

Power to your procurement

Annual Report and Accounts 2020/21



CCS0321277620
978-1-5286-2540-1

HC461


Crown
Commercial
Service

Crown Commercial Service Annual report and accounts 2020/21

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 2021.

HC461



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ISBN 978-1-5286-2540-1

CCS0321277620 07/21

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

Contents

Welcome	07
Performance highlights and commercial benefits including savings.....	08
Year at a glance	10
Values, vision, purpose, goal and ambition	12
Glossary	14
Performance report	16
Overview	17
• Statement of purpose, scope and strategy	22
• Performance overview	23
• Financial performance	24
• Key issues and risks	25
Performance analysis	29
• Performance against Business Plan objectives	30
• Sustainability report	40
Accountability report	45
Corporate governance report	46
Remuneration and staff report	58
Parliamentary accountability and audit report	77
The certificate and report of the Comptroller and Auditor General to the Houses of Parliament	78
Financial statements	83
Statement of comprehensive income	84
Statement of financial position	85
Statement of changes in taxpayers' equity	86
Statement of cash flows	87
Notes to the accounts	88
Treasury minute	103
Five year summary	104

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 Crown Commercial Service



Welcome

to the **Crown Commercial Service** Annual Report and Accounts 2020/21

In 2020/21 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

£22.71 billion

of public sector
spend was
channelled through
our commercial
agreements

an increase of
£4.6 billion
from the year before

Our employee
engagement index,
as measured by
the civil service
people survey,
has increased to
72% in 2020

maintaining top
quartile performance

£1.54 billion

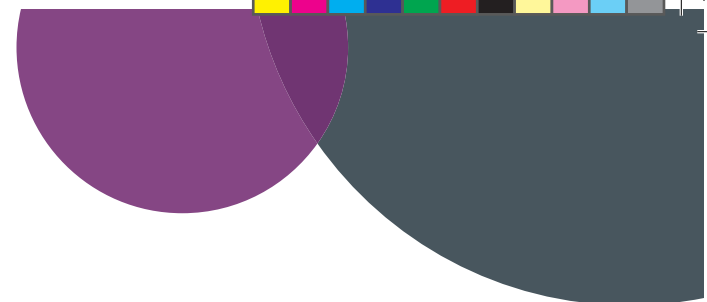
was spent directly
with SMEs through
CCS's commercial
agreements in
2020/21

an additional
£302 million directly
compared to 2019/20

Customers who
have used our
agreements have
achieved
commercial benefits

equivalent to
£2.04 billion

In line with government policy on
prompt payment CCS paid **97%** of
undisputed supplier invoices within
five days and **100%**
of undisputed payments due within
30 days



We helped customers with procurements worth a total annual contract value of **£2.36 billion**



We appointed **36 new apprentices** (34 in England and 2 in Wales) helping to build the talent and skills we need for the future

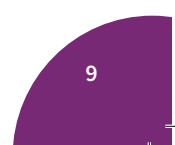
Our net promoter scores for customer satisfaction over the year were **+52** for customer service and **+48** for assisted procurement



We helped Arts Council England save over **£220,000** on facilities management procurement and put in place a solution that delivers best value and addresses their social value aims through our Facilities Management Marketplace



We helped the National Institute for Health and Care Excellence save over **£250,000** on laptops and docking stations with our Technology Products and Associated Services (TePAS) framework



Year at a glance

April 2020



May 2020



June 2020



Key guidance on facilities management was issued to help public sector customers change to “essential service” provision only, helping them to slow down the spread of coronavirus (COVID-19).



Our Building Cleaning Services dynamic purchasing system was made available to help public sector customers with their additional cleaning needs during the coronavirus pandemic.



We announce we're working with the Ministry of Housing, Communities and Local Government to support local authorities with their rough sleeper needs. For immediate temporary accommodation, suppliers on our accommodation and travel framework will ensure local authorities have 24/7 access to a hotel provider.

July 2020



August 2020



September 2020



Our new Digital Inclusion and Support dynamic purchasing system goes live. Designed to help public and third sector organisations educate service users about accessing and using their services online, as well as developing digital skills.



We negotiate a new Memorandum Of Understanding with UK Cloud to reduce costs and further enhance cloud supplier choice and services for the public sector.



Power to Your Procurement is launched: a new interactive guide to help public sector customers get the most from working with CCS.

October 2020



November 2020



December 2020

BIG TEAM CHALLENGE

To support the wellbeing of our staff we launched the Big Team Challenge, which saw colleagues walking over 99 million steps over 6 weeks.



Our Supply and Fit of Tyres agreement helps the North West Ambulance Service stay on the road during COVID-19 in a time of unprecedented demand.



We work closely with the Construction Leadership Council and wider industry to develop the Construction Playbook. This aims to encourage collaboration and better strategic relationships between the public and private sectors, and to drive improvement and innovation within the construction industry.

January 2021



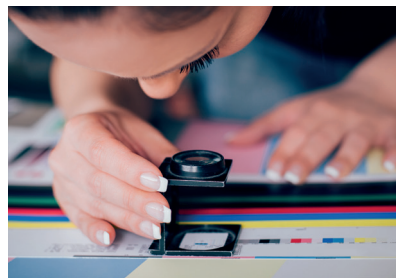
February 2021



March 2021



John Newton (Customer Experience Deputy Director) wins the Leadership Award at The Cabbies, which celebrate the excellent work undertaken across the Cabinet Office.



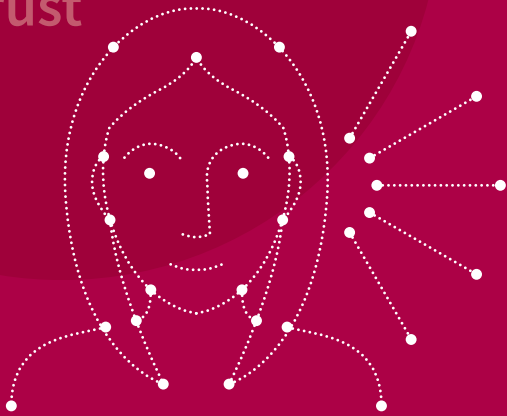
The latest iteration of our Print Management agreement is now live. It provides the entire public sector access to suppliers who can offer a fully managed end-to-end print management service.



Charlene Maginnis (Head of Policy Delivery – Supply Chain and Service Offer) gives her five top tips for achieving social value in procurement in an article for Civil Service World.

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

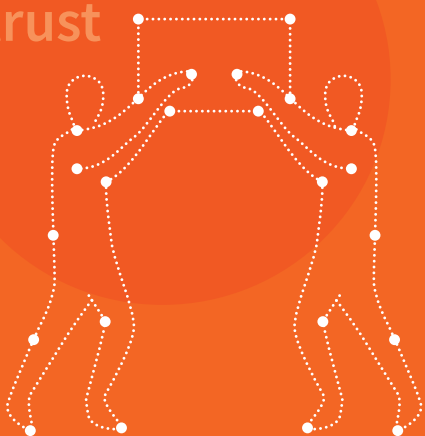
we listen
we respect
we collaborate
we trust



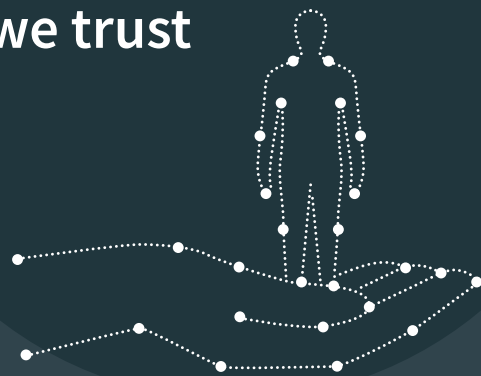
we listen
we respect
we collaborate
we trust



we listen
we respect
we collaborate
we trust



we listen
we respect
we collaborate
we trust





Who we are

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

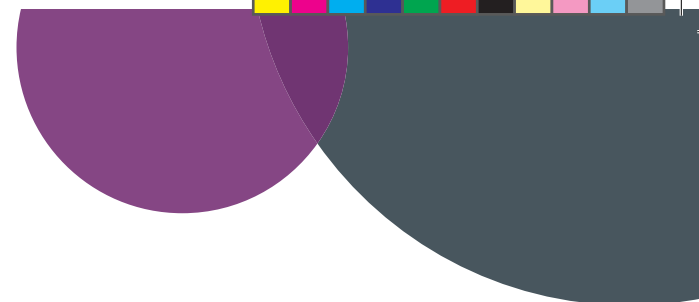
Our purpose is to help the UK public sector get better value for money from its procurement of goods and services.

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

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

Glossary

ACV	Annual Contract Value	CSUP	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
Alliances	Arrangements we have formed with other PBOs and organisations for the benefit for our customers and suppliers	DDS	Digital and Data Services directorate in CCS
ALB	Arm's length body, an organisation that delivers a public service, is not a ministerial government department, and which operates to a greater or lesser extent at a distance from ministers	DHSC	The Department of Health and Social Care
BAME	Black, Asian and Minority Ethnic	DOS	Digital Outcomes and Specialists, CCS's commercial agreement that helps the public sector buy, design, build and deliver digital outcomes by finding appropriate specialists to deliver agile software development
CAAAB	Commercial Agreement Advisory and Approval Board, the board oversees all new and replacement commercial agreements	DPS	Dynamic purchasing systems
CG&S	Common goods and services, products and services that multiple organisations need to purchase, from locum doctors and laptops, to police cars and electricity. In CCS, we organise them into four pillars: buildings, people, technology, corporate	Executive Board	The Executive Board manages the delivery of CCS's strategic aims and provides leadership to the organisation. The Executive Board is chaired by the Chief Executive and includes Director-level representation from the key directorates and functions in CCS
CIPS	Chartered Institute of Procurement and Supply	FAB	Finance and Approvals Board, this is a sub-committee of the Executive Board with responsibility for overseeing all aspects of spending within CCS
CG	Central government, the ministerial departments	FAC-1	Framework Alliance Contract is a multi-party, overarching agreement between any number of framework alliance members
CO	Cabinet Office	Find a Tender	A new e-notification service available from 1 January 2021 to post and view public sector procurement notices
Commercial benefits	The value that CCS drives for customers when purchasing through our commercial agreements. Our methodology allows for 2 routes for benefit calculations: a. 'Spend benefits' are based on sampling all spend through a commercial agreement and calculating average benefit for all the customer population using the agreement compared to current comparator market prices b. 'Change benefits' are a specific measure applicable to an individual customer usually as a result of a business change influenced by CCS and signed off accordingly by the customer	FM	Facilities management
CRM	Customer relationship management, either the processes of managing customer relationships or the tools/software we use to manage customer information	FReM	The government Financial Reporting Manual, which is the technical accounting guide for the preparation of financial statements
		FTEs	Full time equivalent, the hours worked by one employee on a full-time basis
		GBS	Government Buying Standards
		GCF	Government Commercial Function
		G-Cloud	CCS's commercial agreement for use by the UK public sector to buy cloud computing services covering hosting, software and cloud support on a commodity based, pay-as-you go service
		GCO	Government Commercial Organisation
		GIAA	Government Internal Audit Agency
		GPA	Government Property Agency
		KPI	Key Performance Indicator



LGBT+/ LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer/ Questioning plus other communities
MoU	Memorandum of Understanding, a type of agreement between two or more parties
MPM	Managing Public Money, HM Treasury guidance for managing the spending of public funds
MSAT	Modern Slavery Assessment Tool
NAO	National Audit Office
Net Zero	The target for the UK to bring all greenhouse gas emissions to net zero by 2050. Any emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage
NHS BSA	NHS Business Services Authority
NHS FOM	NHS Future Operating Model, the programme to enhance procurement efficiency and effectiveness across the NHS
NPS	Net Promoter Score, a measure of customer satisfaction
OGSA	Operational Governance Self Assessment, part of CCS's management assurance process
PBOs	Professional buying organisations that put in place and manage contracts and frameworks for commonly purchased goods and services which can be accessed by most UK public sector organisations
PPE	Personal protective equipment
PSC	Public Sector Contract, a shorter and simpler government contract developed and used by CCS
RMI	Report Management Information system, the system for suppliers to submit their returns to CCS
ROCE	Return on Capital Employed
SCS	Senior Civil Service
Smarter Working	Smarter working empowers Civil Servants to make the right decisions about where, when and how they work; optimising the use of workplaces and technology, and realising savings for the taxpayer. It improves productivity through a focus on outputs and enables a better work life balance for all

SMEs	Small and medium-sized enterprises (business of less than 250 employees)
Social value	Social value legislation requires buyers of public sector services to consider whether there are related social, economic or environmental benefits that can be delivered through the contract, for example, creating more apprenticeships or reducing carbon emissions
Spend types	Direct spend represents spend where the commercial agreement/framework used for call off is owned and managed by CCS. This includes agreements originally let by other organisations and then transferred to CCS. Transacted spend represents spend via an agreement that is placed and owned by another organisation but for which CCS has offered significant buying advice or support or spend where the CCS influence is focused on enabling a route to market for customers, who are then buying a secondary product. Public Sector Commercial Agreement spend are memoranda of understanding (MoU) with suppliers that set a maximum charge for goods or services that the supplier agrees to adhere to within/across the public sector
SRO	Senior Responsible Owner, the individual responsible for ensuring that a programme or project meets its objectives
ULEV	Ultra low emission vehicles
VCSE	Voluntary, Community and Social Enterprise
WPS	Wider public sector, including local government, health and education, and third sector (charities)



Performance report



80.08.1

2.05.1

4.5.6.7

36.5.2

2.31

3.6

Overview

Chair's statement



Tony van Kralingen
Chair

At the end of last financial year, we were just at the beginning of the pandemic and were not fully aware of the tremendous impact it might have on all of us. A year on, we can see the impact it has had on society, on our customers and on our colleagues, and how the team at CCS met the challenges. In a year where business as usual hasn't been usual at all, CCS rose to the challenge, supporting the government's pandemic response, adapting to meet customers' needs and helping other agencies. Of note is the considerable support given to NHS Test and Trace, and also supporting repatriations, quarantine, supplier offers and more.

Because of this flexibility and resilience in supporting our customers, CCS has delivered on its targets. Last year, CCS delivered £1 billion of commercial benefits for the first time, and this year has improved on that by 100%, delivering £2 billion of benefits. The levels of customer spend put through CCS agreements, and the growth pattern of the organisation over the last three years has demonstrated that we have the right focus. The changes that the pandemic brought about globally meant that spend through our commercial agreements reduced significantly in some areas, however CCS has found other opportunities for growth and continues on the trajectory towards the management of £30 billion spend in the next three years.

Spend by wider public sector customers did not grow as fast as we anticipated as their priorities have also shifted to the management of the immediate crisis response and supporting their constituents. We continue to ensure that there remains an area of focus, and in particular, building capability and partnerships for the future. This takes time but will lay the foundations for future growth. We now need to refine our service offerings and digital solutions to enable greater growth and increased access to our agreements from the wider public sector. This year, in particular, assisted procurements have been key in helping to deliver growth targets and I am keen to see CCS offer this service to a wider range of customers.

The CCS team has demonstrated great adaptability during the pandemic, supporting customers throughout their time of need, as well as the thousands of suppliers who offered their help to the government. I have been most impressed by the maturity that CCS has shown this year and the results, in the face of the pandemic, have demonstrated the trust that we have built with our customers.

The achievements of CCS in such a year have been magnificent, and I must recognise the role of Simon and the Executive Board's leadership through this difficult year. The People Survey results are exceptional, and clearly there is a great deal of pride among colleagues in working for CCS. Finally, I would like to express my appreciation to the Board, all our customers and our suppliers who continue to work with us, especially during what was such a challenging year.

Chief Executive's introduction



Simon Tse
Chief Executive

There is no doubt that 2020/21 was an incredibly tough year in so many ways. We ended 2019/20 having just gone into national lockdown and switching to remote working, and we end this year having worked remotely the entire time. My first priority has been for the health and wellbeing of all CCS colleagues. My second priority has been to ensure that we supported all of our customers. And in both of those priorities, it has been a pleasure to lead CCS.

COVID-19 has presented the whole country with many challenges. Early in the year, our focus was on supporting the initial crisis response across central government and with our customers in the wider public sector. We supported Cabinet Office and DHSC on supplier offers, both with the PPE supply cell and also establishing a non-medical supplier offers catalogue. Government received around 24,000 offers of support from businesses and we put 7,900 of them in a catalogue to enable easy access for the public sector and third sector.

We have also supported our customers with pandemic related requirements such as: modular buildings, hotel accommodation, repatriation, technology and innovation, remote working, contact centres for shielding, our safer working solutions offer, laptops for education, free school meals voucher schemes, accommodation to house homeless people and managed quarantine service. We have also supported the wider government commercial function, including loaning staff to various departments to assist with their short and long term resourcing needs. The sheer scale of activities that we have been involved in has been exceptional.

We have also provided key support to NHS Test and Trace since its establishment in May 2020, to help them buy common goods and services. This has involved working across all our teams and categories, from logistics and vehicles, to contact centres and contingent labour, as well as providing project management office support and other resources. This included bringing in additional resources to CCS to support this effort to provide an optimal service to NHS Test and Trace, without compromising our service to our other customers.

COVID-19 has also had a significant impact on our suppliers and markets, and we have needed to support them, by issuing procurement policy notes on supplier relief and procurement cards. We also took the swift decision to extend some of our commercial agreements under Regulation 72 of the Public Contracts Regulations, ensuring that suppliers could deploy resource to delivering services and not deploying resource to the procurement activity required to bid. It also allowed us to support our customers in ensuring that they had access to agreements and that we could assist them with procurement activity.



