



# Annual Report and Accounts

2019/20





# Crown Commercial Service Annual report and accounts 2019/20

Presented to Parliament pursuant to Section 4 (6A) (b)  
of the Government Trading Funds Act 1973 (as amended  
by the Government Trading Act 1990).

Ordered by the House of Commons to be printed on  
15 July 2020.

HC510



Crown  
Commercial  
Service



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ISBN 978-1-5286-1920-2

CCS0320280388 07/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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# Welcome

## to the **Crown Commercial Service** Annual Report and Accounts 2019/20

In 2019/20 the Crown Commercial Service, as a Trading Fund and an Executive Agency of the Cabinet Office, helped organisations across the entire public sector to save time and money on buying their everyday goods and services.

# Performance highlights and commercial benefits including savings

**£18.1 billion** of public sector spend was channelled through our commercial agreements -  
**an increase of £2.4 billion from the previous year**

Our employee engagement index, as measured by the Civil Service **People Survey**, has **increased to 68%** in 2019 - maintaining top quartile performance

Customers who have used our agreements have achieved **commercial benefits equivalent to £1.058 billion**

Over 64% of the suppliers on our deals are either micro (41%), small (15%) or medium (8%) enterprises, with an additional **£275 million spent directly with SMEs compared to 2018/19**

In line with government policy on prompt payment **CCS paid 95% of undisputed supplier invoices within five days and 100% of undisputed payments due within 30 days**







We assisted customers with procurements worth a total **annual contract value of £875 million**

Using our **Supply Teachers agreement**, the Academies Enterprise Trust identified **savings of £119,000 on the cost of agency staffing**



Our **Net Promoter Scores** for customer satisfaction over the year reached **+57** for customer service and **+51** for assisted procurement

Our **IT hardware aggregation** brought together the requirements of 5 fire and rescue service customers, helping them to achieve average **savings of 30%**, or **the equivalent of a total saving of almost £500,000 for the customers who took part**



**12 customers save £1.55 million** on mobile voice and data services. Our aggregation brought together 12 customers' requirements for mobile voice and data services, helping them **achieve average savings of 73%**

# Year at a glance



< **April 2019** >

Spark was launched to provide a smarter way for public sector customers to access the very latest and proven technologies. The Dynamic Purchasing System (DPS) enables suppliers to join Spark and add new service offerings at any point.



< **May 2019** >

Our experiential exhibition 'The Art of Procurement' takes centre stage at Procurex National.



< **June 2019** >

We help St Thomas More Roman Catholic Academy save £7,000 on their energy contracts with our School Switch agreement.



< **July 2019** >

Our financial services group received recognition as one of the top 10 deals of the year at the Trade Finance Awards 2019 for the NHS BSA engagement via the Supplier Early Payment Solution (SEPS) Framework.



< **August 2019** >

We award the Public Sector Vehicle Hire Solutions agreement - with a focus on boosting car share solutions and making it easy for customers to deliver social value.



< **September 2019** >

We work closely with the Cabinet Office and Home Office to develop new guidance and tools to help public sector buyers tackle modern slavery in their supply chains.



< **October 2019** >

The latest iteration of our Digital Outcomes and Specialists (DOS) agreement goes live. 3,475 suppliers are awarded places on the agreement, which has seen more than £1.5 billion of spend since its creation.



< **November 2019** >

We attend digitech19, the largest public sector technology procurement event. 104 exhibitors join us on the day including 35 SMEs, showcasing to over 500 technology and procurement professionals from across the public sector.



< **December 2019** >

We host all staff events for our workforce across our four sites, where we update colleagues on business and performance.



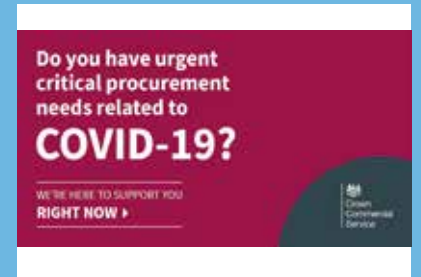
< **January 2020** >

Tammy Carter from our fleet category is named at number 17 in GreenFleet's 100 most influential people.



< **February 2020** >

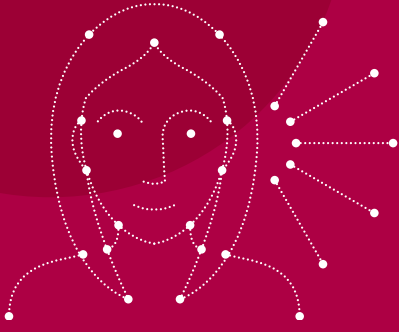
We mark LGBT+ History Month 2020 by sharing daily profiles of LGBT+ heroes with our staff.



< **March 2020** >

We assist the cross-government response to the coronavirus pandemic - creating a catalogue of offers of support to the public sector from hundreds of suppliers.

we listen  
we respect  
we collaborate  
we trust



we listen  
we respect  
we collaborate  
we trust



we listen  
we respect  
we collaborate  
we trust



we listen  
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we collaborate  
we trust



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

## Who we are

**Our vision** is for CCS and our alliances to be the go-to providers for the public sector, delivering outstanding value, commercial benefits and excellent service.

**Our purpose** is to deliver commercial benefits for the UK central government, arm's length bodies and the wider public sector. We do this by establishing and managing outstanding customer focused commercial agreements for common goods and services, bringing to bear our category expertise and procurement capability so that our customers can buy as effectively and efficiently as possible.

**Our goals** are to maximise commercial benefits, focus on the customer, and support the government's public procurement policy priorities.

**Our strategy** is to increase the spend through our agreements and alliances to £30 billion within the next four years, including through the development of our portfolio of digital products, and in doing so, enable our customers to achieve greater value for money and commercial benefits from their procurement of common goods and services.

**Our ambition** is to achieve this by transforming the organisation into a customer focused organisation, developing solutions in collaboration with our customers, and making it simple and easy for them to access and consume our products and services. We will identify new categories, establish new commercial products and enter new markets. In parallel, we will also continuously improve our capabilities through the development of our people and ways of working.



# Glossary

<b>ACV</b>	Annual Contract Value	<b>G-Cloud</b>	CCS's commercial agreement for use by the UK public sector to buy cloud computing services covering hosting, software and cloud support on a commodity based, pay-as-you go service
<b>Alliances</b>	Arrangements we have formed with other PBOs and organisations for the benefit for our customers and suppliers	<b>GCO</b>	Government Commercial Organisation
<b>ALB</b>	Arm's length body, an organisation that delivers a public service, is not a ministerial government department, and which operates to a greater or lesser extent at a distance from ministers	<b>GIAA</b>	Government Internal Audit Agency
<b>BAME</b>	Black, Asian and Minority Ethnic	<b>GPA</b>	Government Property Agency
<b>CAAAB</b>	Commercial Agreement Advisory and Approval Board, the board oversees all new and replacement commercial agreements	<b>IACC</b>	Investment and Change Committee, that approves all investments and change projects
<b>CG&amp;S</b>	Common goods and services, products and services that multiple organisations need to purchase, from locum doctors and laptops, to police cars and electricity. In CCS, we organise them into four pillars: buildings, people, technology, corporate services	<b>LGBT+/ LGBTQ+</b>	Lesbian, Gay, Bisexual, Transgender, Queer/ Questioning plus other communities
<b>CIPS</b>	Chartered Institute of Procurement and Supply	<b>MoU</b>	Memorandum of Understanding, a type of agreement between two or more parties
<b>CG</b>	Central government, the ministerial departments	<b>MPM</b>	Managing Public Money, HM Treasury guidance for managing the spending of public funds
<b>CO</b>	Cabinet Office	<b>MSAT</b>	<a href="#">Modern Slavery Assessment Tool</a>
<b>Commercial benefits</b>	The value that CCS drives for customers when purchasing through our commercial agreements. Our methodology allows for 2 routes for benefit calculations: <ul style="list-style-type: none"> <li><b>a.</b> 'Spend benefits' are based on sampling all spend through a commercial agreement and calculating average benefit for all the customer population using the agreement compared to current comparator market prices</li> <li><b>b.</b> 'Change benefits' are a specific measure applicable to an individual customer usually as a result of a business change influenced by CCS and signed off accordingly by the customer</li> </ul>	<b>NAO</b>	National Audit Office
<b>CPMO</b>	Corporate Portfolio Management Office, they advise, support and challenge internal projects	<b>Net Zero</b>	The target for the UK to bring all greenhouse gas emissions to net zero by 2050. Any emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage
<b>CRM</b>	Customer relationship management, either the processes of managing customer relationships or the tools/software we use to manage customer information	<b>NHS BSA</b>	NHS Business Services Authority
<b>CSUP</b>	Consumer single use plastics, plastics that are typically intended to be used just once and / or for a short period of time before being disposed of, and by consumers, so not plastics with applied or industrial uses	<b>NHS FOM</b>	NHS Future Operating Model, the programme to enhance procurement efficiency and effectiveness across the NHS
<b>DOS</b>	Digital Outcomes and Specialists, CCS's commercial agreement that helps the public sector buy, design, build and deliver digital outcomes by finding appropriate specialists to deliver agile software development	<b>NPS</b>	Net Promoter Score, a measure of customer satisfaction
<b>DPS</b>	<a href="#">Dynamic purchasing systems</a>	<b>OGSA</b>	Operational Governance Self Assessment, part of CCS's management assurance process
<b>FM</b>	Facilities management	<b>PBOs</b>	Professional buying organisations that put in place and manage contracts and frameworks for commonly purchased goods and services which can be accessed by most UK public sector organisations
<b>FReM</b>	The government Financial Reporting Manual, which is the technical accounting guide for the preparation of financial statements	<b>PSC</b>	Public Sector Contract, a shorter and simpler government contract developed and used by CCS
<b>FTEs</b>	Full time equivalent, the hours worked by one employee on a full-time basis	<b>RMI</b>	Report Management Information system, the new system for suppliers to submit their returns to CCS
<b>GCF</b>	Government Commercial Function	<b>ROCE</b>	Return on Capital Employed
		<b>SCS</b>	Senior Civil Service
		<b>SMEs</b>	Small and medium enterprises (business of less than 250 employees)
		<b>Social value</b>	Social value legislation requires buyers of public sector services to consider whether there are related social, economic or environmental benefits that can be delivered through the contract, for example, creating more apprenticeships or reducing carbon emissions
		<b>SRO</b>	Senior Responsible Owner, the individual responsible for ensuring that a programme or project meets its objectives
		<b>ULEV</b>	Ultra low emission vehicles
		<b>WPS</b>	Wider public sector, including local government, health and education, and third sector (charities)

# Performance report



# Overview

## Chair's statement



Tony van Kralingen  
Chair

**The growth in the management of public spend is core to CCS's business model. This reflects the confidence our customers have, that we can drive value for them, and in so doing, deliver savings to the UK tax payer. Additionally, well managed spend also imbues our suppliers with confidence, as the majority wish to work in a professional, if demanding environment.**

Consequently two years ago, post the restructure designed to build a fit for purpose CCS, the Board and management set out an ambitious goal to double spend under management over the following four to five years. I am pleased to report that the business delivered excellent progress in our 2019/20 year. The year saw CCS increase the amount of spend through its commercial agreements by £2.4 billion from £15.7 billion to £18.1 billion and deliver commercial benefits for our customers equivalent to over £1 billion. This is more than double the 2015/16 financial year. This improvement, and indeed further progress, is a consequence of continuous, deliberate and thoughtful transformation of the business in organisational capability and technology, underpinned by good governance. I am grateful to the Board, our Chief Executive Simon Tse and his management team, as well as the entire CCS family, for their leadership and unwavering commitment.

The year has demonstrated CCS's importance in the role of ensuring the public sector purchase common goods and services at best value. This has been particularly evident in the last few weeks of the financial year. CCS has played a key part in the government's response to the challenges of the coronavirus crisis. While the extent of the impact of the crisis will not be known for months, perhaps years, I am proud of the organisation's determination to step up to the plate and be counted. Encouragingly, the team within CCS are determined to use this challenge as an opportunity to demonstrate their capability to deliver value for, and on behalf of, the UK government and the British taxpayer.

Organisationally, CCS has invested significantly in technology improvements, and building new business development teams to improve our engagement with the wider public sector. While all this change is potentially unsettling, it is encouraging to see the continued improvement in the People Survey engagement scores.

Finally, I would like to express my appreciation to the Board, the CCS family and all our customers and suppliers who continue to work with us.

## Chief Executive's introduction



**Simon Tse**  
Chief Executive

**It has been a real pleasure to lead CCS during 2019/20 and it has been another excellent year for us, ensuring that we get value for money across the entire public sector. We had very ambitious targets for the year, and I am delighted that we have generated commercial benefits for the public sector of over £1 billion.**

We could not have delivered as much as we have without the hard work, commitment and excellence of our people, and I am so proud of everything they have achieved. I also recognise that we are part of a wider Government Commercial Function, and our colleagues in teams across central government, arm's length bodies and the wider public sector have been integral to helping us achieve the growth that we have. Achieving over £1 billion of commercial benefits is a significant milestone for us and shows the huge value that we can drive for the public sector and the taxpayer when our customers use our commercial agreements. We have also grown the spend through our commercial agreements significantly, having achieved growth of over £5 billion since 2017/18. Two years ago, we set ourselves an ambitious target to double our spend over the next 4 to 5 years, and with our current growth trajectory, all the indicators are showing that we are transforming and growing in the right direction and that target is within our reach.

Our strategic objective is to focus on putting the customer at the heart of what we do, so that we can support over 18,000 customers each year, across the entire public sector, to buy the common goods and services they need to deliver frontline services for citizens. We are making it simpler to do business with us and ensuring that we are user friendly. We have grown our customer experience directorate, and established a new team of business development colleagues to work with our wider public and third sector customers to deepen our relationships, and this has enabled us to achieve growth of £914 million spend (14%) in the wider public sector in 2019/20. In central government, we have seen growth of £1.4 billion (16%), and all of our customers are seeing the benefit of how we can ensure that they are getting better value for their procurement.



Our focus on the customer is also showing in our customer satisfaction, evidenced through our increased NPS this year (+57 for assisted procurement and +51 for our customer service). Behind these scores are a whole multitude of improvements we have made to how we work, including:

- developing our category strategy programme and putting the customer at the heart of how we develop these. Our category strategies capture our expertise of the categories and our market insight, and allow us to design the channels that enable buyers and suppliers to access the goods and services they need. Customer sign off is the final step in endorsing our strategies
- awarded 33 new commercial agreements
- assisted customers with procurements with an ACV of £875 million
- we have developed further digital solutions, both for our customers to use as part of their purchasing journeys, and also for our suppliers with the implementation of the new eSourcing suite and the RMI system through which suppliers submit their customer spend returns
- implemented the new Commercial Agreement, Advisory and Approval Board (CAAAB) that oversees all new and replacement commercial agreements to ensure that we launch the best possible commercial agreement within the timeframe required

It is not just through commercial benefits that we can add value for our customers. Our work to support effective policy delivery to strengthen the UK economy involves helping to support our customers to achieve social value objectives through their procurements, through creating tools and guidance so that social value is built into procurements and so that we can measure the social value elements of bids. We are committed to supporting the government in its ambitions for a third of all government spend to be with SMEs, by ensuring that our new commercial agreements are as accessible as possible to SMEs, and introducing dynamic purchasing systems that are SME friendly. We also support the government commitments on modern slavery by assuring our supply chains and reducing carbon emissions by ensuring sustainable procurement. Our commercial agreements support the government's commitment to Net Zero by 2050, applying relevant buying standards and best practice industry innovation to all our procurement activity.

I am committed to ensuring that CCS is a brilliant place to work, by investing in our people. As an organisation, our role is to help the public sector, and ultimately tax payers, get value for money, and this is a great motivator for everyone at CCS. In 2019, we achieved another increase in staff engagement scores to 68%, putting us as one of the highest in the Civil Service, with a 97% completion rate for the People Survey. I am so heartened by this response. Respect at Work training has continued to have a positive impact on bullying, harassment and discrimination scores, and our continued focus on mental health and wellbeing has seen improvements in staff wellbeing scores in the survey. We continue to focus on learning and development - we have supported 69 colleagues through CIPS training, along with qualifications in other professions such as finance, project management, marketing, communications and HR.

CCS continues to be an active participant in the Government Commercial Organisation (GCO) and during 2019/20, 67 of our Band 5 (Grade 7) commercial colleagues completed the transition to GCO in support of its expansion programme, meaning we are now the second largest GCO department, with 138 of our most senior commercial colleagues employed by GCO and deployed into CCS. We have also grown our new talent, with 162 new colleagues joining us during the year. In order to be a brilliant place to work, we must also be an inclusive organisation. During 2019/20 we have refreshed our Inclusion Strategy and Action Plan to take us through to 2025, for launch in early 2020/21. On a personal note, I was honoured to be appointed Cabinet Office Race Champion in October 2019, a role which sees me supporting the race strategy across the whole of Cabinet Office, its functions and its arm's length bodies (of which CCS is one).

We continue to invest for the future, using £11 million of our working capital to enhance our internal systems, the digitisation of our agreements, and transforming our ways of working for both our customer users and suppliers. As part of our long term transformation programme, we recognise the need to ensure that digital transformation is at the forefront of our development of new products and services. Our customers have told us that pace, consistency, ease of use and engagement are their top priorities, and involvement of our customers is central to all the services we design and implement. We continue to improve our customer relationship management system to support all our interactions with our customers, and successfully implemented our new HR and Finance system, Workday, at the beginning of 2019/20. The transformation programme has also been developing our five year vision, which has identified eight themes that will drive the change to help us realise this vision. We have delivered all of this growth and change in an environment of good governance, as demonstrated by our moderate internal audit opinion again this year, where half of our internal audits achieved a rating of substantial - a significant improvement on previous years. As an Executive Board, we formed the judgement at the time of approving these financial statements that CCS has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the accounts are prepared on the basis that the CCS Trading Fund is a going concern.

