



Crown
Commercial
Service

Annual Report and Accounts 2023/24

HC170

Crown Commercial Service Annual Report and Accounts 2023/24

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HC170



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Welcome

to the **Crown Commercial Service** Annual Report and Accounts 2023/24

In 2023/24 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.

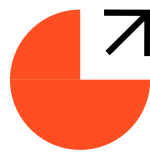
Performance highlights across the year



£30.3 billion of public sector spend was channelled through our commercial agreements



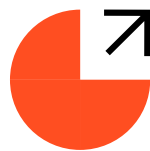
Our Net Promoter Scores for customer satisfaction over the year were:
+67 for Customer Service
+69 for Assisted Procurement



Customers who have used our agreements have **achieved commercial benefits equivalent to £4.9 billion**



We helped customers with procurements worth a **total annual contract value of over £2.7 billion**



In line with government policy on prompt payment **we paid 99.0% of undisputed supplier invoices within five days** and 100% of undisputed payments due within 30 days

October 2023

We provided **£700,000 of funding** for a new Sustainability Sector Support Programme, in partnership with the Local Government Association, to assist councils in reaching their local carbon reduction and adaptation targets.

April 2023

CCS's Customer Service Centre is named a finalist in the 'Small Contact Centre of the Year' category at the UK National Contact Centre Awards (UKNCCA) — the UK's largest awards programme for call centre excellence. The centre later earned a 'Highly Commended' award, highlighting its exceptional talent, innovation and service delivery.

May 2023

We launch our new Demand Management and Renewables agreement, designed to accelerate the UK's net zero goals by helping improve public sector energy consumption and efficiency.

June 2023

Colin Morrow, our Director of Procurement Operations, is awarded an OBE in the King's Birthday Honours list for his commitment to public service.

January 2024

We announce our new strategic energy partnership with NHS England, to centralise energy purchasing and save the NHS millions of pounds on gas and electricity.



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

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

Purpose

Our purpose is to help the UK public sector to better extract value from its commercial and procurement activity.

Ambition

Our ambition is to increase the value the public sector gains from working with CCS year on year.

Vision

Our vision is to be a world class provider of commercial and procurement products and services for the public sector. CCS will be customer focused, trusted and admired by buyers and suppliers for our expertise and the quality of our offering.

Glossary

ALB	Arm's length body, an organisation that delivers a public service, is not a ministerial government department, and which operates to a greater or lesser extent at a distance from ministers	FReM	The government Financial Reporting Manual, which is the technical accounting guide for the preparation of financial statements
CNZ	Carbon 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	FTEs	Full time equivalent, the hours worked by one employee on a full-time basis
CCS	Crown Commercial Service	GDPR	General Data Protection Regulation
CETV	Cash Equivalent Transfer Value	GCC	Greening Government Commitments
CFBC	Counter Fraud, Bribery and Corruption	GCF	Government Commercial Function
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	GCO	Government Commercial Organisation
CG	Central government, the ministerial departments	GIAA	Government Internal Audit Agency
CO	Cabinet Office	GHG	Greenhouse gas
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	GPA	Government Property Agency
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	KPI	Key Performance Indicator
FM	Facilities management	ICT	Information and Communication Technology
		ISO 14001	An internationally agreed standard that sets out the requirements for an environmental management system
		LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer 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	<u>Modern Slavery Assessment Tool</u>
		NAO	National Audit Office
		NHS BSA	NHS Business Services Authority
		NHS FOM	NHS Future Operating Model, the programme to enhance procurement efficiency and effectiveness across the NHS
		NPS	Net Promoter Score, a measure of customer satisfaction
		P&L	Profit and loss
		PBOs	Public buying organisations that put in place and manage contracts and frameworks for commonly purchased goods and services which can be accessed by most UK public sector organisations
		PCSPS	Principal Civil Service Pension Scheme
		PES	Public Expenditure System
		PSCA	Public Sector Cooperation Agreement
		ROCE	Return on Capital Employed

SCS	Senior Civil Service	tCO₂e	Greenhouse gas emissions are referred to as tonnes of Carbon Dioxide equivalent. This is to ensure simplicity in reporting and consistency, and encapsulate a number of different gases such as Carbon Dioxide, Methane and Nitrous Oxides
SIAM	Service Integration and Management	TOM	Target Operating Model
Smarter Working	<u>Smarter working</u> empowers civil servants to make the right decisions about where, when and how they work; optimising the use of workplaces and technology, and realising savings for the taxpayer. It improves productivity through a focus on outputs and enables a better work life balance for all	VCSE	Voluntary Community and Social Enterprise
SMEs	Small and medium-sized enterprises (business of less than 250 employees)	WPS	Wider public sector, including local government, health and education, and third sector (charities)
SOCI	Statement of comprehensive income		
Social value	Social value legislation requires buyers of public sector services to consider whether there are related social, economic or environmental benefits that can be delivered through the contract, for example, creating more apprenticeships or reducing carbon emissions		
SOFP	Statement of financial position		
Spend types	<p>Direct spend represents spend where the commercial agreement/framework used for call off is owned and managed by CCS. This includes agreements originally let by other organisations and then transferred to CCS.</p> <p>Transacted spend represents spend via an agreement that is placed and owned by another organisation but for which CCS has offered significant buying advice or support or spend where the CCS influence is focused on enabling a route to market for customers, who are then buying a secondary product e.g. purchasing cards.</p> <p>Public Sector Commercial Agreement spend are Memorandums of Understanding with suppliers that set a maximum charge for goods or services that the supplier agrees to adhere to within/across the public sector</p>		
SRO	Senior Responsible Owner, the individual responsible for ensuring that a programme or project meets its objectives		
SSRB	Senior Salaries Review Body		



Performance report

Overview

Chair's statement



Peter George
Chair

I am delighted to write the foreword for this year's Annual Report and Accounts for Crown Commercial Service. I was appointed in November 2023 and the first few months of my tenure have been a great experience and rapid learning curve. My thanks must go to Tony van Kralingen, who chaired the CCS Board for eight years before he stepped down. Under Tony's guidance and leadership, CCS has flourished as an organisation.

2023/24 has seen continued success for CCS in delivering even more commercial benefits for our customers. Throughout this year CCS has focused on implementing a new data strategy and using data and insights to tell us where the organisation can add most value for customers.

With over 19,000 customers across the public sector, CCS cannot, and shouldn't try to, be everything to everyone with commercial agreements to meet every single customer need. Our core purpose is putting customers first and we will continue to do this by strengthening our value offering. We will implement procurement policy to offer customers commercial solutions that are compliant with regulations (old and new), and that drive efficiency through aggregating the spending power of the public sector.

The year ahead will be a momentous one for CCS, with lots of changes. As we say goodbye to our CEO Simon Tse CBE, we will also have a new Director of Finance, Planning and Performance as well as the appointment of a new Government Chief Commercial Officer and a new Cabinet Office Permanent Secretary. This significant amount of senior leadership change also comes against a backdrop of the new Public Procurement Regulations. The Executive Board and my Non-Executive colleagues will play an important role in steadying the ship and providing a consistent direction to allow the organisation to focus on how we enable value for our customers.

My sincerest thanks must go to Paul Coombs, our Director of Finance, Planning and Performance who retired in March and provided significant financial stewardship to the organisation for eight and a half years. And of course, my gratitude to Simon for his contributions to CCS and the journey he has taken the organisation on in his six years at the helm. He has positioned CCS as a professional and capable organisation and one that can capitalise on all the opportunities for future success.

My role as Chair is to enable CCS to take advantage of these opportunities while remaining focussed on the core purpose of the organisation. I believe wholeheartedly in the potential of the organisation and I am looking forward to the journey ahead. Our vision is to become a world class and leading procurement organisation and I intend to drive us to meet this goal over the next few years.

I also look forward to welcoming our new CEO, Sam Ulyatt, to CCS and working with her to deliver a world class service.

Chief Executive's introduction



Simon Tse CBE
Chief Executive

The Annual Report and Accounts gives me an opportunity to reflect on all that CCS has achieved over the past year. Signing off the accounts for 2023/24 and laying the report in Parliament will be one of my final acts as Chief Executive before I hand over to Sam Ulyatt to begin her tenure as my successor. And so this year I am also reflecting on the past six years as my time as Chief Executive comes to an end.

2023/24 has seen a focus for CCS on how best we can offer excellent value for our customers. We currently quantify this through commercial benefits - these are not savings but are a measure of how our commercial solutions perform on average, against the market. This year our customers have seen just shy of £5 billion in commercial benefits - this is a significant increase from last year and one that I am proud to announce.

The value that we can offer customers is not just about commercial benefits. As well as giving customers access to compliant commercial solutions that support their policy priorities, we add value through empowering them to achieve the social value goals that are most important to their organisations and through sharing of commercial intelligence and insight to help make their buying decisions easier. Gaining a deeper understanding of our customers and their needs, and how we can try to meet those needs remains of vital importance to CCS. We will continue to use these insights and our knowledge and expertise to help as many customers as possible whilst targeting our efforts where we can help the most. In taking this approach, we can better meet the needs of our customers in particular sectors, such as local government and health, while really driving the value that we can enable for the whole public sector.

2023/24 has seen many achievements for CCS and I hope that by looking through our Annual Report and Accounts you will see those for yourself. There are a few key ones I want to highlight:

- we have invested in commercial capability across the public sector in Atamis as a common procurement platform in the NHS. This is reaping improvements in ways of working and driving efficiencies. We have also provided further funding on commercial capability and learning and development opportunities in the NHS and local government
- we have robust plans in place to exploit the opportunities of the new Procurement Act. We will continue our work to ensure that our customers and suppliers can take significant comfort from our compliance with the regulations both old and new
- we have created our Data Insights Directorate and begun to implement our new Data Strategy. Not only is this helping us to better understand what services our customers need - it is telling us how they want to access our products in the way that is right for them

- we published our updated SME Action Plan, and for the first time published a VCSE Action Plan. The actions we have committed to in these plans will ensure that our customers have access to the suppliers that can meet their needs and ensuring that our agreements are enabling the widest possible supply chain
- we have achieved industry recognition again this year, with successes at the edie Awards for our sustainability work, an EY Foundation Impact Award for our Social Mobility Outreach Pilot with the Government Commercial Function, and a highly commended for our Customer Service Centre at the UK National Contact Centre Awards (UKNCCA)
- two colleagues were awarded Honours with an OBE for Colin Morrow, Director of Procurement Operations in the King's Birthday Honours for services to public sector procurement and an OBE for David Whimpenny's work with the National Memorial Arboretum and the Royal British Legion
- our colleagues are committed to ensuring that CCS is a great place to work, and this is demonstrated by securing 20th place in the Inclusive Companies Awards Top 50 in 2023, a huge 29 place improvement on our entry in 2022

The last 12 months also highlighted where we should - and will - continue to focus our efforts to give our best for our customers. I attended the Public Accounts Committee (PAC) alongside Sir Gareth Rhys Williams and Sir Alex Chisholm, following the NAO's report on Competition in Public Procurement. Both the NAO and the PAC recognise that there is room for improvement but also acknowledge the good work that the Commercial Function and CCS does. The NAO has also been examining Efficiency in Government Procurement of Common Goods and Services and in particular, CCS's role in driving efficiencies.

Our People Survey results were disappointing but I know that we have received honest feedback from colleagues across the organisation who have told us loud and clear that we often try to do too much. This has been felt particularly keenly this year because of the context of the headcount reductions we have made to meet the targets set by the Cabinet Office.

Everyday at CCS, I am impressed by our colleagues' willingness to do more, to do better and to push further. It has become clear that we need to get better at prioritising how we manage change to give our customers the best service and experience possible. This will be a priority for the coming year and our new Data Strategy and the work we are doing to improve how we measure our customers' satisfaction will play a pivotal role in helping us to achieve this.

We have seen changes in significant people this year, having welcomed Peter George as Chair of CCS in November 2023. I must thank Tony van Kralingen for his eight years of service as Chair prior to handing over the baton to Peter. Tony's chairmanship was invaluable to me as Chief Executive, as is the continued advice, support and challenge of all our Non-Executive Directors. Sir Gareth Rhys Williams has been a Non-Executive Director and Sponsor for CCS since 2017 and has recently stepped down as Government Chief Commercial Officer. I'd like to thank Gareth for his contributions to the Board as a Non-Executive, as the head of the Commercial Function and representing the Cabinet Office as their sponsor of CCS.

Paul Coombs also stood down as Director of Finance, Planning and Performance at the end of the 2023/24 financial year. I would like to record my sincere thanks to Paul for his commitment and contributions over the past eight and a half years he has spent at CCS. Paul has been a valued colleague and friend to me throughout our working relationship and he leaves a well run organisation with a financially very strong balance sheet, thanks to his oversight. On behalf of all colleagues at CCS, the Non-Executive and Executive Boards and Audit and Risk Assurance Committee we thank Paul and wish him well in his next chapter. Sean Golding was appointed as the new interim Director of Finance, Planning and Performance from 1 April 2024.