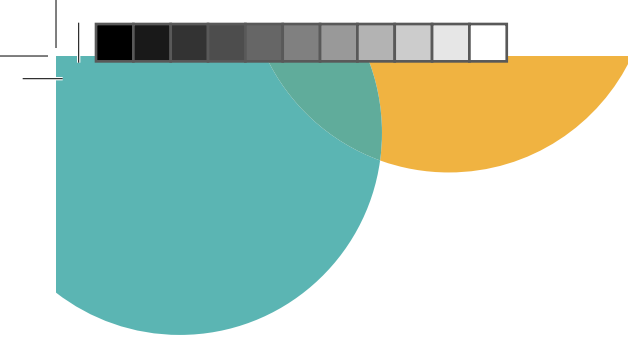
It has also been the year of EU transition and our focus was on what we needed to do to prepare CCS as an organisation, including reviewing our agreements and considering what steps we needed to take so we could continue to meet customers' needs. We were closely engaged with colleagues in the Government Commercial Organisation in considering how we could support departments with their priority EU transition projects, not least those related to the construction of border infrastructure and associated technology, as well as being on standby to assist with unplanned urgent procurement requests as the transition date neared.

We have still exceeded our growth target this year, securing £22.7 billion spend through our agreements. Agility has been key to everything we have done this past year, and how we have managed to adapt and respond to our customers' needs has enabled us to demonstrate to our customers, and also to ourselves, how we can adapt, innovate and respond to uncertainty. However, we must acknowledge that marketplaces remain challenging, with lots of uncertainty and both risks and opportunities. There is no doubt that growing our footprint in the wider public sector is proving challenging and this has been exacerbated by the pandemic as budgets are constrained and diverted to fulfilling statutory obligations.


Our customer focus has continued and our Net Promoter Scores for support we have offered to customers with Assisted Procurements and Customer Service were +48 and +52 respectively. For assisted procurements particularly, this year has been exceptional and we have delivered procurements for customers with an annual contract value of £2.36 billion, compared to £875 million last year. Additionally, we have launched 26 new commercial agreements into the market, including 13 replacements and 13 new commercial agreements. We have also continued to focus on our category strategy development and ensuring that they are endorsed by our customers. At the end of March, 73 have been externally endorsed.

All of our achievements this year have been down to the colossal efforts of our CCS family. Despite all the challenges of remote working, home schooling and living through a pandemic, our colleagues have excelled and I could not be more proud. I was always clear that we needed to put our people first in our corporate response, and because of this, when we conducted a Wellbeing Pulse Survey, 89% of colleagues were positive about how CCS has responded to their wellbeing needs, with 93% saying that they knew where to seek wellbeing support. Our move to remote working at the end of March 2020 was swift and my thanks must go to our colleagues in our Estates, Health and Safety and HR teams. In 4 days, they shipped 450 pieces of equipment, and we have supported colleagues with flexible working and special leave as required.

I must pay tribute to all our colleagues who have shown flexibility, and above all, how much they care for each other, it has been truly humbling to lead the CCS Family throughout this period. For the 2020 Civil Service People Survey, 99% of our colleagues responded. Our 2020 Employee Engagement Index was 72%, an increase of 4% from 2019, and 6% higher than the Civil Service average. We have continued our focus on respect at work, adapted for the new virtual environment, and put strong emphasis on our values and employee wellbeing. We have had 150 new starters who have not yet met a colleague in person. We also now have 46 colleagues across the organisation undertaking an apprenticeship, which is fantastic. The year also saw us launch our new Inclusion and Diversity Strategy 2020-2025, through which we are focussing our efforts to ensure that our organisation is representative of the society that we serve and that we are inclusive in our culture and in everything that we do.



Net Zero also requires a whole systems approach and we need to ensure that we have service offerings rather than just products. The Green Paper on public procurement reform was published by the Cabinet Office in December and we have submitted a response to the proposals. We continue to work closely with the Procurement Policy team in Government Commercial Function to develop the reforms and understand how we need to adapt in light of any changes. This year has underlined the importance of having commercial agreements that allow self service through digital solutions, so that we are ever easier to do business with. We still have a way to go to simplify how our customers and suppliers interact with us. However, I remain confident that we have the right plans in place and in our ability to deliver them.

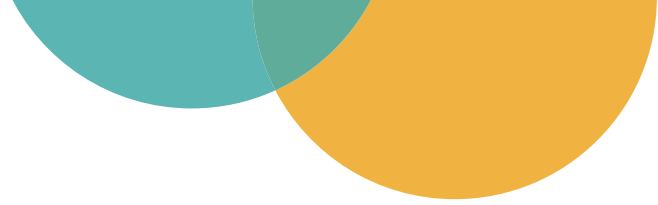


The pandemic has been without a doubt incredibly challenging for everyone. We tragically and unexpectedly lost a member of our CCS Family this year. Siobhan O’Keeffe had spent over 40 years in the Civil Service, many of which were with CCS and its predecessor organisations and she was our first point of contact with the UK’s charities as part of our wider public sector team. She was an incredibly well-loved staff member, especially in our Norwich office, and her loss has been deeply felt across CCS and beyond.

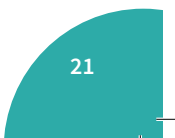
I am incredibly proud of everything CCS has delivered in the past year and I am immensely grateful to our CCS Family, first and foremost, for all of their efforts. I am also indebted to colleagues from across the commercial function, our central government and wider public sector customers and our suppliers for all of the support they have offered. Now we must look to grasp the opportunities of the COVID-19 recovery and how we can support our customers to Build Back Better, and after our delivery against our targets despite the challenges of this year, I am confident that we have the skills and ability to do so.



Simon Tse
Chief Executive and
Accounting Officer
7 July 2021



In Memoriam
Siobhan O'Keeffe
6 May 1961 to 21 November 2020



Statement of purpose, scope and strategy

Strategic objectives

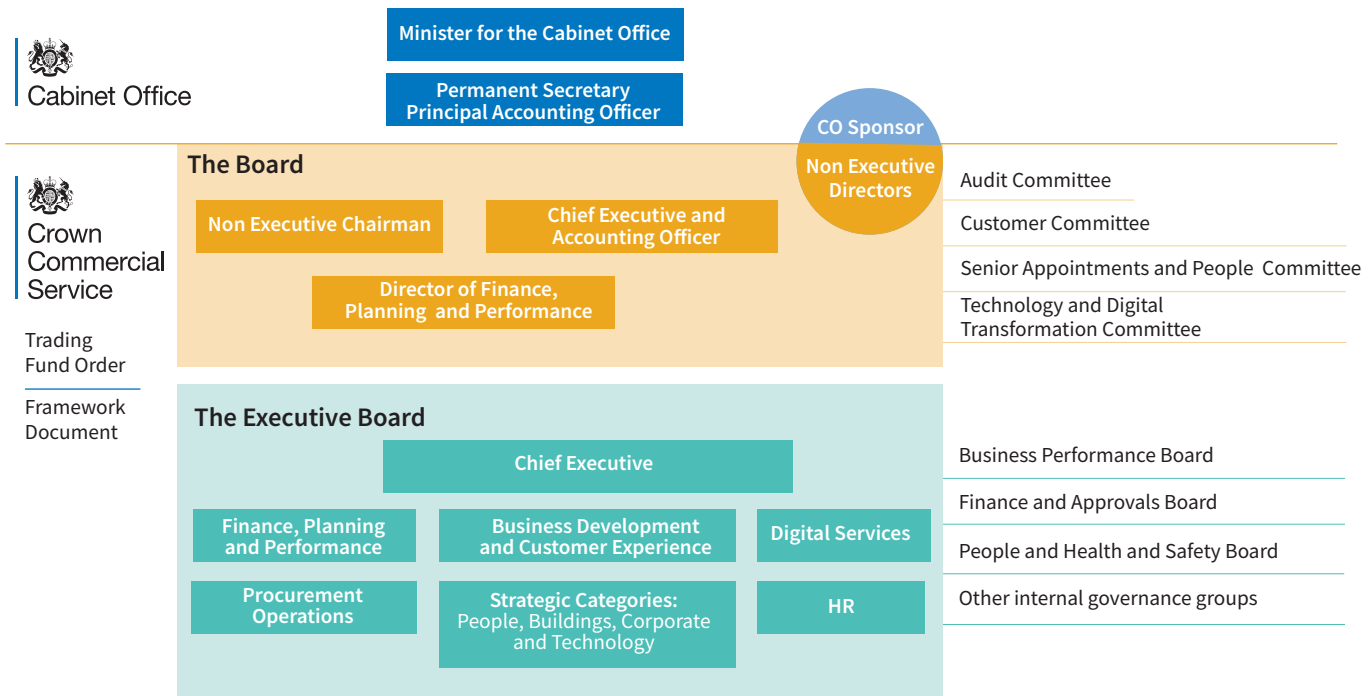
CCS is a key constituent of the Government Commercial Function (GCF). Our purpose is to help the UK public sector get better value for money from its procurement of goods and services.

We have three overarching strategic objectives:

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

Organisational structure

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





Performance overview

1. Focus on the customer

We continue to remain committed to ensuring a simple, efficient and customer centric operating model at CCS. While this year has been challenging for us and our customers we have maintained excellent customer service and this is supported by our NPS score of +52. This has been achieved at a time of increased customer volumes and urgency, supporting 30% more customer engagements than in the previous financial year, delivering services to new customers as a result of the pandemic and, establishing new service channels to support urgent COVID-19 related customer priorities.

In this year we have been able to provide our assisted procurement service to a broader range of customers. Our delivery model has developed to deliver low value procurements at the first point of contact through our customer service centre and this has supported the significant growth in the value of assisted procurement activity delivered by our procurement teams, increasing the value of this activity to £2.36 billion this year with a focus on carrying out more high value / high complexity procurements for our customers.

Our assisted procurement service has also demonstrated very good levels of customer service during this period of growth and increasingly urgent customer requirements. The assisted procurement NPS score of +48 represents a very good score for CCS and has increased throughout the financial year, putting our customer service in a positive place to maintain this level of customer satisfaction.

2. Maximising commercial benefits

By making use of CCS's commercial expertise and procurement capability, we have continued to refresh our category strategies, and optimise our portfolio of commercial agreements for common goods and services. We put in place 26 new commercial agreements in 2020/21, for use by our central government and wider public sector customers.

Over the course of the year, £22.7 billion was spent through our commercial agreements - an increase of £4.6 billion (25%) on the previous year. This has been driven by growth in both central government departments and their arms length bodies (increasing from £10.5 billion in 2019/20 to £15.1 billion in 2020/21) with the wider public sector remaining flat at £7.6 billion in both 2019/20 and 2020/21.

The more spend that is channelled through CCS, the more commercial benefits we are able to achieve for our customers. In 2020/21, we achieved commercial benefits worth £2.04 billion through the use of our agreements compared to market rates combined with implementing specific business change initiatives for customers.


3. Strengthening the UK economy through effective policy delivery

Transition from the European Union and the Transforming Public Procurement Green Paper are two of our greatest opportunities. We worked closely with Cabinet Office colleagues in the lead up to and after the transition date passed. During this time, we were able to provide trusted advice on access to our commercial agreements in support of EU transition commercial demands. We will continue to support our Cabinet Office colleagues to reform the public procurement regime through the next 12 months.




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 commercial agreements.

We have also seen continuing progress in our efforts to enable SMEs to participate in our commercial agreements, with £1.54 billion (11.6%) of Central Government spend directly with 2,092 SMEs. This represents an increase of £302 million in spend compared to 2019/20. We continue to design our deals so that SMEs are able to benefit and that is why now over 67% of the suppliers on CCS's deals are either micro (40%), small (17%) or medium (10%) enterprises (as of March 2020).




For CCS, doing policy well is good business, and good for confidence-inspired growth, whether it is bringing a broader range of suppliers in 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 2020/21. Total income was £132.1 million and expenditure was £76.9 million delivering a surplus before other operating costs of £55.8 million (2019/20: £21.5 million). Other operating costs of £3.6 million were also incurred relating to the NHS Future Operating Model, Digital and Data Services and the CCS Change Programme. After interest and dividends the retained surplus was £37.8 million (2019/20: £1.0 million) which was £37.8 million better than budgeted. The exceptional in year surplus achieved was significantly impacted by the overall effect of the COVID-19 pandemic, resulting in increased customer spend of £2.2 billion through CCS commercial agreements.




The opening General Reserve of £25.8 million increased to £63.6 million. Indexation of intangible assets resulted in a revaluation gain of £0.04 million. There was no change to Public Dividend Capital (£0.35 million) meaning that the total of taxpayers' equity in CCS increased from £26.2 million to £64.0 million. The average return on capital employed from April 2019 to March 2021 was 88%, which exceeded the 5% target. More information is contained within the notes to the accounts on pages 88 to 102.

The dividend which the Cabinet Office receives from CCS was £14.5 million in 2020/21 (2019/20: £14.5 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.

Where CCS has achieved a significantly higher than expected level of surplus, the Cabinet Office as the sponsor department can exceptionally require a higher level of dividend to ensure CCS reserves do not grow disproportionately. For this reason, in view of the level of surplus generated this year, we expect to materially increase the dividend payable by CCS to the Cabinet Office in 2021/22.

The last five years of CCS's income and costs are shown on page 104. Initial in year deficits were incurred in order to fund the bringing together of the component parts of both the Government Procurement Service and Commercial and Policy Teams from the Cabinet Office. More recently, following a transfer of functions, annual dividends to the Cabinet Office have sustained that investment.



Our strategy of inward investment for the future, stimulating growth in customer spend and increased commercial benefits, continued in 2020/21. In total CCS invested £8.8 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 2020/21, CCS paid 97% of undisputed supplier invoices within 5 days and 100% of undisputed payments due within 30 days.

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

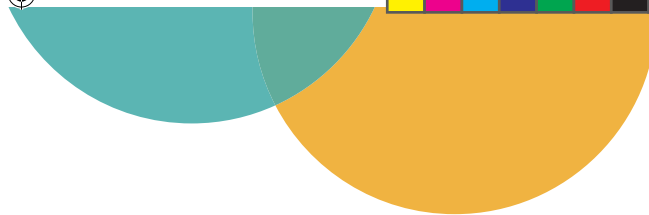
Key issues and risks that could affect CCS in achieving its objectives

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

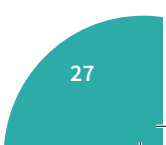
The Executive Board reviews the strategic risk register and the effectiveness of mitigations on a monthly basis. The main Board and sub-committees also review the strategic risk register as a standing agenda item. Operational risks are reviewed on a monthly basis by the Business Performance Board, a 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 achieving its objectives are set out in the following table.

Risk Topic	Risk 'Failure to'	Agreed actions
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	Extensive market engagement with customers to capture design requirements along with demand across sectors in partnership with the Customer Experience Directorate. Communities of practice in place to secure customer buy-in and continuous improvement as part of a product and resource prioritisation approach.
1b Products - Corporate	Establish, design, build, sell and service commercial agreements for products and services that meet the needs of customers – timely, easy to use, compelling and attractive	Review and analysis of the monthly CAAAB report of the pipeline of new commercial agreements along with requirements to refresh or renew existing agreements. Engagement with digital teams to jointly understand requirements and opportunities.
1c Products - People	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	
1d Products - Technology	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	
2 Business Development	Identify, generate, manage and convert business development opportunities efficiently and effectively	Implementation of an opportunity management pipeline tool as part of the customer relationship management system. Implementation of strategic account management processes and tools to underpin implementation of the market and customer segmentation strategy. Identification and implementation of high priority cross pillar opportunities for business growth.
3 Partnerships	Establish and implement an effective Partnerships strategy	Partnerships Steering Committee established along with enhancements to the partner and competitor landscape tool. Refreshed partnership strategy is under development. Ongoing engagement with leaders of existing partner organisations. Partnerships how to guide being developed for category teams. Improved reporting of the performance of existing partnerships.
4 Digital	Deliver digital solutions that meet customer and business requirements and align to business strategy	Implementation of revised technology and digital strategy. Project prioritisation process along with gated project reviews through CAAAB and FAB. Continuous user research into all live products and services as well as continued product / system life cycle reviews. Prioritisation of resources and establishment of an apprenticeship model along with targeted recruitment to address shortfalls in current technical capability.



5 Strategy	Establish and implement a clear and justifiable strategy that will deliver CCS's purpose and future ambition	The establishment of a Strategy workstream with a three phase approach (Definition, Design and Plan, Governing Change). A series of projects have been established in FY 2020/21 to take forward in FY 2021/22.
6 Investment	Invest in the right things which drive business growth, transformation and risk reduction	Governance and assurance delivered through the Enterprise Portfolio Management Office which advises, supports and challenges project business cases as part of FAB governance. Portfolio progress reporting including dependency management and benefits management carried out as part of gated assurance reviews.
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. Simplification of job roles with use of clearer terminology to attract the right calibre of candidates through the recruitment process. Workforce planning is underway along with rollout of talent management, leadership development, management capability and apprenticeship programmes.
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.
9 Suppliers	Manage suppliers effectively as part of an integrated and joined up approach for customers with Cabinet Office Central Commercial teams and customers team including Commercial agreement management, Supplier failure / assurance, Supplier / market reputation, Attracting the right suppliers and Innovative Supplier solutions	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. Third line assurance review carried by the Government Internal Audit Agency which will provide recommendations for further improvement.
10 Safety/ Security (Technology)	Keep our people and business safe and secure from a technology perspective	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.