In a year where we have delivered a significant amount, the financial year ended in the midst of a global pandemic and we have been heavily involved in supporting the government response and our customers during this time. The impacts of COVID-19 to our operations only started to be realised in the last few weeks of 2019/20, and the long term impacts are yet to emerge in full. We took decisive action in the early stages of the pandemic to use Regulation 72 under the Public Contracting Regulations, which allows contracting authorities to extend their contracts beyond their expiry date, where no extensions are lawfully permitted, in unforeseen circumstances. This allowed us to extend 12 commercial agreements that were coming to the end of their four year term and had no further lawful extensions available, supporting suppliers and our customers in this extraordinary situation. We also used lawful extensions to extend two further agreements that were due to be replaced in 2020. The pandemic did impact the completion of some planned activities; for example, completing certification and customer endorsement of category strategies were impacted by focusing attention on urgent COVID-19 activities for customers. Taking these steps enabled us to pivot our resources to responding to urgent customer requirements in some categories, as well as establishing an effective process for assessing and responding to the steady flow of offers of non-medical goods and services from a range of suppliers keen to be involved in the government's response to the pandemic.

We were also able to move decisively, swiftly and completely to remote working across the organisation in early March, before 'lockdown' was introduced in the UK. This is testament to the vision and commitment of our Chief Digital and Technology Officer, Craig Macdonald, who was instrumental in ensuring that the organisation was capable of working in a remote and agile way. Tragically, Craig passed away suddenly and unexpectedly in March 2020. He will be sorely missed by the whole organisation and we are committed to celebrating him and honouring his memory in 2020/21 and the years that follow.



Simon Tse  
Chief Executive and  
Accounting Officer  
8 July 2020



In Memoriam  
**Craig Macdonald**  
27 August 1974 - 21 March 2020

## Statement of purpose, scope and strategy

### Strategic objectives

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

We have three overarching strategic objectives:

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

### Performance overview

#### 1. Maximising commercial benefits

By making use of our commercial expertise and procurement capability, we have continued to refresh our category strategies, and optimise our portfolio of commercial agreements for common goods and services for both our central government and our wider public sector customers, putting in place 33 new commercial agreements in 2019/20.

Over the course of the year, £18.1 billion was spent through our commercial agreements - an increase of £2.4 billion (15%) on the previous year. This has been driven by growth in both central government departments and their arm's length bodies (increasing from £9.1 billion in 2018/19 to £10.5 billion in 2019/20) and the wider public sector (increasing from £6.6 billion in 2018/19 to £7.6 billion in 2019/20).

The more spend that is channelled through us, the more commercial benefits we are able to achieve for our customers. In 2019/20, we achieved commercial benefits worth £1.058 billion through the use of our agreements compared to market rates.

## 2. Focus on the customer

We have continued to implement and embed a simpler, more efficient and customer centric operating model through the establishment of a regional and sector based approach to customer engagement and business development. The capacity of the customer service centre has also been increased to provide an improvement to first line advice and support to our customers, and we have established several communities of practice amongst buyers.

We have also been able to provide our standard procurement call off service to a broader range of customers - with a particular focus on carrying out more high value and/or high complexity procurements.

Our continued investment in technology and user research has also enabled us to launch new commercial agreements that are more intuitive and provide a simpler self-service customer experience, such as the utilities switching service for schools.

Taken together these improvements are being reflected in our 2019/20 NPS - +51 for assisted procurement and +57 for customer service, which is an increase of +3 and +1 respectively.

## 3. Strengthening the UK economy through effective policy delivery

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

We have also looked to make social value count in ways that can create tangible benefits in towns and cities across the UK, ensuring social value is an evaluated criteria in procurements. We expect to be doing more of this over the coming year, and colleagues find it very motivating to be able to think beyond procurement as just being a 'deal'.

We have also seen continuing progress in our efforts to enable SMEs to participate in our commercial agreements, with an additional £275 million (+1.7%) being spent directly with SMEs compared to 2018/19, and 14.2% of central government spend through our agreements is now going directly to SMEs. We continue to design our deals so that SMEs are able to benefit and that is why now over 63.9% of the suppliers on our deals are either micro (41%), small (15%) or medium (8%) enterprises.

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

## Financial performance

We exceeded our financial targets in 2019/20. Total income was £94.9 million and expenditure was £71.8 million, delivering a surplus before other operating costs of £23.1 million (2018/19: £27.6 million). Other operating costs of £7.8 million were also incurred relating to NHS Future Operating Model, Digital Transformation, and Find a Tender Project. After interest and dividends, the retained surplus was £1.0 million (2018/19: £14.8 million) which was £6.0 million better than budgeted, primarily due to the effective control of core costs.

The opening General Reserve of £24.8 million was increased to £25.8 million. There was no change to Public Dividend Capital (£0.35m) meaning that the total of taxpayers' equity in CCS increased from £25.2 million to £26.2 million. The average return on capital employed from April 2019 to March 2020 was 60%, which exceeded the 5% target. More information is contained within the notes to the accounts on pages 78 to 92.

The Dividend which Cabinet Office receives from CCS increased to £14.5 million in 2019/20 (2018/19: £6.2 million). This was to cover the costs of the complex transaction, continuous improvement, markets and suppliers and policy teams which previously transferred from CCS to the Cabinet Office. Extra money was included to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers.

Our strategy of investing for the future, stimulating growth in customer spend and increased commercial benefits, continued in 2019/20. In total we invested £11.0 million from working capital to enhance internal systems, the digitisation of and online access to our commercial agreements, and transforming ways of working for both our customer users and suppliers.

We have continued our commitment to paying creditors in line with government policy on prompt payment. In 2019/20, we paid 95% of undisputed supplier invoices within five days and 100% of undisputed payments due within 30 days.

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

We manage risk across all activities carried out by the business at strategic and operational levels. Risk management is coordinated across a network of risk management champions and business managers representing each delivery function within the business.

The Executive Board reviews the strategic risk register and the effectiveness of mitigations on a monthly basis, and the main Board also reviews the Strategic Risk Register as a standing agenda item. Operational risks are reviewed on a monthly basis by the Business Performance Board, a sub-committee of the Executive Board. Additionally, the Audit Committee provides scrutiny of the overall system of risk management, key areas of risk and associated mitigation plans.

The ongoing areas of strategic risk that could affect or prevent the business from delivering its objectives are set out in the following table along with a summary of corresponding actions.

Risk topic	Risk - 'Failure to' .....	Mitigations
1a - Products: Buildings	Establish, design and build timely commercial agreements for products and services, that meet the needs of new and existing customers – easy to use, compelling and attractive	Effective operation of CAAAB to oversee design, planning and implementation of the pipeline of new and replacement commercial agreements. Customer and supplier engagement as part of the design of category strategies. Extensive user research as part of design of customer facing digital solutions.
1b - Products: Corporate		
1c - Products: People		
1d - Products: Technology		
2 - Business development	Identify, manage and convert business development opportunities efficiently and effectively	Implementation of customer relationship management tool to capture and track business development opportunities. Comprehensive induction programme for new business development managers. establishment of customer experience directorate hub to provide data, analytics and customer insight.
3 - Indirect channels	Establish and implement effective indirect channels strategy	Development of data and market insight to inform opportunities for future partnerships. Establishment of levy share models to underpin commercial agreements. Engagement with commercial directors of PBOs to identify mutually beneficial opportunities.
4 - Digital	Deliver digital solutions and keep pace with innovations in technology	Implementation of technology and digital strategy. Project prioritisation process along with gated project reviews through CAAAB and IACC. Continuous user research into all live products and services as well as continued product / system life cycle reviews.
5 - Transformation	Deliver the transformation agenda and wider portfolio of change and improve organisational capability (people, process and technology)	Programme board established to oversee delivery of the five year strategy and associated portfolio of projects that form the transformation programme. Regular communications and engagement with the Executive Board, senior leadership team and all staff at cross-CCS events.
6 - Investment	Invest in the right things which drive business growth and transformation	CPMO advise, support and challenge on project business cases. Portfolio progress reporting aligned to the IACC and CAAAB processes. Projects are subject to gated assurance reviews. SRO leadership training programme established.
7 - People	Attract and retain the best people, develop existing capability and strengthen leadership throughout the organisation as part of organisational transformation	Alignment of pay and reward to government professional framework structures. Talent management and leadership development programmes roll-out.
8 - Safety and wellbeing	Keep our people and business safe and secure from a health and safety perspective	Continuous review of business resilience plans. Mandatory health and safety training for all staff. Health and safety intranet hub supported by regular communications and a health and wellbeing events programme. Implementation of health and safety compliance work plan.

<b>9 - Suppliers</b>	<p>Manage suppliers effectively as part of an integrated and joined up approach for customers with CO central commercial teams and customers team (including):</p> <ul style="list-style-type: none"> <li>* Commercial agreement management</li> <li>* Supplier failure / assurance</li> <li>* Supplier / market reputation</li> <li>* Attracting the right suppliers</li> </ul>	<p>Supplier relationship management and engagement model in place for all key suppliers and supplier performance management training programme for staff. Completeness of income and supplier assurance audit programme.</p>
<b>10 - Security and safety (technology)</b>	<p>Keep our people and business safe and secure from a technology perspective</p>	<p>Information assurance and roadmap established and regularly monitored. Supplier assurance policy implemented. 'Detect and response' service established through a managed security service provider. Information security management system in place. Cyber security awareness campaign underpinned by mandatory training for our people.</p>
<b>11 - Trading Fund</b>	<p>Maintain CCS as a well run, efficient, sustainable and prosperous organisation</p>	<p>Annual OGSA exercise to identify areas for improvement. Annual internal audit assurance plan overseen by the Audit Committee. Corporate risk and issue management policy and supporting processes in place. Second line assurance service provided by business assurance team focusing on business resilience, counter fraud, bribery and corruption, supplier assurance and completeness of income. Monthly review of organisational performance carried out by Business Performance Board.</p>
<b>12 - EU Exit</b>	<p>Prepare for EU Exit and transitioning out of the EU, and how it will impact CCS</p>	<p>Preparedness exercise completed along with contributions to cross government preparations. Command control coordinated (C3) EU exit decision structure established supported by a cross functional team. Business resilience plan in place.</p>
<b>13 - Procurement reform</b>	<p>Identify the risks and opportunities presented by the proposals for procurement rules reform and putting measures in place</p>	<p>Ongoing engagement with CO procurement rules reform team. CCS policy team coordinating ideas to inform the refinement of the Green Paper. Executive Board members engaged with leaders across GCO and CO policy network.</p>
<b>14 - Business resilience - COVID-19</b>	<p>Establish mechanisms which enable the organisation to effectively deal with the impact of COVID-19 on business operations</p>	<p>Command chain established and business resilience plans refreshed. Dashboard tracking key activities and daily Executive Board calls to review. Establishment of operations control centre to coordinate organisation response to COVID-19 requirements along with dedicated programme office to report progress and issues daily. COVID-19 operational risk register and issue log established and managed. Clear guidance and daily communications established for staff. Weekly newsletter to customers and priority communication channels established for customers and suppliers for COVID-19 related requirements.</p>



# Performance analysis

## How CCS measures its performance

Organisational performance has been measured on a monthly basis through a corporate dashboard, which tracks progress against business plan objectives and the business strategy and forms the basis of a formal monthly review at the Business Performance Board. Progress and areas of concern are reported to the Executive Board.

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

## Key elements of CCS performance information and inter-relationships

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

Commercial agreements are designed to reflect ministerial procurement policy priorities, for example, supporting achievement of growth in opportunities for SMEs to do business with government.

We provide CG customers with a procurement service in the form of running competitions under our commercial agreements. WPS customers use the commercial agreements on a self, or assisted, service basis. Commercial agreements that are both easy to use and deliver value to customers help to support the achievement of government policy objectives.

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

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

## Non-financial information

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

We continue to focus on ensuring that CCS is a great place to work and that we operate in accordance with our values. We have implemented a 'Respect at Work' programme which has been rolled out across the organisation. Staff are consulted and engaged in taking the organisation forward, through regular All Staff Events, as well as through our senior leadership team and regional leadership groups. We track staff engagement through the annual People Survey and our engagement score in 2019/20 was 68%, an increase of 2 points on 2018/19.

## Performance against Business Plan objectives

The table below sets out the performance measures and the resulting assessment and achievements mapped against the key components of the organisation's business strategy and strategic objectives.

Strategy element	Strategic objective	Performance measure	Assessment and achievements
Focus on the customer	To provide commercial agreements and associated services to customers that are easy to access, use and which meet their needs	Provide a high quality assisted procurement service, with an ACV of £1bn, 80% delivered within agreed timescales	<b>Partially achieved</b> ACV of £875m with 91% delivered within agreed timescales
		<p><b>NPS</b></p> <ul style="list-style-type: none"> <li>Customer service: +45 (+50 stretch)</li> <li>Assisted procurement: +45 (+50 stretch)</li> </ul> <p><b>Customer service centre</b></p> <ul style="list-style-type: none"> <li>Resolve 90% of customer enquiries at the first point of contact</li> <li>Resolve 90% of 1st line enquiries within 24 hours</li> <li>Resolve 85% of 2nd line enquiries within 72 hours</li> </ul>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>Customer service +51</li> <li>Assisted procurement +57</li> </ul> <p><b>Partially achieved</b></p> <ul style="list-style-type: none"> <li>89% of customer enquiries resolved at the first point of contact</li> <li>89% of 1st line enquiries resolved with 24 hours</li> <li>81% of 2nd line enquiries resolved within 72 hours</li> </ul>
Maximising commercial benefits	To deliver commercial benefits for CG departments and the WPS	<p>Achieve £892m (£930m stretch) of commercial benefits comprising:</p> <ul style="list-style-type: none"> <li>CG £595m</li> <li>WPS £297m</li> </ul>	<p><b>Achieved</b></p> <p>Total £1,058m comprising:</p> <ul style="list-style-type: none"> <li>£979m (CG £656m &amp; WPS £323m) of benefits compared to market comparators</li> <li>£79m of business change related benefits were also signed off by customers</li> </ul>

Strategy element	Strategic objective	Performance measure	Assessment and achievements
<b>Strengthening the UK economy through effective policy delivery</b>	To support CO in the delivery of the government's objectives on procurement policy	Increase CG spend directly with small businesses via our commercial agreements	<b>Achieved</b> Spend directly with SMEs reached £1.23bn (14.2%) which is +£275m (+£1.7%) on 2018/19
		Deliver high quality policy interventions, ensuring we are legal and compliant with UK policy and regulations, including tackling modern slavery in the supply chain and embedding social value themes in our new commercial agreements	<b>Achieved and ongoing</b> Commercial agreements designed with measures to prevent modern slavery as part of wider supplier due diligence initiative. Undertook a substantial risk assessment exercise and due diligence of our commercial agreements which helped to inform the <a href="#">government's first modern slavery statement</a>  Social value enablement considered in design of all appropriate commercial agreements  Significant contribution made to CO training programme focused on social value in procurement
		Improve and simplify our commercial documentation, operating procedures, processes and systems, embedding the new PSC in all appropriate new commercial agreements	<b>Achieved and ongoing</b> PSC has continued to be refined through engagement with industry. A new version is set to be released in February 2021
		Achieve evidenced based improvements against the GCF's commercial standards	<b>Achieved and ongoing</b> Evidenced improvements in the five standards which formed the basis of the improvement plan for 2019/20. Improvement plan for 2020/21 established focusing on three new standards

Performance against Business Plan objectives *continued*

Strategy element	Strategic objective	Performance measure	Assessment and achievements
Transformation	Implement the Transforming CCS programme	Define the five year vision and develop a sustainable delivery strategy	<b>Partially achieved and ongoing</b> Strategy components defined with cross organisational workstreams established to develop delivery plan
		Design and test new multi-disciplinary ways of working and process redesign across the organisation	<b>Achieved</b> Cross functional team approach implemented as part of strategy design work and CAAAB process
		Deliver effective integrated management and assurance of agreed portfolio delivery projects	<b>Achieved</b> Project assurance reviews carried out and reported into the IACC
		Operate effective portfolio office function and manage the prioritisation of projects across CCS	<b>Achieved</b> Project prioritisation process operated effectively to inform investment planning and transformation
	Implement business transformation / continuous improvement	Design and implement streamlined governance for product design and delivery	<b>Achieved</b> Category strategy design certification process established along with gated product design and development process established and operated by the CAAAB
		Create and embed a user centred culture throughout the organisation	<b>Achieved and ongoing</b> Customer first principles and associated delivery standards established as the default for improvement of business processes and service development
		Implement customer focused ways of operating through smarter processes and a culture of continuous improvement	<b>Achieved and ongoing</b> Continuous improvement team embedded in business transformation workstreams
		Deliver and manage the migration of legacy services, develop temporary solutions to meet short term business needs and build a scalable digital service to support customer access to commercial agreements	<b>Partially achieved and ongoing</b> Accelerated solutions for Education Technology, Leasing, Print Marketplace, and Digits (2 and 3) were developed pending completion of scale platform

Strategy element	Strategic objective	Performance measure	Assessment and achievements																																					
Effective category strategies	To develop and maintain highly effective category strategies and launch new commercial agreements	To complete and assure quality through certification of all category strategies	<b>Partially achieved and ongoing</b> 67 of the 69 planned category strategies were completed. Of these, 58 were subject to internal certification. See table below for a breakdown by category pillar. Customer endorsement of category strategies within the Buildings, People and Technology pillars was planned during March 2020. Review and sign-off was impacted by customers focusing on higher priority COVID-19 activities																																					
		Work in partnership with our customers to renew our category strategies	<b>Achieved</b> All category strategies requiring refinement or development were informed by customer and market engagement																																					
		Use our strategies to inform the design of new commercial agreements that meet the needs of our customers	<b>Achieved</b> All new agreements awarded were informed by customer and market engagement																																					
		<table border="1"> <thead> <tr> <th rowspan="2">Pillar</th> <th colspan="2">Target</th> <th rowspan="2">Complete</th> <th rowspan="2">Internal certification</th> <th rowspan="2">Customer endorsement</th> </tr> <tr> <th>Original</th> <th>Revised*</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>22</td> <td>17</td> <td>16</td> <td>13</td> <td>2</td> </tr> <tr> <td>Corporate</td> <td>32</td> <td>29</td> <td>29</td> <td>28</td> <td>25</td> </tr> <tr> <td>People</td> <td>10</td> <td>12</td> <td>12</td> <td>7</td> <td>4</td> </tr> <tr> <td>Technology</td> <td>19</td> <td>11</td> <td>10</td> <td>10</td> <td>0</td> </tr> <tr> <td><b>Total</b></td> <td><b>83</b></td> <td><b>69</b></td> <td><b>67</b></td> <td><b>58</b></td> <td><b>31</b></td> </tr> </tbody> </table>			Pillar	Target		Complete	Internal certification	Customer endorsement	Original	Revised*	Buildings	22	17	16	13	2	Corporate	32	29	29	28	25	People	10	12	12	7	4	Technology	19	11	10	10	0	<b>Total</b>	<b>83</b>	<b>69</b>	<b>67</b>
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*The number of strategies was consolidated in year to reflect market and customer views																																								