The year ahead will be a significant one for CCS and for me personally. I will retire this summer after over eight years at CCS, six of which have been as CEO. It is wonderful to be able to finish my career at such a brilliant and successful organisation. This past year has been full of precious memories from finally being able to bring the whole organisation together in one place, particularly following such Covid-induced separation, to my trip to Windsor with my family for my investiture. CCS has gone from strength-to-strength over the past few years and I know my colleagues will continue to embrace the changes and opportunities that are coming this year and beyond. Since I was formally appointed in December 2018:

- commercial benefits have grown from £0.95 billion to £5 billion
- business has grown from £15.7 billion of aggregated spend through our commercial agreements to £37.1 billion
- Customer Service NPS scores have increased from +48 to +67
- the value of Assisted Procurement for customers has increased from £946 million to £2.7 billion
- income has grown from £92 million to £205 million (prior to deduction for the customer payment initiative, see note 2 on page 88). As our existing customers are aware, CCS is exploring ways to ensure that we only collect the funds required for our efficient operations
- whilst our costs have grown from £64 million to £106 million - they have grown at a much lower rate than our income, commercial benefits and spend
- our people resources (capability and capacity) has been extended to meet growing business demand but in doing so against the principle of achieving more with less to meet headcount constraints

I hope my legacy is that the reputation of our organisation has been significantly enhanced and that lasting relationships with key stakeholders across Whitehall, at the most senior levels, have been established and the organisation is widely acknowledged as a crucial driver of value and a key part of the Government Commercial Function. The way in which the organisation and our people were at the centre of the commercial response to Covid-19 and rose to the significant challenges of the pandemic, enhancing our reputation in the process, is testament to its strong leadership. It has been an absolute pleasure and honour to have been given the opportunity to lead Crown Commercial Service and I owe its success to so many people, staff, stakeholders, customers and suppliers. I look forward to seeing the business grow even further in its ambition to be a world leader in public sector procurement.

I wish Sam Ulyatt all the best in her new role as Chief Executive and look forward to watching her leadership of the organisation, albeit from afar as I enter a new personal chapter. To all my current and former colleagues from CCS and across the Civil Service, thank you for all the support you have offered to me and to all the effort and commitment you have given every day, to serving the needs of the public.



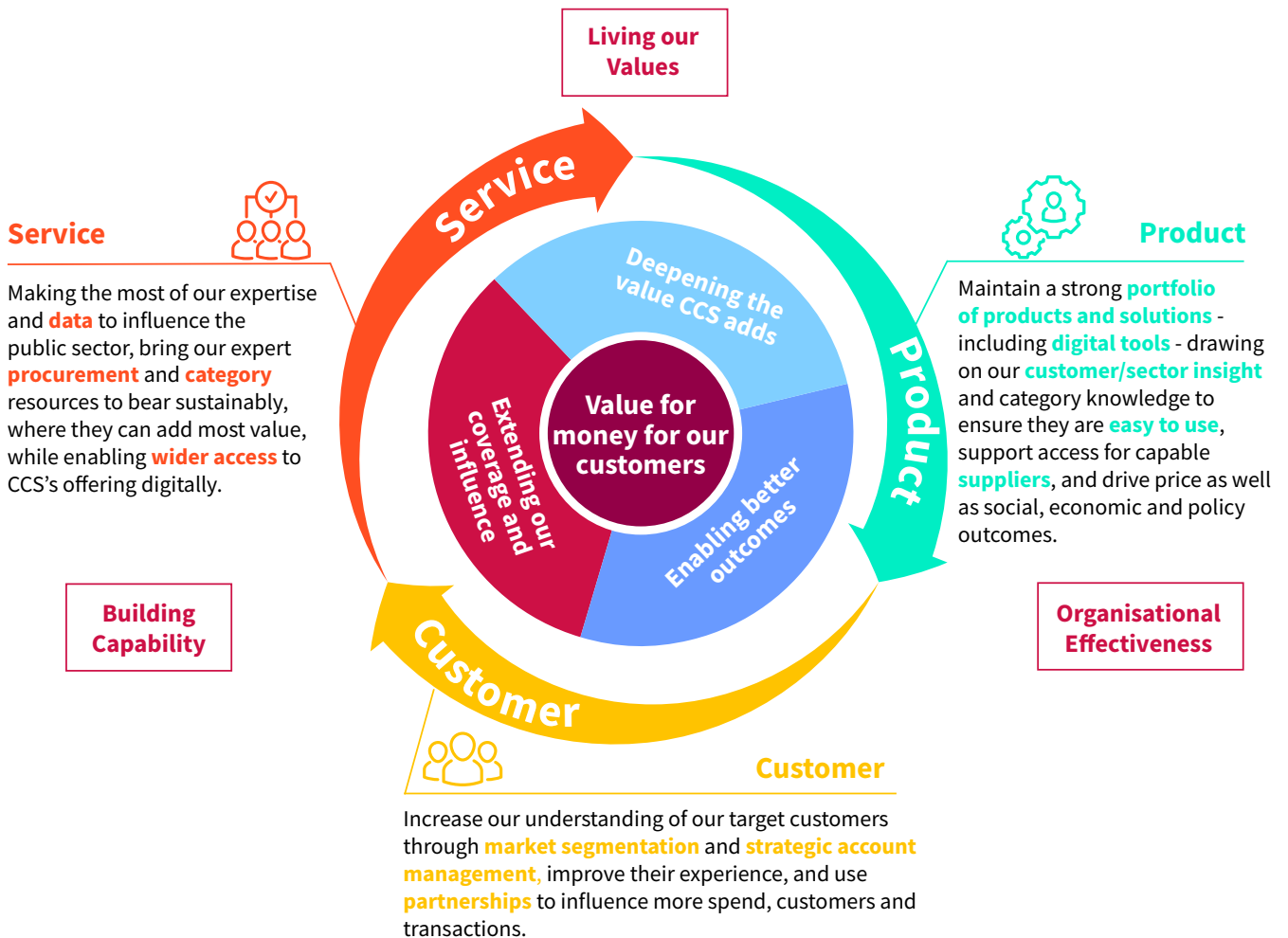
Simon Tse CBE
Chief Executive and
Accounting Officer
12 July 2024

Statement of purpose, scope and strategy

In 2023/24, CCS pursued three strategic priorities:

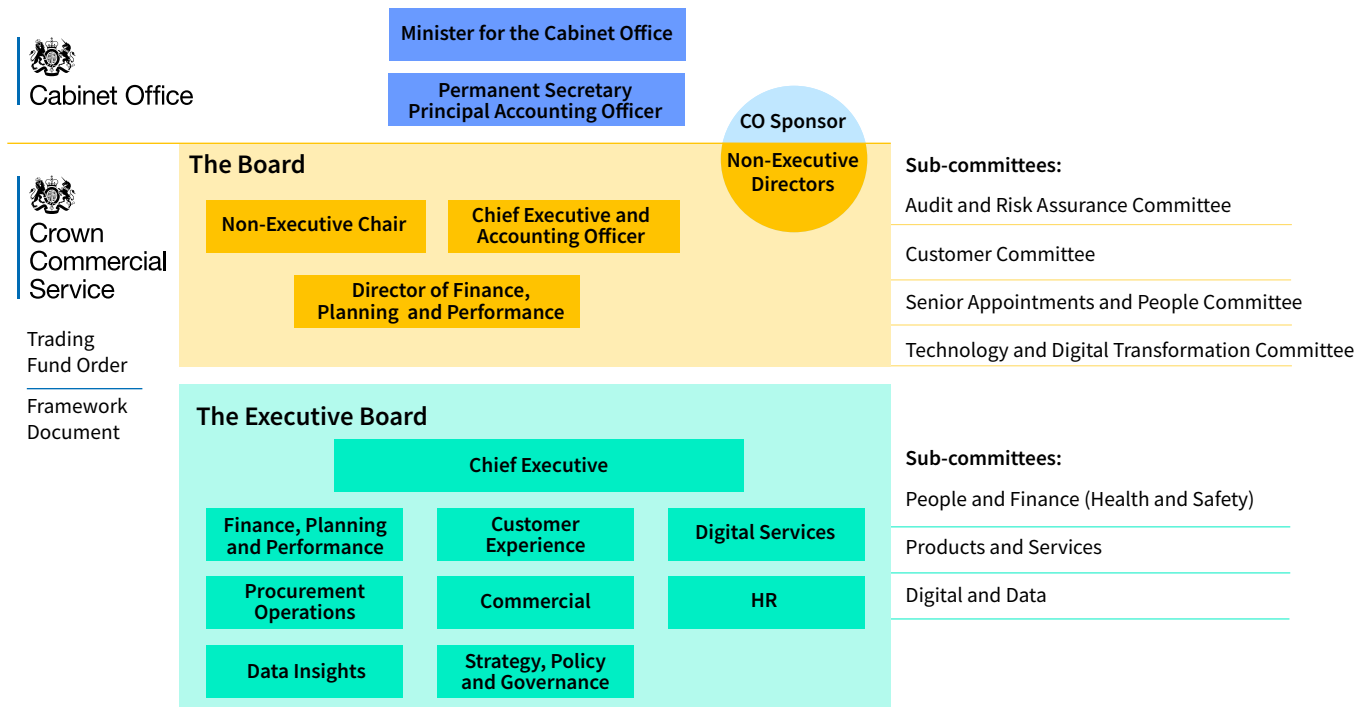
- extending our coverage and influence
- deepening the value CCS adds
- enabling better outcomes

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



Organisational structure

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



Performance overview

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

1. Extending our coverage and influence

We've continued to extend our coverage increasing the spend transacted through our agreements, both by attracting a higher number of organisations that use CCS agreements and by attracting an increased amount of spending that individual organisations transact through them. Over the course of the year we recorded just over £30 billion of direct spend (£25.3bn in 2022/23), £3.6 billion of public sector commercial agreement spend (£2.9bn in 2022/23) and £3.2 billion of transacted spend (£2.9bn in 2022/23) through our commercial agreements.

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

We have also strengthened our engagement and communications providing our customers with access to category strategies, commercial insight and procurement guidance to help them buy effectively from our categories and tackle key strategic challenges, such as Carbon Net Zero. We've made progress in extending the Assisted Procurement Service we provide for public sector buyers, running the call off procurement process through our agreements on their behalf while maintaining its quality. In line with our strategy we have increased the total Annual Contract Value of transactions supported by our Assisted Procurement Service to £2.7 billion in 2023/24, and deployed our specialist procurement teams to undertake more complex and higher value transactions. We have maintained our Net Promoter Scores for both Customer Service (+67) and Assisted Procurement Service (+69).

2. Deepening the value CCS adds

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

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

In 2023/24, CCS recorded commercial benefits of £4.2 billion from a comparison of the prices paid by organisations using CCS commercial agreements and market comparators. We also recorded just under £0.8 billion in change benefits where our work helped the public sector take a different approach and avoid costs.

3. Enabling better outcomes

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

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

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

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

Financial performance

We exceeded our financial targets in 2023/24. Total income was £169.7 million and expenditure was £106.0 million, delivering a surplus before other operating costs of £63.7 million (2022/23: £82.7m). Other operating costs of £9.9 million were also incurred relating to CCS Capability and Investment costs, Digital and Data Services and Procurement Capability. After interest and dividends, the retained deficit was £9.7million (2022/23: surplus of £45.4m). The in-year deficit achieved was the result of a planned £36 million reduction to the accumulated surplus through the first time implementation of the Customer Payment Initiative (see note 1.2.2c) whereby CCS will make payments back to qualifying customers in proportion to the amount of income their commercial agreement purchases have generated. Alongside this, CCS continues to expand the use of our commercial agreements with a focus on improving the value and commercial benefits arising to customers. We also continued to manage our cost base effectively with headcount in the organisation particularly closely managed following Cabinet Office direction.

The opening General Reserve of £177.5 million decreased to £167.9 million. Indexation of intangible assets resulted in an overall revaluation increase of £0.5 million. There was no change to Public Dividend Capital (£0.35m) meaning that the total of taxpayers' equity in CCS decreased from £178.0 million to £168.9 million. More information is contained within the notes to the accounts on pages 84 to 102.

The Dividend which the Cabinet Office receives from CCS was £71.0 million in 2023/24 (2022/23: £36.0m). The Dividend is used to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers.

In 2023/24 CCS achieved a Return on Capital Employed of 31.0% (2022/23: 50.6%) which was significantly above the 5% target as set out in the Treasury Minute.

The last six years of CCS's income and costs are shown on page 102.

We continue to increase commercial benefits and stimulate growth in customer spend through enhanced internal systems, digitised online access to our commercial agreements and focus on how we can add value through improved 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 2023/24 CCS paid 99.0% (2022/23: 98.9%) of undisputed supplier invoices within 5 days and 100% (2022/23 100%) of undisputed payments due within 30 days.

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

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

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

The Executive Board and its sub-committees review the Strategic Risk Register and the effectiveness of mitigations on a monthly basis. The main Board and its sub-committees also review the Strategic Risk Register with a focus on the effectiveness and impact of mitigating actions. The strategic risks are underpinned by a set of dynamic causes which are the focus of mitigating actions. These causes (typically more than 30 at any one time) change over the course of the year, impacting both the residual and inherent assessment scoring of risks. Additionally, there has been a wholesale review of risks and causes during quarter four. This means that the risk assessment levels are not directly comparable to the financial year 2022/23 closing assessment.

Operational risks are reviewed by the Risk Assurance Group and a summary report is provided to the Executive Board sub-committees on a monthly basis.

The Audit and Risk Assurance Committee provides scrutiny of the overall system of governance, risk management and control and the Committee Chair provides an annual update to the Cabinet Office Audit and Risk Committee.

The areas of strategic risk that had the potential for preventing the business from achieving its objectives in 2023/24 are set out in the following table. All of these risks are subject to continuous review.