11 Well Run Organisation	Maintain CCS as a well run, efficient, sustainable and prosperous organisation	Annual Operational Governance Self Assessment 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 the 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 the Business Performance Board.
12 EU Exit	Manage the implications of the conclusion of the transition period following the UK's exit from the EU in its immediate aftermath (6 months), and how it will impact CCS	Preparedness exercise completed along with contributions to cross government preparations. Command control coordinated EU Exit decision structure established and supported by a cross functional team. Business resilience plan in place.
13 Procurement Reform	Identify the risks and opportunities presented by the proposals for procurement rules reform and putting measures in place	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. Opportunity and risk assessment carried out on the CO Small Business policy measures released in the Autumn with respect to direct award for below threshold procurements for SMEs/VCSEs/UK firms. Continued engagement as part of the National Policy Statement Group & Public Procurement Working Group.
14 Business Resilience (COVID-19)	Establish mechanisms which enable the organisation to effectively deal with the impact of COVID-19 on business operations	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 a 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.
15 Smarter Working	Ensure that smarter working meets the needs of CCS as well as its staff	3 year wellbeing strategy established and action plan being implemented along with a comprehensive programme of wellbeing interventions. Roll out of the management capability programme. The virtual induction programme "Discovering CCS". An upgrade has taken place for Workday learning giving increased functionality. Technology steering group established as part of the people transformation plan to identify improvements and solutions for technology within the smarter working and Learning and Development workstreams.
16 Trading Fund Status	Remain classified as a trading fund by the Office for National Statistics	Assess key characteristics pros and cons of alternative options for the corporate structure. Work to consider future options to be taken forward by a small working group.

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 CCS's 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.

CCS provides central government (CG) customers with a procurement service in the form of running competitions under its commercial agreements. Wider public sector (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

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

We continue to focus on ensuring CCS is a great place to work and operates in accordance with our values. 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 2020/21 was 72%, an increase of 4 points on 2019/20.

Performance against Business Plan objectives

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

Focus on the customer

To provide commercial agreements and associated services to customers that are easy to access, use and which meet their needs.

Performance measure	Assessment and achievements
Provide a high quality assisted procurement service, with an annual contract value (ACV) of £1.2 billion (with a £1.5 billion stretch), 80% delivered within agreed timescales	Achieved ACV of £2.36 billion with 85% delivered within agreed timescales
Net Promoter Scores <ul style="list-style-type: none"> Customer Service: +54 (+55 stretch) Assisted Procurement: +54 (+55 stretch) 	Not achieved <ul style="list-style-type: none"> Customer service: +52 Assisted procurement: +48
Customer Service Centre <ul style="list-style-type: none"> Resolve 90% of customer enquiries at the first point of contact Resolve 90% of first line enquiries within 24 hours Resolve 85% of second line enquiries within 72 hours 	Partially achieved <ul style="list-style-type: none"> 89% of customer enquiries resolved at the first point of contact 95% of first line enquiries resolved within 24 hours 95% of second line enquiries resolved within 72 hours

Maximising commercial benefits

To deliver commercial benefits for central government (CG) departments and the wider public sector (WPS).

Performance measure	Assessment and achievements
£1,082 million of spend related commercial benefits representing a target gross margin 4.9% on £21.19 billion. This comprises: <ul style="list-style-type: none"> £671 million for CG with a target gross margin of 5.2% on £12.25 billion of spend £411 million for WPS with a target gross margin of 4.4% on £8.94 billion of spend 	Achieved Total £2,035 million representing a gross margin of 8.22% comprising: <ul style="list-style-type: none"> £1,474 million (CG £1,069 million & WPS £405 million) of spend related benefits compared to market comparators £561 million (CG £556 million and WPS £5 million) of business change related benefits were also signed off by customers

Strengthening the UK economy through effective policy delivery

To support the Cabinet Office in the delivery of the government's objectives on procurement policy.

Performance measure	Assessment and achievements
Grow spend directly with SMEs in relation to CCS's 2019/20 performance	Achieved The total value of spend with SMEs has increased by £302 million in CG compared to financial year 2019/20
Publish the CCS SME plan in line with CO timetable (September 2020 and 2021)	Partially achieved and ongoing SME Action Plan has been developed for formal release
Advise on EU Exit implications for business cases and commercial agreements, and guidance to inform EU Exit issues by October 2020	Achieved Policy advice and operational support was provided in line with requirements. GLD provided legal guidance
Contribute to the CO Procurement Reform Green paper by June 2020	Achieved and ongoing Key influencing position established with contribution to development of the Green Paper made in readiness for publication. Organisational response made. Resource supplied to CO in drafting emerging policies
Modern Slavery Policy - Complete the Modern Slavery Assessment Tool for all identified suppliers (October 2020) and develop a Plan for how to address Modern Slavery Assessment Tool outcomes (January 2021)	Achieved and ongoing 5 campaigns are being run in Buildings and Corporate Pillars to identify how many suppliers are at high or medium risk of modern slavery. Reviews are being carried out by Category teams to establish which suppliers are effectively managing and tackling modern slavery risk in their supply chains and identify where follow-up conversations and/or improvement plans are required
Social Value Policy - Ensure all appropriate social value themes in the CO Social Impact Framework are embedded in CCS commercial agreements - ongoing	Achieved and ongoing Social Value is embedded as part of the Commercial agreement design and build governance processes. Social Value champions and policy team are actively engaging with category teams to design in social value from the beginning of procurements
Embed and continuously improve the Public Sector Contract (PSC): <ul style="list-style-type: none"> Support use of PSC in all appropriate new commercial agreements with development of market/category specific schedules Suppliers: new positions on contract terms which make the CCS PSC an accepted standard across industry PSC II - Redesign & Simplification: Work with external partners and CCS Legal to redesign the PSC to improve simplification and ease of use by December 2020 	Partially achieved and ongoing Version 1.5 update provided in September 2020. The PSC V2.0 programme has been delayed due to resource constraints. The team continues to support the business in developing appropriate versions of the PSC for their deals, for example Outsourcing Services and also working with Construction on developing FAC-1
Achieve evidenced based improvements against the Government Commercial Function's Commercial Standards	Achieved and ongoing The 3 improvements have been met. A new Commercial Standards framework is being launched in the financial year 2021/22

Transformation

Implement the Transforming CCS programme.

Performance measure	Assessment and achievements
Launch the Transformation Strategy and develop integrated plan for delivery by October 2020	Partially achieved and ongoing The strategy was reset in-year with an associated restructuring of business functions. A new Change Programme has been established to take forward these objectives with strategy and digital delivery workstreams progressing the development and implementation of a revised programme plan
Implement improved operating model based on customer first principles through pilots by March 2021	Partially achieved and ongoing As part of the new Change Programme, the strategy workstream has identified and is planning and implementing initiatives to enhance CCS's ways of working and value proposition to customers
Design and commence implementation of future business architecture by March 2021	Partially achieved and ongoing CCS has launched initiatives to inform the design of future business architecture such as market segmentation and the development of strategic account management capability
Deliver prioritised and transformed solutions as part of 'Foundation', 'Accelerate', 'Scale' (Find a Thing, Contract a Thing and Buy a Thing) and 'Transform' portfolios	Partially achieved and ongoing Delivery of these solutions is being progressed through the digital workstream within the Change Programme

Implement Business transformation / continuous improvement.

Performance measure	Assessment and achievements
Implement Continuous Improvement programme including customer first principles, improving customer value, simplify business processes and raise capability - ongoing	Achieved The portfolio of continuous improvement initiatives for 2020/21 was completed with a book of work established for 2021/22

Effective category strategies

To develop and maintain highly effective category strategies and launch new commercial agreements.

Performance measure	Assessment and achievements
To complete the programme of customer endorsement of our 69 category strategies	Partially achieved and ongoing Category strategies were increased in year to 76 of which 73 were endorsed by customers in year
Refine our strategies as appropriate to reflect significant changes to market conditions, informed by market sector reports and customer demand	Achieved Content of category strategies refined and an additional 7 created
Use our strategies to inform the design of new commercial agreements that meet the needs of our customers	Achieved 13 new and 13 replacement commercial agreements awarded in year informed by category strategies

Pillar	Target		Complete	Internal certification	Customer endorsement
	Original	Revised*			
Buildings	17	17	17	17	17
Corporate	29	29	29	29	29
People	12	14	14	14	12
Technology	11	16	16	16	15
Total	69	76	76	76	73

*The number of strategies was consolidated in year to reflect market and customer views

Growth from increased spend through our solutions / products

To grow public sector spend (reported as three spend types - see glossary) through our centralised commercial agreements.

Performance measure	Assessment and achievements
Direct Spend of £15.60 billion (+£2.37 billion on 2019/20)	Achieved Direct Spend of £18.06 billion
Public Sector Commercial Agreement Spend of £1.88 billion (-£20 million on 2019/20)	Achieved Public Sector Commercial Agreement Spend of £1.99 billion
Transacted Spend of £3.71 billion (-£732 million on 2019/20)	Not achieved Transacted Spend of £2.66 billion
Aggregate spend of £21.19 billion (+£3.08 billion on 2019/20) comprising: <ul style="list-style-type: none"> £12.2 billion in CG (+£1.70 billion on 2019/20) £8.94 billion in WPS (-£1.38 billion on 2019/20) 	Achieved Aggregate spend of £22.71 billion comprising: <ul style="list-style-type: none"> £15.09 billion in CG £7.62 billion in WPS

Pillar	Aggregate spend		
	2019/20 Result	2020/21 Result	Growth
	£ billion	£ billion	£ billion
Buildings	3.01	3.56	0.55
Corporate	6.51	6.24	-0.27
People	2.42	4.78	2.36
Technology	6.16	8.13	1.97
Total of which:	18.10	22.71	4.61
CG	10.54	15.09	4.55
WPS	7.56	7.62	0.06

Performance measure	Assessment and achievements
Award up to 29 new and or refreshed commercial agreements	Not achieved 26 commercial agreements were awarded - 13 replacement and 13 new

Pillar	Plan for 2020/21		Actual	
	Replacement	New	Replacement	New
Buildings	4	5	2	1
Corporate	10		4	5
People	5		2	1
Technology	5		5	5
Operations	0	0	0	1
Total	24	5	13	13

Central Government and Wider Public Sector strategies

To continue to strengthen relationships and stimulate growth in spend through our products across CG.

Performance measure	Assessment and achievements
To retain, cross-sell and secure new business in Central Government - £12.25 billion in 2020/21	Achieved £15.09 billion in CG

To continue to strengthen relationships and stimulate growth in spend through our products across the WPS.

Performance measure	Assessment and achievements
To retain, cross-sell and secure new business in the Wider Public Sector - £8.94 billion in 2020/21	Not Achieved £7.62 billion in WPS
Increase spend in CG ALBs by 20% by focusing resource on ALBs using an agreed tiering approach Target: 20 % increase on 2019/20 figure: £1.75 billion	Achieved ALB spend increased to £2.1 billion (+£342 million / 20%) compared to 2019/20
Achieve 25% of customers across English regions, spending over £3 million, spending more with CCS (excluding Energy and Payment Cards) than the previous year	Achieved 41% of customers channelled more spend through agreements
Generate 6,045 in leads and registration through marketing campaigns in 2020/21	Not Achieved Budget for paid for marketing campaigns was not made available and was not reported against

Digitisation

We will implement innovative and intuitive ways for customers to access our commercial agreements using digital solutions.

Performance measure	Assessment and achievements
Implement infrastructure improvements by March 2021 including Common Registration Service, Identify Access Management, Central Identity Index Service and Certificate store	Partially achieved and ongoing The infrastructure improvements are being implemented through the Conclave project and are scheduled to be delivered by November 2021
Implement CCS & GCF technology convergence by March 2021 including common data standards and processes, Supplier Risk monitoring, single commercial pipeline and further departmental integrations through CaSIE	Not achieved This is scheduled to be addressed in Phase 2 of the Conclave project as iterative improvements of the evidence locker implementation which is scheduled for completion by October 2022
Migrate key services (Foundation, Scale, DigiTS, Website, CaSIE, Conclave etc) to common platforms, technology and security into the new Cabinet Office Technology organisation by March 2021	Not achieved While baseline assessments were carried out, along with identification of funding requirements for making these improvements, implementation ceased due to priorities changing in year due to restructuring
Implement the planned investment portfolio for 2020/21	Partially achieved and ongoing All approved projects within the planned investment for 2020/21 are being managed, tracked and reported on as part of the CCS portfolio
Achieve the level of 'Integrated' on the Digital Maturity Model by October 2020 as a result of implementation of a defined programme of initiatives	Not achieved While baseline assessments were carried out, along with identification of funding requirements for making these improvements, changing COVID-driven business priorities resulted in this activity pausing
Achieve the level of 'Intermediary' on the Continuous Development Maturity Model by March 2021	Achieved Capability established through implementation of cross functional agile development teams.
Strengthen Cyber Security including: Education and awareness sessions - ongoing, Cyber Security reporting processes and associated metrics by October 2020 and establish a resource bank to support the business by March 2021	Achieved and ongoing Cyber programmes (awareness, reporting and resourcing) to strengthen security have been successfully implemented and will be expanded during 2021/22

Building capability

To continue to build and improve our people and organisational capability.

Performance measure	Assessment and achievements
Effectively deliver against business plan with a core staffing establishment of up to a maximum figure of 952 FTEs	Achieved The core staffing establishment at year end was 913 FTEs
Develop Strategic Workforce plan by March 2021	Partially achieved and ongoing Strategic Workforce plan being developed and will be implemented during the financial year 2021/22
Launch an updated CCS Inclusion and Diversion Strategy 2020 to 2025 from April 2020	Achieved Strategy launched and being embedded through a network of groups
Maintain top quartile staff engagement scores in 2020 People Survey through production of cross organisational and directorate-led action plans	Achieved Engagement Score of +72
Target a reduction in Bullying and Harassment reported in the People Survey in 2020/21 and 2021/22 through cross organisational and directorate-led action plans	Achieved The People Survey for 2020/21 indicated an improvement compared to the previous year and a score that is lower than the civil service average
Build a Talent Academy (apprenticeships, internships, graduate programmes and talent development programmes) by March 2021	Achieved and ongoing CO target of 39 apprentices met. In the financial year 2020/21 46 apprentices were enrolled, 4 undertaking the second year of the programme, 36 were new apprentice starts which comprised of external hires and current CCS employees undertaking an apprenticeship programme as part of their development, a further cohort of 6 recruited to start in Q1 financial year 2021/22

Effective Governance, Risk Management and Efficiency

We will be a well run, efficient and prosperous 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.

Performance measure	Assessment and achievements
Review the recommendations from the Tailored Review of CCS (report due Q2 2020)	Achieved and ongoing All recommendations are being addressed
Rigorous governance through compliant 2020/21 and 2021/22 CCS Annual Report and Accounts publications, maintaining our overall 'moderate' Internal Audit assessment whilst continuing to improve	Achieved Annual Report and Accounts fully compliant. Internal Audit assessment maintained at 'moderate' and showing continuous improvement
Robust Financial management will be achieved through meeting FReM and UK accounting standards ensuring a non-qualified Audit Opinion	Achieved Financial management aligned to FReM UK accounting standards with non-qualified Audit Opinion
Achieve the CCS FY 2020/21 and 2021/22 financial plans and Prompt Payment targets of 80% within 5 days and 100% within 30 days	Achieved Financial year 2020/21 financial plan exceeded. 97% of undisputed invoices paid within 5 days, 100% within 30 days
Manage CCS's Parliamentary business and respond within specified deadlines	Achieved Responses were provided to 108 Freedom of Information requests and 1 Subject Access Request under the Data Protection Act. Additionally, we answered 28 Parliamentary Questions and 8 MPs' and Peers' correspondence cases
Deliver an integrated management assurance capability mapped against the Board's risk appetite and tolerances; <ul style="list-style-type: none"> • deliver 30 completeness of income audits in 2020/21 • organisational governance management assurance assessment - annually • management assurance of business critical models by March 2021 	Achieved Delivered 39 completeness of income audits against the target of 30. Assurance priorities continue to align with CCS business strategy and operations. In addition, Government Functional Standard GovS 013: Counter Fraud, was successfully established across CCS business units

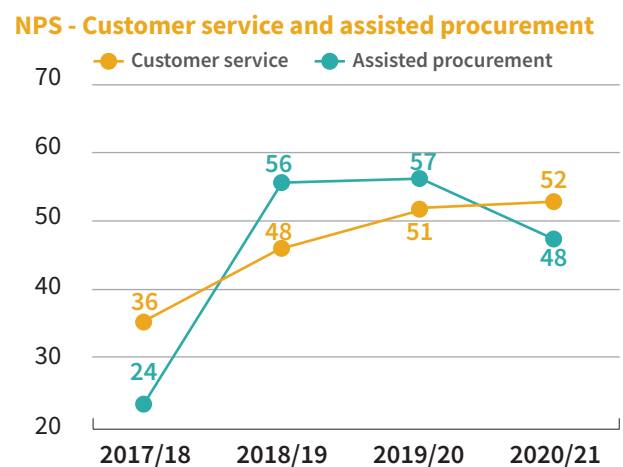
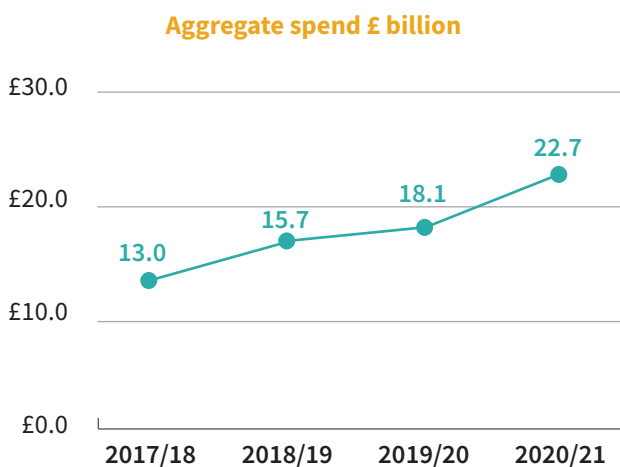
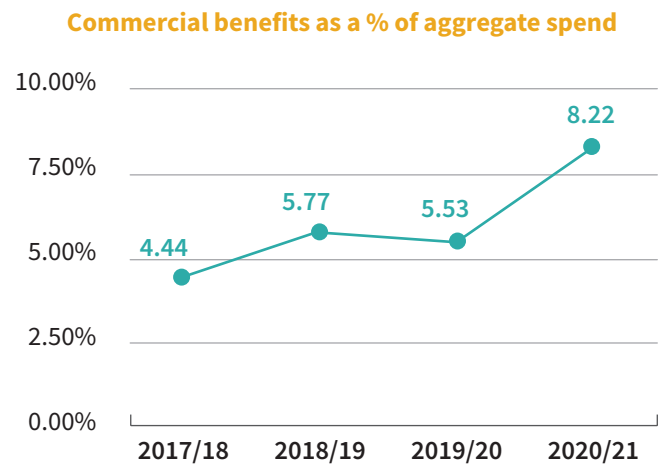
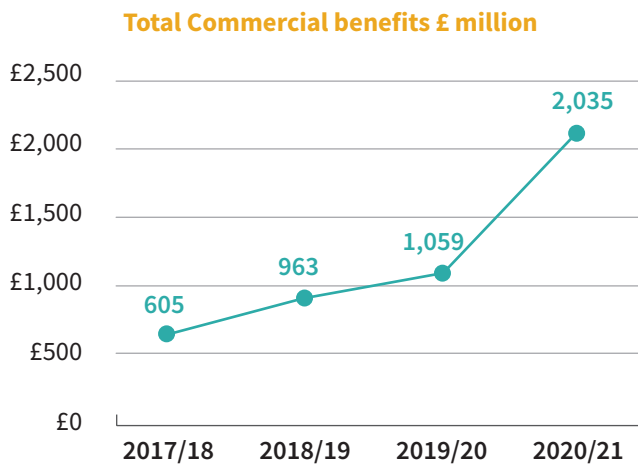
Key measures of success

Commercial benefits - the value that CCS drives for customers when purchasing through our commercial agreements. Our methodology allows for 2 routes for benefit calculations:

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

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

The graphs below illustrate over the period FY 2017/18 to FY 2020/21 the growth in both spend through our agreements and the commercial benefits achieved along with the gross rate of return as well the upward trend in our net promoter scores.



