</u>	<u>36,594</u>
Financed by					
Public dividend capital	350	350	350	350	350
Revaluation reserve	-	-	-	3,714	3,077
General reserve	28,517	37,086	37,053	37,153	33,167
	<u>28,867</u>	<u>37,436</u>	<u>37,403</u>	<u>41,217</u>	<u>36,594</u>
Statement of comprehensive income					
Income	<u>67,679</u>	<u>70,244</u>	<u>47,807</u>	<u>41,448</u>	<u>55,163</u>
Operating costs	(66,257)	(64,835)	(49,089)	(30,263)	(44,679)
Surplus / (deficit) before other operating costs	1,422	5,409	(1,282)	11,175	10,484
Other operating costs	(8,090)	(3,500)	-	(3,032)	(7,468)
Operating surplus / (deficit)	(6,668)	1,909	(1,282)	8,143	3,016
Finance income	99	124	109	93	60
Surplus / (deficit) for the year	(6,569)	2,033	(1,173)	8,236	3,076
Dividend payable to the Cabinet Office	(2,000)	(2,000)	(2,641)	(2,615)	(2,379)
Contribution to Cabinet Office ERG activities	-	-	-	(2,880)	-
Retained Surplus / (deficit)	<u>(8,569)</u>	<u>33</u>	<u>(3,814)</u>	<u>2,741</u>	<u>697</u>

Note 1 Operating as Government Procurement Service

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