Risk area	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
Customer	Deepen our relationships with customers and extend our presence and engagement within our market sectors, as defined by market segmentation	Implementation of market segmentation strategies underpinned by a Customer First approach via Delivery Authorities. Further embedding of Strategic Account Management. Continued development of the partnership arrangements with other professional buying organisations. Continued development of a more robust approach to capture customer feedback via the Customer Satisfaction Project. Development of richer data and customer insight to better support our customers achieve better value from their procurements.	Impact: significant Likelihood: possible
Product	Provide a clear and compelling set of products and solutions with easy access to a diverse range of suppliers that meet the needs of customers, deliver value, achieve policy outcomes and which sustain required levels of business growth	Product portfolio review with ongoing consolidation of products to better meet customer needs aligned to market segmentation strategies and customer sectors. Improved enterprise-wide governance of commercial agreement design via the establishment of a New Products Unit. Procurement Reform Programme established to ensure readiness of commercial agreements to meet the requirements of the new regime and customer expectations. Review, refinement and greater standardisation of commercial agreement customer guidance. Implementation of a more robust approach to supplier assurance including establishment of a new Supplier Management function.	Impact: moderate Likelihood: likely

Risk Topic	Risk 'Failure to'	Key mitigations applied	Impact of mitigations
Service	Deliver and maintain high quality products and services and demonstrate capability in delivering procurement solutions for customers, positioning CCS as the provider of choice for public sector procurement solutions and increasing awareness of those solutions in the CCS target market segments	Implementation of the Customer Satisfaction project to better understand the views and feedback from existing and prospective customers on our service provision. Insight from surveys on touchpoint (customer interactions with us), journey (user experience) and relationship being used to inform improvements of service delivery.	Impact: significant Likelihood: possible
People Capability	Develop and retain the required capability and to deploy resources flexibly across the organisation to meet priority business needs and to sustain continued business growth	Continued implementation of the Strategic Workforce Plan. Implementation of improved talent management programme and succession planning. Budget provision for contracting with service delivery partners established to address shortfalls in specialist capability and capacity more broadly. Establishment of a project delivery function to better manage the implementation of projects and programmes.	Impact: moderate Likelihood: possible
Technology and Digital Capability	Deliver technology and digital solutions aligned to the business strategy which meets the needs of our business and our customers (buyers and suppliers)	Digital strategy review resulting in the design of a more effective target operating model which aims to create the right balance of in-house expertise/leadership with operational excellence. Improved governance of digital project development along with the establishment of a digital analytics capability. Continuous improvement of information and cyber security.	Impact: significant Likelihood: possible
Organisational Effectiveness	Continuously improve organisational efficiency, effectiveness and sustain business growth	Implementation of a new governance structure to better support the Executive Board (three sub committees; Products & Services, Digital & Data and People & Finance (Health & Safety)). Annual operational management assurance assessment carried out with review and challenge by the Accounting Officer. Assessment against functional standards. Continued focus on organisational efficiency (more with less with full-time equivalent reduction) through planning and organisational performance reviews. Establishment of budget for service delivery partners to create capacity. Improvements in information security and knowledge and information management.	Impact: significant Likelihood: unlikely
Change	Identify, define, prioritise and deliver improvements and change required to deliver our strategy	Better clarity and oversight of the total portfolio of current and planned change activity including consideration of capacity. Improved prioritisation, coordination and control of change and improvement activity. Improved project and programme delivery discipline.	Impact: significant Likelihood: likely

Performance analysis

How CCS measures its performance

Organisational performance has been measured on a monthly basis through a corporate dashboard, which tracks progress against Business Plan objectives and the Business Strategy and forms the basis of a formal monthly review at the Executive Board and its sub-committees. The Executive Board also performs a quarterly performance review with a focus on key risks and issues.

Organisational performance has been a standing agenda item at Board meetings. A summary performance report has been produced for this, drawing upon the corporate dashboard.

Performance against Business Plan objectives

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

Monetised commercial benefits

Performance measure	Targets £m	Result £m	Assessment
Spend related (combined all types including aggregation)	3,300	4,209	Fully achieved
Business change	130	763	
Monetised process efficiency	100	N/A	Not achieved
			Methodology will be developed in financial year 2024/25
Total monetised benefits	3,530	4,972	

Spend growth

Performance measure	Targets £m	Result £m	Assessment
Direct spend CG	18,590	20,139	Fully achieved
Direct spend WPS	10,010	10,144	
Direct spend total	28,600	30,283	Fully achieved

Direct spend type split by customer sector	Targets £m	Result £m	Assessment
Culture, Media and Sport	210	265	Fully achieved
Defence and Security	7,820	10,229	
Government Policy	5,920	6,106	
Infrastructure	2,290	2,565	
Local Community and Housing	2,800	3,017	
Education	1,400	1,281	Not achieved
Health	8,150	6,451	
Unassigned	10	353	Fully achieved
Direct spend total	28,600	30,283	Fully achieved

Performance measure	Targets £m	Result £m	Assessment
Transacted spend	2,900	3,214	Fully achieved
PSCA / Supplier MOU spend	2,890	3,631	

Key objectives in CCS Business Plan

Strategic priority 1 - Extending our coverage and influence			
ID	Intervention	Performance Measure	Measure of Achievement
1	Sector strategies	Sector growth measures achieved through deployment of sector strategies by customer and category teams in line with priorities set by delivery authorities by March 2024	Partially achieved and ongoing Of the 7 sectors, 5 met the Business Plan target and 2 (Education & Health) have fallen short
2	Partnerships	Achieve an increase in spend through new and/or existing partnerships compared to financial year 2022/23 result	Fully achieved Growth of c.£3.5 billion was achieved
3	Marketing	Generate over 6,000 leads and prospects with evidence of new opportunities in the pipeline	Fully achieved 15,147 combined leads and prospects generated
4	Tail Marketplace	Increase the adoption of the Tail Marketplace and double the volume of customers (achieve at least 100) by end of March 2024	Partially achieved and ongoing The use of Tail Marketplace has grown. There has been increased customer adoption (though falling short of customer target) with significant increase in the volume of business channelled through it
5	Digital products	Establish within customer and category plans how we will further enable digital access to and usage of our product portfolio using the range of platforms at our disposal	Partially achieved and ongoing Work is ongoing to develop and define our digital requirements for our products / solutions
6	Category Strategy	Maintain and develop priority category strategies and make available relevant category and market information to customers to support CCS's leadership role in priority categories	Partially achieved and ongoing First set of priority market strategies completed and shared with customers
7	Assisted Procurement	Achieve Annual Contract Value of at least £2.5 billion through assisted procurements, with an increase in the volume of Tier 1 and 2 procurements as a percentage of total assisted procurements versus 2022/23	Fully achieved £2.7 billion Annual Contract Value achieved from 390 procurements The volume of Tier 1 and Tier 2 procurements as a percentage of total assisted procurements versus 2022/23 has increased by 2.7%

Key priority 2 - Deepening the value CCS adds			
ID	Intervention	Performance Measure	Measure of Achievement
8	Measuring satisfaction and acting upon customer feedback	Implement a new approach to measuring customer satisfaction and capturing customer feedback on our commercial agreements in line with expectations set by the Customer Committee by December 2023	Fully achieved A new approach has been developed and tested. Enhancements are being carried out in a new phase of the project
9	Commercial benefits through aggregation of demand	Increase commercial benefit leveraged from the scale of public sector spend through our sourcing and commercial agreement design, and through a range of aggregation mechanisms, to help customers secure the most competitive prices, resulting in at least £3,300 million in spend related commercial benefits in 2023/24	Fully achieved Spend related benefits of £4,209 million and Change benefits of £763 million have been achieved
10	Assisted Procurement	Post procurement NPS score is at least maintained at +55	Fully achieved +69 achieved
11	Customer service	Customer service NPS score is at least maintained at +55	Fully achieved +67 achieved

Key priority 3 - Enabling better outcomes			
ID	Intervention	Performance Measure	Measure of Achievement
12	Investment opportunities	Establish new opportunities to invest surplus in activity to drive better commercial outcomes for customers and enhance CCS's influence	Fully achieved A budget was established to fund innovative solutions to drive better outcomes for customers. Funds were made available to customers in local government and the NHS
13	Surplus strategy	Implement surplus strategy	Fully achieved CO and HM Treasury Ministerial approvals in place. Customer payments are being made
14	Procurement Reform	CCS teams are prepared to implement reformed procurement regulations as soon as they apply in 2024 with all commercial agreements fully compliant under the relevant regime	Partially achieved and ongoing Implementation programme in place which is ensuring organisational readiness for October 2024. This includes launch of new commercial agreements which take advantage of the flexibilities enabled through the new procurement regulations
15	Supplier assurance	Implement a roadmap for supplier assurance by March 2024	Partially achieved and ongoing Part of the roadmap delivery is underway with the implementation of Jaggaer with a go live during Q1 FY 2024/25. Business case being developed for implementation of further components of the roadmap with support from an external service delivery partner

16	Workforce planning and recruitment	Progress implementation of a strategic workforce plan including role profiles, influence and consideration of business needs, organisational redesign, existing skills and commercial market conditions	Partially achieved and ongoing Workforce plan in place with 6 priority areas for action from 2024/2025
17	People engagement	Maintain top quartile staff engagement scores in 2023/24 and 2024/25	Not achieved People Survey result of 62 received. Significant reductions in overall scores, particularly linked to leadership and managing change. An action plan is in place
18	Digital delivery reform	Implement reform of the digital delivery within CCS in line with review recommendations on transition to a service led model informed by user centred design and coordinated by SIAM partner through establishment of the new TOM and ways of working	Partially achieved and ongoing Business case is being developed with decisions required on the most appropriate target operating model
19	Governance	Maintain our overall 'Moderate' annual Internal Audit opinion whilst continuing to improve	Fully achieved GIAA opinion for 2023/24 maintains our overall 'Moderate' opinion whilst also highlighting overall continuous improvement (alongside areas of focus for the future)
20	Functional Standards	Implement a plan to improve compliance with relevant Government Functional Standards	Fully achieved Progress against all Functional standards that are applicable to our organisation have been reviewed by the Executive Board sub-committees. Improvement plans are in place
21	Delivery model	Establish a new, scalable delivery model for the Commercial Directorate, to include the use of external service delivery partners as a foundation service component of capacity and capability requirements	Partially achieved and ongoing New target operating model in place. Business case for external service delivery partners being developed

Strategic Key Performance Indicators

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

		Headline measure	2023/24 target	2023/24 result
Business growth - the extent to which we are growing our business	1	Market share: Total direct spend as a percentage of total spend on CG&S	Increase market share to 22.92%	Fully achieved Market share has increased to 24.27%
	2	Core cost as a percentage of all spend types	To achieve a cost ratio of less than 0.29%	Fully achieved Cost ratio has decreased to 0.26%
Business efficiency - our cost in relation to our outputs	3	Core cost as a percentage of total monetisable commercial benefits	To achieve a cost ratio of less than 2.76%	Fully achieved Cost ratio has decreased to 1.95%
	4	Framework performance: total spend related benefits as a percentage of all spend types (gross)	To achieve an effectiveness ratio of more than 9.31%	Fully achieved Effectiveness ratio has increased to 10.18%
Business effectiveness - how effective we are in achieving benefits for our customers	5	Income as a percentage of sum of all spend types	To achieve an effectiveness ratio of 0.57%	Not achieved Effectiveness ratio of 0.55% was achieved. This is slightly behind target as a result of growth in spend which attracted lower rates of income
	6	Customer Service NPS	+55	Fully achieved +67
Customer - what our customers think of our services	7	Assisted Procurement NPS	+55	Fully achieved +69
	8	Engagement score	Maintain top quartile	Not achieved Score of 62
People - how engaged are our people	9	Income less expenditure (P&L) / net surplus (deficit) - pre dividend	Target of £38.3 million	Fully achieved £53.8m achieved
	10	Percentage rate of increase in income vs rate of increase in core cost	Target of 161%	Fully achieved 173% achieved

Key measures of success

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

- '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
- 'Change benefits' are a specific measure applicable to an individual customer usually as a result of a business change influenced by CCS and signed off accordingly by the customer

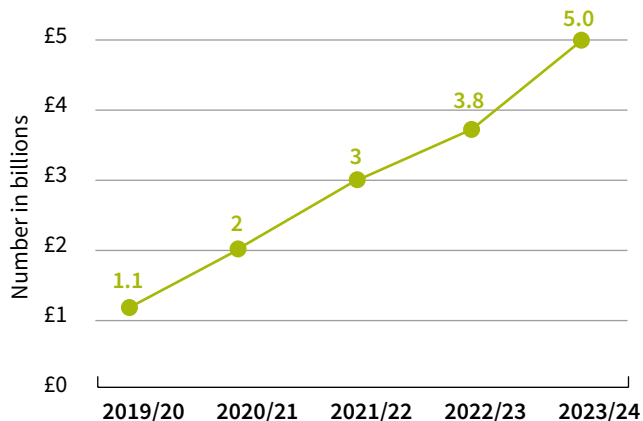
Our aim is to continue to attract more business from both new and existing customers so that the public sector is able to realise increased commercial benefits in terms of benchmarked prices, as well as quality goods and services.