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 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).

We continue to work in partnership with Cycle Solutions to promote the Cycle to Work scheme which has currently been paused whilst staff continue to work from home due to COVID-19 restrictions. Since April 2020, 15 employees have signed up for the scheme.

As CCS begins to introduce Smarter Working when CCS offices are used more frequently as COVID-19 regulations are lifted, the Travel Policy will be reviewed to ensure the most sustainable options are used when appropriate. To support new ways of working, CCS will continue to invest in technology to encourage staff to work flexibly, utilising IT equipment such as teleconferencing and virtual communication mediums to reduce travel.



Greenhouse gas (GHG) emissions: official business travel

Tonnes CO ₂	2009/10 (Baseline)	2017/18	2018/19	2019/20	2020/21
Official travel - Road	98	41	25	62	1
Official travel - Rail	57	229	185	167	0
Official travel - Air	128	35	23	22	0
Total GHG emissions	283	305	233	251	1

Expenditure on official business travel

	2009/10 (Baseline)	2017/18	2018/19	2019/20	2020/21
Financial indicators (£k)	1,183	1,367	1,142	1,217	2



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 our procurement activity
- a commitment to reducing carbon emissions through the procurement of energy across government and the public sector
- a commitment to ensuring our procurements make a contribution towards reducing single use plastics in the supply of goods
- a commitment to ensuring our procurements and wider activities make a contribution towards the government's Net Zero target for 2050

Government Buying Standards

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

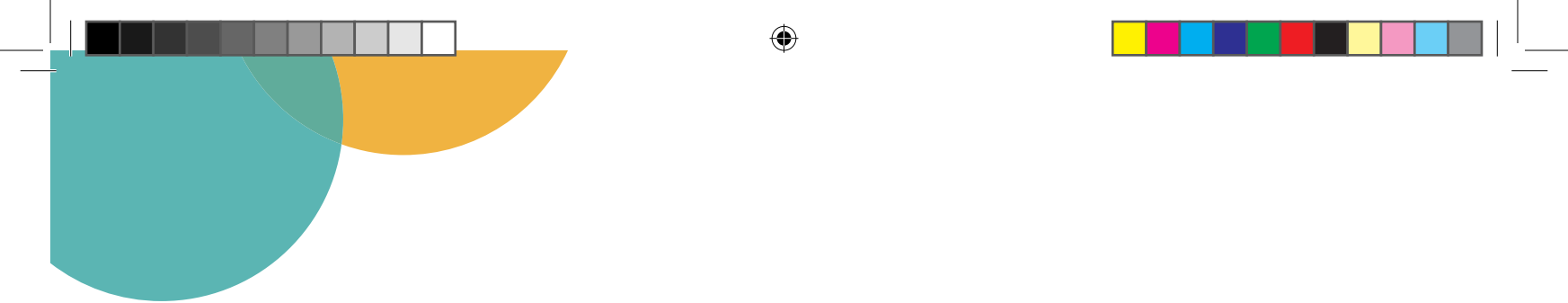
- our **Traffic Management Technology 2 agreement** will continue for the next 6 months and will be replaced with Transport Technology & Associated Services (TTAS), which includes a lot dedicated to sustainability, driving change within the industry and exploring if Electric Vehicles (EV) are the best option for cleaner air
- our **Office Supplies agreement** supports Government Buying Standards and sustainable procurement by helping to reduce the carbon footprint through specific recycled commodity offerings for example paper and progressive elimination of single use or limited use plastic within our core product list. Customers 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 single or limited use plastics.
- 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 & Electronic Equipment Regulations as well as standards for packaging

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

Reducing carbon emissions through energy use across the public sector


CCS has 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 of asking CCS to ensure a proportion of their energy is green energy for example backed by Renewable Energy Guarantees of Origin certificates (REGOs). We have over 100 public sector customers whose electricity requirements include this requirement.

CCS's Heat Networks and Electricity Generation Assets DPS (HELGA) 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. The HELGA agreement provides a route to market that supports public sector organisations' carbon reduction targets through the three stages within our Net Zero step-by-step guide.



As part of the government's Ten Point Plan for a Green Revolution and the Industrial Decarbonisation Strategy, together with ambitious new emissions targets setting the UK on the path to Net Zero by 2050, CCS has worked with multiple local authorities on their Clean Air Zone targets, and central government departments towards their electrification of vehicles which require Electric Vehicle charging. CCS's Vehicle Charging Infrastructure Solutions agreement DPS (dynamic purchasing system) has been developed with our specialist teams, who have combined their diverse skill sets to enable energy procurement and fleet management 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, as well as providing public facing vehicle charging facilities.

Reducing carbon emissions across public sector fleets



The Fleet Category has seen a significant increase in the uptake of hybrid and electric vehicles during 2020/21 with ultra low emission vehicles accounting for 40% of all new vehicles procured through its agreements, an increase of 24% from 2019/20. Recognising the importance of improving air quality through reduced carbon emissions we have been focussed on ensuring that our agreements provide access to all the latest vehicles available on the UK market. This supports our customers in their transition to electric and alternatively fuelled vehicles ensuring that they can procure the most appropriate vehicles for their needs as soon as they are introduced into the market. We are members of the Office for Zero Emission Vehicles (OZEV) steering board, providing advice and industry insight to policy makers, together with ensuring that support is in place for central government fleets to meet both their GBS Transport obligations and the Government's Fleet Commitment to electrify at least 25% of their car fleets by 2022, and 100% by 2030.

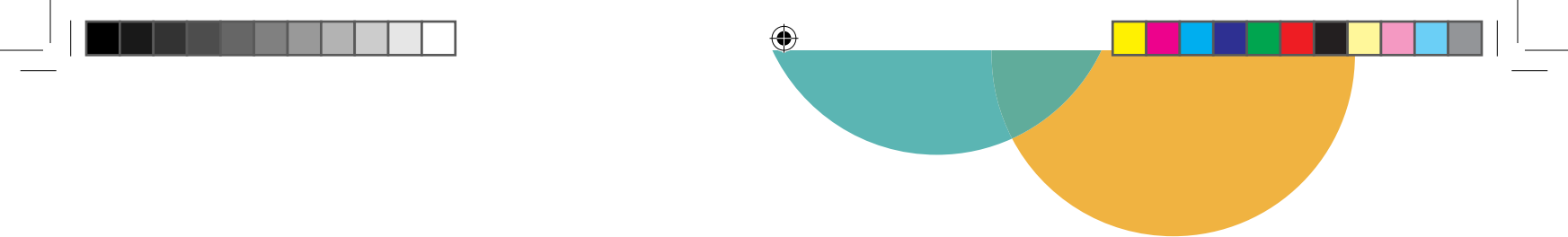
Reducing single use plastics in the supply of goods and materials

The government has stated its commitment to eliminate single-use plastic waste and all avoidable plastics by 2042. The Office Supplies framework is designed to contribute towards market-level shifts in the manufacture and use of plastics, which have short and limited use value. We recognise the impact of the global pandemic on efforts to reduce Consumer Single Use Plastic (CSUP) within Office Supplies and are working with suppliers and customers of the framework to ensure we continue our efforts to meet this goal.

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

CCS sees 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 agreement** 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
- due to the strong provision for sustainable solutions within our **Construction Works and Associated Services agreement** we have a number of projects delivering green innovation underway. These include passivhaus projects (buildings that are energy efficient, and maintain a constant temperature) for school new builds and university sports halls. We are developing further opportunities to drive the Net Zero agenda within our construction framework through our Net Zero Carbon framework alliance group. This is a collaborative group in which our contractors and clients meet to work on the practical implementation of the Net Zero agenda through our framework.

- 
- the **Crown Hosting agreement**, as well as providing on average commercial savings of £3 for every £1 spent, typically results in a 75% reduction in the electricity used to provide public sector data centre information and communications technology (ICT). The remaining electricity consumed is green (Renewable Energy Guarantees of Origin backed) and represents a 99.9% carbon emissions saving compared to prior to relocation of the ICT to Crown Hosting. The Crown Hosting data centre campuses and service are operated as a sustainable resource and the service continues to be a significant positive aspect of HMG's Greening government commitments, including the ICT and digital services strategy for 2020-2025.

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

Social value

To us, effective implementation of procurement policy is a strong driver of national and local economic development. 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 even stronger emphasis on social value and sustainable procurement in designing and developing our procurement agreements.

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

We have had an increasing focus on driving sustainability through our procurement, offering a growing number of greener products and services through our agreements in the fleet, technology and energy categories. We have also formed an internal Carbon Net Zero working group, to help co-ordinate our support for customer carbon reduction efforts across all pillars of the organisation.

In recognition of the importance of safety for both drivers, passengers, other road users and pedestrians, recent developments to the CCS Fleet Portal included a focus on the ability to identify and filter by New Car Assessment Programme (NCAP) safety ratings. These changes directly support recent updates to the GBS for Transport which include the requirement for all new cars acquired by central government to have a Euro NCAP safety rating of 5 star and so support customers in shortlisting compliant vehicles only. Improved safety has a direct impact on our local health services and the health and safety of local communities.


The new agreement for Supply and Fit of Tyres agreement has considered and implemented social value at a framework level, rather than relying on customer call-offs to determine requirements. Recognising the mobile nature of both the supply chain and service delivery within the scope of this agreement, there is a requirement for all appointed suppliers to sign up to the Highways England Driving for Better Business scheme. This focuses on improving driving standards to reduce emissions and accidents. This results in a direct benefit to local air quality through reduced emissions and reduced accidents and associated impacts on individual safety on local emergency and health services.



Small and medium-sized enterprises

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

To drive the focus on SMEs, CCS has set up an SME working group, champion and executive sponsor. These individuals are working together to drive positive change throughout the organisation to support and encourage the ongoing commitment to the SME agenda.



CCS agreements are focused on helping customers buy from SMEs directly, rather than in the supply chain, and because of that its spend data only represents direct spend (although we are aware that in many agreements there is additional spend being awarded indirectly through the supply chain).

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

Modern slavery

We are committed to tackling modern slavery in global supply chains. Our agreements are designed to prevent modern slavery as part of our wider supplier due diligence. We have undertaken a substantial risk assessment exercise and due diligence of our commercial agreements, running Modern Slavery Assessment Tool (MSAT) campaigns across 5 medium and high risk framework agreements in the Buildings and Corporate pillars this year. The MSAT output will be used to identify where we have suppliers at higher risk of supply chain slavery, and work collaboratively with those suppliers, using guidance from the Home Office, to address these risks.

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



Simon Tse
Chief Executive and
Accounting Officer
7 July 2021



Accountability report



Corporate governance report

Directors' report

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

As an Executive Agency of the Cabinet Office, Crown Commercial Service (CCS) is accountable to the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office. The Rt Hon Michael Gove has served in the role throughout this financial year. 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 2020 to 31 March 2021.

After 8 years of service as a Non-Executive Director, Rob Wilmot departed from the CCS Board in September 2020 and Steve McCrystal was appointed as a new Non-Executive Director and Chair of the Technology and Digital Transformation Committee.

The attendance list is provided on page 50 and the remuneration of all Board members during the year is shown on page 60 of the remuneration and staff report.

We have procedures in place to handle conflicts of interest for all Board members. The following Board members' interests were declared during the reporting period although no actual conflict of interest has arisen:

- T van Kralingen (Chair) was a Non-Executive Director of Wm Morrison Supermarkets PLC until April 2020 and is also an Honorary Professor at the University of Nottingham
- S Maizey (Non-Executive Director) is the Chair of NHS Business Services Authority, a Non-Executive Director at John Menzies plc, a Non-Executive Director at Network Rail and also a Director of Saffron Solutions Ltd
- G Rhys Williams (Non-Executive Director) is the Government Chief Commercial Officer and an employee of the Cabinet Office. Until October 2020 he was a Trustee of Flora and Fauna International
- D Wakefield (Non-Executive Director) is the Chair of the University Hospitals of North Midlands NHS Trust
- S Tse (Chief Executive) is the Chair of Mumbles Community Association and his son was employed as an Assistant Category Manager from March 2021
- P Coombs (Executive Director) was a Member of the Intellectual Property Office Audit and Risk Committee until July 2020



Statement of Accounting Officer's responsibilities

Under Section 4 (6A) (b) of the Government Trading Funds Act 1973, HM Treasury has directed the Crown Commercial Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Directions 2020/21. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of CCS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

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

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

The Accounting Officer confirms compliance with all the above requirements.



Governance statement

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


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

I am pleased to see the ongoing trajectory of overall continuing significant improvement in areas reviewed by the GIAA support the Internal Audit overall opinion rating of "Moderate Assurance" in the adequacy and effectiveness of governance, risk management and internal control. The Audit 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 me and the Board on the governance and control processes within CCS. However, the limited assessments and findings from the data governance, cyber, supplier relationship management and performance management reviews were of significant concern and we are treating this as a matter of priority for the coming year.


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 2020/21.



Corporate governance



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



As a Trading Fund, CCS is required to have a Framework Document agreed with the Cabinet Office as its sponsor department that outlines key activities and governance. The document sets out CCS's roles and responsibilities and the framework within which it operates. The Framework Document was updated and agreed in July 2019 and is due to be reviewed no later than in 2022.

During 2020/21 CCS has been subject to an internal departmental review by the Cabinet Office. The review identified recommended areas for consideration relating to data and thought leadership, the strategy to grow wider public sector market share and governance. Progress on the implementation of the recommendations will be monitored by the Cabinet Office.

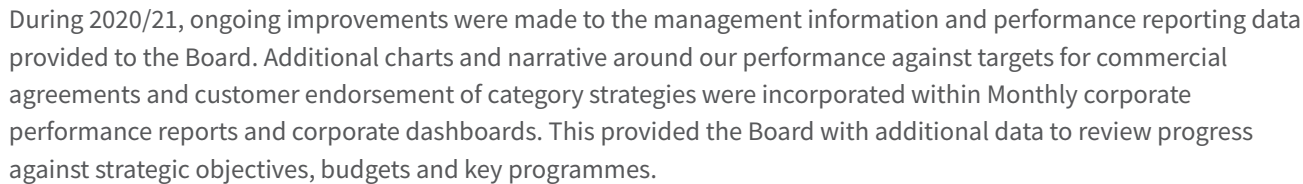
The 2020/21 Accounting Officer System Statement for the Cabinet Office includes assurance for the accountability relationships and processes between the department and CCS.



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 2020/21, ongoing improvements were made to the management information and performance reporting data provided to the Board. Additional charts and narrative around our performance against targets for commercial agreements and customer endorsement of category strategies were incorporated within Monthly corporate performance reports and corporate dashboards. This provided the Board with additional data to review progress against strategic objectives, budgets and key programmes.

In line with the Corporate Governance in Central Departments: Code of Good Practice Code, the Board is completing an annual effectiveness review through the completion of a self-assessment questionnaire. The findings and next steps are scheduled for discussion at its July 2021 meeting. The Audit Committee has also undertaken a self-assessment questionnaire in April 2021.