Performance against Business Plan objectives *continued*

Strategy element	Strategic objective	Performance measure	Assessment and achievements																																								
Growth from increased spend through our solutions / products	To grow public sector spend through our centralised commercial agreements	Direct spend of £13.29bn (+£1.44bn on 2018/19)	<b>Partially achieved</b> £13.23bn (-£55m) with growth of +£1.39bn (12%) on 2018/19																																								
		Public sector commercial agreement spend of £1.76bn (+£443m on 2018/19)	<b>Achieved</b> £1.89bn (+£133m) with growth of +£576m (44%) on 2018/19																																								
		Transacted spend of £3.17bn (+£593m on 2018/19)	<b>Partially achieved</b> £2.98bn (-£189m) with growth of £404m (16%) 2018/19																																								
		Aggregate spend of £18.21bn (+£2.48bn on 2018/19) comprising: <ul style="list-style-type: none"> <li>£10.24bn in CG (+£1.15bn on 2018/19)</li> <li>£7.98bn in WPS (+£1.33m on 2018/19)</li> </ul>	<b>Partially achieved</b> £18.10bn (-£111m) with growth of +£2.37bn (15%) on 2018/19 comprising: <ul style="list-style-type: none"> <li>£10.54bn in CG (+£308m) with growth of £1.45bn (16%) on 2018/19</li> <li>£7.56bn in WPS (-£419m) with growth of £914m (14%) on 2018/19</li> </ul> <p>See table below for a breakdown by category pillar</p>																																								
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Award up to 40 new and or refreshed commercial agreements		<b>Partially achieved</b> 33 awarded. See table below for a breakdown by category pillar																																									
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* This was due to the combination of cancellation of agreements due to changes in demand and planned delays to awards into 2020/21																																											

Strategy element	Strategic objective	Performance measure	Assessment and achievements
Central government and wider public sector strategies	To continue to strengthen relationships and stimulate growth in spend through our products across CG	To retain, cross-sell and secure new business in central government - £10.24bn in 2019/20	<b>Achieved</b> CG spend of £10.54bn (+£308m) with growth of £1.45bn (16%) on 2018/19
	To continue to strengthen relationships and stimulate growth in spend through our products across the WPS	To retain, cross-sell and secure new business in the WPS - £7.98bn in 2019/20	<b>Partially achieved</b> WPS spend of £7.56bn (-£419m) with growth of £914m (14%) on 2018/19
		Generate leads through investing (£900k in 2019/20) in marketing campaigns - more than 5,630 leads/registrations	<b>Achieved</b> More than 7,000 leads generated from the investment
		Achieve 40% increase in WPS customers spending under £10k across English regions 2019/20	<b>Partially achieved and ongoing</b> Customer base remained broadly constant. Change of focus in-year to encourage customers to benefit from using a wider range of our commercial agreements
		Achieve 20% increase ALB spend through our agreements by 2020/21 - baseline £1.45bn in 2018/19	<b>Partially achieved and ongoing</b> £1.60bn achieved (10%) growth
		Embed and continuously improve opportunity and pipeline tracking processes as part of customer relationship management strategy	<b>Achieved</b> Opportunity pipeline established in the CRM system and managed by the customer experience directorate performance hub

Performance against Business Plan objectives *continued*

Strategy element	Strategic objective	Performance measure	Assessment and achievements
Digitisation	We will implement innovative and intuitive ways for customers to access our commercial agreements using digital solutions	Minimum of four digitised commercial agreements as part of our 'accelerate' workstream that will deliver solutions for customers in the short term	<b>Partially achieved &amp; ongoing</b> Education Technology and the first element of Digits has been delivered  The programme team are continuing to work with the category leads for Leasing and Advisory and Print Marketplace, so that a solution can be developed. Work on Digits (2 and 3) continues
		Building the components of a scalable digital service that can support multiple commercial agreements	<b>Partially achieved and ongoing</b> Scale platform in development, comprising 'Find a Thing', 'Buy a Thing' and 'Contract a Thing'
		Onboard six commercial agreement to the scalable service	<b>Not achieved</b> Platform still in development and aligned to the six commercial agreements
		Deliver up to 16 core enabling projects, subject to ongoing prioritisation	<b>Partially achieved and ongoing</b> Eight projects were approved and initiated as part of the business improvement and change portfolio
		Delivery milestones achieved for all initiatives, with benefits identified, tracked and measured and all projects quality assured throughout 2019/20	<b>Partially achieved and ongoing</b> All projects are monitored and assured as part of the CPMO processes



Strategy element	Strategic objective	Performance measure	Assessment and achievements
Building capability	To continue to build and improve our people and organisational capability	Support the business in the effective recruitment of staff within the staffing establishment of 873 FTEs in 2019/20 and 987 in 2020/21	<b>Achieved</b> 846 FTEs were in post at the end of the year
		Maintain top quartile staff engagement scores in 2019 People Survey through production of an organisational action plan	<b>Achieved</b> Top quartile maintained. People engagement score of 68% achieved (+2% on 2018/19)
		Take further steps to achieve a reduction in bullying and harassment reported in the People Survey	<b>Achieved</b> Scores decreased from 14% to 12%
		Ensure more proactive talent management and succession planning is in place with evidence of both development and opportunities	<b>Achieved</b> Talent and succession planning in place for SCS  Talent and succession planning implemented, however reporting and subsequent development activities on hold due to COVID-19
		Successful transfer of Commercial Leads to GCO and reassessment of GCO Commercial Specialist and Assistant Commercial Specialists	<b>Achieved</b> 67 Band 5 commercial staff transferred to GCO  Assessment Development Centres completed comprising 55 x Band 5 & 11 x Band 6  Reassessments comprised of 3 x SCS1, 6 x Band 6, 1 x Band 5  8 x Band 5 carried forward to 2020/21 due to COVID-19
		Develop and implement the commercial capability blueprint	<b>Achieved</b> Endorsed by the Board in March
		Roll out Workday and embed the functionality and self service over the reporting year	<b>Achieved</b> Workday implemented and new working practices embedded
		Review and refresh the learning and development capability plan by Q1	<b>Achieved</b> Plan refreshed for 2019/20
		Develop and implement a strategic workforce plan by Q2	<b>Not Achieved</b> This was rescheduled to 2020/21

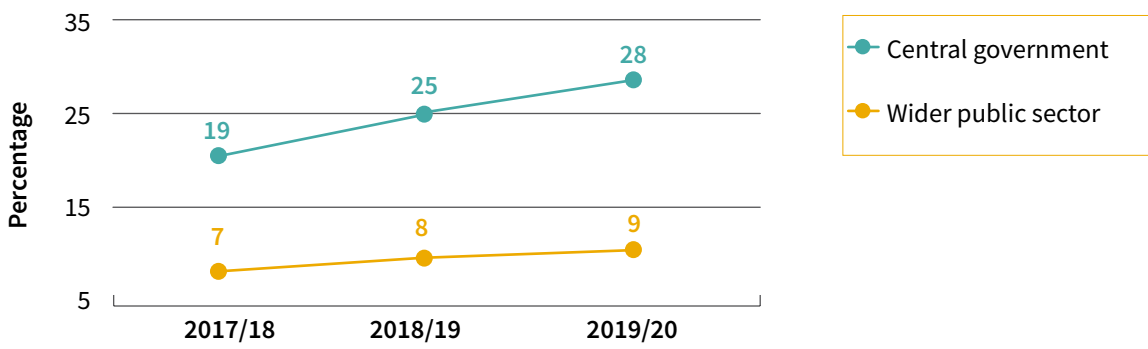
Performance against Business Plan objectives *continued*

Strategy element	Strategic objective	Performance measure	Assessment and achievements
<b>Effective governance, risk management and efficiency</b>	We will be a well run, efficient and sustainable business. We will have a robust framework of financial management and control and be effective at mitigating risk and resolving issues across the organisation. We will be highly adept at taking effective decisions and balancing risk with reward	Rigorous governance through compliant 2019/20 and 2020/21 Annual Report and Accounts (AR&A) publications; maintaining our overall 'moderate' Internal Audit assessment	<b>Achieved</b> AR&A completed in line with reporting standards and signed off by the NAO  'Moderate' Internal Audit opinion maintained, with over 50% of assurance audits receiving a 'substantial' rating
		Robust financial management will be achieved through meeting FReM and UK accounting standards ensuring a non-qualified Audit Opinion	<b>Achieved</b> Financial management aligned to FReM UK accounting standards with non-qualified Audit Opinion
		Achieve the 2019/20 and 2020/21 financial plans and prompt payment targets of 80% within 5 days and 100% within 30 days	<b>Achieved</b> 95% of invoices paid within 5 days, 100% within 30 days
		Complete implementation of Workday and realise benefits	<b>Achieved</b> Workday implemented - benefits tracked and monitored  Subsequent phases of roll out of additional functionality to follow in 2020/21
		Hold the business to account through continuous improvement: strategy and planning; performance monitoring; risk and issue management; business assurance; and data insights	<b>Achieved</b> Performance, risk and issue management assured through monthly reporting and assurance via the Business Performance Board, Executive Board, Audit Committee and the CCS Board as well as the quarterly business performance review process

## Growth of spend through our commercial agreements

A key measure of success for the organisation is the volume of our customers' spend on common goods and services (CG&S) channelled through our commercial agreements in relation to their total spend on CG&S. In simple terms this is our market share. The graph below illustrates how our market share has increased over the past three years in both CG and the WPS. Our aim is to continue to attract more business from both new and existing customers so that the public sector is able to realise increased commercial benefits in terms of benchmarked prices as well as quality goods and services.

**Spend growth - market share**



## Sustainability report

We recognise that public procurement has a critical part to play in the government's 25 year environment plan and the transition to a Net Zero greenhouse gas emission economy by 2050. We also continue to work in support of the Greening Government Commitments to reduce the impact of our estates occupancy on the environment. In practice, we do this by working with the landlords of all the premises we operate from (who are other government departments). Year on year data for greenhouse gas emissions for official business travel is given in the table below. Emissions through official road travel has increased in 2019/20, which is due in part to the new customer experience business development team, who are based regionally and visiting customers, as well as the removal of flights between Norwich and Manchester for travel to our Liverpool and Norwich offices. All colleagues are encouraged to make use of smart working technology and video conferencing, but if travel is required, rail travel continues to be our default option.

Colleagues are also encouraged to take part in environmental projects on volunteering days. Events have included beach cleans and planting trees at Watermeads National Trust. We continue to work in partnership with Cycle Solutions to promote the Cycle to Work scheme.



Greenhouse gas (GHG) emissions: official business travel

Tonnes CO <sub>2</sub>	2009/10 (Baseline)	2016/17	2017/18	2018/19	2019/20
Official travel - Road	98	63	41	25	<b>62</b>
Official travel - Rail	57	290	229	185	<b>167</b>
Official travel - Air	128	44	35	23	<b>22</b>
<b>Total GHG emissions</b>	<b>283</b>	<b>397</b>	<b>305</b>	<b>233</b>	<b>251</b>

## Expenditure on official business travel

	2009/10 (Baseline)	2016/17	2017/18	2018/19	2019/20
<b>Financial indicators (£k)</b>	1,183	1,674	1,367	1,142	<b>1,217</b>

## Sustainable procurement

We have the following priorities with regard to sustainable procurement:

- a commitment to applying relevant and appropriate buying standards and best practice industry innovation to all its procurement activity
- a commitment to reducing carbon emissions through the procurement of energy across government and the public sector
- a commitment to ensuring its procurements make a contribution towards reducing consumer single use plastics (CSUP) in the supply of goods
- a commitment to ensuring its procurements and wider activities make a contribution towards the government's Net Zero target

## Buying standards

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

- Our **Traffic Management Technology 2 agreement** enables the procurement of charging points and network development to support the government's target for 25% of central government's car fleet to be Ultra Low Emission Vehicles by 2022
- Our new **Office Supplies agreement** supports Government Buying Standards and sustainable procurement by helping to reduce the carbon footprint through specific recycled commodity offerings e.g. paper and progressive elimination of CSUP within our core product list. Customers will have the option to use social value enablers to deliver measurable local benefits, such as waste reduction management, energy efficiency, promotion of sustainable products and reduction in the use of CSUP
- Our **Multifunctional Devices agreement** sets out the requirement for equipment to comply with the Government Buying Standards for waste disposal which includes Hazardous Substances Regulations and Waste Electrical and Electronic Equipment Regulations as well as standards for packaging

We also consult with policy experts in other departments, as well as relying on the considerable expertise of our category teams, to incorporate industry level best practice where relevant.

### **Reducing carbon emissions through energy use across the public sector**

We have a number of agreements which support the public sector in managing their energy use and reducing carbon emissions. Our **electricity framework** aims to purchase power at the best price for the public sector with the option for customers to ensure a proportion of their energy is green energy e.g. backed by Renewable Energy Guarantees of Origin certificates. We have over 100 public sector customers whose electricity requirements include this requirement.

Our **Utility Management Software, Metering and Ancillary Services agreement** enables the public sector to procure meters, software and services for managing utility supplies with the aim of reducing waste and cost. In addition, the **Heat Networks and Electricity Generation Assets (HELGA) DPS** enables the public sector to access energy demand management and generation services from market leading suppliers that provide a range of services, from simple energy auditing to complex installation projects.

We have worked with multiple cities and councils on their Clean Air Zone targets, including electric vehicle charging, prompting the creation of the **Vehicle Charging Infrastructure Solutions agreement** DPS that will be launched in early 2020/21. The agreement has been developed with our specialist teams, who have combined their diverse skill sets to enable energy procurement, fleet management and G-Cloud to work together to provide the full range of vehicle charging products and services, enabling customers to deliver the infrastructure which will support the move of operational fleets to electric vehicles and track carbon footprints data in local areas, as well as providing public facing vehicle charging facilities.

The development of our **Fleet Portal**, a vehicle selection and quotation tool, provides our customers with access to the full range of cars and light commercial vehicles available within the UK market via our **Vehicle Purchase and Vehicle Lease, Fleet Management & Flexible Rental Solutions agreements**, and continues to support public sector fleets to reduce the CO<sub>2</sub> emissions of their fleets. It has been designed to address the environmental and wider social value impacts of vehicles through the adoption of focused search criteria specifically targeting clean air and safety. It is a key enabler in supporting the Government Fleet Commitment, which builds on the 25% target for electrification of central government car fleets by 2022, and adds extended targets of 100% by 2030.

### **Reducing single use plastics in the supply of goods and materials**

The government has stated its commitment to eliminate single-use plastic waste and all avoidable plastics by 2042. As part of this commitment, the government also pledged to remove any CSUP purchased under a government contract from its offices by 1 January 2020. We developed and implemented an elimination scheme with our FM suppliers, in advance of this ban. Suppliers identified key items which could be replaced at a neutral cost in a phased approach. These included cleaning wipes, condiment containers, sachets, plastic bags and shrink-wrap, as well as tableware products such as plastic cups, stirrers, straws and takeaway boxes. In addition, our new office supplies framework is also designed to contribute towards market-level shifts in the manufacture and use of plastics which have short and limited use value.

## Procurements make a contribution towards the government's Net Zero target

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

- Our **Project Management and Full Design Team Service framework** provides project management, design and advisory services to support delivery of property and construction projects and requires suppliers to:
  - commit to reducing greenhouse gas emissions across the government estate by 50% by 2025 and by 80% by 2050, as per the Green Construction Board policy
  - adopt a whole life cost approach to design cost, carbon and water reduction in the built environment, and help individual contracting authorities meet their departmental targets arising from the Climate Change Act 2008
- Our new **Construction Works and Associated Services framework** includes in its specification a wide ranging set of requirements designed to ensure suppliers are prepared to meet customers' environmental and sustainability requirements
- The **Crown Hosting framework** reduces emissions from data centres and has demonstrated substantial energy efficiency benefits to public sector customers. The data centre has the lowest fixed power usage effectiveness contract in the UK, translating into savings in excess of 30% on life cycle energy usage and costs, and the campus itself has been built on a sustainable ecosystem from the point of its inception

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

## Social value

We are committed to assisting customers to deliver real social value benefits. In the summer of 2018, the Minister for the Cabinet Office [announced](#) significant changes to application of the Social Value Act and from April 2020, all government departments will be required to routinely evaluate all bids for goods, works and services for social value. This is a significant policy change, and means that social value will become a mainstream priority in all government public sector procurement moving forward. We have been an early adopter of CO social value training, with some 100 commercial staff having already undertaken this training and applying their learning to the design of new agreements.

We have focused on strengthening the design of our new frameworks to enable customers to include social value requirements at call-off and deliver social, economic and environmental benefits for the entire public sector. Many of our legacy framework contracts make allowances for components of social value at call-off, but the new emphasis means that going forward we can be much clearer with suppliers in how we plan to act as stewards for the markets we are responsible for, and provide customers with more actionable options. In developing commercial agreements, we take a 'whole market' approach, by consulting early with potential customers and suppliers to ensure that relevant and proportionate social value benefits can be delivered in concrete ways, especially at call-off. We have had early success with this with the Public Sector Vehicle Hire Solutions agreement, where social value requirements accounted for 10-20% of the procurement criteria and required suppliers to support the public sector in working towards their organisational priorities, including preventing modern slavery, encouraging greater supply chain diversity, promoting fair, inclusive and ethical employment, and delivering community benefits.

Customers have the flexibility to specify at call-off which social value elements to focus on to meet their priorities. They also have the option to receive an annual delivery statement, which states how the supplier is meeting the agreed social value commitments. We expect to learn a lot about what suppliers do well with regard to social value, and use our market position and expertise to establish best practices that will help us improve social value delivery in the future, especially in new and untested market sectors, such as legal, financial and professional services.