The graphs illustrate over the period 2019/20 to 2023/24 the following:

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

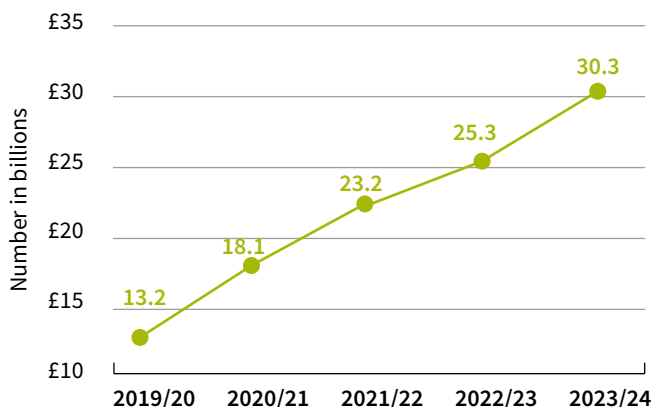
Growth in commercial benefits achieved through commercial agreements

Commercial benefits - all spend types and change initiatives £ billion

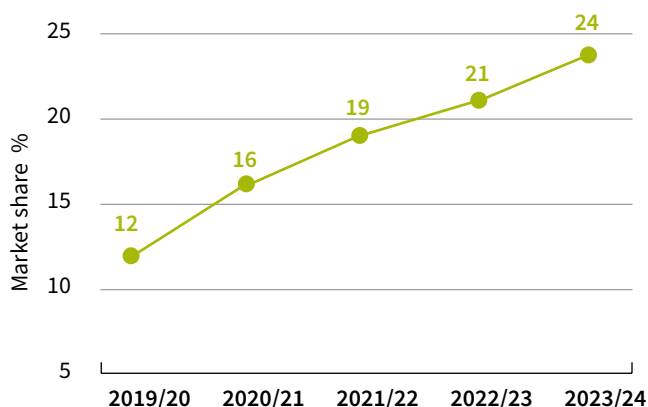


Direct spend and market share on common goods and services

Direct spend growth

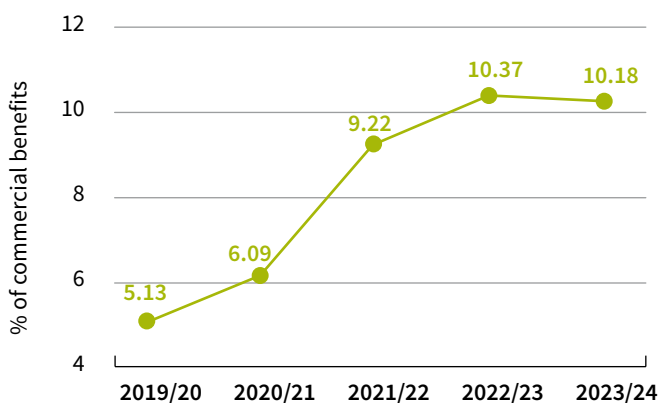


Market share - percentage



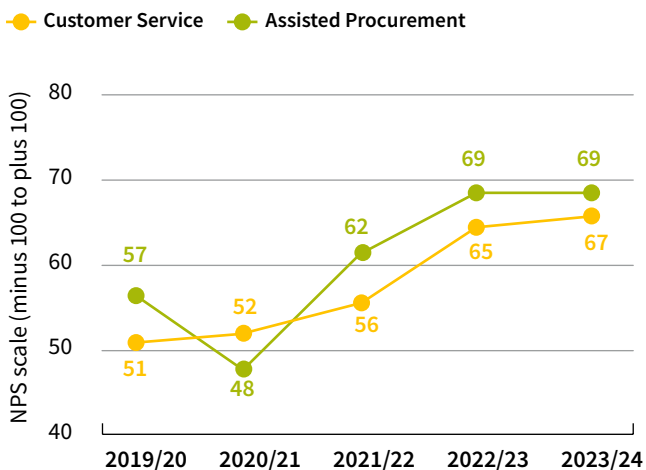
Gross rate of return

Spend related commercial benefits as a percentage of aggregate spend



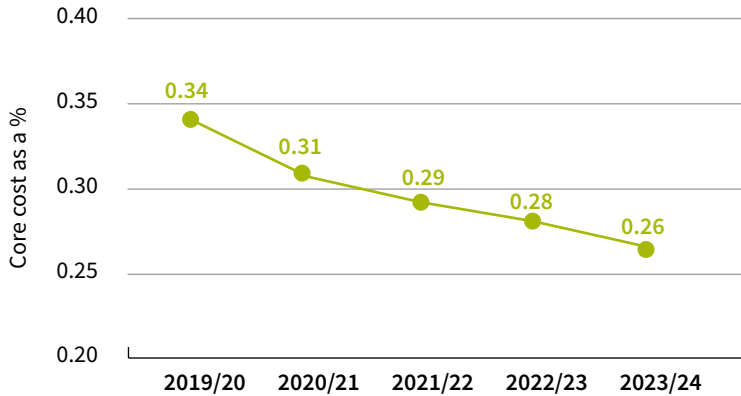
Net Promoter Scores

Customer Service and Assisted Procurement



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

Core cost as a percentage of aggregate spend managed



Sustainability report

The UK government has made a commitment to be Carbon Net Zero by 2050. The Greening Government Commitments (GGCs) demonstrate how the government is working to improve the environmental performance of its estate and operations. As an Executive Agency and Trading Fund of the Cabinet Office, CCS is committed to supporting the GGCs in reducing our impact in these areas, to contribute towards meeting this target.

The CCS estate is managed by the Government Property Agency (GPA) and its partners. CCS work closely with the GPA and our facilities management service partners to provide data that reflects our proportion of office space in our shared buildings, in order to accurately report on our performance. The greenhouse gas emission data published in our 2022/23 Annual Report and Accounts forms the baseline metrics for GGC reporting, against which future progress will be measured.

CCS continue to work closely with the GPA and our landlords in reducing the environmental impact of our estate to meet our Carbon Net Zero targets.

The Greening Government Commitments

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

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

- **Nature recovery and biodiversity action planning** – CCS does not have any significant natural capital. Our staff have participated in a number of nature recovery initiatives across the UK throughout the year including beach cleans, gardening projects and parkland maintenance. As part of our Carbon Net Zero project plan for 2024/25, CCS will look at what opportunities there may be to enhance the limited green spaces available to us to help achieve biodiversity gains
- **Travel car fleet** – CCS do not own, lease or hire any fleet cars and therefore cannot report on this area. However we are able to report on official business travel through other methods as detailed below
- **ICT** – Environmental impacts of ICT and paper usage will be reported by the Cabinet Office who provide CCS's ICT equipment. CCS have moved all of our internally managed services on to public clouds and benefit from the activities undertaken by those service providers with regards to the sustainability, carbon tracking and waste reduction associated with the services we host with them, as well as the reporting they provide in support of those efforts

Overleaf is an overview of CCS's performance against each GGC for the year 2023/24, with a breakdown of the metrics for each area included later in this section.

Mitigating Climate Change: working towards Net Zero by 2050

CCS's overall greenhouse gas (GHG) emissions for the period 2023/24 are 398 tCO₂e, showing an increase of 26% on the baseline. The direct GHG emissions are 56 tCO₂e, up 71% from last year. A continued return to the offices during 2023/24 has seen an increase in emissions across the board, particularly in our Scope 3 emissions for business travel, waste and water consumption which have risen by 48% since last year's baseline measurement.

It should be noted that whilst the emissions have increased, all 4 of the office buildings reported herein are now on green energy tariffs to support the Net Zero target. In addition, CCS has supported the GPA in the completion of an upgrade to the heating, ventilation and air conditioning system at our Norwich office. The GPA are also upgrading the system at the London office to an air source heat pump as well as installing smart meters which should provide CCS an opportunity to better understand, manage and reduce emissions in the workplace in the future.

CCS's GHG emissions for both 2022/23 and 2023/24 indicate a significant percentage of the carbon footprint is in Scope 3, specifically in aspects relating to travel. The number of international short haul flights remains the same as our baseline at just four flights during 2023/24, however domestic air travel has increased from zero to 14 flights across the same period. CCS has a clearly defined travel policy that states that lower carbon options must be considered when booking any business travel, with rail travel remaining the preferred option. To assist employees in making informed choices relating to travel, CCS now uses a travel booking tool that displays the kilogrammes of CO₂ for each train journey, flight or hotel stay allowing our employees to make more sustainable decisions in line with our travel policy.

To encourage greener commuting, CCS continues to offer a 'Cycle to Work' scheme to all employees and which currently has 12 active members of the scheme, an increase in headcount of 2 on last year's report.

Minimising waste and promoting resource efficiency

In 2023/24 CCS produced 20.25 tonnes of waste, equating to 0.42 tCO₂e.

The waste bins are categorised and clearly labelled allowing us to manage waste efficiently and monitor output. All of our reported sites have now adopted recycling, waste to energy or composting/anaerobic digestion for waste processing, therefore CCS can now report zero waste to landfill across the four offices reported herein.

CCS has a strong focus on recycling with 13.08 tns of waste being recycled, which equates to 65% of our total annual waste. Across the four offices, CCS sent 6.37 tns (31%) for energy recovery and 0.8 tns (4%) to composting/anaerobic digestion. CCS has minimal single use plastic across the organisation. All of the offices are equipped with ceramic mugs, glasses, stainless steel cutlery and ceramic plates for staff to use.

Finite resource consumption - reducing water use

The amount of water consumed across the CCS estate in 2023/24 was 5,767.62 cubic metres, equating to 2.18 tCO₂e compared to 0.6 tCO₂e in our 2022/23 baseline. Whilst water consumption has increased as staff continued to return to the workplaces, CCS offices continue to benefit from the use of combined hot and cold taps which have replaced the need for separate hot water boilers or kettles. These taps are an efficient system which only cool or heat what is required to avoid water waste and as an ISO 14001 accredited manufacturer, they are helping to reduce emissions in the supply chain.

Procuring sustainable products and services

CCS remains committed to supporting the government's 25 Year Environment Plan and the transition to a Net Zero economy by 2050. We use relevant standards in contract specifications and build in contractual levers such as social value provisions, enabling users of our agreements to meet their own sustainability goals.

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

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

Government Buying Standards

The Government Buying Standards (GBS) are a principal source of procurement guidance and set minimum mandatory buying standards for certain goods and services such as paper, office technology equipment, cleaning products, furniture and textiles, construction and fleet.

Where relevant and aligned with the timing of their procurement, these standards are explicitly referenced in CCS's current commercial agreements. CCS also consults with policy experts in other departments, as well as relying on the considerable expertise of the category teams who will incorporate industry level best practice where relevant.

Carbon Reduction Plans

Commercial agreements are being created with sustainability built in from the start. For any contract over £5 million, PPN 06/21 applies, requiring bidders to provide a Carbon Reduction Plan (CRP), ensuring that agreement suppliers are committed to achieving Carbon Net Zero by 2050.

In support of this, the Sustainability team has delivered fortnightly training sessions on the PPN to raise awareness of the policy and its requirements, helping suppliers understand how to create a compliant Carbon Reduction Plan. During 2023/24, CCS has completed 25 virtual sessions, with 1,253 attendees. CCS has also delivered more tailored versions of this training and knowledge to the Welsh Government, with Enterprise Ireland, on behalf of the NHS and other strategic customers, both in-person and online.

The CRP compliance team has been offering a free assessment to ensure the Carbon Reduction Plans of suppliers on existing agreements are compliant. Since November 2023, we have started linking supplier Carbon Reduction Plans to the CCS website, both when suppliers have provided their plan voluntarily or as part of a tender requirement.

As the PPN 06/21 has been such a success, with over 4,500 people having attended a training session, over 2,500 CRPs submitted and over £300 billion of public procurement covered, CCS entered the prestigious edie Awards 2023, and won in the category of Collaboration.

Carbon Net Zero projects

To support the government's commitment to achieving Net Zero by 2050, CCS has created a Carbon Net Zero team to ensure this is achieved in CCS. The team has been involved with providing customer advice and assistance, supplier training and employee learning, bespoke presentations, education and training materials and is also heavily involved at the very front of cutting-edge Net Zero innovation through involvement in the government Net Zero Innovation Board sub-committee.

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

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

Adapting to climate change

In 2023/24 CCS began the development of a Sustainability Strategy which sets out the intended approach for the cross-government target of being Carbon Net Zero by 2050. As part of this strategy, we conducted an assessment of our estate and operations, identifying areas at risk of climate change. This has enabled us to begin to draft an Adaptation Action Plan, which will form part of the sustainability strategy when approved.

CCS's Workplace Services team will continue to work closely with the GPA who are leading on the reduction of carbon emissions from their buildings through the Life Cycle Replacement and Net Zero programmes to ensure that any future upgrade projects are successfully delivered and contribute to the reduction in our carbon emissions.

CCS Greening Government Commitments data

The tables below show the data gathered for 2023/24 on scope 1-3 emissions, including waste, water and official business travel. The data only includes those CCS offices in scope for reporting and has been extrapolated from full building data, showing figures based on space occupied:

- Birmingham - 23 Stephenson Street - 70m² - 47 FTE
- Liverpool - The Capital Building - 1877m² - 425 FTE
- London - 10 South Colonnade, Canary Wharf - 482m² - 96 FTE
- Norwich - Rosebery Court, St Andrews Business Park - 1652m² - 146 FTE

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

CCS have been unable to access emissions data for the period before 2022/23 at this granular level, as the data was reported by the landlords for the entire building. The figures for 2022/23 now serve as the CCS baseline for sustainability reporting. CCS have now implemented measures to collect data at the granular level to track our Net Zero progress effectively.