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	7/7	N/A	N/A	2/2	N/A
S Maizey	Non-Executive Director and Chair of the Customer Committee	6/7	5/5	3/3	2/2	N/A
S McCrystal	Non-Executive Director and Chair of the Technology Committee (from 9/2020)	5/5	4/4	N/A	2/2	4/4
G Rhys Williams	Non-Executive Director	7/7	N/A	3/3	2/2	N/A
D Wakefield	Non-Executive Director and Chair of the Audit Committee	7/7	5/5	N/A	2/2	7/7
R Wilmot	Non-Executive Director and Chair of the Technology Committee (until 9/2020)	2/4	2/2	N/A	0/1	2/4
S Tse	Chief Executive	7/7	5/5*	3/3	2/2	7/7
P Coombs	Director of Finance, Planning and Performance	7/7	5/5*	N/A	N/A	7/7

- there were 6 full Board meetings during the year and one extraordinary meeting
- there were 4 full meetings of the Audit Committee and one extraordinary meeting
- there were 6 full meetings of the Technology and Digital Transformation Committee and one extraordinary meeting
- *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

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

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

Annually, the Chair of the Audit 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. The Committee agreed a programme of internal audit assurance reviews for 2020/21 and considered the outcomes of 13 assurance reviews and 2 advisory reviews. Despite the impact of the COVID-19 pandemic, the Committee was pleased to see that CCS continued to deliver against its strategy and demonstrated both flexibility and adaptability in meeting the increased demands of customers through remote working and innovative approaches, underpinned by sound governance and control processes. The Audit Committee fully recognised the challenges faced by the organisation through this difficult period and as such the planned internal audit programme had to be rescheduled and slightly reduced within the financial year. The Committee accepted the Internal Audit overall opinion rating of 'moderate' assurance.

The Committee believes that focus needs to continue in 2021/22 in the key areas of digital strategy and investments, health supplier assurance and good governance.

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 2020/21. Core membership comprised two Non-Executive Directors and other regular attendees included the Chief Executive, the Business Development and Customer Experience Director and Procurement Operations Director.

The Committee considered the progress of the customer experience directorate to support CCS's plans for growth and engagement with customers across central government and the wider public sector. The Committee discussed the impact of COVID-19 on CCS customers throughout the year, particularly spend performance through CCS's commercial agreements where a decline was seen in some areas and growth in others. The Committee welcomed the progress in building and sustaining customer relationships across central government, ALBs and the wider public sector as well as the development of a forward pipeline of business opportunities.

The Committee noted the success of marketing activities over the last year despite the moratorium on paid-for campaigns and the focus on a content-led approach delivering, for example, monthly sector customer newsletters, podcasts, webinars and training events. Other topics of discussion included the successful roll-out of a Customer Relationship Management (CRM) system, Procurement Operations transformation, Customer satisfaction reporting, Net Promoter Score surveys and Market segmentation.



Technology and Digital Transformation Committee

The Technology & Digital Transformation Committee's role is to support the Board and Accounting Officer by providing oversight of CCS's digital and technology strategy and key digital transformation programmes. The Committee met seven times in 2020/21 and its focus during the period has been the implementation of the revised technology and digital strategy including delivery of the portfolio of digital solutions along with the wider transformation and change programme. The Committee fully recognised the challenges faced by the organisation through this period, particularly the difficulties of resourcing and recruiting to critical digital and technology roles and the impact on the prioritisation and delivery of projects and day-to-day operations.

One of the priority projects that the Committee has been closely involved in is the Conclave project which will provide a single supplier identity, single sign-on and evidence management service to improve our offering to customers. The Committee reviewed and endorsed the business case prior to endorsement by the CCS Board, Cabinet Office and HM Treasury, and will continue to have an oversight role as the project progresses with regular update reports to gain assurance on risk management and delivery.

The Committee continued to monitor the Transformation programme and welcomed the Infrastructure Project Authority's review and recommendations. Since then the programme has been reset and re-focused as the Change programme with equal emphasis placed on the development and implementation of digital change and the changes to CCS organisational strategy required to enable and support our enhanced digital, 'customer first' approach.

The Committee welcomed regular reporting on operational performance and assurance from the executive team that risk management, core controls and processes were being maintained and monitored covering service availability, incidents, outages, information security, resource management and project delivery.

Senior Appointments and People Committee

The Senior Appointments and People Committee met twice in 2020/21 and its role is to review the performance, succession planning, talent management and development of senior leadership roles within CCS. The Committee received updates on the CCS pay and reward review and progress on the people transformation project. The Committee also reviewed the people dashboard and performance against key indicators including headcount, absence, turnover, reward, and learning and development.

Executive Board

The Executive Board was led by the Chief Executive and included executive directors from all the key areas of the organisation and Head of CEO Office. This group met as an Executive Board on a twice-weekly 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 business performance, people and health and safety, and finance and approvals. Throughout 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 government's response.

Code of Corporate Governance

CCS follows best practice for corporate governance in line with the Corporate Governance in Central Departments: Code of Good Practice 2017. While 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.



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 November 2020 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 2020/21 was developed with reference to CCS's corporate objectives and risks, and was reviewed, discussed and subsequently approved by the Audit Committee in March 2020. During the year, 15 internal audit assurance and consultancy reviews 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, one review was deferred. 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.

Annual internal audit opinion covering the period 1 April 2020 to 31 March 2021

The opinion is confirmed as Moderate - some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. This opinion remains unchanged from 2019/20 and I have seen evidence that CCS has continued throughout the year to make improvements to the governance, risk management and control environment. In coming to my opinion, I have also reflected that during 2020/21 CCS has managed significant operational challenges (due to EU transition and COVID-19), and recent external scrutiny through public oversight and inquiries within Government. GIAA has worked alongside CCS, providing appropriate consultancy support throughout the period as part of our planned assurance work.

There are a number of themes emerging from the work undertaken, namely:

- control environment – the need for clarity / confirmation of ownership and oversight roles across key systems and procedures within CCS was a theme picked up in two GIAA reviews. The lack of clarity has led to out of date procedures and a lack of evidence to demonstrate compliance with a key policy – performance management, and if left unmitigated, could undermine the delivery of CCS's corporate objectives
- data governance – whilst CCS has the key structural components in place required to support good data governance, the components are not fully aligned and do not coordinate efforts into a single strategy
- supplier relationship management (SRM) – current procedures provide limited guidance to staff on key activities such as managing performance, supplier assurance, the continued vigilance against the risks of fraud, bribery and corruption, and engagement guidance on how to manage the agreements themselves including change control. These improvements will help to set a uniform approach in SRM across the pillars which does not currently exist

- performance management - overall, we found good evidence of strong directive controls, such as a clear and adequate policy in place and guidance that sets out a strong performance management process. Our review failed to identify any effective monitoring and oversight (detective controls) to ensure the performance management policy was working as intended
- cyber - although CCS is an autonomous organisation, it relies on Cabinet Office for the provision and support of core infrastructure and technology services which limits the influence CCS can have over the use, deployment, control and assurance of the technologies used by them in transacting their day to day business. Currently, there is no formal, overarching agreement to describe this relationship and the expectations of each party to it.

The Internal Audit plan for 2021/22 will look to review these themes in the scope of related reviews.

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
1	Risk management shall be an essential part of governance and leadership , and fundamental to how the organisation is directed, managed and controlled at all levels	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 Executive Board, Programme / Project Boards and the Business Performance Board (an Executive Board sub-committee). Scrutiny of strategic risks is performed by Board sub-committees through detailed reviews of the effectiveness of mitigations	Full
2	Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives	Risk management identification and assessment is integral to business planning and organisational performance management of operations and projects. Multi-level reporting is in place ranging from project boards to directorate and functional SMTs and formal organisational governance groups (CCS Board, Executive Board and its sub-committees and the Audit Committee). Risk informs the agendas of Executive Board meetings	Full
3	Risk management shall be collaborative and informed by the best available information and expertise	The CCS Risk Manager works through a network of around 40 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	Full

Principles of Orange Book	CCS's approach	Assessment of alignment
<p>4 Risk management processes shall be structured to include:</p> <ul style="list-style-type: none"> • risk identification and assessment to determine and prioritise how the risks should be managed • the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level • the design and operation of integrated, insightful and informative risk monitoring • timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities 	<p>A standardised structured approach to risk identification, assessment, treatment and reporting is implemented across the organisation both at an operational and strategic level.</p> <p>The Planning, Performance and Risk team facilitates workshops with Directorate teams to identify risks using Directorate business plans to refresh and renew risks to be recorded. The effectiveness of this process and associated working practices is assessed through monthly review by CCS's Risk Manager and the Business Performance Board. Key findings including themes and trends are also formally reported monthly to the Executive Board. 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 page 26</p>	Full
<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>	Full

During 2020/21, CCS has continued to focus on embedding rigorous risk and issue management processes and culture across all parts of the business as part of our aim to continuously improve organisational capability.

Specific developments in the year include:

- 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
- implementing a rolling programme of Board and sub-committee reviews of the strategic risks and mitigating actions involving Directors
- strengthening the arrangements for scrutiny of strategic risks through the involvement of Board sub-committees in performing deep-dive reviews of strategic risks that have been assigned to them
- continuation of mandatory online training for all staff along with risk workshops to further increase awareness, knowledge and capability of our people
- running workshops to ensure alignment between identified risks and the achievement of objectives in our business plan
- equipping business managers with tools (capability maturity model and associated assessment) to help identify gaps in capability and drive improvement at a team and directorate level



Management assurance

Executive Directors have completed Operational Governance Self-Assessments (OGSA) reviewing the effectiveness of governance, risk management and internal control processes within their respective directorates. These assessments were designed and facilitated by the Business Assurance Services Team with technical support from subject matter experts. Results have been disseminated, challenged and endorsed by the CCS Executive Team and the CCS Audit Committee.

The results of the 2020/21 OGSA exercise demonstrated strong performance in the areas of:

- leadership
- structure
- culture and capability
- financial management


The CCS Executive Team has resolved to support improvements in the following areas:

- data governance
- mandatory training

The OGSA model and outputs contribute to the body of evidence upon which the CCS Accounting Officer can place reliance for the annual Governance Statement.



Government commercial operating standards



Following the publication of a detailed Commercial Standard Assessment framework in 2019, CCS self-assessed against 20 metrics, using the four-point maturity scale: Developing, Good, Better and Best. The self-assessment showed CCS as one of the higher performing organisations across government, with a “Best” rating for 10 out of 20 metrics. CCS agreed that three improvement metrics would be the focus for 2020/21.

These included:

- putting in place effective planning for unjustifiable contract extensions which we have achieved through improved pipeline planning for new and replacement commercial agreements and the timely award and mobilisation for customers to remove any future need to enact an unjustified extension
- having consistent criteria for segmentation and tiering of contracts through improved resource capacity planning for the planned growth of the assisted procurement business to maximise benefits and value to customers
- applying effective contract terms through improved user-led contracting for CCS and suppliers and buyers

Following work to implement improved pipeline planning and a move towards a multi-skilled Procurement Operations Directorate, our commercial maturity improved from ‘good’ to ‘better’ on two of our improvement plan metrics. By working closely with suppliers and Cabinet Office Policy colleagues on our updated terms and conditions, our commercial maturity improved to ‘best’ on our third metric.

A new commercial standards framework has now been published, raising the bar, and we look forward to demonstrating our capabilities through self-assessment over 2021 and 2022.



Other

Ministerial directions

There have been no ministerial directions given.

Data governance

The Government Functional Standard for Digital Data and Technology was introduced in July 2020 and sets out how data governance activities should be conducted across government. A review of data governance was carried out by GIAA during 2020/21 which focussed on the overall data governance framework practices in place within CCS including information security, protection, compliance, data risk management, privacy, data storage, archiving, and knowledge management. The audit opinion was assessed as 'limited' and the findings indicated that whilst CCS has some key structural components in place to support good data governance, there were significant weaknesses and gaps in ownership, accountability, policies and an overarching strategy to meet the new functional standard. An SRO has been appointed and a project established to address the findings and implement the recommendations. Progress will be monitored by the Technology and Digital Transformation Committee.

Security and data protection

CCS continues to comply with the HMG Security Policy Framework, together with Cabinet Office's Minimum Cyber Security Standard and Good Practice guides published by the National Cyber Security Centre. In addition, CCS adheres to Cabinet Office guidance on risk management, including bulk data security guidance. The General Data Protection Regulation (GDPR) compliance standards are embedded and approved by the Cabinet Office Data Protection Officer.

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

During 2020/21, there have been no material breaches and no incidents reportable to the Information Commissioner's Office.

Fraud, bribery and whistleblowing

CCS adopted the Government's Counter Fraud Standards to better align itself with the government's wider agenda to have a more robust and coordinated approach to protecting public services against the risk of fraud, bribery and corruption (CFBC).

In keeping with the latest update of the standards (June 2020), CCS has refreshed its CFBC governance and reporting arrangements, updated its policies and procedures (including conflicts of interest, gifts and hospitality) and rolled out a fraud awareness programme across the business. This awareness programme is in addition to the mandatory training all staff are expected to complete and reminds staff of CCS's zero tolerance on fraud, their obligations to report fraud and the channels available to do so, for instance whistleblowing.

CCS's compliance with the Government Counter Fraud Standards is reported and monitored by the Audit Committee on a regular basis. There have been no reported cases of fraud in 2020/21. The Audit Committee is also regularly updated on any whistleblowing cases that have been raised. There have been no such cases during 2020/21.

Official and Parliamentary correspondence

During 2020/21, CCS received 108 Freedom of Information (FOI) requests and 1 Subject Access Request under the Data Protection Act. Additionally, we answered 28 Parliamentary Questions and 8 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 2020/21.

Remuneration and staff report

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

Remuneration policy

Senior Salaries Review Body

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

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

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

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



Performance and reward

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

In respect of performance assessments, those who were assessed as "Top" against performance objectives for 2019/20, received a non-consolidated award. This payment was made in October 2020. Consolidated base pay awards were made to those receiving top and achieving performance assessments. Increases in base salaries were determined by position in the pay range. Increases were applied in October 2020, backdated to April 2020.

SCS whose salary was below the new minimum for the range were uplifted to the new minimum. No pay award was made to anyone whose performance was assessed as poor.

Further information about the performance and reward arrangements for Senior Civil Servants can be found at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/971013/SCS-PM-UpdatedGuidance-April2021_1.0.pdf

Service contracts

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

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

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

Remuneration of Board Members FY 2020/21 (Audited)

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

	To 31 March 2021					To 31 March 2020				
	Salary	Bonus payments	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total	Salary	Bonus payments	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total
	Note 1 £000	Note 2 £000	Note 3	Note 4	£000	£000	£000			£000
T van Kralingen	15-20	-	-	-	15-20	15-20	-	-	-	15-20
Non-Executive Chairman										
S Maizey	10-15	-	-	-	10-15	10-15	-	-	-	10-15
Non-Executive Director										
S McCrystal (Note 5)	5-10	-	-	-	5-10	N/A	N/A		N/A	N/A
Non-Executive Director										
Full Year equivalent	10-15				10-15					
G Rhys Williams (Note 6)	-	-	-	-	0	-	-	-	-	0
Non-Executive Director										
D Wakefield	10-15	-	-	-	10-15	10-15	-	-	-	10-15
Non-Executive Director										
R Wilmot (Note 7)	5-10	-	-	-	5-10	10-15	-	-	-	10-15
Non-Executive Director										
Full Year equivalent	10-15				10-15					
S Tse (Note 8)	150-155	5-10	-	60,000	220-225	145-150	5-10	-	58,000	210-215
Chief Executive										
P Coombs	130-135	5-10	-	56,000	195-200	125-130	5-10	-	58,000	190-195
Director of Finance, Planning and Performance										

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

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

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

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

Note 5 S McCrystal in post since 1 September 2020: actual earnings and full time equivalent are shown on table above

Note 6 No remuneration was paid to G Rhys Williams as he is an employee of the Cabinet Office

Note 7 R Wilmot in post 1 April 2020 to 30 September 2020: actual earnings and full time equivalent are shown on table above

Note 8 S Tse 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

Senior management pension entitlements FY 2020/21 (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 2021	Real increase in annual pension and lump sum at pension age	CETV at 31 March 2021	CETV at 31 March 2020 (or date of board appointment)	Real increase in CETV
		(Note 1)			
	£000	£000	£000	£000	£000
S Tse Chief Executive	50-55	2.5-5	838	754	39
P Coombs Director of Finance, Planning and Performance	20-25	2.5-5	507	445	38

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

Civil Service pensions

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

The scheme actuary valued the PCSPS as at 31 March 2016. 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 2020/21 to be paid when the member retires and not the benefits paid during the period of existing pensioners. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at <https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For 2020/21, employers contributions of £7,019,809 were payable to the PCSPS (2019/20 £6,231,128) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. Employer contribution rates and bands remain unchanged from 2019/20.

Employees can opt to open a partnership pension account, an occupational defined contribution pensions arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). Employers also match employee contributions up to 3% of pensionable earnings. Employers’ contributions of £85,072.33 were paid to the appointed stakeholder pension provider.

In addition, employer contributions of £3,217.83, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

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

Compensation on early retirement or for loss of office

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



Fair pay disclosure (Audited)


The banded remuneration of the highest paid Board member executive director in the financial year 2020/21 was £160,000 to £165,000 (2019/20: £150,000 to £155,000). This was 4.23 times (2019/20: 4.03) the median remuneration of the workforce, which was £38,440 (2019/20: £37,808). This information includes staff deployed from the Government Commercial Organisation (GCO). For details of the remuneration of Board member executive directors and Non-Executive Directors see page 60.

Total remuneration ranged from £19,794 to £200,412 (2019/20: £19,154 to £252,000). 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 2019/20 have been restated to ensure they are comparable with the 2020/21 calculations. The FY 2019/20 bonus calculation was based on a weighted average as actual information was not available. This has resulted in a minimal difference to last year's reported data.