### **SMEs**

In addition to social value measures, we continue to structure our commercial agreements to ensure our customers are able to utilise a diverse supply base. This means that we are encouraging more and more SMEs to bid, as well as bringing new suppliers to the public sector market. £1.23 billion was spent directly with SMEs through our commercial agreements in 2019/20.

The creation, development and implementation of the simplified PSC across our commercial agreements will continue to make it easier for SMEs to do business with the public sector. The PSC also requires our suppliers to meet with the standards set out in the [Supplier Code of Conduct](#) and comply with the provisions of the Modern Slavery Act 2015.

### **Modern slavery**

We are a major contributor to preventing modern slavery in government supply chains, working in partnership with the Home Office's Modern Slavery Unit and CO to develop an approach to managing modern slavery risk in public sector procurements. In 2019/20, we conducted a major supplier engagement and risk assessment exercise to prevent modern slavery in our supply chains, using the criteria published in the [Tackling Modern Slavery in Government Supply Chains guidance](#) to risk assess all of our framework contracts using the [Modern Slavery Assessment Tool \(MSAT\)](#).

After carrying out this exercise, a list of 26 high and medium risk framework contracts, covering some 285 suppliers, were identified as being at risk of modern slavery occurring. These suppliers were then invited to complete a modern slavery assessment using the MSAT tool, which helps them identify where there may be potential modern slavery risks in their supply chains and assesses their capacity to manage and prevent them. A total of 210 suppliers completed the assessment, representing a 73% response rate. Work is ongoing to review the assessment results and our teams will be holding follow up discussions with high risk scoring suppliers to put in place improvement plans to mitigate any identified risks. We will also be following up with suppliers who did not return an assessment and providing support to help them to complete it.



Simon Tse  
Chief Executive and  
Accounting Officer  
8 July 2020



# Accountability Report



# Corporate governance report

## Directors' report

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

As an Executive Agency of the Cabinet Office, the Crown Commercial Service (CCS) is accountable to the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office. The Rt Hon David Lidington CBE served in this role between 8 January 2018 and 24 July 2019. From 24 July 2019 the Rt Hon Michael Gove MP was appointed Chancellor of the Duchy of Lancaster and also appointed Minister for the Cabinet Office on 13 February 2020. The sponsor of CCS is the Government Chief Commercial Officer, Gareth Rhys Williams.

The management of CCS was directed by the Board, comprising the Chair, Non-Executive Directors, Chief Executive and Director of Finance, Planning and Performance. Tony van Kralingen was Non-Executive Chair during the reporting period and Simon Tse was Chief Executive and Accounting Officer for the Trading Fund for the period 1 April 2019 to 31 March 2020. The attendance list is provided on page 46 and the remuneration of all Board members during the year is shown on page 56 of the remuneration and staff report.

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

Name	Position held	Declaration of interest	Live or closed
T van Kralingen (Chair)	Non-Executive Chair Honorary Professor	Wm Morrison Supermarkets PLC University of Nottingham	Live Live
S Maizey (Non-Executive Director)	Chair Non-Executive Director Non-Executive Director Director	NHS Business Services Authority John Menzies plc Network Rail Saffron Solutions Ltd	Live Live Live Live
G Rhys Williams (Non-Executive Director)	Government Chief Commercial Officer Trustee	Employee of the Cabinet Office Fauna and Flora International	Live Live
D Wakefield (Non-Executive Director)	Chair Board member	UHNM NHS Trust OFQUAL	Live Closed 31/3/2020
R Wilmot (Non-Executive Director)	CEO	Crowdicity Ltd	Closed 3/10/2019
S Tse (Chief Executive)	Chair	Mumbles Community Association	Live
P Coombs (Director of Finance, Planning and Performance)	Audit and Risk Committee member	Intellectual Property Office	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 CCS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

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

The Accounting Officer confirms compliance with all the above requirements.

## Governance statement

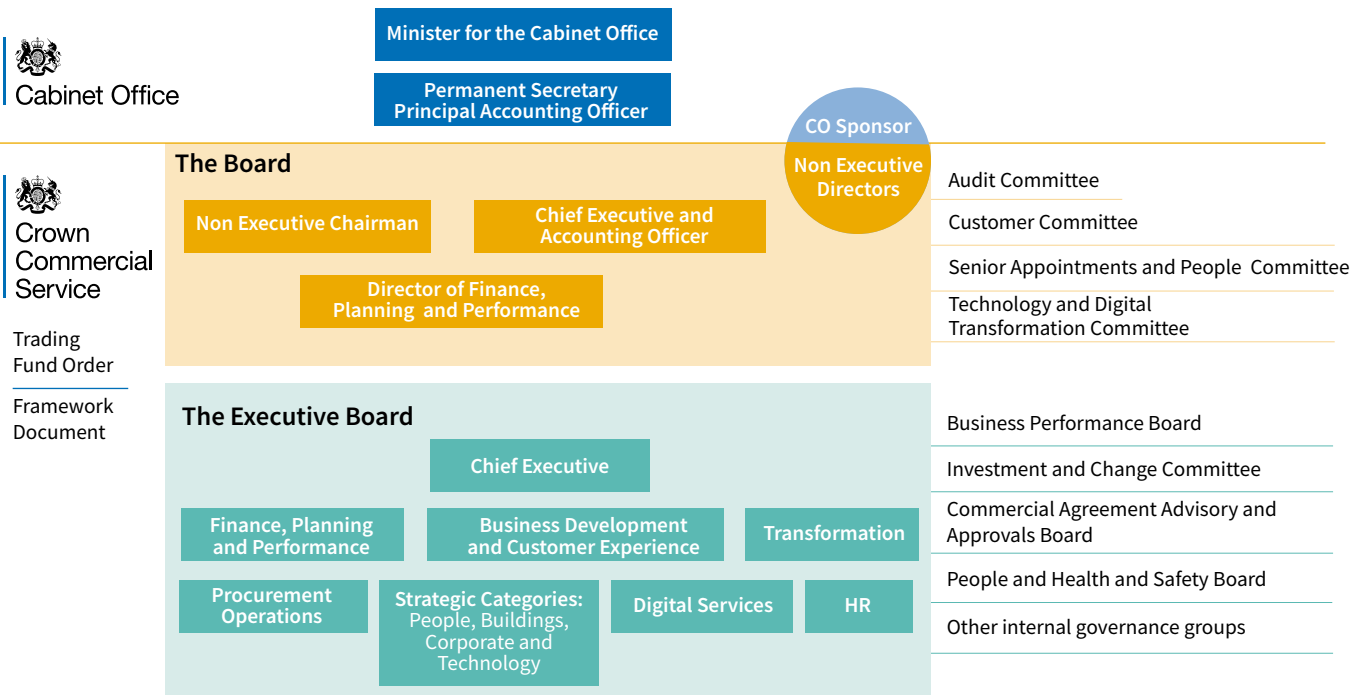
As Accounting Officer, I have responsibility for reviewing the effectiveness of CCS’s governance, risk management and system of internal control.

My review has been informed by the assurance of individual OGSA returns from each executive director and other sources of assurance. Further assurance has also been gained from internal audit reports and the annual audit opinion from the Government Internal Audit Agency (GIAA).

I have considered the evidence provided to support this Governance Statement and sought relevant Audit Committee assurance. Overall, I conclude that CCS has maintained a sound system of governance, risk management and internal control during the financial year 2019/20.

## Corporate governance

CCS is an Executive Agency of the Cabinet Office and operates as a Trading Fund under the Government Trading Funds Act 1973. The governance arrangements are set out in the diagram below.



As a Trading Fund, CCS is required to have a Framework Document agreed with the Cabinet Office as its sponsor department that outlines key activities and governance. The document sets out CCS's roles and responsibilities and the framework within which it operates. The Framework Document was updated and agreed in July 2019.

The 2019/20 Accounting Officer System Statement for the Cabinet Office includes assurance for the accountability relationships and processes between the department and CCS.

### **The role of the CCS Board**

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

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

During 2019/20, ongoing improvements were made to the management information and performance reporting data provided to the Board. Monthly corporate performance reports and corporate dashboards enabled the Board to review progress against strategic objectives, budgets and key programmes and the Board are satisfied with their quality. Board effectiveness is discussed on page 49.

## Board and Committee attendance

Meeting attendance per Board member of meetings eligible to attend						
Name	Position	Board	Audit Committee	Customer Committee	Senior Appointments and People Committee	Technology and Digital Transformation Committee
T van Kralingen	Non-Executive Chair	6/6	N/A	N/A	2/2	N/A
S Maizey	Non-Executive Director and Chair of the Customer Committee	5/6	4/4	3/3	2/2	N/A
G Rhys Williams	Non-Executive Director	5/6	N/A	2/3	2/2	N/A
D Wakefield	Non-Executive Director and Chair of the Audit Committee	5/6	4/4	N/A	2/2	6/6
R Wilmot	Non-Executive Director and Chair of the Technology Committee	6/6	3/4	N/A	2/2	6/6
S Tse	Chief Executive	6/6	4/4*	3/3	2/2	5/6
P Coombs	Director of Finance, Planning and Performance	6/6	4/4*	N/A	N/A	6/6

- There were six full Board meetings during the year and one strategy day
- \* Attendance by the Accounting Officer and Director of Finance, Planning and Performance at the Audit Committee was in an attendee, not member capacity

## Board sub-committee reports

### Audit Committee

The Audit Committee's role is to advise the Board and Accounting Officer on the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the Annual Report and Accounts.

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

Annually, the Chair of the Audit Committee submits a report to the Accounting Officer and Board summarising the work of the Committee over the fiscal year providing a summary of findings and areas of focus for the year ahead. During 2019/20, the Committee agreed an extensive programme of assurance reviews and considered the outcomes of 15 internal audit assurance reviews and three advisory reviews.

The Committee was pleased to see the emerging picture of significant improvement in all areas reviewed by the Government Internal Audit Agency and the achievement of eight 'substantial' and seven 'moderate' ratings. The outcomes of these reviews were highly positive and the Committee was satisfied that the improved management controls embedded across the organisation, building upon the actions taken in previous years, continued to offer assurances to the Board on the governance and control processes within CCS. The Committee noted the Internal Audit overall opinion rating of 'Moderate Assurance' in the adequacy and effectiveness of governance, risk management and internal control but believes that the underpinning control systems are now stronger than this. Looking ahead, the Committee urges a continued focus on maintaining robust assurance processes and the continuous assessment of risk ahead of all planned operational and system changes.

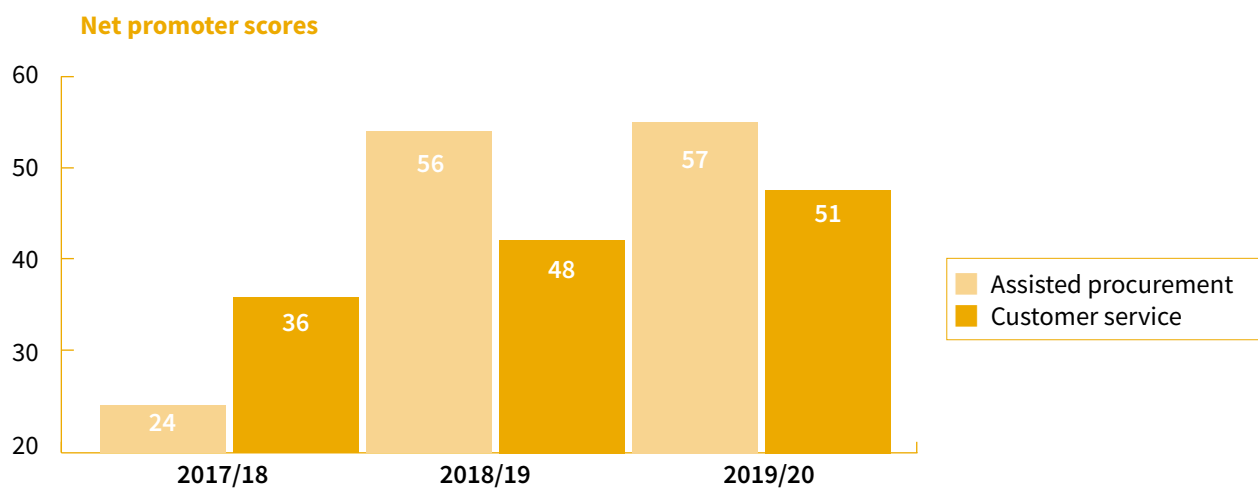
### Customer Committee

The Customer Committee's role is to support the Board and Accounting Officer by providing guidance, challenge and support to CCS leadership against its strategic priority to 'focus on the customer'. It met three times in 2019/20. Core membership comprised two Non-Executive Directors and other regular attendees included the Chief Executive, the Business Development and Customer Experience Director and Procurement Operations Director. The Committee considered the progress by the customer experience directorate to support CCS's plans for growth and engagement with customers across central government and the wider public sector.

For central government customers, there was positive progress reported in both account management relationships with core departments and the development of a tiered approach to arm's length bodies and driving growth with these organisations, supported in some areas by dedicated CCS resource, such as police and emergency services. The Committee welcomed the establishment of the new business development team and a regional customer strategy approach for wider public sector customers. Regular updates were considered on progress of the new team in building customer relationships and developing a forward pipeline of business opportunities.

A further area of focus was the roll out of a new customer relationship management system. The Committee noted that more than 600 staff had been trained by the end of the financial year and the new functionality is providing valuable data on growth opportunities, lead generation and conversion.

The Committee was pleased to see the improving performance in customer satisfaction through reporting of the NPS surveys, +57 (2018/19: +56) for assisted procurement and +51 (2018/19: +48) for our customer service - as well as qualitative surveys with departmental commercial directors. It also received regular reports on the marketing and communication plans and the campaign priorities aligned to key growth opportunities.



### Senior Appointments and People Committee

This Committee met twice in 2019/20 and its focus during this period was the performance, succession planning, talent management and development of senior leadership roles within CCS. The Committee also reviewed the people dashboard and performance against key indicators including headcount, absence, turnover, reward and learning and development.

### Technology and Digital Transformation Committee

The Technology and Digital Transformation Committee's role is to support the Board and Accounting Officer by providing oversight of CCS's digital and technology strategy, key digital transformation programmes and initiatives led by the interdependent functions of the digital services directorate and transformation directorate. The Committee met six times in 2019/20 and its focus during the period has been the pace of delivery of the technology strategy and key digital transformation goals; robustness of software and platforms; the buyer and supplier experience in accessing CCS related digital services; and security of systems and data. To achieve this the Committee worked with representatives of the digital services directorate and transformation directorate, receiving regular updates on operational performance including service availability, incidents, information security, resource management and project delivery - which provided the necessary assurance that core controls, risk management and key assurance processes were being maintained and monitored.



As part of the planned transformation programme, the Committee was pleased to see the continuing successful migration away from older, inefficient systems to new fit for purpose software solutions. This included the supplier RMI system, which has vastly improved the supplier spend reporting experience, and Jaggaer, the new e-sourcing suite which all procurement processes such as OJEU notices, contract and award notices, assisted procurement and e-auctions are now running through. The Committee has also been pleased to monitor the continuing successful integration and use of the Workday HR and Finance System and the CRM system supporting users in the full cycle from initial enquiry to purchase from frameworks, and ongoing customer support. Perhaps one of the most significant improvements in terms of providing access to CCS frameworks and services has been the major refresh of the CCS website. Whilst not yet fully optimised and there is much more to do, this is a major improvement and a pivotal step forward in the planned 'Scale' initiative of 'Find a Thing', 'Contract a Thing' and 'Buy a Thing', being driven by the transformation directorate as a key part of the transformation plan.

### Executive Board

The Executive Board was led by the Chief Executive and included executive directors from all the key areas of the organisation and Head of the Chief Executive's Office. This group met as an Executive Board on a monthly basis and its role was to manage the delivery of the strategic aims and to provide leadership to the organisation. The Executive Board was supported by internal boards covering people and health and safety, business performance, and investment and change. During the COVID-19 pandemic, the Executive Board met regularly and set up an emergency command structure to ensure the organisation could respond quickly to events and provide commercial support to the civil contingencies effort.

### Code of Corporate Governance

CCS implemented its corporate governance structure and framework following establishment of the organisation in April 2014 and follows the good practice recommendations set out in the 'Corporate Governance in Central Government Departments: Code of Good Practice 2017'. Whilst there is no Nominations and Governance Committee, as recommended in the Code, the Senior Appointments and People committee was established in 2015 and its remit is to ensure that resourcing, succession planning and developmental strategies are in place for senior leadership roles. The Board's view is that governance forms a key part of the Audit Committee's role and so no additional committee is required.

### Board effectiveness

In line with the Code, the Board commissioned an independent review of its effectiveness, including the sub-committees, during 2019/20. This was conducted by Deloitte and the review report was discussed at the Board meeting in January 2020. The approach considered the extent to which the Board has a positive impact on the organisation, providing effective stewardship and guidance in outlining a clear vision and determining progress towards this. Overall the review found several areas of strength within the current arrangements and identified some areas for focus which would add value as CCS reaches the next stage of its transformation journey.

## Internal Audit

### Work of Internal Audit

CCS has a dedicated Internal Audit service provided by the Government Internal Audit Agency (GIAA) which is delivered in accordance with the GIAA Charter and the Public Sector Internal Audit Standards (PSIAS). The current Head of Internal Audit was appointed in April 2018 and reports directly to both the Accounting Officer and the Audit Committee. Throughout the year, the Audit Committee was advised by the Internal Audit function on the effectiveness of internal controls within the organisation and on the status of outstanding actions from previous audit reviews. Internal Audit has a key role in the governance framework of the organisation through the provision of assurance to management, the Accounting Officer and the Audit Committee, along with identifying practical recommendations to reduce risk exposure as the organisation has continued to evolve.

The Internal Audit Plan for 2019/20 was developed with reference to CCS's corporate objectives and risks, and was reviewed, discussed and subsequently approved by the Audit Committee in March 2019. During the year, 15 internal audit (assurance) reviews and three consultancy / advisory reports were completed covering business activities across CCS, including corporate core, operations, transformation, digital and data, and business assurance. In consultation with management, the Internal Audit Plan was reviewed regularly throughout the year to ensure that it remained fit for purpose and any proposed changes were presented to the Audit Committee for approval. Through this process, three reviews were deferred or removed and one additional piece of work prioritised and included for delivery in-year. 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 and effectiveness of CCS's risk management, internal control and governance arrangements. The opinion is provided below as part of this Governance Statement.