Scope	Emission source/ activity	Detail	Amount (kWh)	tCO ₂ e	Expenditure (£)	Base year 2022/23 (tCO ₂ e)	% difference		
Scope 1	Natural Gas (CCS contribution)	London	3,675	0.67	164	0.50	34		
		Birmingham	0.00	0.00	-	0.00	0		
		Liverpool	17,641	3.23	-	4.30	-25		
		Norwich	285,117	52.15	26,625	28.00	86		
	Total scope 1		306,433	56.05	26,789	32.80	71		
Scope	Emission source/ activity	Detail	Amount (kWh)	tCO ₂ e	Expenditure (£)	Base year 2022/23 (tCO ₂ e)	% difference		
Scope 2	Electricity generated (CCS contribution)	London	109,437	22.66	27,384	20.30	12		
		Birmingham	19,431	4.02	1,954	3.10	30		
		Liverpool	614,287	127.20	-	122.00	4		
		Norwich	199,427	41.30	92,787	39.00	6		
	Total scope 2		942,582	195.18	122,125	184.40	6		
Scope	Emission source/ activity	Detail	Amount (kWh)	tCO ₂ e	Expenditure (£)	Base year 2022/23 (tCO ₂ e)	% difference		
Scope 3	Upstream transportation and distribution	Transport of event equipment (miles)	5,033	0.85	-	1.30	-34		
		Business travel*	Car (hire + grey fleet, miles)	295,295	49.21	54,663	31.20	58	
	Coach + mini bus (km)		3,212	0.21	-	0.00	0		
	Rail travel (passenger.km)		1,820,102	64.55	518,813	45.30	42		
	Air (passenger.km)		10,763	2.93	2,454	0.00	0		
	Air (international, passenger.km)		2,695	0.49	417	0.40	23		
	Hotel stay		UK (room per night)	1,782	18.53	170,390	13.50	37	
		UK (London) (room per night)	646	7.43	89,762	5.90	26		
	Waste disposal (CCS contribution)	Energy from waste (tonnes)	6.37	0.14	-	0.10	35		
		Landfill (tonnes)	0.00	0.00	-	0.50	-100		
		Food Waste (tonnes)	0.80	0.01	-	0.00	0		
		Recycling (tonnes)	13.08	0.28	-	0.30	-7		
	Water (CCS contribution)	Water supply (m3)	5,767.62	1.02	2,622	0.20	410		
		Water treatment (m3)	5,767.62	1.16		0.40	190		
	Downstream transportation and distribution	Miles	0.00	0.00	-	0.00	0		
	Total scope 3					146.80	839,121	99.10	48
					Annual tCO₂e	Annual expenditure (£)	Baseline 2022/23 (tCO₂e)	% difference	
Total emissions and expenditure				398	988,035	316	26		

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

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

Scope 1 - direct emissions from owned or controlled sources

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

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

Modern Slavery Prevention

We are committed to tackling modern slavery in global supply chains. Our agreements are designed to address modern slavery as part of our wider supplier due diligence. We continue to implement the key activities outlined in our Modern Slavery Statement, which sets out our approach to managing labour risks in our supply chains. The statement is available to view on [our website](#).

We are working to ensure that there are appropriate measures in place to mitigate the risk of modern slavery throughout the whole commercial agreement lifecycle. All new commercial agreements are assessed for modern slavery risks and set out measures to prevent the occurrence of forced labour abuses in the supply chain if the risk level is high.

We continue to request annual Modern Slavery Assessment Tool (MSAT) reports from suppliers on higher-risk agreements, and conduct follow-up conversations with suppliers whose assessments have returned high risk scores. We have held follow-up reviews with numerous suppliers, resulting in improvements to their operations and risk management processes.

We understand how important access to information is in empowering our customers to buy responsibly. Our Making Responsible Decisions [web pages](#) provide guidance and information on how we enable sustainable procurement.

Social Value

We continue to work with the Cabinet Office to fully embed PPN 06/20 and follow best practice in social value.

Our category strategies specifically address the opportunities to deliver social, economic and environmental sustainability in each market where we operate. Our new agreements are designed to allow customers to create tangible benefits in towns and cities across the UK, including an evaluation of suppliers' approaches during the procurement stage.

Our internal network of social value champions continues to peer review each procurement for social value inclusion and share best practice across the organisation. Every new agreement we have launched in the past year has included social value provisions, enabling customers to work towards their economic, social and environmental objectives through procurement.

Small and medium-sized enterprises

We have seen continued good progress with our efforts to enable small and medium-sized enterprises to participate in our commercial agreements, with £3.5 billion (16.7%) of central government spend directly with 1,525 SMEs. This represents an increase of £370 million in spend compared to 2022/23.

We continue to design our commercial agreements so that SMEs are able to benefit and that is why 72% of the suppliers on CCS's commercial agreements are either micro (37%), small (23%) or medium (12%) enterprises.

Task Force on Climate Related Financial Disclosures (TCFD)

HM Treasury has recently released guidance on the TCFD framework for the UK public sector to report on climate-related financial disclosures aligned with the private sector. CCS is an Executive Agency of the Cabinet Office and falls within the scope of reporting, consistent with the guidance available. CCS has complied with the TCFD recommendations and recommended disclosures around:

- governance (disclosures (a) and (b))
- metrics and targets (disclosure (b))

This is in line with the central government's TCFD-aligned disclosure implementation timetable, which will take a phased approach to the reporting. CCS plans to make disclosures for Strategy, Risk Management and Metrics and Targets disclosures in future reporting periods in line with the central government implementation timetable.

Governance

(a) Board oversight of climate-related issues

The CCS Board and the Audit, Risk and Assurance Committee are informed about climate-related issues through verbal updates and presentations at meetings, as well as through papers presented to the Board and various sub-committees. The Board have regular opportunities to discuss climate issues throughout the year.

The Audit, Risk and Assurance Committee considered climate-related disclosure requirements - CCS has reported on greenhouse gas emissions, waste, water use and business activities working towards Carbon Net Zero. CCS has worked with the NAO Task Force on Climate-related Financial Disclosure (discussed at The Audit, Risk and Assurance Committee).

The Audit, Risk and Assurance Committee plays a key role in scrutinising and advising the Board and Accounting Officer on risks arising from climate change. The Strategic Risk Register is discussed quarterly at the Audit and Risk Assurance Committee. Working with the NAO and GIAA, The Audit, Risk and Assurance Committee considered how climate change risks could manifest themselves, how to support the organisation to manage these risks and how to challenge senior management on their approach to managing climate change risks.

As part of our Operational Management Assurance (including Government Functional Standards) work, the Sustainability team is developing a Climate Change Adaptation Plan which will align with the wider government strategic requirements and the CCS Business Plan.

(b) Management's role in assessing and managing climate-related issues

CCS remains committed to supporting delivery of the government's Net Zero target and ensuring the UK maximises the benefits of the transition.

CCS helps customers generate long-term environmental benefits for their organisations, society and the economy. As part of our ambitions to maximise our value and impact, and establish a more effective and efficient organisation, CCS's Board and committees monitor and oversee progress against goals and targets for addressing climate-related issues.

Metrics and Targets

(a) Disclosure of Scope 1, 2 and, if appropriate Scope 3 greenhouse gas emissions and their related risks

CCS currently reports on its GHG emissions quarterly via the Cabinet Office as part of the GGC requirements. The CCS annual Sustainability report aligns with this reporting framework for Scopes 1 and 2 and expands on Scope 3 to include data on hotel stays. A detailed breakdown of our GHG emissions data, including disclosure across Scopes 1, 2 and 3 can be found in the table on page 35 of the Sustainability report. This table includes the emissions data reported last year which forms our baseline, allowing for transparency towards achieving the cross-government target of Net Zero by 2050.

As detailed in the Sustainability report, CCS undertook a Climate Change Risk Assessment during 2023/24 for our estate and operations. The findings from that risk assessment were that there are no immediate high-risk actions required however there are a number of proactive measures which can be taken. These will be progressed by the CCS Sustainability Champions for each location during 2024/25.



Simon Tse CBE
Chief Executive and
Accounting Officer
12 July 2024



Accountability report

Corporate governance report

This Accountability report includes the:

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

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

The remuneration and staff report sets out the policy and disclosures on directors' remuneration as required by the Companies Act 2006 sections 420 - 422 and as interpreted in the Government Financial Reporting Manual. It also provides details on CCS's staff numbers, composition, costs and other staff-related matters.

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

Directors' report

As an Executive Agency of the Cabinet Office, CCS is accountable to the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office. The holders of both roles during the financial year were:

- Rt. Hon Jeremy Quin MP (Paymaster General and Minister for the Cabinet Office) from 25 October 2022 to 13 November 2023
- Rt. Hon Oliver Dowden CBE MP (Chancellor of the Duchy of Lancaster and Secretary of State) from 25 October 2022 to date
- Rt. Hon John Glen MP (Paymaster General and Minister for the Cabinet Office) from 13 November 2023 to date

The Cabinet Office sponsor was 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 1 April 2023 - 12 November 2023. Peter George was Non-Executive Chair during the reporting period 13 November 2023 - 31 March 2024. Simon Tse was Chief Executive and Accounting Officer for the Trading Fund for the period 1 April 2023 to 31 March 2024.

The attendance list is provided on page 43 and the remuneration of all Board members during the year is shown on page 52 of the remuneration and staff report.

Managing outside interests

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

No Senior Civil Servant (SCS) employed by CCS has declared any paid or otherwise remunerated work, employment or appointment that falls under the Civil Service declaration and management of outside interests. Further information can be found at: <https://www.gov.uk/government/publications/ccs-scs-declaration-of-paid-outside-employment/scs-declaration-of-paid-outside-employment>

The declaration of interests is a standing item addressed at the start of all Board meetings. Additionally, Board members complete an annual declaration of interest form and are required to update this throughout the year should their situation change. The following Board members' outside interests were declared during the reporting period, although no actual conflict of interest has arisen:

- T van Kralingen (Non-Executive Chair between 1 April - 12 November 2023) is an Honorary Professor at the University of Nottingham and Chair of the Dovehouse Residents Association
- P George (Non-Executive Chair from 13 November 2023 - present) is Chair of Oxford Quantum Circuits, Benchmark Holdings plc, Marco Polo Events Ltd and Enigma Holdings Ltd. He was a Director of Mitre Group Ltd (until January 2024). He is also a member of Cancer Research UK
- S Weiner (Non-Executive Director) holds Non-Executive Director roles at Mediclinic Group Limited, Guy's and St Thomas' NHS Foundation Trust, King's College Hospital NHS Foundation Trust and King's College London
- Dr. M Gazzard (Non-Executive Director) is a President for the Regulatory Services at the British Standards Institute (BSI). Several of the BSI's subsidiaries, consulting and assurance, are suppliers on CCS frameworks. Dr. Gazzard was not involved in the day-to-day operation or decisions relating to these frameworks. Dr. Gazzard is also a Parish Councillor for Dummer (Basingstoke and Deane). Basingstoke and Deane Borough Council are a customer who transact through CCS frameworks. Dr. Gazzard has not been involved in any of these transactions
- S Halton (Non-Executive Director) is a Non-Executive Director and shareholder in Robinson PLC and is also a Non-Executive Director at Roys (Wroxham) Ltd
- G Rhys Williams (Non-Executive Director) is the Government Chief Commercial Officer and an employee of the Cabinet Office, and is a member of the FRC Advisory Panel and a Trustee of the Chartered Management Institute
- S Tse (Chief Executive) is the Chair of Mumbles Community Association and a Non-Executive Director at Gower College, Swansea. Additionally, his son was employed as an assistant category manager during 2023/24, however there was no direct working contact between either party and his son left CCS at the end of January 2024
- P Coombs (Director of Finance, Planning and Performance) is an independent external member of the Bristol Zoological Society Audit and Risk Committee
- S McCrystal (Non-Executive Director) has no interests to declare

There were no declarations of day-to-day involvement in procurements through CCS commercial agreements for the declared interest entities.

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 2023/24. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of CCS and of its Income and Expenditure, Statement of Financial Position and Cash Flows for the financial year.

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

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

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

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that 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.

As Accounting Officer I confirm 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 systems of internal control.

My review has been informed by the assurance of Operational Management returns from each Executive Director and other sources of assurance including compliance with Government Functional Standards. Further assurance has also been gained from internal audit reports and the annual audit opinion from the Government Internal Audit Agency.

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

The NAO has also been examining Efficiency in Government Procurement of Common Goods and Services and in particular, CCS's role in driving efficiencies.

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

Corporate governance

CCS is an Executive Agency of the Cabinet Office and operates as a Trading Fund under the Government Trading Funds Act 1973. The governance arrangements are set out in the diagram on page 20.

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

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

The role of the CCS Board

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

- endorsing CCS's vision, standards and values
- endorsing CCS's strategic aims, objectives and target setting
- developing and endorsing the CCS Strategy and annual Business Plan
- reviewing the management of financial and human resources to deliver the Business Plan
- monitoring the operational and financial performance, and actions needed to keep performance on plan
- monitoring strategic risks and seeking assurance on their management
- reviewing the Annual Report and Accounts prior to approval by the Accounting Officer
- reviewing the effectiveness of maintaining a transparent system of prudent and effective controls (including internal controls) and providing a scheme of delegated authority
- reviewing the results of staff surveys, the results of customer satisfaction surveys, the health and safety report and major projects on a regular basis throughout the year
- scrutinising and endorsing business cases of above £2 million prior to approval by the Accounting Officer and other central government controls

During 2023/24, ongoing improvements were made to the management information and performance reporting data provided to the Board. New financial and commercial benefits dashboards were developed and introduced during the year to provide a more detailed view of financial performance and analysis of commercial benefits data. This provided the Board with additional information to review progress against strategic objectives, budgets and key programmes.