The median total remuneration for 2020/21 is derived from the annualised payments of all staff made in March 2021, including staff paid by the GCO. Part time employees' payments are adjusted to a full time basis.

In 2020/21, 30 staff members received an annualised salary in excess of the highest paid Board member executive director. Of these, 3 were GCO deployed staff members. The remaining 27 were interim members of staff who were paid by an external agency and charged to CCS. These staff held short term contracts and did not receive the actual annualised remuneration during the year. Similarly, there were 35 of these workers during 2019/20.



Staff report

Staff numbers and composition

There has been an overall reduction in the SCS headcount of 6 (combined CCS and GCO), this decrease reflects 3 SCS on loan out who have not been included in the table below and 3 leavers. However we have seen increases in the £71,000 to £80,000 and £91,000 to £100,000 ranges which reflect a number of new appointments.

Senior Civil Service staff by salary band:

Salary band (Note 1)	CCS SCS within band as at 31 March 2021		GCO deployed SCS within band as at 31 March 2021 (Note 2)		Total CCS and GCO deployed SCS within band as at 31 March 2021 (Note 3)		Total CCS and GCO deployed SCS within band as at 31 March 2020	
	£000	Number	Number	%	Number	%	Number	%
60 - 70		3	0	16.67%	3	7.32%	7	14.89%
71 - 80		5	6	27.78%	11	26.83%	8	17.02%
81 - 90		0	0	0.00%	0	0.00%	7	14.89%
91 - 100		4	4	22.22%	8	19.51%	5	10.64%
101 - 110		1	1	5.56%	2	4.88%	2	4.26%
111 - 120		3	3	16.67%	6	14.63%	7	14.89%
121 - 130		0	3	0.00%	3	7.32%	5	10.64%
131 - 140		1	0	5.56%	1	2.44%	0	0.00%
141 - 150		1	1	5.56%	2	4.88%	2	4.26%
151 - 160		0	3	0.00%	3	7.32%	0	0.00%
161 - 170		0	0	0.00%	0	0.00%	1	2.13%
171 - 180		0	1	0.00%	1	2.44%	1	2.13%
181 - 190		0	1	0.00%	1	2.44%	2	4.26%
191 - 200		0	0	0.00%	0	0.00%	0	0.00%
Total		18	23	100.00%	41	100.00%	47	100.00%

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

Note 2 The table above illustrates the SCS deployed from GCO

Note 3 The figures shown are headcount and exclude interim SCS

Staff numbers and costs (Audited)

The following information also provides details of staff deployed from GCO. CCS currently has 5 people on internal development opportunities within GCO but are included in CCS headcount figures. CCS currently has 5 staff on loan to GCO on a long term basis (over 6 months) and 9 to other government departments who are also on a long term basis, (3 of these are carrying out Covid related work) .

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		
	2020/21	2019/20
Salaried staff	702	623
GCO deployed staff	146	99
Agency and contract staff	<u>57</u>	<u>49</u>
Total	<u>905</u>	<u>771</u>

- the figures shown exclude Fast Streamers and loans out

Apprentices

In the last year CCS has achieved 36 new apprentice appointments (34 in England and 2 in Wales). Overall, CCS now has 46 people undertaking apprenticeship programmes in a wide range of areas and levels from Level 4 CIPS to Degree Level Business Sales and from Level 3 Business Administration to Level 4 Project Management.

This is a brilliant achievement and demonstrates CCS's commitment to apprenticeships by providing opportunities for our existing CCS colleagues to develop themselves and also giving opportunities for newly recruited apprentices to move into roles they would never have dreamed of pursuing if it wasn't for an apprenticeship.

Turnover

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

- 2017: 12.27%
- 2018: 12.60%
- 2019: 10.09%
- 2020: 9.88%
- 2021: 5.40%

Historically CCS's turnover reporting has captured and included those employees who have transferred to another government department. The 5.40% for 2021 reflects 39 voluntary leavers. Transfers to other departments represent 46% of all leavers. In terms of length of service 36% of all leavers have more than 10 years service.

Total staff costs

	2020/21			Restated 2019/20
	CCS	GCO	Total	Total
	£000	£000	£000	£000
Wages and salaries	28,437	-	28,437	24,803
Bonus	335	652	987	527
Social security	2,973	-	2,973	2,618
Superannuation	7,101	-	7,101	6,315
Voluntary early retirement	-	-	-	-
Apprentice levy	117	-	117	108
GCO staff costs	-	13,656	13,656	9,240
Agency and contract staff costs	<u>5,357</u>	-	<u>5,357</u>	<u>6,144</u>
Total	<u>44,320</u>	<u>14,308</u>	<u>58,628</u>	<u>49,755</u>

- 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 61. Details of the underlying liabilities applicable to CCS employees are not separately identifiable
- during 2020/21 GCO costs have increased as all of CCS Band 5 commercial roles have now transferred over to GCO
- agency and contract staff have reduced by 13%

Staff composition

	Male		Female		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Board members	6	85.71%	1	14.29%	7	100%
SCS (CCS)	15	78.95%	4	21.05%	19	100%
Staff (CCS)	370	47.50%	409	52.50%	779	100%
SCS (GCO deployed)	16	66.67%	8	33.33%	24	100%
Staff (GCO deployed)	70	67.96%	33	32.04%	103	100%

- this table shows the gender composition for each category of staffing group as at 31 March 2021. It is not a cumulative table
- staffing figures shown are headcount and include staff on loan out to other government departments
- staffing figures are made up of the following contract types: Permanent, Fixed Term Appointments, Loan In
- S Tse CCS CEO has been included in the CCS Board Members figures and not the SCS GCO Deployed

Sickness absence and attendance management

Year	CCS Average Working Days Lost	Civil Service
2016 - 2017	6.71	7.4
2017 - 2018	5.56	7.4
2018 - 2019	6.75	6.9
2019 - 2020	7.08	6.9
2020 - 2021	3.87	7.4

The number of working days lost due to sickness was 2,870. The average number of days lost per employee in the 12 month period was 3.87 (based on average headcount of 740.5 and excludes contingent workers as we do not record their absence). This compares to 7.08 average days lost in 2019/20 and an average of 7.40 days lost across the Civil Service as a whole.

Sickness absence figures have reduced significantly in comparison to 2019/20. We believe that the COVID-19 pandemic has resulted in a reduction of recorded non-COVID-19 related sickness absences, and there would seem to be a nationwide trend for those employees working from home to report fewer instances of sickness absence. This may be attributable to reduced transmission and/or greater flexibility around working patterns enabling employees to better manage workloads when feeling unwell.

COVID-related sickness absence is excluded from our sickness absence rates and the figures above accounted for 982 lost days. We have had 160 cases of COVID-related absence reported between 1 April 2020 and 31 March 2021.

Recruitment

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

The Civil Service Commission's latest audit of the recruitment practices in operation within CCS has been assessed as fair and the trajectory as static. No breaches were found.

New recruits to CCS in 2020/21 are shown in the following table:

CCS - New hires			GCO - New hires				Total	
Band	Male	Female	Total	Band	Male	Female		Total
Band 1	10	0	10	Band 1	0	0	0	10
Band 2	17	18	35	Band 2	0	0	0	35
Band 3	21	14	35	Band 3	0	0	0	35
Band 4	25	20	45	Band 4	0	0	0	45
Band 5	14	14	28	Band 5	12	2	14	42
Band 6	2	3	5	Band 6	2	1	3	8
SCS 1	0	0	0	SCS 1	0	0	0	0
SCS 2	1	0	1	SCS 2	0	0	0	1
Total	90	69	159	Total	14	3	17	176

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

Staff policies and other employee matters

During 2020/21 employees and Trade Unions have been engaged on the development of a Smarter Working framework and the future Estates Strategy alongside regular engagement as the organisation has responded to COVID-19. Smarter Working supported by the Estates Strategy will future proof CCS offices whilst enabling our employees to make the right decisions about where and how they work whilst making the best use of our workplaces and technology. It improves productivity through a focus on outputs rather than presenteeism and supports the reduction of our carbon footprint by reducing unnecessary travel. Trade Unions have also been consulted on the development of the CCS Pay Award Business Case for 2020/21 and 2021/22 to ensure our pay structure against other government departments remains competitive.

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 second Inclusion and Diversity Strategy for 2020 to 2025 in July 2020.

The following are key elements to our strategy:

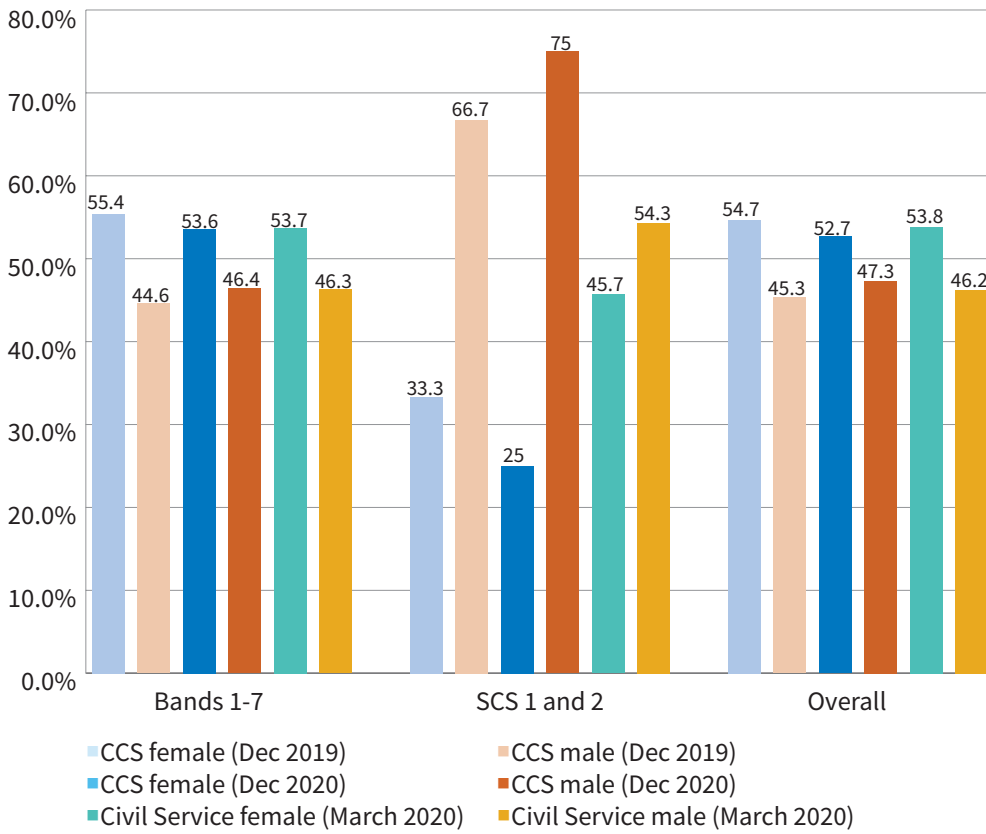
- **representation:** ensuring that CCS's workforce is representative of the diversity of modern British society
- **inclusion:** refers to the behaviours and social norms that ensure people feel that they belong
- **networks:** our formal staff networks which are set up internally to represent groups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

Our achievements since the launch of the strategy include:

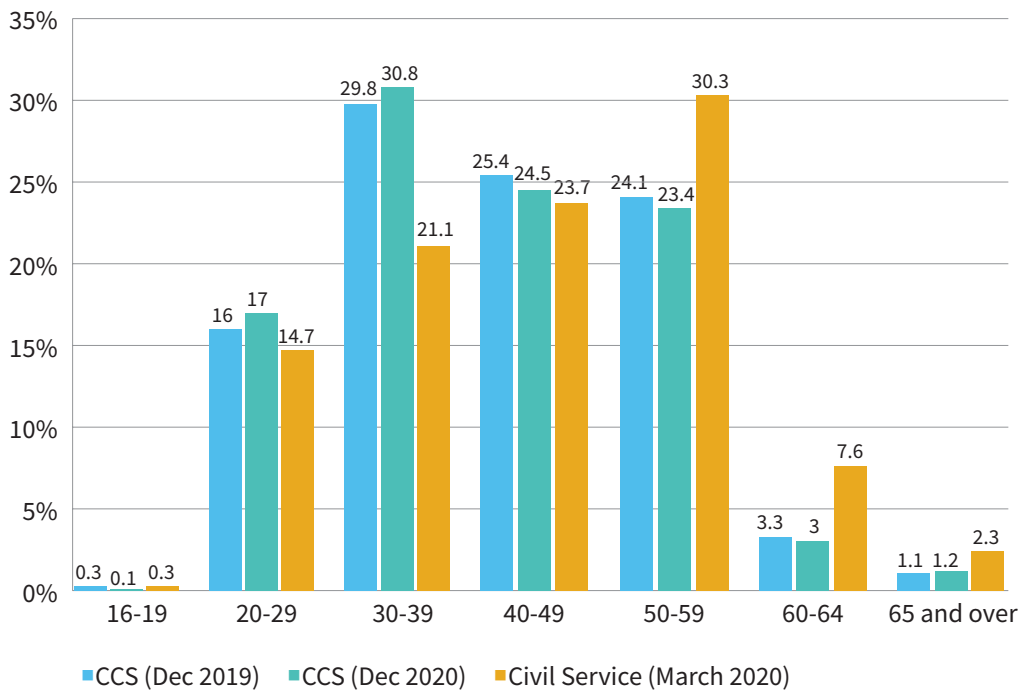
- the growth of five existing staff networks, plus the launch of our sixth staff network (Faith and Belief)
- published network charters, pledges and assigned an Executive Board sponsor to each network
- published our Public Sector Equality Duty objectives internally and externally
- reaccreditation of being a Disability Confident Employer
- two cohorts of reverse mentoring
- published internally our 2020 gender pay gap report. Our overall median and mean pay gaps continue to be significantly lower than the Civil Service averages
- our inclusion and fair treatment score in the People Survey was 85% (83% in 2019/20, 79% 2017/18)
- launch of a carers passport and carers charter
- continued staff network engagement in estates strategy, recruitment and management training

Our representation rates for CCS colleagues, compared to the wider Civil Service averages, as at 31 December 2020 are shown below. We have also included the CCS representation rates for 31 December 2019 which show positive increases across all characteristics. This data excludes colleagues deployed from GCO and Fast Streamers.

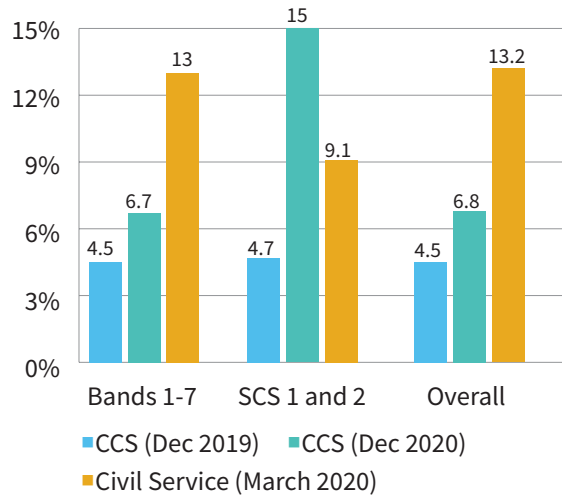
Gender in CCS (100% declaration rate)



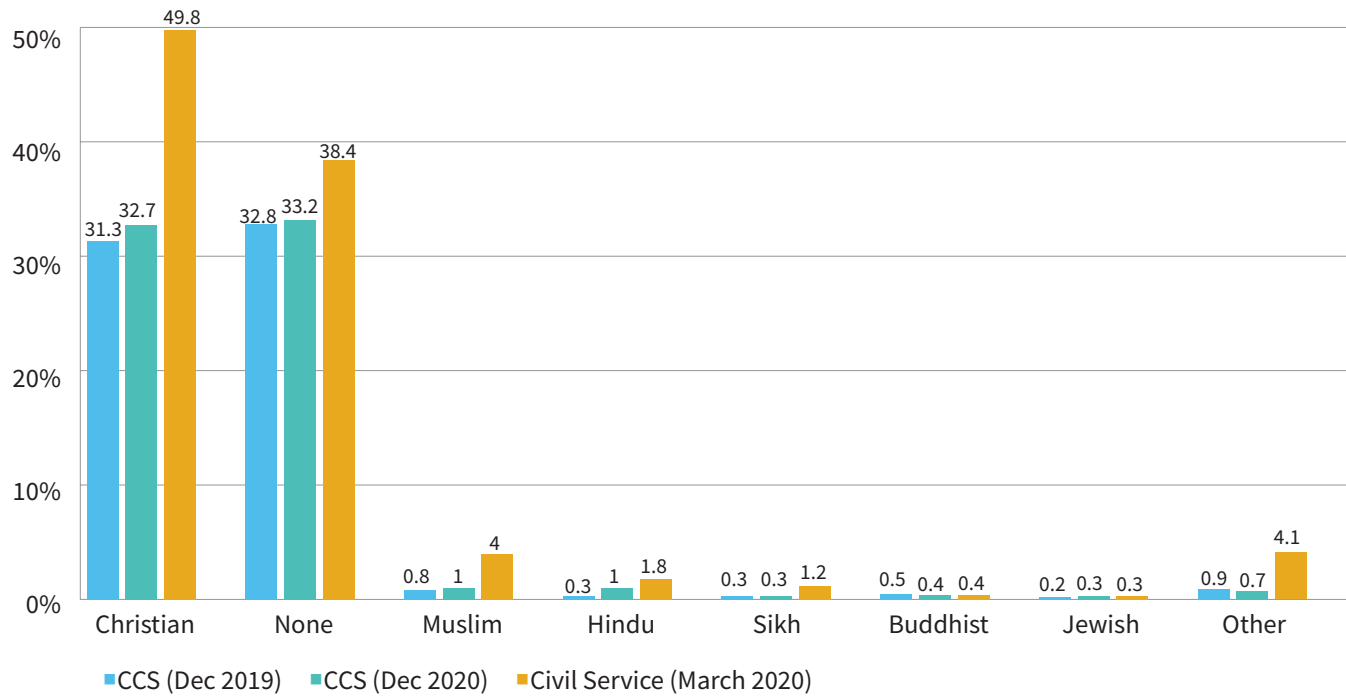
Age in CCS (100% declaration rate)