### Head of Internal Audit opinion - Moderate


The Head of Internal Audit's annual report provided an overall opinion rating of Moderate for 2019/20. Whilst this is the same level of assurance on the adequacy and effectiveness of governance, risk management and internal control that was issued in 2018/19, this is by no means an indication that CCS has remained static in its journey. In her 2018/19 Annual Report, the Head of Internal Audit concluded that CCS had demonstrated progress in advancing process and internal control in its operational areas, developing new ways of working and progressing the effective use of technology. However, she noted that there was still work to be done to fully integrate this into 'business as usual'.

The programme of audit work delivered in 2019/20 can provide assurance that this has continued to significantly progress during the year, for example, implementation of Workday (Phase 1), working towards compliance with the Counter-Fraud Standards and the development of the OGSA process. However, as expected in an organisation with an ambitious and continually evolving transformation programme, the organisation continues to be exposed to significant risks. There are business activities still maturing or where improvements to the control environment can be made, for example supplier management, the commercial agreement management process and customer relationship management. The implementation of the second phase of the Workday system will also take place during 2020/21.

## Risk management

CCS operates a robust and comprehensive approach to risk and issue management. Central to the approach is a policy and framework which is integral to corporate governance. Our risk management practices are aligned to the guidance and main principles of HM Treasury's Orange Book. The table below summarises our approach:

Principles of Orange Book	CCS's approach	Assessment of alignment
<p>1 Risk management shall be an essential part of <b>governance and leadership</b>, and fundamental to how the organisation is directed, managed and controlled at all levels</p>	<p>Risk and issue management is integral to CCS's governance framework. The effectiveness of risk management is reviewed across all levels of the organisation. Risk features as a standing agenda item at CCS Board, Executive Board, programme / project boards, Business Performance Board and other Executive Board sub-committees</p>	<p>Full</p>
<p>2 Risk management shall be an <b>integral</b> part of all organisational activities to support decision-making in achieving objectives</p>	<p>Risk management identification and assessment is integral to business planning and organisational performance management of operations and projects. Multi-level reporting is in place ranging from project boards to directorate and functional management teams and formal organisational governance groups (CCS Board, Executive Board and its subcommittees and the Audit Committee). Risk informs the agendas of Executive Board meetings</p>	<p>Full</p>
<p>3 Risk management shall be <b>collaborative and informed</b> by the best available information and expertise</p>	<p>The CCS risk manager works through a network of around 50 directorate and functional risk champions to continually develop organisational risk management capability, ensure compliance to corporate risk management policy and standards, alignment of risks to organisational strategy and business plan and to identify best practice and lessons learned</p>	<p>Full</p>
<p>4 Risk management processes shall be <b>structured</b> to include:</p> <ul style="list-style-type: none"> <li>• risk identification and assessment to determine and prioritise how the risks should be managed</li> <li>• the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level</li> <li>• the design and operation of integrated, insightful and informative risk monitoring</li> <li>• timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities</li> </ul>	<p>A standardised, structured approach to risk identification, assessment, treatment and reporting is implemented across the organisation both at an operational and strategic level. The effectiveness of this process and associated working practices is assessed through monthly review by CCS's risk manager and the Business Performance Board. Key findings including themes and trends are also formally reported monthly to the Executive Board</p>	<p>Full</p>
<p>5 Risk management shall be continually improved through learning and experience</p>	<p>CCS assesses risk management capability maturity at team level and sets organisational targets. The effectiveness of risk management practices is reviewed through engagement with directors as part of an ongoing programme of assurance reviews as part of the Business Performance Board</p>	<p>Full</p>



During 2019/20, we have continued to focus on embedding rigorous risk management processes and culture across all parts of the business as part of our aim to continuously improve organisational capability.

Specific developments in the year include:

- standardising the reporting of risk and issues at a strategic, operational and project level to better identify dependencies and alignment with business plan objectives
- improving analysis and generating insight into trends and common and crossing cutting themes to inform discussions at Executive Board level
- reviewing the effectiveness of each directorate's operational risk and issue management working practices through 'deep dive' reviews at the monthly Business Performance Board, and as part of this identifying best practice
- establishing a rolling programme of Board review of the strategic risks and mitigating actions involving directors
- continuation of mandatory online training for all staff and a series of ongoing internal workshops

The Board reviews CCS's strategic risks on a regular basis in addition to receiving updates on risk management and controls from the Audit Committee. Current strategic risks are set out in the table on pages 23 and 24.

### Management assurance

Executive directors have completed OGSA reviewing the effectiveness of governance, structures, risk management and internal control processes within their respective directorates. These assessments were designed, facilitated and challenged by subject matter experts, the Executive Board, and endorsed by the Audit Committee.

The results of the 2019/20 OGSA exercise demonstrated strong performance in the areas of leadership, culture and financial management. The Executive Board resolved to support improvements in the following areas:

- information security
- mandatory training
- risk management

The OGSA model and outputs contribute to the body of evidence upon which the Accounting Officer can place reliance for the annual Governance Statement. It also supports directors in identifying areas for improvement, noting trends potentially requiring a corporate response and to ensure risks are being managed effectively.

### **Government commercial operating standards**

Following the publication of a more detailed Commercial Operating Standard Assessment framework in 2019, we self assessed a new baseline against 20 metrics, using the four point maturity scale - developing, good, better and best.

The self-assessment showed us as one of the higher performing organisations across government, with 'best' ratings for 10 out of 20 metrics including 'Overall Commercial Strategy and Plan', 'Improving Commercial Capability' and 'Delivering Category and Market Strategies'. Our colleagues led the cross government masterclass on 'Delivering Category Strategies' in February 2020. Three other metrics will be the focus for improvement over the next 12 months.

We developed and implemented a new governance framework for commercial operating standards reporting within CCS, in line with GIAA advisory recommendations.

### **Other**

#### **Ministerial directions**

There have been no ministerial directions given.

#### **Information security procedures**

Our data and information handling procedures comply with statutory and regulatory requirements. We seek to comply with government's Security Policy Framework, together with Cabinet Office's '10 steps to Cyber Security' and good practice guides published by the National Cyber Security Centre. In addition, we adhere to CO guidance on information risk management, including bulk data security guidance. The General Data Protection Regulation (GDPR) compliance standards are embedded and approved by the CO Data Protection Officer.

Our Senior Information Risk Owner (SIRO) acts as the focus for information risks and is a member of the Board. A network of trained Information Asset Owners is in place to ensure that information assets are managed effectively and appropriate risk controls are in place. All staff agree to an acceptable use policy before accessing IT systems. During 2019/20, there have been no material breaches and no incidents reportable to the Information Commissioner's Office.

#### **Fraud, bribery and whistleblowing**

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

There have been no reported cases of attempted fraud in 2019/20.

There was one whistleblowing case which was fully investigated and concluded in line with the whistleblowing policy during 2019/20.

#### **Official and Parliamentary correspondence**

During 2019/20, CCS received 110 Freedom of Information (FOI) requests and five Subject Access Requests under the Data Protection Act. Additionally, we answered 31 Parliamentary Questions and 13 MPs' and Peers' correspondence cases.

#### **Complaints to the Parliamentary and Health Service Ombudsman**

The Parliamentary and Health Service Ombudsman received no complaints about CCS for 2019/20 (the latest reporting period).

# Remuneration and staff report

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

## Remuneration policy

### Senior Salaries Review Body

The Executive Directors are all Senior Civil Servants (SCS) and the precise funding available to departments each year is decided by the government in response to recommendations of the independent Senior Salaries Review Body (SSRB), taking account of the government's overall approach to public sector pay. SSRB recommendations cover the level of uplift to the SCS pay bands and progression target rates in the light of economic evidence and movements in the private and wider public sector markets for senior executives. SSRB also gives a view on performance awards for base salary and the minimum bonus payments. In reaching its recommendations, SSRB is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target
- evidence received about the wider economic considerations and the affordability of recommendations

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

[www.gov.uk/government/organisations/review-body-on-senior-salaries](http://www.gov.uk/government/organisations/review-body-on-senior-salaries).

### **Performance and reward**

The 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 2018/19 which was paid in 2019/20. These awards were within the overall cost envelope set by the SSRB and approved by the government. Consolidated base pay awards are limited to a 1% increase of the SCS paybill. Only those receiving top and achieving performance assessments were given a base salary increase determined by their position in the pay range 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 SCS can be found at:  
[www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward](http://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, the directors covered by this report hold appointments that are open ended until they retire. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

## Remuneration of Board Members FY 2019/20 (Audited)

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

	Salary	Salary	Bonus payments	Bonus payments	Benefits in kind to nearest £100	Benefits in kind to nearest £100	Pension benefits to nearest £1,000	Pension benefits to nearest £1,000	Total	Total
	(£'000)	(£'000)	(£'000)	(£'000)					(£'000)	(£'000)
	Note 1		Note 2		Note 3		Note 4			
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
<b>T van Kralingen</b>	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Non-Executive Chairman										
<b>S Maizey</b>	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Non-Executive Director										
<b>G Rhys Williams (Note 5)</b>	-	-	-	-	-	-	-	-	0	0
Non-Executive Director										
<b>D Wakefield</b>	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Non-Executive Director										
<b>R Wilmot</b>	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Non-Executive Director										
<b>S Tse (Note 6)</b>	145-150	95-100	5-10	-	-	-	58,000	40,000	210-215	135-140
Chief Executive										
Full Year Equivalent	-	145-150	-	-	-	-	-	40,000	-	185-190
<b>P Coombs (Note 7)</b>	125-130	125-130	5-10	5-10	-	-	58,000	91,000	190-195	220-225
Director of Finance, Planning and Performance										
<b>M Harrison (Note 8)</b>	N/A	65-70	N/A	90-95	-	-	N/A	-	N/A	160-165
Chief Executive										
Full Year Equivalent	-	195-200	-	90-95	-	-	-	-		290-295

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

**Note 2** P Coombs received a bonus for performance during 2018/19 and 2019/20. Non-Executive Board members are not entitled to bonus payments

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

**Note 4** The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the individual. Non-Executive Board members do not receive any pension entitlements

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

**Note 6** S Tse was appointed as Chief Executive from 28 July 2018. He is an employee of the Government Commercial Organisation but as the Chief Executive of CCS, details of actual salary, bonus and pension benefits have been included. CCS is recharged for all costs

**Note 7** P Coombs's pension benefits for 2018/19 were recalculated as the member migrated to the alpha scheme retrospectively as per scheme regulations

**Note 8** M Harrison was the Chief Executive from 1 April 2018 - 27 July 2018



## Senior management pension entitlements FY 2019/20 (Audited)

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

	Accrued pension and lump sum at pension age as at 31 March 2020	Real increase in annual pension and lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019 (or date of board appointment)	Real increase in CETV
		(Note 1)	(Note 2)		
	£000	£000	£000	£000	£000
<b>S Tse</b> Chief Executive	45-50	2.5-5	754	676	37
<b>P Coombs</b> Director of Finance, Planning and Performance	20-25	2.5-5	445	382	38

**Note 1** For an explanation of pension benefits and CETV, please see section below. CETV is a combined value of the CETV in both PCSPS and alpha schemes

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

## Civil Service pensions

The Principal Civil Service Pension Scheme (PCS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but Crown Commercial Service is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCS as at 31 March 2016. You can find details in the [resource accounts of the Cabinet Office: Civil Superannuation](#).

For 2019/20, employers’ contributions of £6,231,128 were payable to the PCS (2018/19: £4,810,962) at one of four rates in the range 26.6% to 30.3% 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 2019/20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £78,760 were paid to the appointed stakeholder pension provider.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £3,057, 0.5% of pensionable pay, were payable to the PCS 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 £86,636 (total of employees and employers for 2019/20). Contributions prepaid at that date were £Nil.

Further details about the Civil Service pension arrangements can be found at: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## 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 2019/20.

## Fair pay disclosure (Audited)

The table below illustrates the relationship between the remuneration of the highest-paid Board member executive director and the median remuneration of the workforce. The following information includes staff deployed from the GCO. For details of the remuneration of Board member executive directors and Non-Executive Directors, see page 56.

	2019/20	2018/19
Full time equivalent band of the highest paid Board member executive director (£000)	150-155	150-155
Median total remuneration (£)	37,048	37,599
Ratio of highest paid to median	4.10	4.00

The banded remuneration of the highest paid Board member executive director in the financial year 2019/20 was £150,000-£155,000 (2018/19: £150,000 - £155,000). This was 4.10 times (2018/19: 4.00) the median remuneration of the workforce, which was £37,048 (2018/19: £37,599).

Total remuneration ranged from £19,154 to £252,000 (2018/19: £17,727 - £253,000). 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.

Calculations for 2018/19 have been refined to ensure they are comparable with the 2019/20 calculations. This has resulted in a minimal difference to last year's reported data.

The median total remuneration for 2019/20 is derived from the annualised payments of all staff made in March 2020, including staff paid by the GCO. Part time employees' payments are adjusted to a full time basis.

In 2019/20, 42 individuals (2018/19: 15) received remuneration in excess of the highest paid Board member executive director. Of these, 7 were GCO deployed staff members (2018/19: 3). The remaining 35 were employed and paid by an external agency and charged to CCS. These individuals held short term contracts and did not receive the actual annualised remuneration during the year. Similarly, there were 12 of these individuals during 2018/19.

## Staff report

### Staff numbers and composition

There has been an increase in SCS headcount by five (combined CCS and GCO) and we have seen an increase in those SCS at the higher three salary bandings due to recruitment and some staff taking new terms and conditions with the GCO. The increase in SCS hires has supported both the customer experience and transformation directorates within the organisation.

Senior Civil Service staff by salary band:

Salary band (Note 1)	CCS SCS within band as at 31 March 2020		GCO deployed SCS within band as at 31 March 2020 (Note 2)		Total CCS and GCO deployed SCS within band as at 31 March 2020 (Note 3)		Total CCS and GCO deployed SCS within band as at 31 March 2019		
	£000	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
60 - 70		5	26.32%	2	7.14%	7	14.89%	6	14.29%
71 - 80		3	15.79%	5	17.86%	8	17.02%	6	14.29%
81 - 90		3	15.79%	4	14.29%	7	14.89%	5	11.90%
91 - 100		3	15.79%	2	7.14%	5	10.64%	4	9.52%
101 - 110		1	5.26%	1	3.57%	2	4.26%	3	7.14%
111 - 120		3	15.79%	4	14.29%	7	14.89%	8	19.05%
121 - 130		1	5.26%	4	14.29%	5	10.64%	4	9.52%
131 - 140		-	-	-	-	-	-	1	2.38%
141 - 150		-	-	2	7.14%	2	4.26%	2	4.76%
151 - 160		-	-	-	-	-	-	2	4.76%
161 - 170		-	-	1	3.57%	1	2.13%	0	0.00%
171 - 180		-	-	1	3.57%	1	2.13%	0	0.00%
181 - 190		-	-	2	7.14%	2	4.26%	1	2.38%
191 - 200		-	-	-	-	-	-	0	0.00%
<b>Total</b>		<b>19</b>	<b>100%</b>	<b>28</b>	<b>100%</b>	<b>47</b>	<b>100%</b>	<b>42</b>	<b>100%</b>

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

**Note 2** The table above illustrates the SCS deployed from GCO

**Note 3** The figures shown are headcount and exclude interim SCS

### Staff numbers and costs (Audited)

The following information also provides details of staff deployed from GCO. We currently have two FTE seconded to other government departments to support COVID-19 related activities (1 x SCS Band 1 and 1 x Band 4 - both short term). Internal redeployment to COVID-19 related work has fluctuated according to the business requirements and has impacted/involved circa 62 employees. During 2018/19, 2x SCS1 GCO colleagues were redeployed in-year to EU Exit work for a short term period.

#### Total staff numbers

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

Average number of FTE employees during the period		
	2019/20	2018/19
Salaried staff (Note 1)	623	602
GCO deployed staff (Note 2)	99	54
Agency and contract staff (Note 3)	<u>49</u>	<u>32</u>
<b>Total</b>	<b><u>771</u></b>	<b><u>688</u></b>

**Note 1** Figures above exclude Fast Streamers and loans out

**Note 2** GCO deployed staff have increased due to transfer out of all Band 5 commercial roles from CCS

**Note 3** Agency and contract staff have increased to support digital and transformation programmes

#### Total staff costs

	2019/20			2018/19
	CCS	GCO	Total	Total
	£000	£000	£000	£000
Wages and salaries	24,803	-	24,803	24,613
Bonus	333	194	527	612
Social security	2,618	-	2,618	2,565
Superannuation (Note 1)	6,315	-	6,315	4,847
Voluntary early retirement	-	-	-	-
Apprentice levy	108	-	108	107
GCO staff costs (Note 2)	-	9,240	9,240	6,103
Agency and contract staff costs (Note 3)	<u>6,184</u>	<u>-</u>	<u>6,184</u>	<u>4,404</u>
<b>Total</b>	<b><u>40,361</u></b>	<b><u>9,434</u></b>	<b><u>49,795</u></b>	<b><u>43,251</u></b>

**Note 1** Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 57. Details of the underlying liabilities applicable to CCS employees are not separately identifiable

**Note 2** During 2019/20, 67 Band 5 commercial staff were transferred to GCO, hence the increase in staff costs

**Note 3** Agency and contract staff have increased to support digital and transformation programmes

## Staff composition

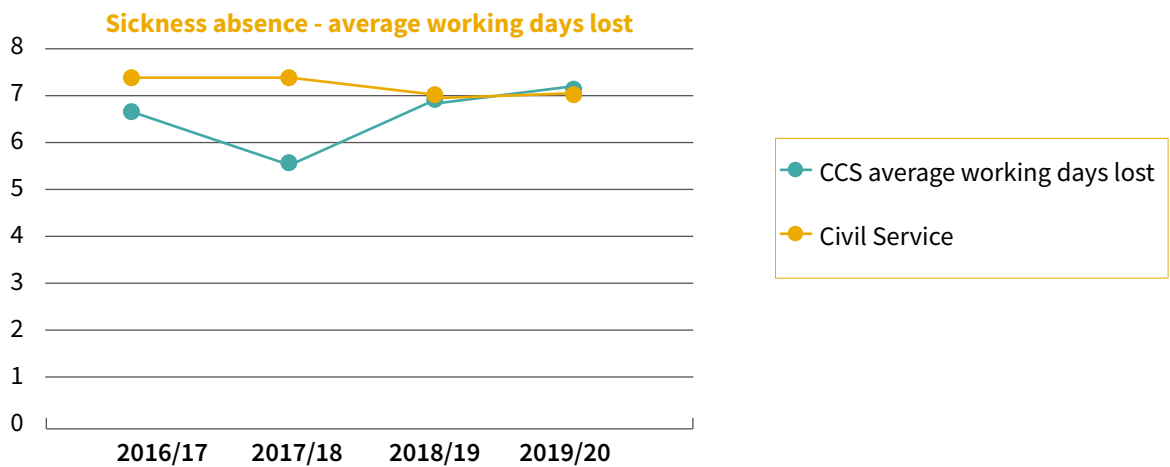
	Male		Female		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Board members	6	85.71%	1	14.29%	7	100%
SCS (CCS)	13	65.00%	7	35.00%	20	100%
Staff (CCS)	297	45.41%	357	54.59%	654	100%
SCS (GCO deployed)	17	62.96%	10	37.04%	27	100%
Staff (GCO deployed)	52	46.85%	59	53.15%	111	100%

**Note 1** This table shows the gender composition for each category of staffing group as at 31 March 2020. It is not a cumulative table

**Note 2** Staffing figures shown are headcount

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

## Sickness absence and attendance management



The number of working days lost due to sickness was 4,586. The average number of days lost per employee in the 12 month period was 7.08 (based on average headcount of 647 - excludes GCO deployed staff and interims as we do not record their absence). This compares to 6.75 average days lost in 2018/19 and an average of 6.90 days lost across the Civil Service as a whole. Sickness absence figures are fairly static and there are no trends or issues that have been identified. The slight increase may be apportioned to improved reporting following the roll out of Workday.