Board Effectiveness

An external Board Effectiveness Evaluation was undertaken in November 2023 and provided 13 key recommendations which are being implemented. These include:

- set the Board's overall risk appetite
- a Non-Executive Directors' skills matrix and factor into succession planning
- refresh the Board's Terms of Reference
- develop an overarching Environmental, Social and Governance (ESG) statement

The Governance team is working with the Board to implement these recommendations in 2024/25.

Board and Committee attendance

Meeting attendance per Board member of meetings eligible to attend						
Name	Position	Board	Audit & Risk Assurance Committee	Customer Committee	Senior Appointments and People Committee	Technology and Digital Transformation Committee
		Note 1	Note 2			
T van Kralingen	Non-Executive Chair	5/5	N/A	N/A	3/3	N/A
P George	Non-Executive Chair (from 13 November 2023)	3/3	N/A	N/A	N/A	N/A
Dr. M Gazzard	Non-Executive Director and Chair of the Customer Committee	7/7	3/3	4/4	3/3	N/A
S Halton	Non-Executive Director	7/7	4/4	4/4	3/3	N/A
S McCrystal	Non-Executive Director and Chair of the Technology Committee	7/7	4/4	N/A	3/3	6/6
G Rhys Williams	Non-Executive Director	6/7	N/A	4/4	3/3	N/A
S Weiner	Non-Executive Director and Chair of the Audit Committee	5/7	4/4	N/A	2/3	6/6
S Tse	Chief Executive	7/7	4/4	4/4	3/3	6/6
P Coombs	Director of Finance, Planning and Performance	7/7	3/4	N/A	N/A	N/A

Note 1 There were 6 full Board meetings during the year and 1 extraordinary meeting (to clear the Annual Report and Accounts 2022/23)

Note 2 Attendance by the Chief Executive and Director of Finance, Planning and Performance at the Audit and Risk Assurance Committee was in an attendee, not member capacity

Board sub-committee reports

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

Audit and Risk Assurance Committee

Role and responsibilities of the Committee

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

The Committee met 4 times during the financial 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. The Chair provides an update on the Committee's work at each main Board meeting.

Focus during 2023/24

The Committee agreed a programme of internal audit assurance reviews for 2023/24 and considered the outcomes of 7 assurance reports, and 6 consultancy engagements. Over the year, the Committee monitored the implementation of actions and recommendations by the executive team and overall good progress was made on completion and closing of actions and controlling any areas of potential weakness.

The Committee accepted the Internal Audit overall opinion rating of 'Moderate' assurance. The Committee received regular updates on counter fraud, bribery and corruption measures, whistleblowing and data governance.

The Chair of the Committee and Head of Finance attended the Cabinet Office Audit and Risk Committee in December 2023 to present an annual update report on CCS's strategic risks and approach to risk management.

For 2024/25 the Committee agreed that the key areas of focus are:

Commercial Operating Model, the Public Procurement Act 2023 implementation and readiness, Digital Transformation, management of the Customer Payment Initiative, Asset Management, the Customer Feedback Process, Debt Management, Data Strategy Implementation and Effective Governance.

Customer Committee

Role and responsibilities of the Committee

The Customer Committee's role was to support the Board and Accounting Officer by providing guidance, challenge and support to CCS leadership against its strategic priority to 'focus on the customer'. The Committee met 4 times in 2023/24. Core membership comprised two Non-Executive Directors and other regular attendees included the Chief Executive, Chief Commercial Officer, the Business Development and Customer Experience Director and Procurement Operations Director. The Chair provides an update on the Committee's work at each main Board meeting. The Terms of Reference were updated and agreed in November 2023.

Focus during 2023/24

The Committee considered the progress of the Customer Experience Directorate to support CCS's plans for growth and engagement with customers across central government and the wider public sector.

The Committee welcomed the ongoing development of the monthly data pack and received regular updates on prioritised sector focus areas, performance against commercial benefits and spend targets.

The Committee engaged with other government departments and public sector organisations to share experience and insight. They heard presentations from departmental customers and Solace, and provided input on how CCS can support local authorities further in their procurement activities.

A number of key projects and initiatives were discussed throughout the year including: Customer Satisfaction updates and dashboards with key insights and actions; Discussions around what do customers want (including Home Office and NHS) and the Customer Payment Initiative.

Senior Appointments and People Committee

Role and responsibilities of the Committee

The Senior Appointments and People Committee met three times in 2023/24 and its role was to review the performance, succession planning, talent management and development of senior leadership roles within CCS. The Committee comprised Non-Executive Directors, the Chief Executive and the HR Director.

Focus during 2023/24

The Committee received senior leadership updates and reviewed the People Dashboard and performance against key indicators including: headcount, absence, turnover, reward, and learning and development. It also reviewed office attendance figures, the People Capability strategic risk and considered the effectiveness of mitigating actions. The Committee considered proposals for organisational design changes and changes to the Executive Board and appointments including the new Chair of the Board. End of year performance management, talent and succession plans for the SCS cohort were also considered.

Technology and Digital Transformation Committee**Role and responsibilities of the Committee**

The Technology and Digital Transformation Committee's (TDTC) role was to support the Board and Accounting Officer by providing oversight of CCS's Digital and Technology Strategy and key digital transformation programmes and initiatives. TDTC advised, challenged and monitored the implementation of this work.

The Committee met six times in 2023/24. Core membership comprised two Non-Executive Directors and other regular attendees included the Chief Executive, the Chief Digital and Information Officer and Chief Commercial Officer. The Chair provided an update on the Committee's work at each main Board meeting.

Focus during 2023/24

The Committee's focus during the period was on the delivery of the portfolio of digital solutions and future digital strategy. The Committee reviewed and endorsed a range of business cases and monitored the changing and developing risks set out in the Strategic Risk Register. Regular updates were also provided on cyber security. Throughout the year, TDTC covered a wide range of projects including Data Governance, Data Strategy, Artificial Intelligence, a Digital and Data Solutions Target Operating Model, and Sign-in and Registration Services with Cabinet Office.

They received assurance that risk management, core controls and processes were being maintained and monitored covering service availability, incidents, outages, information security, resource management and project delivery.

The Committee noted the challenges the organisation continued to face through this period, particularly around resourcing and recruiting to critical digital and technology roles and the impact on the prioritisation and delivery of projects and day to day operations.

Executive Board

The Executive Board was led by the Chief Executive and included Executive Directors from all the key areas of the organisation. The Executive Board met formally as an Executive Board once a month and informally on a weekly basis. Its role was to manage operational service delivery and oversee delivery against the agreed strategy and to provide leadership to the organisation. The Executive Board was supported by 3 internal sub-committees, each chaired by a different executive director and comprising members representing all directorates across the business. The 3 sub-committees are People and Finance (Health and Safety), Products and Services and Digital, Data and Technology.

The 3 new sub-committees were introduced in April 2023 following the review of internal governance in 2022/23. A further internal review was undertaken in November 2023 to assess how well these changes have embedded and to look at continuous improvements to our processes. That review's recommendations centred on building capability through training, better discipline around papers and an enterprise approach to agendas. Those improvements are being implemented by the Governance team and are already showing positive results.

Code of Corporate Governance

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

Internal Audit

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

The Internal Audit Plan for 2023/24 was developed with reference to CCS's corporate objectives and risks, and was reviewed, discussed and subsequently approved by the Audit Committee in June 2023. During the year, 7 internal audit assurance reports and 6 consultancy reviews were completed covering business activities across CCS:

Internal Audit Assurance Reports:

Managing Change, Supplier Assurance, Customer Market Segmentation, Compliance with Playbooks, Internal Procurement and Contract Management, HR Talent Management and Delivery of the Digital Portfolio.

Consultancy Reviews:

Customer Feedback part 1, Customer Feedback part 2, Customer Payment Initiative, Data Governance Maturity, Energy Process Review and Gov Assure Peer Review.

In consultation with management, the Internal Audit Plan was reviewed regularly throughout the year to ensure that it remained fit for purpose and any proposed changes were presented to the Audit and Risk Assurance Committee for approval.

Annual Opinion

The Head of Internal Audit's overall opinion on the adequacy and effectiveness of CCS's framework of governance, risk management and internal control 2023/24 was confirmed as 'Moderate'. The opinion reflected that during 2023/24 CCS has continued to operate through a significant period of change, including continuous improvement of its governance structure and processes.

The level of assurance on the effectiveness of governance, risk management, and internal control issued to the Accounting Officer of CCS has remained the same for the past five years. However, this does not imply that CCS has made no progress in its development of this work. During the course of the year improvements were made to internal procedures in the organisation, specifically covering compliance with Cabinet Office Playbooks and the creation of a data governance framework.

The Head of Internal Audit in these reports identified the need to better manage change across the organisation. There is a large amount of planned change for the forthcoming year both relating to internal processes and the launch of the Procurement Act 2023, which is scheduled for October 2024. Therefore, it is important that CCS looks to implement good

change management practices to successfully deliver the changes required. We will act promptly to the actions raised and ensure that change activity is sufficiently planned, resourced, prioritised, coordinated and monitored.

The Internal Audit Plan for this year, as with the previous year, prioritised the more risky and demanding areas of the business. The key themes demonstrate the progress made to improve the governance, risk and control framework across the organisation.

Risk Management

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

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

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

Operational risks and issues are also recorded and tracked through a network of more than 40 Risk Champions (coordinated by the Head of Risk Management) covering each team within the organisation. Monthly reviews are carried out at both first line assurance (Business Managers and Risk Champions) and second line (Head of Risk Management).

The Risk Assurance Group (RAG), chaired by the Head of Risk Management, reviewed progress on a monthly basis. RAG also provided oversight of dedicated risk frameworks covering Counter Fraud Bribery and Corruption and Information Security. A summary report is also reviewed by the Executive Board and its sub-committees on a monthly basis.

During 2023/24, CCS has continued to focus on embedding rigorous risk and issue management processes and culture across all parts of the business as part of our aim to continuously improve organisational capability.

Central to the risk management approach is a policy and framework, which is integral to corporate governance. Risk management practices are aligned to the guidance and principles of HM Treasury's Orange Book.

Management assurance

A new Operational Management Assurance Framework (OMAF) was implemented during 2023/24 which comprises three key elements:

- a. directorate self assessment against a set of standards (a simple playbook of what a well run directorate looks like) across 14 management practices - which provides the basis for Directors to set out how they meet those standards and what improvements are planned going forward
- b. a wide ranging central assessment which tests out the extent to which the organisation as a whole is meeting a broader set of assurance questions (c100) linked to a new risk and control framework established by the GIAA and HM Treasury
- c. our application of the 11 Government Functional Standards (GFS) currently applicable to CCS

Taken together with other sources of assurance including recommendations from Audit reports, the OMAF provides the Accounting Officer with assurance and informs the governance statement for the Annual Report and Accounts.

The areas identified for improvement at an enterprise level are:

- a. Culture - alignment across the organisation to drive common behaviours to achieve common goals
- b. People - resource and capacity management
- c. Project delivery - consistency of approach and impact of assurance
- d. Information and data management - process immaturity of data governance and knowledge management
- e. Assurance mapping - immaturity of our approach

Government Functional Standards

Executive Boards sub-committees have, over the course of the year, sought assurance from Senior Responsible Officers (SROs) of the assessments that have been made against the 11 Government Functional Standards that are currently applicable to CCS. Part of this assurance was a requirement for SROs to confirm current and target levels of capability levels against the standards - along with articulation of improvement plans being put in place to close any gaps.

Data governance

GIAA reviewed delivery milestones against recommendations in December 2023 and March 2024, which confirmed delivery against recommendations set out in June 2023. These included recommendations on information asset register completion, training, policies and delivery of a first draft Data Governance Framework. The Data Governance Framework was reviewed and endorsed by the CCS Digital and Data sub-committee in March 2024.

Data governance continuous improvement will continue alongside the CCS Data Strategy.

Security and data protection

CCS seeks to comply with the HMG Security Policy Framework, together with Cabinet Office's Minimum Cyber Security Standard and the Government Functional Standard GovS007: Security. In addition, CCS adheres to Cabinet Office guidance on risk management, including bulk data security guidance. The UK General Data Protection Regulation (UK GDPR) compliance standards are embedded and approved by the Cabinet Office Data Protection Officer.

Security assurance processes are in place to provide confidence in the effectiveness of security controls to business owners and to further support this, CCS participated in the Gov Assure scheme.

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 2023/24, there have been no material breaches and no incidents reportable to the Information Commissioner's Office. Similar to many organisations, CCS has faced increased security risks and has ensured a proportionate level of security whilst keeping critical functions and priority work operational.

Fraud, Bribery and Whistleblowing

CCS has adopted GovS013, the Government's Functional Standard for Counter Fraud, Bribery and Corruption (CFBC) ensuring it remains aligned to the government's wider agenda around a robust and coordinated approach to protecting public services and the public purse against the risk of fraud, bribery and corruption.

CCS's compliance with GovS013 is reported to and monitored by the Audit and Risk Assurance Committee, the Cabinet Office and also the Public Sector Fraud Authority (PSFA) on a regular basis. CCS's fraud and error measure agreed with the Cabinet Office has been met.

The CCS CFBC team addressed 6 reported allegations of fraud that were received, progressed and fully concluded in 2023/24.

No whistleblowing cases were received under the terms of the whistleblowing policy during 2023/24.

Other**Ministerial directions**

There have been no ministerial directions given.

Official and Parliamentary correspondence

During 2023/24, CCS received 111 Freedom of Information requests and 3 Subject Access Requests under the Data Protection Act. Additionally, we answered 15 Parliamentary Questions and 11 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 2023/24.