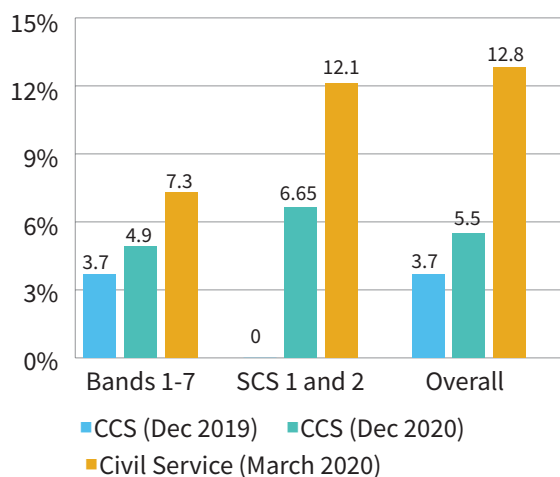
Ethnic Minorities in CCS - 84% declaration rate (up 3.8% in last 12 months)



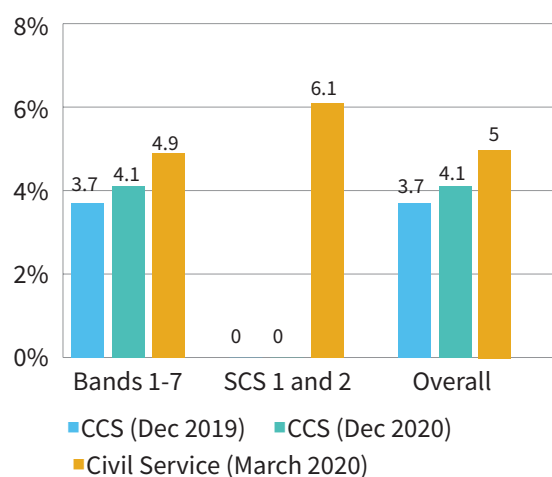
Religion and belief in CCS - declaration rate 77.5% (up 3.6% in last 12 months)



Disability in CCS - 34.6% declaration rate (up 11.4% in last 12 months)



LGBTQ+ in CCS - 78% declaration rate (up 4% in last 12 months)



Gender pay gap

CCS gender pay gap figures are included in the Cabinet Office report which is published externally on [GOV.UK](https://www.gov.uk). The CCS report is based on a ‘snapshot’ of the pay of all CCS employees on 31 March 2020, as well as annual payments and bonuses which were paid between 1 April 2019 and 31 March 2020.

Whilst we are not legally obliged to do so, 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 table below illustrates the pay gap since 2017 and is reported using 2 types of averages, mean and median.

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

Our overall median and mean pay gaps are both significantly lower than the Civil Service averages, and we are pleased to report that women are achieving more equal representation at senior grades including bands 5 and 6. We have also seen an increase in men working at bands 1 and 2, with a 7% increase in men in these bands compared to 2019. Fair and open opportunities for career progression have helped to ensure that 59% of all of our promotions in 2020 were offered to women.

Drivers of the pay gap:

- seniority: whilst improving at bands 5 and 6, there are more male than female SCS
- over-representation of women at lower grades, where pay is lower

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

As at 31 December 2020, we have seen a reduction in the percentage of women at SCS level. Through our focus on talent development we will continue to promote and support the central Civil Service talent programmes and Future Leaders scheme to encourage and prepare women for SCS roles.

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

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 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 34.6%, although this has increased from 23% over the past 12 months. We have an action plan in place, working closely with the CCS Able Staff Network, to increase the percentage of complete declaration rates for disability. This includes raising confidence with colleagues as to how this information will be used and how they will be supported, as well as looking at how this data is captured in the HR system.

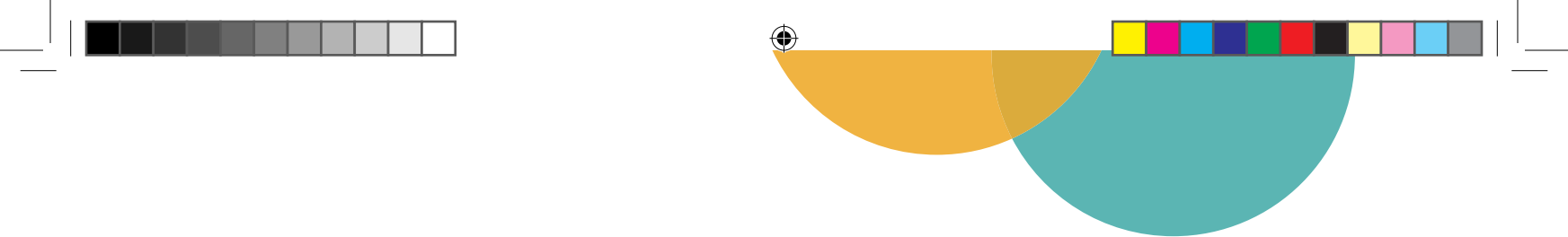
Employee engagement

CCS measures how engaged our people are through the annual Civil Service People Survey. It looks at Civil Servants' attitudes to and experience of working in government departments. A key element of the People Survey is the 'Employee Engagement Index'. This is based on evidence of a link between highly engaged staff, high levels of health and wellbeing, and organisational performance.

Our overall Engagement Index (EI) is 72%, having risen every year since 2015 as shown in the table below. This upper quartile score classifies CCS as a 'High Performing Civil Service Department'. Our EI is 6% higher than the Civil Service average and gives us an overall ranking of 12th highest EI among participating organisations, compared to 23rd in 2019. Our response rate to the People Survey 2020 was 99%, one of the highest response rates across the Civil Service. It means we can be very confident that the results are representative of our organisation.

People Survey - employee engagement trends

Year	Response rate (%)
2015	53%
2016	58%
2017	63%
2018	66%
2019	68%
2020	72%



Employee engagement is measured by themes. CCS outperformed the Civil Service average across all key themes of employee engagement as well as achieving improvements across 11 of the 12 key themes of employee engagement compared to 2019. Scores for 'My Work', which focus on how interested, challenged and engaged our people feel by their roles, rose by 4%. There was an improvement of 6% in our people's rating of CCS's leadership and how as an organisation we manage change.

Our employee engagement index score, which brings together the results of five key questions from the survey on feelings of pride, inspiration to do your best, and personal attachment to CCS, has risen by 19% since 2015. Reports of bullying and harassment are down by 6%, and discrimination by 3% on last year's survey.

We continue to make strides to make CCS a great place to work, an organisation where people are motivated and proud to come to work. We are committed to acting on the results of the People Survey and ensure we improve further and build on our successes.

Health, safety and wellbeing

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

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

In November 2020 GIAA undertook an audit of the Health and safety management system against ISO 45001 which resulted in us achieving a 'substantial' rating.

There were no incidents during 2020/21 that required reporting to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations 2013 (RIDDOR).

CCS continues to focus on the physical, mental and financial wellbeing of its people. There are ongoing initiatives including 'The Big Team Challenge' and, health awareness sessions in areas such as sleep awareness and musculoskeletal. We have launched the MIND wellbeing index survey to continue our focus in the mental wellbeing space, provided exercise taster sessions such as yoga and Hoola Nation and continue to promote national awareness days and weeks such as Time to Talk, Cancer awareness, Deaf awareness week and Mental Health awareness week.

From our People and Wellbeing survey, we know that:

- 92% of employees felt positive/very positive about how their wellbeing needs have been responded to
- 88% saying that their manager made the effort to keep in touch
- 84% saying that teams have been good at keeping informal connections

CCS staff were asked to begin working from home since March 2020 in response to the COVID-19 pandemic. Staff have continued to work from home through 2020/21 and in response, CCS has developed a suite of products and services in order to support staff in this new way of working addressing the needs of vulnerable people and staff's physical and mental health.

Expenditure on consultancy and temporary staff

	2020/21	Restated 2019/20
Consultancy spend	£1,281,622	£2,199,349
Contingent labour spend	£5,357,360	£6,144,763

Consultancy costs have reduced by 42% since 2019/20 and contingent labour costs have decreased by 13%.

Reporting of off-payroll appointments

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

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

For temporary off-payroll worker engagements as at 31 March 2021, for more than £245 per day:

Number of existing engagements as of 31 March 2021	38
Of which...	
Number that have existed for less than one year at time of reporting	18
Number that have existed for between one and two years at time of reporting	18
Number that have existed for between two and three years at time of reporting	2
Number that have existed for between three and four years at time of reporting	0
Number 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.

The above figures exclude 12 interims engaged at time of reporting to cover staff deployed to work on EU Exit and Test and Trace.

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

For all temporary off-payroll workers engaged at any point during the year ended 31 March 2021:

Number of off-payroll workers engaged during the year ended 31 March 2021	74
Of which...	
Number determined as in-scope of IR35	73
Number determined as out-of-scope of IR35	1
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0
Number of engagements where the status was disputed under provisions in the off-payroll legislation	0
Of which: number of engagements that saw a change to IR35 status following review	0

Over the last 12 months, a total of 74 interims (off-payroll workers) have been engaged intermittently to cope with peaks in demand. The majority of these interims supported our Digital Transformation programme in the Digital and Data Services Directorate.

The above figures exclude 18 interims engaged during the 12 month period to work on EU exit and Test and Trace.

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021:

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

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

Note 2 There were no board members or senior officials with significant financial responsibility engaged in an off-payroll capacity during 2020/21

Reporting of Civil Service and other compensation schemes - exit packages

During the financial year, CCS did not operate a voluntary exit scheme however one individual left the organisation by exception. 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.

	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Exit package cost by band:	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band (Note 1)	
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	-	-	-
£50,001 - £100,000	-	-	1	-	1	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,000 +	-	-	-	-	-	-
Total number of packages by type	-	-	-	-	-	-
Total cost £	0	0	95,000	0	95,000	0

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



Simon Tse
Chief Executive and
Accounting Officer
7 July 2021



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 the two year period from 1 April 2019 to 31 March 2021. The in-year surplus achieved has been significantly impacted by the overall effect of the COVID-19 pandemic, resulting in increased customer spend through CCS commercial agreements.

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

As per the segmental analysis shown in Note 2 of the Notes to the accounts on page 91, three types of charges are applied from which income is derived:

- **Commercial agreements (Total Income £131.8m or 99%)** - a commission levy is applied as applicable at the appropriate rate on sales reported by suppliers or based on a specific customer measure (such as energy levy based on the number of sites)
- **Other operating segments (Total Income £1.0m or 1%)** - services: chargeable directly to customers for services received
- **NHS Future Operating Model:** chargeable on a full cost recovery basis together with possible additional income based on savings achieved

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

Remote contingent liabilities

We do not have any remote contingent liabilities.



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 2021 under the Government Trading Funds Act 1973. The financial statements comprise: the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 2021 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Crown Commercial Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Conclusions relating to going concern

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

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

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

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Chief Executive as Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.



Opinion on other matters

In my opinion:

- the 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;
- 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

In the light of the knowledge and understanding of the Crown Commercial Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- 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.



Responsibilities of the Board and Accounting Officer for the financial statements



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

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




Auditor's responsibilities for the audit of the financial statements

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Crown Commercial Service's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Crown Commercial Service's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Crown Commercial Service's controls relating to the Government Trading Funds Act 1973, Managing Public Money, relevant employment law and taxation legislation.;
 - discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals and transactions;
 - obtaining an understanding of the Crown Commercial Service's framework of authority as well as other legal and regulatory frameworks that the Crown Commercial Service operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Crown Commercial Service. The key laws and regulations I considered in this context included the Government Trading Funds Act 1973, Managing Public Money, relevant employment law and taxation legislation.;
 - other risk assessment procedures performed relating to fraud, non-compliance with laws and regulations and regularity, including: review of board meeting minutes; attending the Audit Committee; enquiries of management, internal audit and those charged with governance; review of significant and unusual transactions; and review of segregation of duties and mitigating controls.
- 

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity as appropriate, including testing of significant and unusual transactions and an assessment of the regularity of transactions tested.

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

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

In addition, 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.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
12 July 2021

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



Financial statements



Statement of Comprehensive Income year ended 31 March 2021

	Note	£000	2020/21 £000	£000	Restated 2019/20 £000
Income from external sales	2		132,088		91,933
Other operating income	3		701		1,336
Total income			132,789		93,269
Staff costs	4	(58,628)		(49,755)	
Depreciation of property, plant and equipment	7	(103)		(621)	
Amortisation of intangible assets	8	(279)		(348)	
Other expenditure	5.1	(17,938)		(21,043)	
Total expenditure			(76,948)		(71,767)
Surplus before other operating costs			55,841		21,502
Other operating costs	5.2		(3,560)		(6,167)
Operating surplus			52,281		15,335
Finance income	6		-		170
Surplus for the financial year			52,281		15,505
Dividend payable to Cabinet Office			(14,500)		(14,475)
Retained surplus for the financial year			37,781		1,030
Other comprehensive income	17		37		-
Comprehensive income for the financial year			37,818		1,030

The Notes to the accounts on pages 88 to 102 form an integral part of these accounts.

Statement of financial position as at 31 March 2021

	Note	31 March 2021		31 March 2020	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	7		68		163
Intangible assets	8		8,013		2,411
			8,081		2,574
Current assets					
Trade and other receivables	9	38,688		34,556	
Cash and cash equivalents	10	48,824		29,248	
		87,512		63,804	
Current liabilities					
Trade and other payables	11	(30,207)		(39,112)	
Employee benefit payable	12	(656)		(490)	
		(30,863)		(39,602)	
Net current assets			56,649		24,202
Non-current assets plus net current assets			64,730		26,776
Provisions	14		(713)		(577)
Total assets less liabilities			64,017		26,199
Capital and reserves					
Public dividend capital	15		350		350
General reserve	16		63,630		25,849
Revaluation reserve	17		37		—
Total capital and reserves			64,017		26,199

The Notes to the accounts on pages 88 to 102 form an integral part of these accounts.



Simon Tse
Chief Executive and
Accounting Officer
7 July 2021

Statement of changes in taxpayers' equity at 31 March 2021

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

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

The Notes to the accounts on pages 88 to 102 form an integral part of these accounts.

Statement of cash flows for the year ended 31 March 2021

	Note	2020/21 £000	2019/20 £000
Net cash inflow from operating activities	18	54,720	17,634
Cash flows from investing activities			
Finance income	7	175	
Purchases of property plant and equipment	-	(57)	
Purchases of intangible assets	(348)	(161)	
Assets under construction	(5,828)	(1,077)	
Net cash outflow from investing activities		(6,169)	(1,120)
Net cash inflow before financing		48,551	16,514
Cash flows from financing activities			
Dividend paid	(28,975)	(6,158)	
Net cash outflow from financing activities		(28,975)	(6,158)
Net increase in cash and cash equivalents		<u>19,576</u>	<u>10,356</u>
Cash and cash equivalents 1 April		<u>29,248</u>	<u>18,892</u>
Cash and cash equivalents 31 March		<u>48,824</u>	<u>29,248</u>

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

The Notes to the accounts on pages 88 to 102 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 2021 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 2022. We have carried out an initial assessment of the new standard on leases to which CCS is a party, and have concluded that the only significant leases are those relating to the use of property. CCS currently has leases in place for office space in Liverpool, London, Newport, Birmingham and Norwich over varying lease terms. We expect that this will require the recognition of right to use assets and related liabilities for future lease payment commitments 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 2022, we will recognise right to use assets and related liabilities of approximately £4.2 million.
- IFRS 17 - Insurance Contracts
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard was issued in May 2017 and is expected to apply to annual reporting periods beginning on or after 1 January 2023. IFRS 17 does not currently apply within the FReM.

1.2 Income and segmental reporting

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

The applicable segments are as follows:

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

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

2. Other operating segments
 - a) Managed services – income is recognised through invoices billed directly to customers for services received. Any 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) 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.

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

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

1.3 Property, plant and equipment

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

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 Government Property Agency (GPA).

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

1.4 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 and can be reliably measured. Economic benefits are assessed with reference to revenue generation and/or clear cost savings.

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

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

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

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

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

1.5 Early retirement

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

Notes to the accounts continued

1.6 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.

1.7 Financial instruments, cash and cash equivalents

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

1.8 VAT

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

1.9 Significant judgements and critical accounting estimates

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

Total staff costs

An estimate has been calculated for the CCS pay award and bonus relating to the reporting year. The calculation used has been based on the outline proposal within the business case submitted to HM Treasury.

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, the calculation reflects CCS's historic loss average and a prudent, aged profiled approach.

1.10 Prior Period Restatement

CCS provides a service on behalf of the Cabinet Office to build and run a Contracts Finder database. During the year, management concluded that in line with IFRS 15, CCS was acting as an agent not a principal in providing that service. As a result, transactions relating to this service provision should not be included within the SOCI and should only be recognised within the SOFP. A restatement of applicable prior year Financial Statements and accompanying notes has been made as follows:

- Operating Income – a reduction of £1,624,000
- Staff Costs - a reduction of £40,000
- Other Operating Costs – a reduction of £1,584,000

These adjustments have resulted in a net nil impact to the net surplus for the prior year.