## 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.

The Civil Service Commission's latest audit of the recruitment practices in operation within CCS has set the risk rating as 'green', signifying the practices comply.

## CCS new recruits 2019/20

CCS - New hires				GCO - New hires				Total
Band	Male	Female	Total	Band	Male	Female	Total	
Band 1	5	8	13	Band 1	0	0	0	13
Band 2	15	12	27	Band 2	0	0	0	27
Band 3	17	12	29	Band 3	0	0	0	29
Band 4	20	12	32	Band 4	0	0	0	32
Band 5	16	13	29	Band 5	7	6	13	42
Band 6	6	2	8	Band 6	6	1	7	15
SCS 1	1	1	2	SCS 1	1	0	1	3
SCS 2	0	1	1	SCS 2	1	0	1	2
<b>Total</b>	<b>80</b>	<b>61</b>	<b>141</b>	<b>Total</b>	<b>15</b>	<b>7</b>	<b>22</b>	<b>163</b>

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

## Staff policies and other employee matters

During 2019/20, staff and Trade Unions were consulted on the development of the automation of processes such as expenses and the launch of new self service functionality via the HR management information system Workday. Workday was launched across the organisation in April 2019 providing the organisation with real time access to data and reports and helping drive our programme of digital improvement.

The relationship with Trade Unions remains productive and conciliatory with regular positive discussions taking place between the CEO, management, HR and Trade Union colleagues.

## Inclusion and diversity

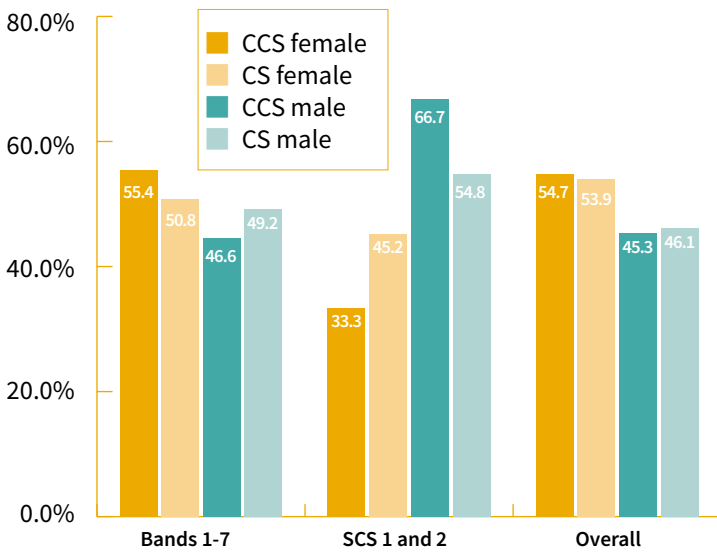
We are committed to creating a culture where staff feel included and valued, regardless of their background. We believe an inclusive and diverse workforce is good for everyone and to emphasise this we launched our first Diversity and Inclusion Strategy in October 2017 and we will be publishing our second Inclusion and Diversity Strategy for 2020 - 2025 during 2020/21. Our achievements since 2017 include:

- establishment of five staff networks
- name blind recruitment
- gender pay gap is 6.5% in 2019/20 (2018/19: 12.5%) (median pay gap, excluding bonuses); the Civil Service median pay gap for 2019/20 is 11.1%
- reverse mentoring pilot
- Disability Confident employer
- Stonewall Equality Index participant
- our inclusion and fair treatment People Survey score was 83% in 2019/20 (2017/18: 79%)
- Respect at Work mandatory training
- new reward and recognition scheme
- new internal development opportunities policy

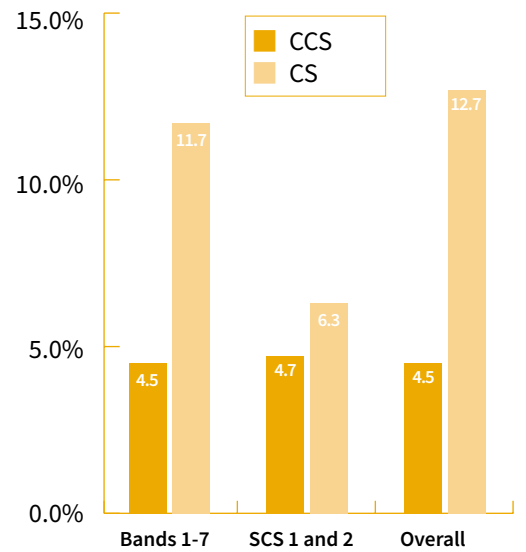
However, that does not mean that we are a truly inclusive or diverse organisation yet. Our People Survey results in 2019 tell us that while 85% of colleagues agree that CCS respects individual differences, 8% of colleagues say they have been discriminated against at work, with age, gender, mental health and working pattern among some of the reasons given.

Our representation rates for CCS colleagues, compared to the wider Civil Service (CS) averages, as at 31 December 2019 are shown below. This excludes colleagues deployed from GCO and Fast Streamers. We are working with GCO to obtain data that helps us to have a complete picture of our organisation for future reporting purposes.

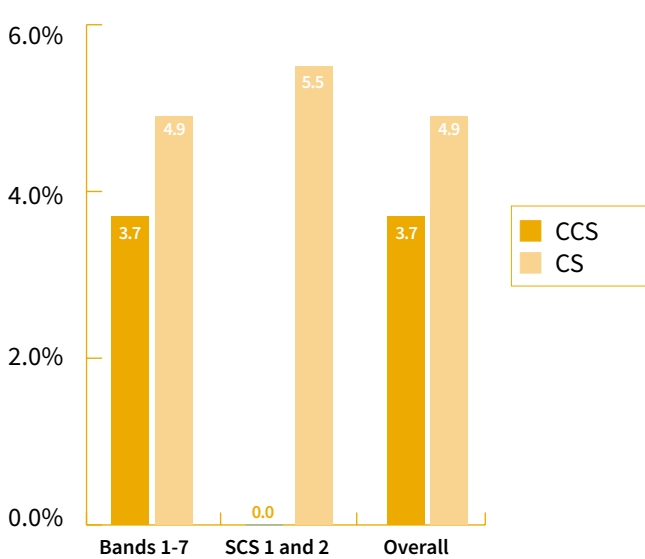
**Gender in CCS (100% declaration rate)**



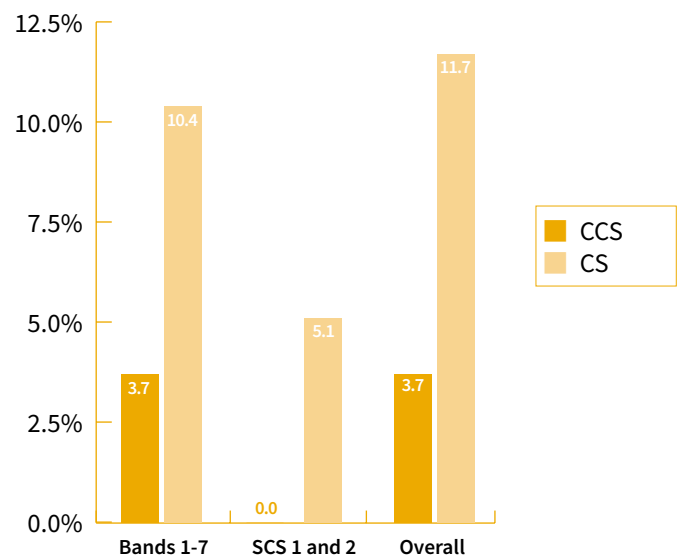
**BAME in CCS (80.2% declaration rate)**

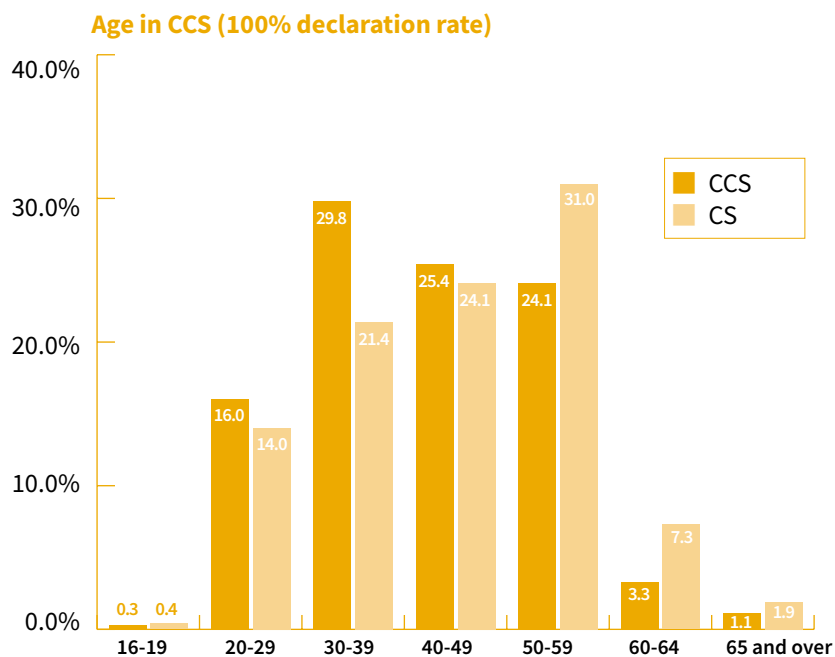
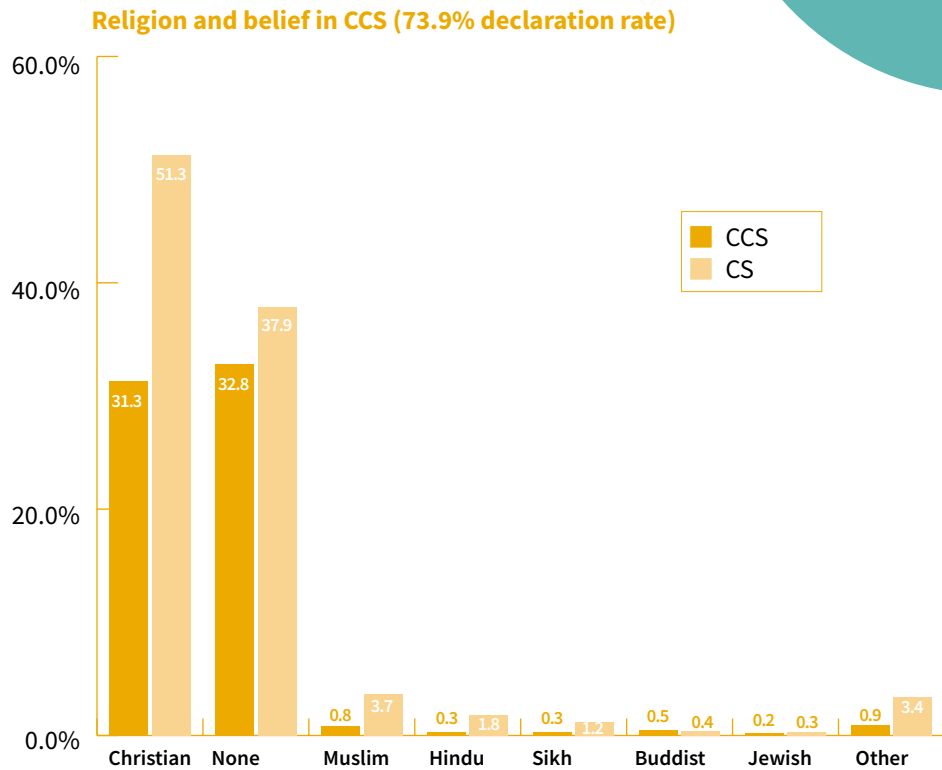


**LGBTQ+ in CCS (74% declaration rate)**



**Disability in CCS (23.3% declaration rate)**





During 2019/20, we published our third CCS Gender Pay Gap report internally. Whilst we are not legally obliged to do so, as CCS figures are included in the overall Cabinet Office report which was published externally on GOV.UK, the Executive Board are committed to producing our own overview to illustrate how CCS is doing specifically, affirming the steps we are taking and reiterating our commitment to achieving pay equality. The CCS report is based on a ‘snapshot’ of the pay of all CCS employees on 31 March 2019, as well as annual payments and bonuses which were paid between 1 April 2018 and 31 March 2019.

This is the third CCS gender pay overview and we have made some good progress in the last year. Both the mean and median pay gaps are decreasing and we have had a 13% increase of women in Band 5 (Grade 7) roles in the last year, with the increase in the proportion of women in Band 5 and 6 (Grade 7 and Grade 6) roles now more reflective of the overall gender profile of CCS. We are continuing to focus on ensuring we have the right people in the right roles and we are committed to providing the right learning and support to our people to make them ready for their next role.



## Policy on the employment of disabled persons

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

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

Our data shows that we have low rates of declaration in relation to disability at 23%, and we have an action plan in place, working closely with the Disability and Neurodiversity Network, to increase the percentage of complete declaration rates for disability. This includes raising confidence with colleagues as to how this information will be used and how they will be supported, as well as looking at how this data is captured in the HR system.

## Employee engagement

We measure how engaged our people are through an annual independent employee survey conducted across our organisation. We had a 97% response rate on the survey in 2019, among the best in the Civil Service. Our overall Engagement Index has increased again by a further two points to 68%, which is 1% higher than Civil Service high performers and 5% higher than the Civil Service average. In some areas, such as understanding our organisation's objectives, our results are some of the strongest across Civil Service. In other areas, such as leadership and managing change, it is clear there is still some work to do to fulfill our ambition of making CCS a truly great place to work.

## Health and safety

We continue to fulfil our legal responsibilities during the year by continuing to:

- provide advice, guidance and support to management and staff
- build positive working relationships with FM providers, Government Property Agency (GPA) and Trade Union colleagues
- maintain systems and measures to promote health and safety compliance
- collaborate with HR colleagues to promote work-based health, safety and wellbeing initiatives
- report all health and safety matters to the Health and Safety Committee as part of the People Board once a quarter

There was one incident during 2019/20 that was reported to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations 2013 (RIDDOR). The incident was investigated, but CCS was not deemed to be at fault. We have increased compliance with mandatory reporting by reviewing, refreshing and simplifying the required reports, making them digital forms wherever possible, which has increased compliance from 45% in 2018/19 to nearly 80% in 2019/20.

In 2020/21 GIAA will conduct an audit of the CCS health and safety management system against ISO 45001 (industry-leading standard), ensuring robust first and second line defence. This will enable a critical review of health and safety performance and enable best practice to be embedded where possible.

## Expenditure on consultancy and temporary staff

	2019/20	2018/19
Consultancy spend	£2,199,349	£2,220,563
Contingent labour spend	£6,184,453	£4,404,162

Our contingent labour spend has increased by nearly £2 million in the past 12 months as we have engaged a number of highly skilled consultants and interims to support the Transformation and Digital Services programmes.

### 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 2020, for more than £245 per day and that last for longer than six months:

No. of existing engagements as of 31 March 2020	53
Of which...	
No. that have existed for less than one year at time of reporting	37
No. that have existed for between one and two years at time of reporting	14
No. that have existed for between two and three years at time of reporting	1
No. that have existed for between three and four years at time of reporting	1
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 to nine months.

For all new off-payroll engagements, or those that reached six months in duration, between 01 April 2019 and 31 March 2020, for more than £245 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 2019 and 31 March 2020	68
Of which...	
No. of these engagements which were assessed as caught by IR35	66
No. of these engagements which were assessed as not caught by IR35 (Note 1)	2
No. engaged directly (via personal service company contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year for whom assurance has been requested but not received	0
No. of engagements that saw a change to IR35 status following the consistency review.	0

For any off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

No. of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year.	0 (Note 1)
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.	7 (Note 2)

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

**Note 2** There were no Board members or senior officials with significant financial responsibility engaged in an off-payroll capacity during 2019/20

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

During the financial year, we did not operate a voluntary exit scheme and no staff left the organisation under this scheme. Exit costs are accounted for at the point the organisation is demonstrably committed to making the payment. Exit costs do not include contribution in lieu of notice payments. All payments are made in accordance with the provisions of the Civil Service compensation scheme, a statutory scheme made under the Superannuation Act 1972.