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 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

Read about the work of the SSRB for more information:

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

Performance and reward

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

In respect of performance assessments for those that were assessed as 'exceeding' against performance objectives for 2022/23, they received a non-consolidated award. This payment was made in October 2023. A consolidated base pay award of an increase of between 5.5% to 7.5% subject to the quartile position of salary on the pay band and performance assessment for 2022/23 was awarded across the board of eligible employees. SCS pay band minimums for SCS 1, 2 and 3 were increased from 1 April 2023. There were no increases to pay band maximums.

Read the Senior Service Performance Management Framework for more information.

<https://www.gov.uk/government/publications/senior-civil-service-performance-management>.

Service contracts

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

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

Read about the work of the Civil Service Commission for further information.

<http://civilservicecommission.independent.gov.uk>.

Remuneration of Board Members FY 2023/24 (Audited)

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

	To 31 March 2024					To 31 March 2023				
	Salary	Bonus payments	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total	Salary	Bonus payments	Benefits in kind to nearest £100	Pension benefits to nearest £1000	Total
	Note 1	Note 2	Note 3	Note 4		Note 1	Note 2	Note 3	Note 4	
	£000	£000		£000	£000	£000			£000	£000
T van Kralingen (Note 8) Non-Executive Chairman	10-15	-	-	-	10-15	15-20	-	-	-	15-20
Full Year equivalent	15-20	-	-	-	15-20	-	-	-	-	-
P George (Note 6) Non-Executive Chairman	5-10	-	-	-	5-10	-	-	-	-	-
Full Year equivalent	15-20	-	-	-	15-20	-	-	-	-	-
M Gazzard Non-Executive Director	10-15	-	-	-	10-15	10-15	-	-	-	10-15
G Rhys Williams (Note 5) Non-Executive Director	-	-	-	-	-	-	-	-	-	-
D Wakefield Non-Executive Director	-	-	-	-	-	5-10	-	-	-	5-10
Full Year equivalent	-	-	-	-	-	10-15	-	-	-	10-15
S McCrystal Non-Executive Director	10-15	-	-	-	10-15	10-15	-	-	-	10-15
S Weiner Non-Executive Director	10-15	-	-	-	10-15	5-10	-	-	-	5-10
Full Year equivalent	-	-	-	-	-	10-15	-	-	-	10-15
S Halton Non-Executive Director	10-15	-	-	-	10-15	5-10	-	-	-	5-10
Full Year equivalent	-	-	-	-	-	10-15	-	-	-	10-15
S Tse (Note 7) Chief Executive	165-170	-	-	*Not available	*Not available	155-160	10-15	-	61	225-230
P Coombs Director of Finance, Planning & Performance	140-145	5-10	-	*Not available	*Not available	130-135	5-10	-	25	165-170

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

Note 2 P Coombs received a bonus for performance during 2023/24, which relates to performance for 2022/23. 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 prior year was 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. See note 10 for current year Executive Board members' pension entitlements

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

Note 6 P George in post 29/11/2023 to 31/03/2024

Note 7 S Tse is an employee of the Government Commercial Organisation but as the Chief Executive of CCS, details of actual salary have been included

Note 8 T van Kralingen in post 01/04/2023 to 12/11/2023

Senior management pension entitlements FY 2023/24 (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 2024	Real increase in annual pension and lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023	Real increase in CETV
		Note 9			
	£000	£000	£000	£000	£000
S Tse Chief Executive	*Not available	*Not available	*Not available	1,016	*Not available
P Coombs Director of Finance, Planning and Performance	*Not available	*Not available	*Not available	639	*Not available

Note 9 Chief Commercial Officer is not included in the above as not a member of the Board

***Note 10** Accrued pension benefits for Directors are not included in this table for 2023/24 due an exceptional delay in the calculation of these figures following the application of the public service pension remedy

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and 1 providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. As the government plans to remove discrimination identified by the Courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

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

lump sum. Classic plus is a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on the pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes. However, note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website:

www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values (CETV)

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

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

The real increase in the value of the CETV

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

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

We have not made any compensation for early retirement or loss of office payments to Board Member Executive Directors in 2023/24, nor any in the prior year 2022/23.

Fair pay disclosure (Audited)

The table below illustrates the relationship between the remuneration of the highest paid director and the median remuneration of the workforce. The following information includes staff deployed from the Government Commercial Organisation (GCO). The calculation includes fixed term and agency and interim staff. For details of the remuneration of Board Member Executive Directors and Non-Executive Directors see page 52.

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

Year	25th Percentile Pay Ratio	Median Pay ratio	75th Percentile Pay Ratio
2023/2024	5.33	4.22	2.88

The banded remuneration of the highest paid Board Member Executive Director in the financial year 2023/24 was £185,000 to £190,000 (2022/23: £170,000 to £175,000).

This was:

- 5.33 times (2022/23: 5.27) the 25th percentile remuneration of the workforce, which was £35,185, (2022/23: £32,730). Salary component, £34,665 (2022/23: £32,247)
- 4.22 times (2022/23: 4.15) the median remuneration of the workforce, which was £44,436 (2022/23: £41,615). Salary component £43,779 (2022/23: £40,813)
- 2.88 times (2022/23: 2.73) the 75th percentile remuneration of the workforce, which was £65,035, (2022/23: £63,157). Salary component £61,689 (2022/23: £60,000)

Total remuneration ranged from £21,995 to £213,275 (2022/23: £19,435 to £209,661). Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The median total remuneration for 2023/24 is derived from the annualised payments of all staff made in March 2024, including staff paid by the GCO, interim and fixed term appointments. Part time employees' payments are adjusted to a full time basis.

In 2023/24, 5 staff members received an annualised salary in excess of the highest paid Board Member Executive Director. There were 6 of these workers during 2022/23.

The average percentage changes since 2022/23 are outlined below:

- highest paid director salary: +7%
- highest paid director bonus: +1%
- CCS employees salary taken as a whole, +4% (excluding highest paid director, the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entity's employees taken as a whole)
- CCS employees bonus taken as a whole, +5% (excluding highest paid director, bonus payment consistent with the two year pay award)

Staff report

Staff numbers and composition

There has been an overall increase of 4 in the SCS combined CCS and GCO headcount.

Senior Civil Service staff by salary band:

Salary band	CCS SCS within band as at 31 March 2024		GCO Deployed SCS within band as at 31 March 2024		Total CCS and GCO Deployed SCS within band as at 31 March 2024		Total CCS and GCO Deployed SCS within band as at 31 March 2023		
	Note 1		Note 2		Note 3				
	£000	Number	%	Number	%	Number	%	Number	%
60-70		1	4.17%	0	0.00%	1	2.04%	3	4.35%
71-80		8	33.33%	0	0.00%	8	16.33%	12	21.74%
81-90		5	20.83%	6	24.00%	11	22.45%	5	13.04%
91-100		2	8.33%	2	8.00%	4	8.16%	7	15.94%
101-110		2	8.33%	3	12.00%	5	10.20%	2	5.80%
111-120		4	16.67%	4	16.00%	8	16.33%	3	4.35%
121-130		0	0.00%	4	16.00%	4	8.16%	4	11.59%
131-140		0	0.00%	0	0.00%	0	0.00%	1	1.45%
141-150		1	4.17%	0	0.00%	1	2.04%	1	2.90%
151-160		1	4.17%	1	4.00%	2	4.08%	2	4.35%
161-170		0	0.00%	1	4.00%	1	2.04%	2	5.80%
171-180		0	0.00%	2	8.00%	2	4.08%	0	0.00%
181-190		0	0.00%	2	8.00%	2	4.08%	3	8.70%
191-200		0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total		24	100.00%	25	100.00%	49	100.00%	45	100.00%

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

Note 2 The table above includes the SCS deployed from GCO

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

Staff numbers and costs (Audited)

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

CCS currently has 5 people on loan to other government departments which are on a long term basis i.e. 6 months or longer.

Total staff numbers

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

Average number of FTE employees during the period		
	2023/24	2022/23
Salaried staff	697	782
GCO deployed staff	168	172
Agency and contract staff	<u>24</u>	<u>47</u>
Total	<u>889</u>	<u>1001</u>

Note 1 Figures above exclude Fast Streamers and loans out

Apprentices, internships and work experience students (not audited)

CCS is fully committed to offering Apprenticeships to both external candidates where the role allows or to internal colleagues as a development intervention.

CCS is proud to report that 43 of its employees (6.2% of CCS employees), were enrolled onto a recognised Apprenticeship Programme across a range of areas and levels; for example, Level 3 Customer Service Specialist, Level 4 Commercial Procurement and Supply, Level 6 Digital and Technology Solutions and Level 3 Business Administrator.

In addition, during the period 1 April 2023 - 31 March 2024, 13 CCS Apprentices successfully completed their Apprenticeship Programmes.

CCS is also committed to promoting the Civil Service as an employer of choice. As in previous years, CCS has participated in two of the Civil Service Internship Programmes, which aims to make the Civil Service a potential employer of choice for diverse young people. In 2023/24 CCS was delighted to welcome a total of 8 interns on these programmes, (details of the programmes are listed below) a 50% increase compared to 2022/23.

- Summer Diversity Internship Programme (SDIP): This 2 month long, multi-award winning programme, gives work experience opportunities in the Civil Services to penultimate and final year undergraduates from under-represented groups: ethnic minority, lower socio-economic, and people with disabilities
- Autism Exchange Internship Programme (AEIP): This 4 week programme provides support to young people who are on the autism spectrum. Through this programme, they are given the opportunity to experience work and develop employability and personal skills within the Civil Service

CCS is also proud to have hosted 2 new internship students from the University of East Anglia. These placements have allowed students who are undertaking a degree course to experience a role which is relevant to their studies whilst at the same time providing them with the opportunity to develop personally.

Turnover (not audited)

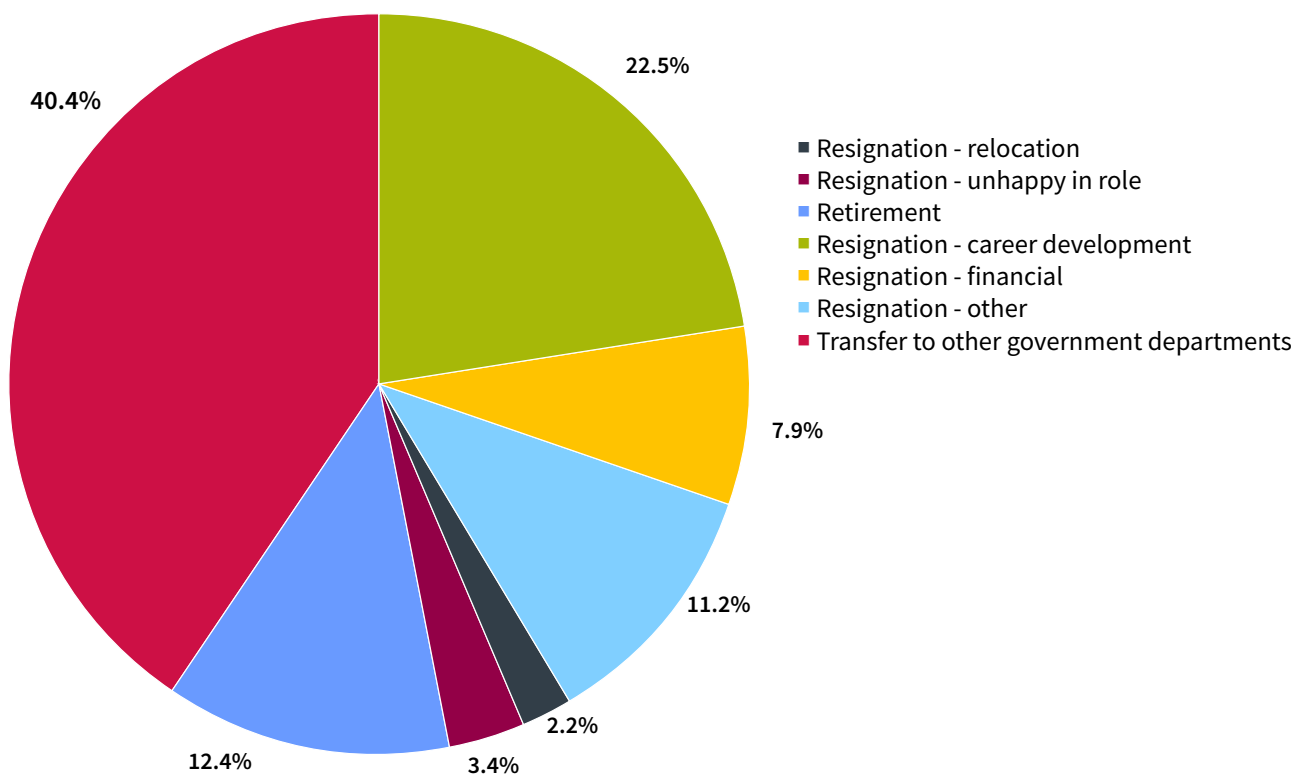
The rolling 12 month staff turnover rates over the last five years are:

2019/20	2020/21	2021/22	2022/23	2023/24
9.8%	5.4%	10.4%	13.1%	11.6%

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

CCS’s turnover reporting has captured and included those employees who have transferred to another government department. The 11.6% reported on 31 March 2024 reflects voluntary leavers, 2 of these were SCS grade. Transfers to other departments represent 40% of all voluntary leavers. In terms of length of service 24% of voluntary leavers have more than 10 years of service.