The SOCI and notes 2, 3, 4, 5.2 and the five year summary have been restated accordingly.

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

CCS has supported the Department of Health and Social Care, Home Office, Foreign Commonwealth and Development Office and The Ministry of Housing Communities and Local Government 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. In addition, the in year surplus achieved has been significantly impacted by the overall effect of the COVID-19 pandemic, resulting in up to £2.2 billion of increased customer spend through CCS Commercial Agreements. It should also be noted some commercial agreements have been adversely impacted.

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. The directors have assessed that the potential impact of the Department review and Procurement reform support CCS's ability to operate as a going concern. Future financial plans and forecasts have been subject to sensitivity analysis on which the directors have based the going concern assessment. The assumptions made in this assessment are reasonable and appropriate in the context of the FReM and accordingly the financial statements have been prepared on the basis that CCS is a going concern.

2.1 Segmental analysis

2020/21

31 March 2021

Statement of Comprehensive Income

(SOCl)

	Commercial Agreements	Other Operating Segments	TOTAL
	£000	£000	£000
Gross income from external sales	141,857	291	142,148
Commission shares	(10,060)	-	(10,060)
Net income from external sales in SOCl	131,797	291	132,088
Other operating income	-	701	701
Total income	131,797	992	132,789
Operating costs	(76,377)	(571)	(76,948)
Surplus before other operating costs	55,420	421	55,841
Other operating costs	(3,558)	(2)	(3,560)
Operating surplus	51,862	419	52,281

Statement of financial position

Non-current assets	8,081	-	8,081
Current assets	87,438	74	87,512
Total assets	95,519	74	95,593

2019/20

31 March 2020

Statement of Comprehensive Income

(SOCl)

	Commercial Agreements	Restated Other Operating Segments	Restated 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 SOCl	91,633	300	91,933
Other operating income	-	1,336	1,336
Total income	91,633	1,636	93,269
Operating costs	(66,779)	(4,988)	(71,767)
Surplus / (deficit) before other operating costs	24,854	(3,352)	21,502
Other operating costs	(6,152)	(15)	(6,167)
Operating surplus / (deficit)	18,702	(3,367)	15,335

Statement of financial position

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

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

Notes to the accounts continued

2.2 IFRS 15 contract assets and liabilities

Contract balances relating to the reporting segments disclosed opposite are as follows.

	31 March 2021 Commercial Agreements	31 March 2021 Other Services	31 March 2021 Other NHS FOM	31 March 2021 Other Services Total	31 March 2021 Overall Total
	£000	£000	£000	£000	£000
Contract assets					
Trade receivables	13,604	-	69	69	13,673
Accrued income	22,014	406	65	471	22,485
	<u>35,618</u>	<u>406</u>	<u>134</u>	<u>540</u>	<u>36,158</u>
Contract liabilities					
Accrued MoU	4,337	-	-	-	4,337
Workforce Health Alliance payable	1,963	-	-	-	1,963
Deferred income - Other	337	-	-	-	337
	<u>6,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,637</u>

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

	2020/21	Restated 2019/20
	£000	£000
NHS FOM funding	611	769
EU transition support	90	161
Digital solutions funding	-	363
GCF CaSIE MI tool funding	-	43
TOTAL	<u>701</u>	<u>1,336</u>

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

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

Cabinet Office had provided CCS with income for a number of digital solutions to accelerate growth through online portals in strategic category commercial vehicles/frameworks. This funding ended in the prior year when the work was completed.

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. Further work will continue next year.

Please refer to note 1.10 for further information on restated amounts.

4 Total staff costs

	2020/21	Restated 2019/20
	£000	£000
Wages and salaries	28,437	24,803
Bonus	335	333
Social security	2,973	2,618
Superannuation (Note 1)	7,101	6,315
Apprenticeship levy	117	108
GCO staff costs (Note 2)	14,308	9,434
Agency and contract staff costs	5,357	6,144
TOTAL	<u>58,628</u>	<u>49,755</u>

Note 1: Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme (PCSPS) and "alpha" defined benefits schemes. Further details about the pension benefits can be found on page 61

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

Note 3: Further details are provided in the remuneration and staff report on page 58

Notes to the accounts continued

5 Operating costs

5.1 Other expenditure

Charges include:

	2020/21	2019/20
	£000	£000
Auditor's remuneration	65	63
Charges for operating leases	3,506	3,220
Travel and subsistence	36	2,281
Accommodation and utilities	675	226
Marketing	364	1,086
Training	635	662
Whitehall asset disposal write down	-	3,920
Legal fees	851	842
Technology and telephony	8,397	7,213
Recruitment	706	728
Consultancy	1,007	1,135
Dual workplace costs	(46)	(3,146)
Other operating and external charges	<u>1,742</u>	<u>2,813</u>
TOTAL	<u>17,938</u>	<u>21,043</u>

The Comptroller and Auditor General is the auditor of CCS's accounts. The charge for the year is £65,000 (2019/20: £63,000). 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 in the prior year.

5.2 Other operating costs

	2020/21	Restated 2019/20
	£000	£000
DDS Digital and Technology Portfolio	1,471	2,948
CCS Change Programme	2,087	3,204
NHS FOM	2	15
EU transition support	-	-
TOTAL	<u>3,560</u>	<u>6,167</u>

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

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

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

6 Finance income

	2020/21	2019/20
	£000	£000
Bank and short term investment interest	-	170
TOTAL	<u>-</u>	<u>170</u>

7 Property, plant and equipment

2020/21	31 March 2021 Computer equipment £000	31 March 2021 Fixtures and fittings £000	31 March 2021 Whitehall Systems £000	31 March 2021 Asset under construction £000	31 March 2021 TOTAL £000
Cost					
At beginning of period	3,358	727	-	-	4,085
Additions in period	-	-	-	11	11
Disposals in period	(3,196)	-	-	-	(3,196)
At end of period	162	727	-	11	900
Depreciation					
At beginning of period	3,308	614	-	-	3,922
Amount provided in period charged to SOCI	27	76	-	-	103
Disposals in period	(3,193)	-	-	-	(3,193)
At end of period	142	690	-	-	832
Net book value at March 2021	20	37	-	11	68
Net book value at March 2020	50	113	-	-	163

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
Cost					
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)
At end of period	3,358	727	-	-	4,085
Depreciation					
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)
At end of period	3,308	614	-	-	3,922
Net book value at March 2020	50	113	-	-	163
Net book value at March 2019	538	189	3,920	-	4,647

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

Notes to the accounts continued

8 Intangible assets

2020/21

Cost

	31 March 2021 Software licences £000	31 March 2021 Asset under construction £000	31 March 2021 TOTAL £000
At beginning of period	1,852	1,077	2,929
Additions in period	348	5,818	6,166
Asset under construction transfer	42	(42)	-
Revaluation	53	-	53
Disposals in period	(548)	-	(548)
At end of period	<u>1,747</u>	<u>6,853</u>	<u>8,600</u>

Amortisation

At beginning of period	518	-	518
Amount provided in period	279	-	279
Revaluation	16	-	16
Disposals in period	(226)	-	(226)
At end of period	<u>587</u>	<u>-</u>	<u>587</u>

Net book value at March 2021

1,160 6,853 8,013

Net book value at March 2020

1,334 1,077 2,411

2019/20

Cost

	31 March 2020 Software licences £000	31 March 2020 Asset under construction £000	31 March 2020 TOTAL £000
At beginning of period	1,004	687	1,691
Additions in period	161	1,077	1,238
Asset under construction transfer	687	(687)	-
At end of period	<u>1,852</u>	<u>1,077</u>	<u>2,929</u>

Amortisation

At beginning of period	170	-	170
Amount provided in period	348	-	348
At end of period	<u>518</u>	<u>-</u>	<u>518</u>

Net book value at March 2020

1,334 1,077 2,411

Net book value at March 2019

834 687 1,521

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

9 Trade and other receivables

	31 March 2021	31 March 2020
	£000	£000
Current receivables		
Trade receivables	14,084	18,772
Less: bad and doubtful receivables impairment assessment	(338)	(1,310)
Net trade receivables	13,746	17,462
Other receivables	42	67
Prepayments and accrued income	24,900	17,027
Total current receivables	<u>38,688</u>	<u>34,556</u>

	31 March 2021	31 March 2020
	£000	£000
Aged debt analysis		
Within credit terms	11,269	11,633
Past due date but not impaired:		
1-30 days	1,711	1,847
31-60 days	321	752
61-90 days	204	1,108
Over 90 days	241	2,122
Total receivables	<u>13,746</u>	<u>17,462</u>

	31 March 2021	31 March 2020
	£000	£000
Bad and doubtful receivables impairment analysis		
Assessment at the beginning of the year	1,310	52
Decrease in the assessment for the year	(972)	(52)
Increase in the assessment for the year	—	1,310
Assessment at the end of the year	<u>338</u>	<u>1,310</u>

10 Cash and cash equivalents

	31 March 2021	31 March 2020
	£000	£000
Government Banking Service and cash in hand	48,824	29,248
TOTAL	<u>48,824</u>	<u>29,248</u>

Notes to the accounts continued

11 Trade and other payables

	31 March 2021	31 March 2020
	£000	£000
Current payables		
VAT	4,640	2,361
Other taxation and social security costs	981	730
Trade payables	6,815	4,163
Other payables	792	645
Dividend	-	14,475
Accruals and deferred income	<u>16,979</u>	<u>16,738</u>
TOTAL	<u>30,207</u>	<u>39,112</u>

All of the dividends have been paid in the year.

12 Employee benefit payable

	31 March 2021	31 March 2020
	£000	£000
Balance at beginning of period	490	608
Increase / (decrease) in the period	166	(118)
Balance at end of the period	<u>656</u>	<u>490</u>

Employee benefits represent accrued untaken leave. The increase in the period is reflected within total wages and salaries (Notes 1.9 and 4).

13 Lease obligations

	31 March 2021	31 March 2020
	Land and buildings	Land and buildings
	£000	£000
Operating lease rentals due within:		
One year	963	1,555
Two to five years	2,440	1,150
Over five years	<u>1,029</u>	<u>1,123</u>
TOTAL	<u>4,432</u>	<u>3,828</u>

14 Provisions

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

	31 March 2021	31 March 2020
	£000	£000
Balance at beginning of period	577	-
Increase in the period	<u>136</u>	<u>577</u>
Balance at end of period	<u>713</u>	<u>577</u>

15 Public dividend capital

	31 March 2021	31 March 2020
	£000	£000
Issued pursuant to Government Trading Funds Act 1973	100	100
Issued upon acquisition of Fuel Branch 1 July 1995	<u>250</u>	<u>250</u>
Balance at end of period	<u>350</u>	<u>350</u>

16 General reserve

	31 March 2021	31 March 2020
	£000	£000
Balance at beginning of period	25,849	24,819
Retained surplus for the period	<u>37,781</u>	<u>1,030</u>
Balance at end of period	<u>63,630</u>	<u>25,849</u>

17 Revaluation reserve

	31 March 2021	31 March 2020
	£000	£000
Balance at beginning of period	-	-
Increase in the period	<u>37</u>	<u>-</u>
Balance at end of period	<u>37</u>	<u>-</u>

Notes to the accounts continued

18 Notes to the statement of cash flows

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

	Note	2020/21 £000	2019/20 £000
Operating surplus		52,281	15,335
Increase in provisions	14	136	577
Depreciation charges	7	103	621
Amortisation of intangible assets	8	279	348
Asset disposal loss	7/8	325	-
Whitehall writedown	7	-	3,920
(Increase) in receivables	9	(4,140)	(6,142)
Increase in payables and employee benefit	11/12	5,736	2,975
Net cash inflow from operating activities		<u>54,720</u>	<u>17,634</u>

Note (ii): Analysis of changes in net funds

	2020/21 £000	2019/20 £000
Net funds at 1 April	29,248	18,892
Net funds increase	19,576	10,356
Net funds at 31 March	<u>48,824</u>	<u>29,248</u>

19 Capital commitments

Capital commitments contracted for at 31 March 2021 were £2.6 million (31 March 2020: £2.1 million).

20 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 two year rolling average ROCE achieved is 88% (2019/20: one year rolling average ROCE achieved was 60%).

21 Related party transactions

In accordance with IAS 24 Related Party Disclosures, as interpreted by the FReM, the following information is provided on related party transactions. CCS is an Executive Agency within the Cabinet Office. Cabinet Office is regarded as a related party.

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

During 2020/21, CCS had various material transactions with most government departments and other central government bodies, devolved administrations, the NHS and many local authorities.

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

P Coombs is Director of Finance, Planning and Performance for CCS and a member of the Audit and Risk Committee for the Intellectual Property Office (IPO) for part of the year. CCS was a sub-tenant of the IPO office MOTO and paid the IPO rent and service charges during the year, but P Coombs was not involved in these transactions.

S Maizey is a Non-Executive Director for both CCS and NHS BSA. During 2020/21, NHS BSA procured goods and services through CCS frameworks. NHS BSA are part of DHSC. S Maizey was not involved in these transactions.

D Wakefield is a Non-Executive Director of CCS and is the Chair of the University Hospitals of North Midlands NHS Trust. During 2020/21, the Trust procured goods and services through CCS frameworks. D Wakefield was not involved in these transactions.

Compensation due to key management personnel in year has been disclosed in the Remuneration report (page 58).

22 Financial instruments

CCS has powers to borrow funds.

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

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

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

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

Liquidity risk management activities include:

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

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

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

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

Notes to the accounts continued

Financial assets

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed years	Non-interest bearing weighted average term until maturity
31 March 2021							
Trade receivables	13,746	-	-	13,746	-	-	-
Accrued income	24,900	-	-	24,900	-	-	-
Cash and cash equivalents	48,824	-	48,824	-	-	-	-
Gross financial assets	87,470	-	48,824	38,646	-	-	-
31 March 2020							
Trade receivables	17,462	-	-	17,462	-	-	-
Accrued income	17,027	-	-	17,027	-	-	-
Cash and cash equivalents	29,248	-	29,248	-	0.61	1.10	-
Gross financial assets	63,737	-	29,248	34,489	-	-	-

Financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed years	Non-interest bearing weighted average term until maturity
31 March 2021							
Trade payables	6,815	-	-	6,815	-	-	-
Accruals and other payables	17,183	-	-	17,183	-	-	-
Gross financial liabilities	23,998	-	-	23,998	-	-	-
31 March 2020							
Trade payables	4,163	-	-	4,163	-	-	-
Accruals and other payables	14,840	-	-	14,840	-	-	-
Gross financial liabilities	19,003	-	-	19,003	-	-	-

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

23 Contingent liabilities

There were no contingent liabilities.

24 Events after the reporting period

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



Treasury minute dated July 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.** OGcbuying.solutions Trading Fund was established as the Buying Agency Trading Fund with effect from 1 April 1991. The name of the Buying Agency Trading Fund was amended to OGcbuying.solutions Trading Fund with effect from 3 April 2001 by the OGcbuying.solutions Trading Fund Order 1991 (S.I. 2001. No 922). The Buying Agency Trading Fund (Amendment) Order 2009 (S.I. 2009/647) then changed OGcbuying.solutions Trading Fund to the Buying Solutions Trading Fund from 6 April 2009, which was subsequently changed to the Government Procurement Service Trading Fund by the Buying Agency Trading Fund (Amendment) Order 2011 (S.I. 2011/2208) from 1 October 2011. The Government Procurement Service Trading Fund has since changed to the Crown Commercial Service Trading Fund by the Buying Agency Trading Fund (Amendment) Order 2014 (S.I. 2014/561) from 1 April 2014.
- 3.** The Minister for the Cabinet Office, being the responsible Minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by Crown Commercial Service Trading Fund for the 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 2016 to 31 March 2021

	Year 2020/21	Restated Year 2019/20	Year 2018/19	Year 2017/18	Year 2016/17
	£000	£000	£000	£000	£000
Statement of financial position					
Non-current assets	8,081	2,574	6,168	4,204	2,043
Total current assets less liabilities	56,649	24,202	19,001	6,166	18,434
Provision for liabilities and charges	(713)	(577)	-	-	(7)
Assets employed	<u>64,017</u>	<u>26,199</u>	<u>25,169</u>	<u>10,370</u>	<u>20,470</u>
Financed by					
Public dividend capital	350	350	350	350	350
General reserve	63,630	25,849	24,819	10,020	20,120
Revaluation reserve	37	-	-	-	-
	<u>64,017</u>	<u>26,199</u>	<u>25,169</u>	<u>10,370</u>	<u>20,470</u>
Statement of Comprehensive Income					
Income	<u>132,789</u>	<u>93,269</u>	<u>91,762</u>	<u>74,961</u>	<u>73,355</u>
Operating costs	(76,948)	(71,767)	(64,172)	(80,508)	(71,579)
Surplus / (deficit) before other operating costs	55,841	21,502	27,590	(5,547)	1,776
Other operating costs	(3,560)	(6,167)	(6,774)	(2,611)	(8,230)
Operating surplus / (deficit)	52,281	15,335	20,816	(8,158)	(6,454)
Finance income	-	170	141	58	57
Surplus / (deficit) for the year	52,281	15,505	20,957	(8,100)	(6,397)
Dividend payable to the Cabinet Office	(14,500)	(14,475)	(6,158)	(2,000)	(2,000)
Retained surplus / (deficit)	<u>37,781</u>	<u>1,030</u>	<u>14,799</u>	<u>(10,100)</u>	<u>(8,397)</u>
Other comprehensive income	37	-	-	-	-
Comprehensive income/(expenditure)	<u>37,818</u>	<u>1,030</u>	<u>14,799</u>	<u>(10,100)</u>	<u>(8,397)</u>