	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Exit package cost by band:	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band (Note 1)	
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	-	-	-
£50,001 - £100,000	-	-	-	1	-	1
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,000 +	-	-	-	-	-	-
Total number of packages by type	-	-	-	1	-	1
<b>Total cost £</b>	-	-	<b>0</b>	<b>80,274</b>	<b>0</b>	<b>80,274</b>

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

# Parliamentary Accountability and Audit Report

## Regularity of expenditure (Audited)

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

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

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

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

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

There were no losses or special payments in the year.

## Fees and charges (Audited)

As a Trading Fund, CCS manages the funded operations so that the revenue of the fund is sufficient to cover general running costs and the cost of capital, which are chargeable to the Statement of Comprehensive Income. Charges are set to recover full costs and to achieve the required rate of return on capital employed, before interest and dividends, of 5.0% a year averaged over a two year period from 01/04/2019 to 31/03/2021.

We provide services to government departments (including agencies in other departments), non-departmental public bodies and other bodies within central government. We also provide 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 81, three types of charges are applied from which income is derived:

- **Commercial agreements** – 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 services** – chargeable directly to customers for services received
- **NHS Future Operating Model (NHS FOM)** – chargeable on a full cost recovery basis together with possible additional income based on savings achieved

In setting fees and charges, we follow the principles of Chapter 6 of Managing Public Money.

## Remote contingent liabilities (Audited)

We do not have any remote contingent liabilities.

## Long-term expenditure trends

A five-year summary of CCS's income and costs is shown on page 94. 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 and the investment in key digital and automated tools to make access to value for money deals easier for customers.

The use of reserves in order to fund additional investment and project specific operating costs has been intentional. We continue to operate on the basis of expecting to be making overall surpluses in future through increased customer awareness, digitisation of, and consequential growth in, commercial agreement spend throughput. We also ensure that customers can achieve commercial price and change benefits through the use of commercial agreements.



Simon Tse  
Chief Executive and  
Accounting Officer  
8 July 2020

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Crown Commercial Service for the year ended 31 March 2020 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 Taxpayer's Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Crown Commercial Service's affairs as at 31 March 2020 and of its surplus 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 regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Crown Commercial Service in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Crown Commercial Service's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Crown Commercial Service have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Crown Commercial Service's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Crown Commercial Service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- conclude on the appropriateness of the Crown Commercial Service's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Crown Commercial Service ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Crown Commercial Service to cease to continue as a going concern.

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

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

### Other information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; 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 Accountability Report 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.

Gareth Davies  
Comptroller and Auditor General  
9 July 2020

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



# Financial Statements



## Statement of Comprehensive Income year ended 31 March 2020

	Note	2019/20 £000	2018/19 £000
Income from external sales	2	91,933	86,932
Other operating income	3	2,960	4,830
<b>Total income</b>		<b>94,893</b>	<b>91,762</b>
Staff costs	4	(49,795)	(43,251)
Depreciation of property, plant and equipment	7	(621)	(764)
Amortisation of intangible assets	8	(348)	(170)
Other expenditure	5.1	(21,043)	(19,987)
<b>Total expenditure</b>		<b>(71,807)</b>	<b>(64,172)</b>
<b>Surplus / (deficit) before other operating costs</b>		<b>23,086</b>	<b>27,590</b>
Other operating costs	5.2	(7,751)	(6,774)
<b>Operating surplus / (deficit)</b>		<b>15,335</b>	<b>20,816</b>
Finance income	6	170	141
<b>Surplus / (deficit) for the financial year</b>		<b>15,505</b>	<b>20,957</b>
Dividend payable to Cabinet Office		(14,475)	(6,158)
<b>Retained surplus / (deficit) for the financial year</b>		<b>1,030</b>	<b>14,799</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Comprehensive income / (expenditure) for the financial year</b>		<b>1,030</b>	<b>14,799</b>

The Notes to the accounts on pages 78 to 92 form an integral part of these accounts.

## Statement of financial position as at 31 March 2020

	Note	31 March 2020		31 March 2019	
		£000	£000	£000	£000
<b>Non-current assets</b>					
Property, plant and equipment	7		163		4,647
Intangible assets	8		<u>2,411</u>		<u>1,521</u>
			2,574		6,168
<b>Current assets</b>					
Trade and other receivables	9	34,556		28,418	
Cash and cash equivalents	10	<u>29,248</u>		<u>18,892</u>	
		63,804		47,310	
<b>Current liabilities</b>					
Trade and other payables	11	(39,112)		(27,701)	
Employee benefit payable	12	<u>(490)</u>		<u>(608)</u>	
		(39,602)		(28,309)	
<b>Net current assets</b>			<u>24,202</u>		<u>19,001</u>
Non-current assets plus net current assets			26,776		25,169
Provisions	14		(577)		-
<b>Total assets less liabilities</b>			<u>26,199</u>		<u>25,169</u>
<b>Capital and reserves</b>					
Public dividend capital	15		350		350
General reserve	16		<u>25,849</u>		<u>24,819</u>
<b>Total capital and reserves</b>			<u>26,199</u>		<u>25,169</u>

The Notes to the accounts on pages 78 to 92 form an integral part of these accounts.



Simon Tse  
Chief Executive and  
Accounting Officer  
8 July 2020

## Statement of changes in taxpayers' equity at 31 March 2020

	General Reserve	Public Dividend Capital	Total
	£000	£000	£000
Balance at 1 April 2018	10,020	350	10,370
Comprehensive income / (expenditure) for the financial year	<u>14,799</u>	<u>-</u>	<u>14,799</u>
Balance at 31 March 2019	<u>24,819</u>	<u>350</u>	<u>25,169</u>

	General Reserve	Public Dividend Capital	Total
	£000	£000	£000
Balance at 1 April 2019	24,819	350	25,169
Comprehensive income / (expenditure) for the financial year	<u>1,030</u>	<u>-</u>	<u>1,030</u>
Balance at 31 March 2020	<u>25,849</u>	<u>350</u>	<u>26,199</u>

The Notes to the accounts on pages 78 to 92 form an integral part of these accounts.

## Statement of cash flows for the year ended 31 March 2020

	Note	2019/20 £000	2018/19 £000
<b>Net cash (outflow) / inflow from operating activities</b>	17	17,634	(6,935)
<b>Cash flows from investing activities</b>			
Finance income	175	138	
Purchases of property plant and equipment	(57)	(1,207)	
Purchases of intangible assets	(161)	(1,691)	
Assets under construction	(1,077)	—	
<b>Net cash outflow from investing activities</b>		<b>(1,120)</b>	<b>(2,760)</b>
<b>Net cash (outflow) / inflow before financing</b>		<b>16,514</b>	<b>(9,695)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	(6,158)	(2,000)	
<b>Net cash outflow from financing activities</b>		<b>(6,158)</b>	<b>(2,000)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b><u>10,356</u></b>	<b><u>(11,695)</u></b>
<b>Cash and cash equivalents 1 April</b>		<b><u>18,892</u></b>	<b><u>30,587</u></b>
<b>Cash and cash equivalents 31 March</b>		<b><u>29,248</u></b>	<b><u>18,892</u></b>

See Note 17 in the Notes to the accounts, in which operating surplus / (deficit) (as shown in the Statement of Comprehensive Income) is reconciled to net cash flows from operating activities.

The Notes to the accounts on pages 78 to 92 form an integral part of these accounts.

# Notes to the accounts

## 1 Accounting policies

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

### 1.1 Standards in issue but not in force

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2020 and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that may be adopted in subsequent periods:

- IFRS 16 - leases  
Management expects IFRS 16 will be adopted by the FReM with effect from 1 April 2021. We have carried out an initial assessment of the new standard on leases to which CCS is a party, and have concluded that the only significant leases are those relating to the use of property. CCS currently has leases in place for office space in Liverpool, London, Newport and Norwich over varying lease terms. We expect that this will require the recognition of right to use assets and related liabilities for future lease payment commitments in respect of Newport and Norwich. This will require an adjustment in the Statement of Financial Position. The change will be applied to transactions relevant to the period after the date of the policy change and will not affect prior periods. We estimate that as at 1 April 2021, we will recognise right to use assets and related liabilities of approximately £1.7 million.

### 1.2 Accounting convention

The Whitehall District Heating and Whitehall Standby Distribution Systems (the Whitehall Systems) included within property, plant and equipment, was shown at cost as a proxy for fair value.

The accounts have not been modified to account for the revaluation of other non-current assets to fair value as required in the FReM. Any difference is not material.

This asset was transferred to GPA on 1 April 2019.

### 1.3 Income and segmental reporting

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

The applicable segments are as follows:

1. Commercial agreement income
  - a) General income – income is recognised in the calendar month in which spend takes place, at the appropriate commission rate on sales reported from suppliers
  - b) Energy income – a monthly levy is charged based on the number of sites and meters a department has. Income is recognised monthly based on site information provided by our suppliers.
  - c) Crown Hosting income – A charge is recovered from customers based on their rental hosting charges.

IFRS 15 Impact - Commercial agreements exist between CCS and each customer (suppliers to the end user) with separate call off arrangements between that customer and end user. The performance obligating event is the construction and award of the framework (i.e. the point at which control and access is handed to the customer and end user). CCS does not recognise the income at this point because of the uncertainty in the value of potential customer sales to the end user from which CCS earn a commission. Consequently, CCS recognises income at the point supplier sales are made. This information is disclosed within monthly management information provided to CCS from the customer.

## 2. Other operating segments

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

IFRS 15 Impact – The performance obligating event for contracts for managed services between CCS and specific customers continues to be the direct provision of the service to the customer. Income is recognised progressively as the performance obligations associated with these engagements are satisfied over time in proportion to contracted values. CCS has determined that the performance obligations are satisfied over time rather than at a point in time. This is because CCS's performance under the agreement does not create an asset with an alternative use to CCS and CCS has an enforceable right to payment for performance completed to date. Income is invoiced after the event and accrued if not invoiced before year end.

- b) Whitehall Systems income – standing charges were recognised quarterly in arrears with sales recognised in the month of consumption. Income was matched to costs as incurred. Any income received and not matched was held as deferred.

IFRS 15 Impact – The performance obligating event for agreements in place between CCS and the customers was the direct provision of the service to the customer. Income was recognised progressively as the performance obligations associated with these engagements are satisfied over time through the incurrance of costs. This provides a faithful depiction of the transfer of services because the nature of work was that the costs of staff time, travel expenses and other costs incurred represent progress towards satisfaction of the performance obligation. Income was invoiced after the event and accrued if no invoices were received for work completed before year end. There is no impact in the current and the future reporting years.

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

IFRS 15 Impact – The performance obligating event for the contract with the customer is the direct provision of the service to the customer. Income is recognised progressively as the performance obligations associated with these engagements are satisfied over time through

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

- d) Commercial central teams (CCT) – income was recognised through invoices billed directly to customers for services received. Any un-invoiced amounts were accrued.

IFRS 15 Impact – The performance obligating event for the agreements with customers was the direct provision of the service to the customer. Income was recognised progressively as the performance obligations associated with these engagements are satisfied over time through the incurrance of costs. This provides a faithful depiction of the transfer of services because the nature of work was that the costs of staff time, travel expenses and other costs incurred represent progress towards satisfaction of the performance obligation. There is no impact in the current and the future reporting years.

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

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

### 1.4 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. Where material, assets are revalued but where assets have a short life or are low value, depreciated historic cost is used as a proxy for fair value.

#### Whitehall Systems

The Whitehall Systems were a specialised asset and they have been stated at depreciated replacement cost, and since 2013/14 have been fully impaired. On 1 April 2019 the systems were transferred from CCS to GPA.

## Notes to the accounts *continued*

### Depreciation

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

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

### 1.5 Intangible assets

Software licences and costs directly associated with the development of identifiable and unique software products controlled by CCS are capitalised where future economic benefits are expected. 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 10 years). The prescribed capitalisation level is £5,000.

### 1.6 Early retirement

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

### 1.7 Leases

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

### 1.8 Financial instruments, cash and cash equivalents

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

### 1.9 VAT

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

### 1.10 Significant judgements and critical accounting estimates

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

#### 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 the actual employee salary costs to derive a liability cost.

#### Office dilapidations

Estimates for future liabilities arising at the termination of office leases have been based on information provided by GPA who act as the lessor.

#### Bad debt provision

In accordance with the requirements of IFRS 9, CCS has changed its approach to estimating the bad debt provision compared to the prior year. The prior year approach was for the calculation to reflect CCS's historic loss average. This year's calculation reflects a more prudent, aged profiled approach, recognising the wider economic impact of COVID-19.

### 1.11 Impact of COVID-19 related activity with the Financial Statements

CCS has supported the Department of Health and Social Care and Home Office through the use of our commercial agreements to facilitate them quickly and efficiently addressing some of their COVID-19 related requirements. CCS has placed orders through our agreements and then invoiced those departments accordingly via a "pass through" agency type arrangement. There is a nil impact on CCS's Income and Expenditure Account. Current assets and liabilities within the Statement of Financial Position will reflect any timing differences arising from those activities.

### 1.12 Going concern

The directors have formed the judgement at the time of approving the financial statements that CCS has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the basis that CCS is a going concern.



## 2.1 Segmental analysis

2019/20

31 March 2020

### Statement of Comprehensive Income

(SOCI)

	Commercial Agreements	Other Operating Segments	TOTAL
	£000	£000	£000
Gross income from external sales	97,429	300	97,729
Commission shares	(5,796)	-	(5,796)
Net income from external sales in SOCI	91,633	300	91,933
Other operating income	-	2,960	2,960
<b>Total income</b>	<b>91,633</b>	<b>3,260</b>	<b>94,893</b>
Operating costs	(66,779)	(5,028)	(71,807)
Surplus / (deficit) before other operating costs	24,854	(1,768)	23,086
Other operating costs	(6,152)	(1,599)	(7,751)
<b>Operating surplus / (deficit)</b>	<b>18,702</b>	<b>(3,367)</b>	<b>15,335</b>

### Statement of financial position

Non-current assets	2,574	-	2,574
Current assets	62,755	1,049	63,804
<b>Total assets</b>	<b>65,329</b>	<b>1,049</b>	<b>66,378</b>

2018/19

31 March 2019

### Statement of Comprehensive Income

(SOCI)

	Commercial Agreements	Other Operating Segments	TOTAL
	£000	£000	£000
Gross income from external sales	84,195	8,033	92,228
Commission shares	(5,296)	-	(5,296)
Net income from external sales in SOCI	78,899	8,033	86,932
Other operating income	-	4,830	4,830
<b>Total income</b>	<b>78,899</b>	<b>12,863</b>	<b>91,762</b>
Operating costs	(57,195)	(6,977)	(64,172)
Surplus / (deficit) before other operating costs	21,704	5,886	27,590
Other operating costs	(3,682)	(3,092)	(6,774)
<b>Operating surplus / (deficit)</b>	<b>18,022</b>	<b>2,794</b>	<b>20,816</b>

### Statement of financial position

Non-current assets	2,248	3,920	6,168
Current assets	44,697	2,613	47,310
<b>Total assets</b>	<b>46,945</b>	<b>6,533</b>	<b>53,478</b>

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

## Notes to the accounts continued

### 2.2 IFRS 15 revenue from contracts with customers

Following the introduction of this accounting standard, CCS has not needed to change any of its income recognition policies or account for income any differently. Contract balances relating to the reporting segments disclosed opposite are as follows.

	31 March 2020 Commercial Agreements	31 March 2020 Other Services	31 March 2020 Other Whitehall	31 March 2020 Other CCT	31 March 2020 Other NHS FOM	31 March 2020 Other Services Total	31 March 2020 Overall Total
	£000	£000	£000	£000	£000	£000	£000
<b>Contract assets</b>							
Trade receivables	15,873	1,469	-	-	120	1,589	17,462
Accrued income	<u>12,331</u>	<u>1,708</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>1,773</u>	<u>14,104</u>
	<u>28,204</u>	<u>3,177</u>	<u>-</u>	<u>-</u>	<u>185</u>	<u>3,362</u>	<u>31,566</u>
<b>Contract liabilities</b>							
Accrued MoU	3,079	-	-	-	-	-	3,079
Deferred income - Whitehall	-	-	-	-	-	-	-
Deferred income - Other	<u>266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266</u>
	<u>3,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,345</u>

	31 March 2019 Commercial Agreements	31 March 2019 Other Services	31 March 2019 Other Whitehall	31 March 2019 Other CCT	31 March 2019 Other NHS FOM	31 March 2019 Other Services Total	31 March 2019 Overall Total
	£000	£000	£000	£000	£000	£000	£000
<b>Contract assets</b>							
Trade receivables	12,198	302	-	-	-	302	12,500
Accrued income	<u>12,013</u>	<u>1,669</u>	<u>-</u>	<u>642</u>	<u>-</u>	<u>2,311</u>	<u>14,324</u>
	<u>24,211</u>	<u>1,971</u>	<u>-</u>	<u>642</u>	<u>-</u>	<u>2,613</u>	<u>26,824</u>
<b>Contract liabilities</b>							
Accrued MoU	3,378	-	-	-	-	-	3,378
Deferred income - Whitehall	-	-	1,641	-	-	1,641	1,641
Deferred income - Other	<u>573</u>	<u>639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>639</u>	<u>1,212</u>
	<u>3,951</u>	<u>639</u>	<u>1,641</u>	<u>-</u>	<u>-</u>	<u>2,280</u>	<u>6,231</u>

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

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

### 3 Other operating income

	2019/20	2018/19
	£000	£000
Income		
NHS FOM funding	769	694
Find a Tender / Contracts Finder funding	1,785	2,220
Digital solutions funding	363	1,746
GCF CaSIE MI tool funding	43	171
Strategic support team	—	(1)
<b>TOTAL</b>	<b><u>2,960</u></b>	<b><u>4,830</u></b>

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

Find a Tender / Contracts Finder funding is income from the Cabinet Office to be spent on the provision of an electronic tender notification system.

Cabinet Office provided CCS with income for a number of digital solutions to accelerate growth through online portals in strategic category commercial vehicles/frameworks.

GCF Contracts and Spend Insight Engine (CaSIE) tool enables a cross-central government (and wider public sector) view on all contract information and departmental spend data.

Strategic support team income was used to provide central government with advice and support in respect of large and / or expiring information technology contracts.

### 4 Total staff costs

	2019/20	2018/19
	£000	£000
Wages and salaries	24,818	24,613
Bonus	318	307
Social security	2,618	2,565
Superannuation (Note 1)	6,315	4,847
Apprenticeship levy	108	107
GCO staff costs (Note 2)	9,434	6,408
Agency and contract staff costs	6,184	4,404
<b>TOTAL</b>	<b><u>49,795</u></b>	<b><u>43,251</u></b>

**Note 1:** Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme (PCSPS) and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 57

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

## Notes to the accounts continued

### 5 Operating costs

#### 5.1 Other expenditure

##### Charges include:

	2019/20	2018/19
	£000	£000
Auditor's remuneration	63	61
Government Commercial Function	-	997
Charges for operating leases	3,220	2,986
Travel and subsistence	2,281	1,468
Accommodation and utilities	226	231
Marketing	1,086	1,323
Training	662	666
Whitehall Systems Management	-	2,386
Whitehall asset disposal write down	3,920	-
Legal fees	842	606
Technology and telephony	7,213	5,915
Recruitment	728	507
Consultancy	1,135	1,085
Dual workplace costs	(3,146)	280
Other operating and external charges	2,813	1,476
<b>TOTAL</b>	<b><u>21,043</u></b>	<b><u>19,987</u></b>

The Comptroller and Auditor General is the auditor of CCS's accounts. The charge for the year is £63,000 (2018/19: £61,000). All of this cost is related to audit services.

Whitehall Standby Distribution System transferred to GPA on 1 April 2019. This resulted in a £3.9 million write down in CCS's accounts.

#### 5.2 Other operating costs

	2019/20	2018/19
	£000	£000
Digital transformation programme	2,948	2,215
Transformation Programme	3,204	2,701
Public Sector Resourcing	-	14
NHS FOM	15	26
Find a Tender / Contracts Finder services	1,584	1,818
<b>TOTAL</b>	<b><u>7,751</u></b>	<b><u>6,774</u></b>

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

### 6 Finance income

	2019/20	2018/19
	£000	£000
Bank and short term investment interest	170	141
<b>TOTAL</b>	<b><u>170</u></b>	<b><u>141</u></b>

## 7 Property, plant and equipment

2019/20	31 March 2020 Computer equipment £000	31 March 2020 Fixtures and fittings £000	31 March 2020 Whitehall Systems £000	31 March 2020 Asset under construction £000	31 March 2020 TOTAL £000
<b>Cost</b>					
At beginning of period	3,395	727	4,000	-	8,122
Additions in period	57	-	-	-	57
Disposals in period	(94)	-	-	-	(94)
Write down and transfer to GPA	-	-	(4,000)	-	(4,000)
<b>At end of period</b>	<b>3,358</b>	<b>727</b>	<b>-</b>	<b>-</b>	<b>4,085</b>
<b>Depreciation</b>					
At beginning of period	2,857	538	80	-	3,475
Amount provided in period charged to SOCI	545	76	-	-	621
Disposals in period	(94)	-	-	-	(94)
Write down and transfer to GPA	-	-	(80)	-	(80)
<b>At end of period</b>	<b>3,308</b>	<b>614</b>	<b>-</b>	<b>-</b>	<b>3,922</b>
<b>Net book value at March 2020</b>	<b><u>50</u></b>	<b><u>113</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>163</u></b>
<b>Net book value at March 2019</b>	<b><u>538</u></b>	<b><u>189</u></b>	<b><u>3,920</u></b>	<b><u>-</u></b>	<b><u>4,647</u></b>

2018/19	31 March 2019 Computer equipment £000	31 March 2019 Fixtures and fittings £000	31 March 2019 Whitehall Systems £000	31 March 2019 Asset under construction £000	31 March 2019 TOTAL £000
<b>Cost</b>					
At beginning of period	3,388	727	-	2,800	6,915
Additions in period	7	-	-	1,200	1,207
Transfers in	-	-	4,000	-	4,000
Transfers out	-	-	-	(4,000)	(4,000)
<b>At end of period</b>	<b>3,395</b>	<b>727</b>	<b>4,000</b>	<b>-</b>	<b>8,122</b>
<b>Depreciation</b>					
At beginning of period	2,249	462	-	-	2,711
Amount provided in period charged to SOCI	608	76	80	-	764
<b>At end of period</b>	<b>2,857</b>	<b>538</b>	<b>80</b>	<b>-</b>	<b>3,475</b>
<b>Net book value at March 2019</b>	<b><u>538</u></b>	<b><u>189</u></b>	<b><u>3,920</u></b>	<b><u>-</u></b>	<b><u>4,647</u></b>
<b>Net book value at March 2018</b>	<b><u>1,139</u></b>	<b><u>265</u></b>	<b><u>-</u></b>	<b><u>2,800</u></b>	<b><u>4,204</u></b>

## Notes to the accounts continued

### 8 Intangible assets

2019/20

	31 March 2020 Software licences £000	31 March 2020 Asset under construction £000	31 March 2020 TOTAL £000
<b>Cost</b>			
At beginning of period	1,004	687	1,691
Additions in period	161	1,077	1,238
Asset under construction transfer	687	(687)	-
<b>At end of period</b>	<b><u>1,852</u></b>	<b><u>1,077</u></b>	<b><u>2,929</u></b>
<b>Amortisation</b>			
At beginning of period	170	-	170
Amount provided in period	348	-	348
<b>At end of period</b>	<b><u>518</u></b>	<b><u>-</u></b>	<b><u>518</u></b>
<b>Net book value at March 2020</b>	<b><u>1,334</u></b>	<b><u>1,077</u></b>	<b><u>2,411</u></b>
<b>Net book value at March 2019</b>	<b><u>834</u></b>	<b><u>687</u></b>	<b><u>1,521</u></b>

2018/19

	31 March 2019 Software licences £000	31 March 2019 Asset under construction £000	31 March 2019 TOTAL £000
<b>Cost</b>			
At beginning of period	-	-	-
Additions in period	1,004	687	1,691
<b>At end of period</b>	<b><u>1,004</u></b>	<b><u>687</u></b>	<b><u>1,691</u></b>
<b>Amortisation</b>			
At beginning of period	-	-	-
Amount provided in period	170	-	170
<b>At end of period</b>	<b><u>170</u></b>	<b><u>-</u></b>	<b><u>170</u></b>
<b>Net book value at March 2019</b>	<b><u>834</u></b>	<b><u>687</u></b>	<b><u>1,521</u></b>
<b>Net book value at March 2018</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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

## 9 Trade and other receivables

	31 March 2020	31 March 2019
	£000	£000
<b>Current receivables</b>		
Trade receivables	18,772	12,552
Less: bad and doubtful receivables provision	<u>(1,310)</u>	<u>(52)</u>
Net trade receivables	17,462	12,500
Other receivables	67	62
Prepayments and accrued income	<u>17,027</u>	<u>15,856</u>
<b>Total current receivables</b>	<b><u>34,556</u></b>	<b><u>28,418</u></b>

	31 March 2020	31 March 2019
	£000	£000
<b>Aged debt analysis</b>		
Within credit terms	11,633	8,067
Past due date but not impaired:		
1-30 days	1,847	1,719
31-60 days	752	1,082
61-90 days	1,108	513
Over 90 days	<u>2,122</u>	<u>1,119</u>
<b>Total receivables</b>	<b><u>17,462</u></b>	<b><u>12,500</u></b>

	31 March 2020	31 March 2019
	£000	£000
<b>Bad and doubtful receivables provision analysis</b>		
Provision at the beginning of the year	52	94
Decrease in the provision for the year	(52)	(208)
Increase in the provision for the year	<u>1,310</u>	<u>166</u>
<b>Provision at the end of the year</b>	<b><u>1,310</u></b>	<b><u>52</u></b>

## 10 Cash and cash equivalents

	31 March 2020	31 March 2019
	£000	£000
Government Banking Service and cash in hand	<u>29,248</u>	<u>18,892</u>
<b>TOTAL</b>	<b><u>29,248</u></b>	<b><u>18,892</u></b>

## Notes to the accounts continued

### 11 Trade and other payables

	31 March 2020	31 March 2019
	£000	£000
<b>Current payables</b>		
VAT	2,361	842
Other taxation and social security costs	730	3,293
Trade payables	4,163	4,244
Other payables	645	490
Dividend	14,475	6,158
Accruals and deferred income	16,738	12,674
<b>TOTAL</b>	<b><u>39,112</u></b>	<b><u>27,701</u></b>

The dividend which CCS pays to CO increased to £14.5m in 2019/20 (2018/19: £6.2m). This was to cover the costs of the complex transaction, continuous improvement, markets and suppliers and policy teams which previously transferred from CCS to CO and included extra money to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers.

### 12 Employee benefit payable

	31 March 2020	31 March 2019
	£000	£000
Balance at beginning of period	608	464
Increase / (decrease) in the period	(118)	144
<b>Balance at end of the period</b>	<b><u>490</u></b>	<b><u>608</u></b>

Employee benefits represent accrued untaken leave. The decrease in the period is reflected within total wages and salaries (Notes 1.10 and 4).

### 13 Lease obligations

	31 March 2020	31 March 2019
	Land and buildings	Land and buildings
	£000	£000
<b>Operating lease rentals due within:</b>		
One year	1,555	1,617
Two to five years	1,150	2,452
Over five years	1,123	1,376
<b>TOTAL</b>	<b><u>3,828</u></b>	<b><u>5,445</u></b>



## 14 Provisions

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

	31 March 2020 £000	31 March 2019 £000
Balance at beginning of period	-	-
Utilised in the period	-	-
Increase in the period	<u>577</u>	<u>-</u>
<b>Balance at end of period</b>	<b><u>577</u></b>	<b><u>-</u></b>

## 15 Public dividend capital

	31 March 2020 £000	31 March 2019 £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>
<b>Balance at end of period</b>	<b><u>350</u></b>	<b><u>350</u></b>

## 16 General reserve

	31 March 2020 £000	31 March 2019 £000
Balance at beginning of period	24,819	10,020
Retained surplus / (deficit) for the period	<u>1,030</u>	<u>14,799</u>
<b>Balance at end of period</b>	<b><u>25,849</u></b>	<b><u>24,819</u></b>

## Notes to the accounts continued

### 17 Notes to the statement of cash flows

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

	Note	2019/20 £000	2018/19 £000
Operating surplus / (deficit)		15,335	20,816
Increase in provisions	14	577	-
Depreciation charges	7	621	764
Amortisation of intangible assets	8	348	170
Whitehall writedown	7	3,920	-
Decrease in inventories		-	88
(Increase) in receivables	9	(6,142)	(3,924)
(Decrease) / Increase in payables and employee benefit	11/12	2,975	(24,849)
<b>Net cash (outflow) / inflow from operating activities</b>		<b><u>17,634</u></b>	<b><u>(6,935)</u></b>

Note (ii): Analysis of changes in net funds

	2019/20 £000	2018/19 £000
Net funds at 1 April	18,892	30,587
Net funds (decrease) / increase	10,356	(11,695)
Net funds at 31 March	<b><u>29,248</u></b>	<b><u>18,892</u></b>

### 18 Capital commitments

Capital commitments contracted for at 31 March 2020 were £2.1 million (31 March 2019: £0.1 million).

### 19 Financial objective

The financial target was set at an annual average of 5% return on capital employed (ROCE) per annum over a two year period (April 2019 to March 2021). ROCE is measured as CCS's operating surplus as a percentage of the annual average of opening and closing net assets. CCS had a financial plan to deliver this target. The one year rolling average ROCE achieved is 60.0% (2018/19: the five year rolling average ROCE achieved was 4.6%).

## 20 Related party transactions

In accordance with IAS 24 Related Party Disclosures, as interpreted by the FReM, the following information is provided on related party transactions. CCS is an Executive Agency within the Cabinet Office. Cabinet Office is regarded as a related party. G Rhys Williams is a Non-Executive Director at CCS and is also an employee of the Cabinet Office.

During 2019/20, CCS had various material transactions with most government departments and other central government bodies, devolved administrations, the NHS and many local authorities.

S Maizey is a Non-Executive Director for both CCS and NHS BSA. During 2019/20, NHS BSA procured goods and services through CCS frameworks. NHS BSA are part of DHSC and CCS helped DHSC with some COVID-19 related transactions. S Maizey was not involved in these transactions.

D Wakefield (Non-Executive Director) is the Chair of the University Hospitals of North Midlands NHS Trust. During 2019/20, the organisation procured goods and services through CCS frameworks. However, D Wakefield was not involved in the procurement processes.

R Wilmot (Non-Executive Director) was the CEO of Crowdicity until 3 October 2019. Crowdicity is a supplier on CCS's G-Cloud 10 framework. During 2019/20, through this framework, Crowdicity was awarded a contract with DHSC. The contract value and resultant levy to CCS were immaterial. R Wilmot was not involved in the contract award process.

Compensation due to key management personnel in year has been disclosed in the Remuneration report (page 56).

## 21 Financial instruments

CCS has powers to borrow funds.

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

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

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

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

Liquidity risk management activities include:

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

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

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

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

## Notes to the accounts continued

### Financial assets

	Total £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
<b>31 March 2020</b>							
Trade receivables	17,462	-	-	17,462	-	-	-
Accrued income	17,027	-	-	17,027	-	-	-
Cash and cash equivalents	29,248	-	29,248	-	0.61	1.10	-
<b>Gross financial assets</b>	<b>63,737</b>	<b>-</b>	<b>29,248</b>	<b>34,489</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 March 2019</b>							
Trade receivables	12,500	-	-	12,500	-	-	-
Accrued income	15,856	-	-	15,856	-	-	-
Cash and cash equivalents	18,892	-	18,892	-	0.56	1.00	-
<b>Gross financial assets</b>	<b>47,248</b>	<b>-</b>	<b>18,892</b>	<b>28,356</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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
<b>31 March 2020</b>							
Trade payables	4,163	-	-	4,163	-	-	-
Accruals and other payables	14,840	-	-	14,840	-	-	-
<b>Gross financial liabilities</b>	<b>19,003</b>	<b>-</b>	<b>-</b>	<b>19,003</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 March 2019</b>							
Trade payables	4,244	-	-	4,244	-	-	-
Accruals and other payables	16,470	-	-	16,470	-	-	-
<b>Gross financial liabilities</b>	<b>20,714</b>	<b>-</b>	<b>-</b>	<b>20,714</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

### 22 Contingent liabilities

There were no contingent liabilities.

### 23 Events after the reporting period

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

## Treasury minute dated July 2020

- 1.** Section 4(1) of the Government Trading Funds Act 1973 provides that a Trading Fund established under the Act shall be under the control and management of the responsible Minister and in the discharge of the Minister's functions in relation to that fund it shall be the Minister's duty:
  - a.** To manage the funded operations so that the revenue of the fund:
    - i.** consists principally of receipts in respect of goods and services provided in the course of the funded operations, and
    - ii.** is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to income and expenditure account; and
  - b.** To achieve such further financial objectives as the Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
- 2.** OGBuying.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 OGBuying.solutions Trading Fund with effect from 3 April 2001 by the OGBuying.solutions Trading Fund Order 1991 (S.I. 2001. No 922). The Buying Agency Trading Fund (Amendment) Order 2009 (S.I. 2009/647) then changed OGBuying.solutions Trading Fund to the Buying Solutions Trading Fund from 6 April 2009, which was subsequently changed to the Government Procurement Service Trading Fund by the Buying Agency Trading Fund (Amendment) Order 2011 (S.I. 2011/2208) from 1 October 2011. The Government Procurement Service Trading Fund has since changed to the Crown Commercial Service Trading Fund by the Buying Agency Trading Fund (Amendment) Order 2014 (S.I. 2014/561) from 1 April 2014.
- 3.** The Minister for the Cabinet Office, being the responsible Minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by Crown Commercial Service Trading Fund for the 2 year period from 1 April 2019 to 31 March 2021 shall be to achieve a minimum return, averaged over the period as a whole, equivalent to 5 percent a year in the form of an operating surplus, i.e. before interest (both receivable and payable) and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long term loan capital (if any) and the general reserve.
- 4.** This minute supersedes that dated 30 June 2017.
- 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 2015 to 31 March 2020

	Year 2019/20	Year 2018/19	Year 2017/18	Year 2016/17	Year 2015/16
	£000	£000	£000	£000	£000
<b>Statement of financial position</b>					
Non-current assets	2,574	6,168	4,204	2,043	2,729
Total current assets less liabilities	24,202	19,001	6,166	18,434	26,482
Provision for liabilities and charges	(577)	-	-	(7)	(344)
<b>Assets employed</b>	<b><u>26,199</u></b>	<b><u>25,169</u></b>	<b><u>10,370</u></b>	<b><u>20,470</u></b>	<b><u>28,867</u></b>
<b>Financed by</b>					
Public dividend capital	350	350	350	350	350
General reserve	25,849	24,819	10,020	20,120	28,517
	<b><u>26,199</u></b>	<b><u>25,169</u></b>	<b><u>10,370</u></b>	<b><u>20,470</u></b>	<b><u>28,867</u></b>
<b>Statement of Comprehensive Income</b>					
<b>Income</b>	<b><u>94,893</u></b>	<b><u>91,762</u></b>	<b><u>74,961</u></b>	<b><u>73,355</u></b>	<b><u>67,679</u></b>
Operating costs	(71,807)	(64,172)	(80,508)	(71,579)	(66,257)
<b>Surplus / (deficit) before other operating costs</b>	<b>23,086</b>	<b>27,590</b>	<b>(5,547)</b>	<b>1,776</b>	<b>1,422</b>
Other operating costs	(7,751)	(6,774)	(2,611)	(8,230)	(8,090)
<b>Operating surplus / (deficit)</b>	<b>15,335</b>	<b>20,816</b>	<b>(8,158)</b>	<b>(6,454)</b>	<b>(6,668)</b>
Finance income	170	141	58	57	99
<b>Surplus / (deficit) for the year</b>	<b>15,505</b>	<b>20,957</b>	<b>(8,100)</b>	<b>(6,397)</b>	<b>(6,569)</b>
Dividend payable to the Cabinet Office	(14,475)	(6,158)	(2,000)	(2,000)	(2,000)
<b>Retained surplus / (deficit)</b>	<b><u>1,030</u></b>	<b><u>14,799</u></b>	<b><u>(10,100)</u></b>	<b><u>(8,397)</u></b>	<b><u>(8,569)</u></b>



CCS0320280388  
978-1-5286-1920-2