Reasons for leaving as percentage



There have been a total of 121 exits (voluntary and involuntary) from Crown Commercial Service including 2 SCS leavers.

In terms of the leavers during the financial year, no business appointment rules conditions were set and there were no breaches of the rules during the financial year.

Our business appointment disclosures are published in accordance with the rules

<https://www.gov.uk/government/collections/crown-commercial-service-ccs-business-appointment-rules-advice>

<https://www.gov.uk/government/publications/business-appointment-rules-for-crown-servants>

Total staff costs

	2023/24			2022/23
	CCS	GCO	Total	Total
	£000	£000	£000	£000
Wages and salaries	32,899	-	32,899	32,786
Bonus	440	899	1,339	1,466
Social security	3,608	-	3,608	3,761
Superannuation (Note 1)	8,280	-	8,280	8,651
Voluntary early retirement	-	-	-	50
Apprentice levy	146	-	146	115
GCO staff costs (Note 2)	-	16,683	16,683	16,159
Agency and contract staff costs	<u>2,627</u>	<u>-</u>	<u>2,627</u>	<u>4,716</u>
Total	<u>48,000</u>	<u>17,582</u>	<u>65,582</u>	<u>67,704</u>

Note 1 Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme and 'alpha' defined benefits schemes. Further details about the pension benefits can be found on page 53

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

Staff composition

	Male		Female		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Board members	7	77.78%	2	22.22%	9	100%
SCS (CCS)	14	60.87%	9	39.13%	23	100%
Staff (CCS)	288	43.31%	377	56.69%	665	100%
SCS (GCO deployed)	14	58.33%	10	41.67%	24	100%
Staff (GCO deployed)	58	42.65%	78	57.35%	136	100%

Note 1 This table shows the gender composition for each category of staffing group as at 31 March 2024. It is not a cumulative table

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

Note 3 Staffing figures are made up of the following contract types - permanent, fixed term appointments, loan in

Note 4 Executive Board members have been included in the CCS Board Members figures and not the SCS CCS and SCS GCO deployed

Sickness absence and attendance management

Year	CCS Average Working Days Lost	Civil Service
2019/20	7.1	6.9
2020/21	3.9	7.4
2021/22	6.3	6.1
2022/23	5.8	7.9
2023/24	6.3	7.9

This excludes contingent workers as we do not record their absence.

Average working days lost in 2023/24 is 6.3 compared to 5.8 average days lost in 2022/23 and an average of 7.9 days lost across the Civil Service as a whole.

The majority of working days lost were due to mental ill-health, with 2.5 working days lost on average. This trend is slightly higher than civil service sickness absence data which reported that mental ill-health accounted for 2.3 average working days lost across the whole of the Civil Service.

Recruitment

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

The Civil Service Commission’s latest audit of the recruitment practices in operation within CCS has been assessed and our rating was ‘Fair’.

New recruits to CCS in 2023/24 are shown in the following table, showing gender breakdown for CCS and GCO:

CCS - New hires				GCO - New hires				Total
Band	Male	Female	Total	Band	Male	Female	Total	
Band 1	1	3	4	Band 1	0	0	0	4
Band 2	2	3	5	Band 2	0	0	0	5
Band 3	3	2	5	Band 3	0	0	0	5
Band 4	1	1	2	Band 4	0	0	0	2
Band 5	0	0	0	Band 5	1	0	1	1
Band 6	0	0	0	Band 6	0	0	0	0
SCS 1	1	1	2	SCS 1	1	0	1	3
SCS 2	0	0	0	SCS 2	0	0	0	0
Total	8	10	18	Total	2	0	2	20

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

Staff policies and other employee matters

During 2023/24 work continued on embedding the People Strategy in areas such as recruitment, retention, inclusion and diversity, wellbeing, learning and development, reward and recognition for all employees. Work was undertaken to review and streamline some of our key policies. These have included disciplinary, workplace complaints, life leave, Respect at Work and Flexible Working. Changes have also been made to how we manage persistent short term absence, clarifications around long term absence and placing a greater focus on staff wellbeing with the introduction of wellbeing check ins.

All of this work supports our journey to increase line management capability. We have ensured clear guidance is available which empowers managerial ownership for people related activity.

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

Inclusion and diversity

CCS 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.

The following are key elements to our strategy:

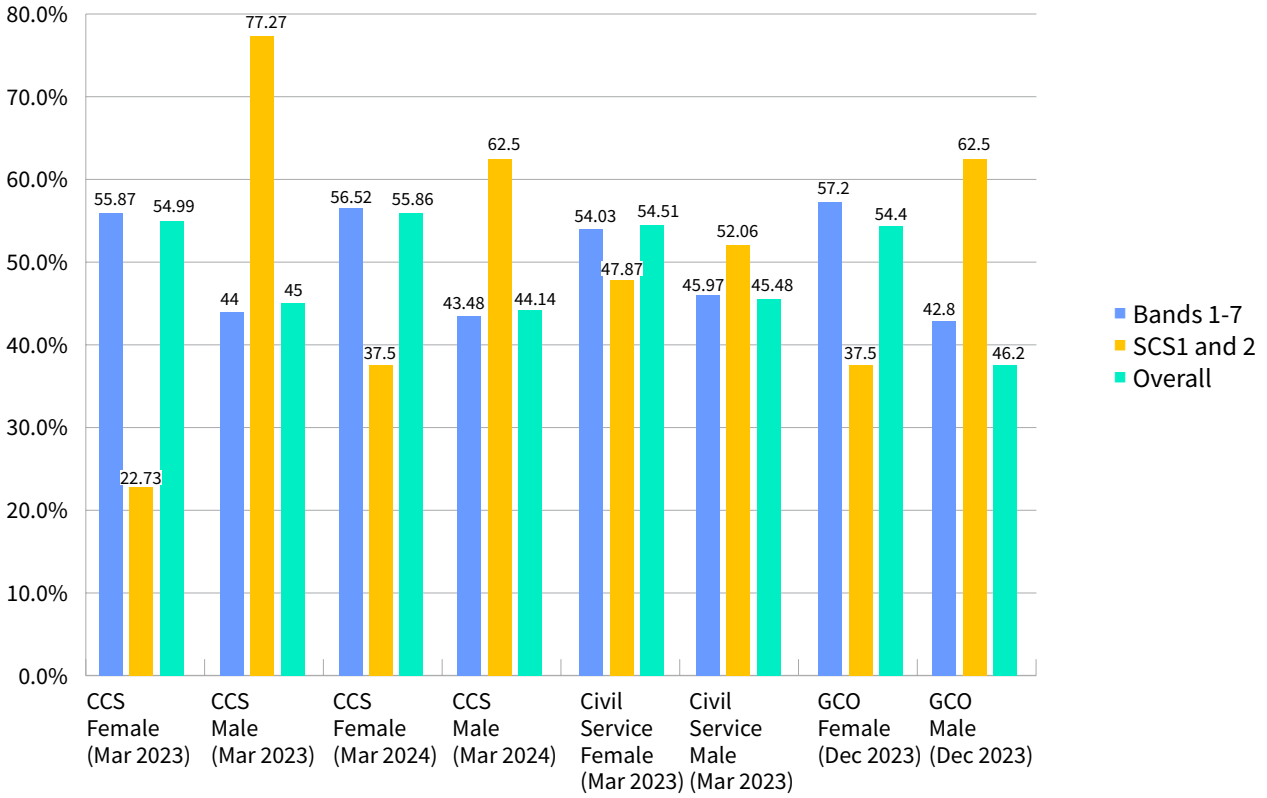
- **representation:** ensuring that CCS's workforce is representative of the diversity of modern British society
- **inclusion:** refers to the behaviours and social norms that ensure people feel that they belong
- **networks:** our formal staff networks are set up internally to represent groups of employees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

Our achievements over the past 12 months include:

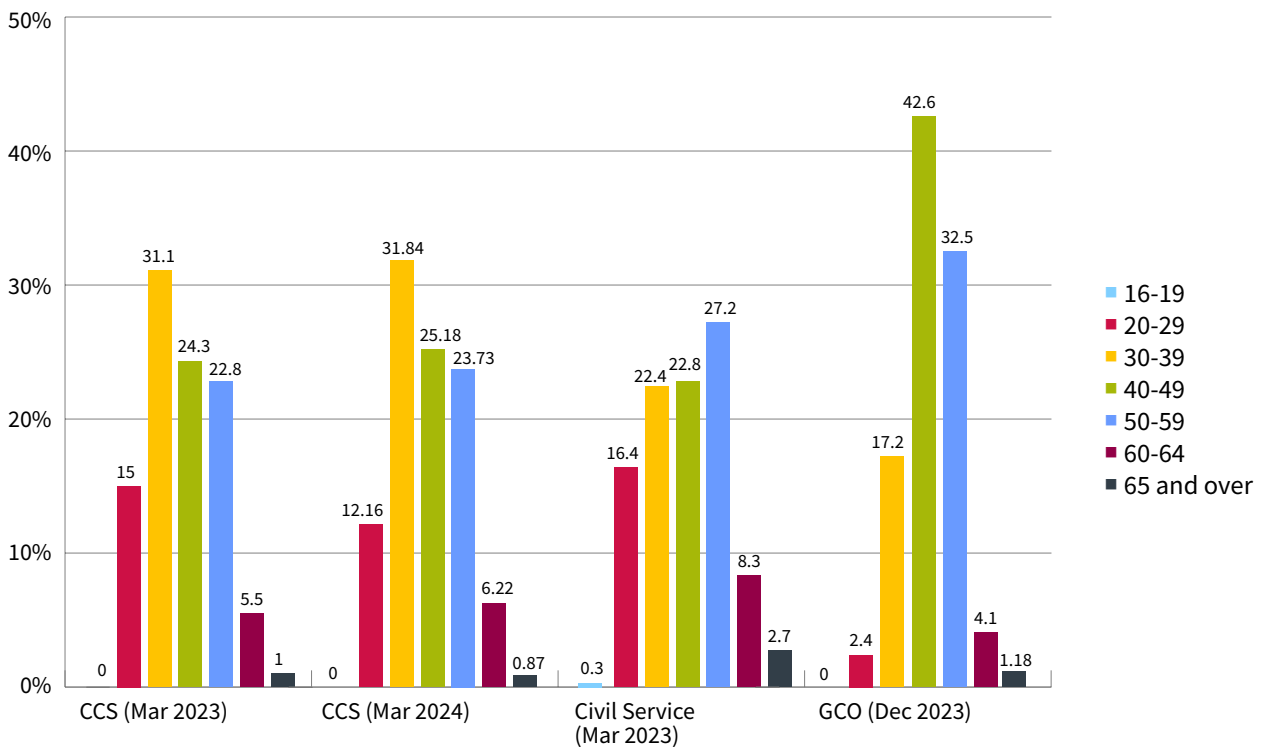
- continued collaboration with our I&D steering groups and Executive Board sponsors assigned to each network
- continued development of a comprehensive I&D dashboard with an enhanced data set to inform decision-making
- fourth consecutive year of the reverse mentoring programme, resulting in our biggest cohort yet
- published our 2023 gender pay gap report, which remains significantly lower than the Civil Service average with progress on our median pay gap over the last year
- published our second ethnicity pay gap report with continued positive increases in favour of ethnic minorities
- diversity internship opportunities within CCS
- continued partnership with Inclusive Companies provides a wealth of learning materials for all colleagues and enables CCS to advertise on the Inclusive Jobs advertising platform, promoting inclusion, equality and diversity across the UK
- coordinated National Inclusion Week events in all our 5 office locations, bringing colleagues across the organisation together in person to hear from our Executive Board and meet our staff network colleagues
- recognised as a Disability Confident Leader
- moved up our ranking in the Inclusive Companies top 50 Employers list by 29 places, being placed 20th
- entered the Social Mobility Index for the second time

Our representation rates for CCS colleagues, compared to the wider Civil Service averages, as of 31 March 2024 are shown overleaf. This data includes colleagues deployed from GCO. We continue to work closely with GCO HR colleagues to monitor their declaration and representation rates and their data is included in the following charts.

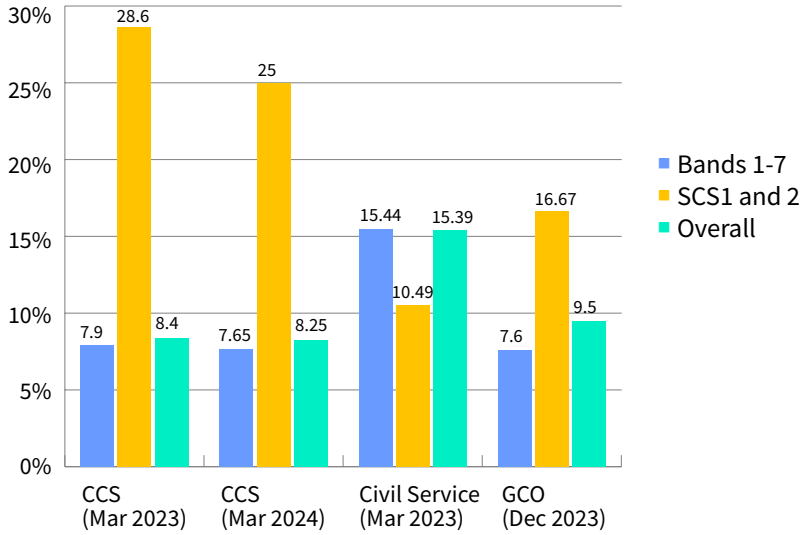
Gender representation in CCS and GCO



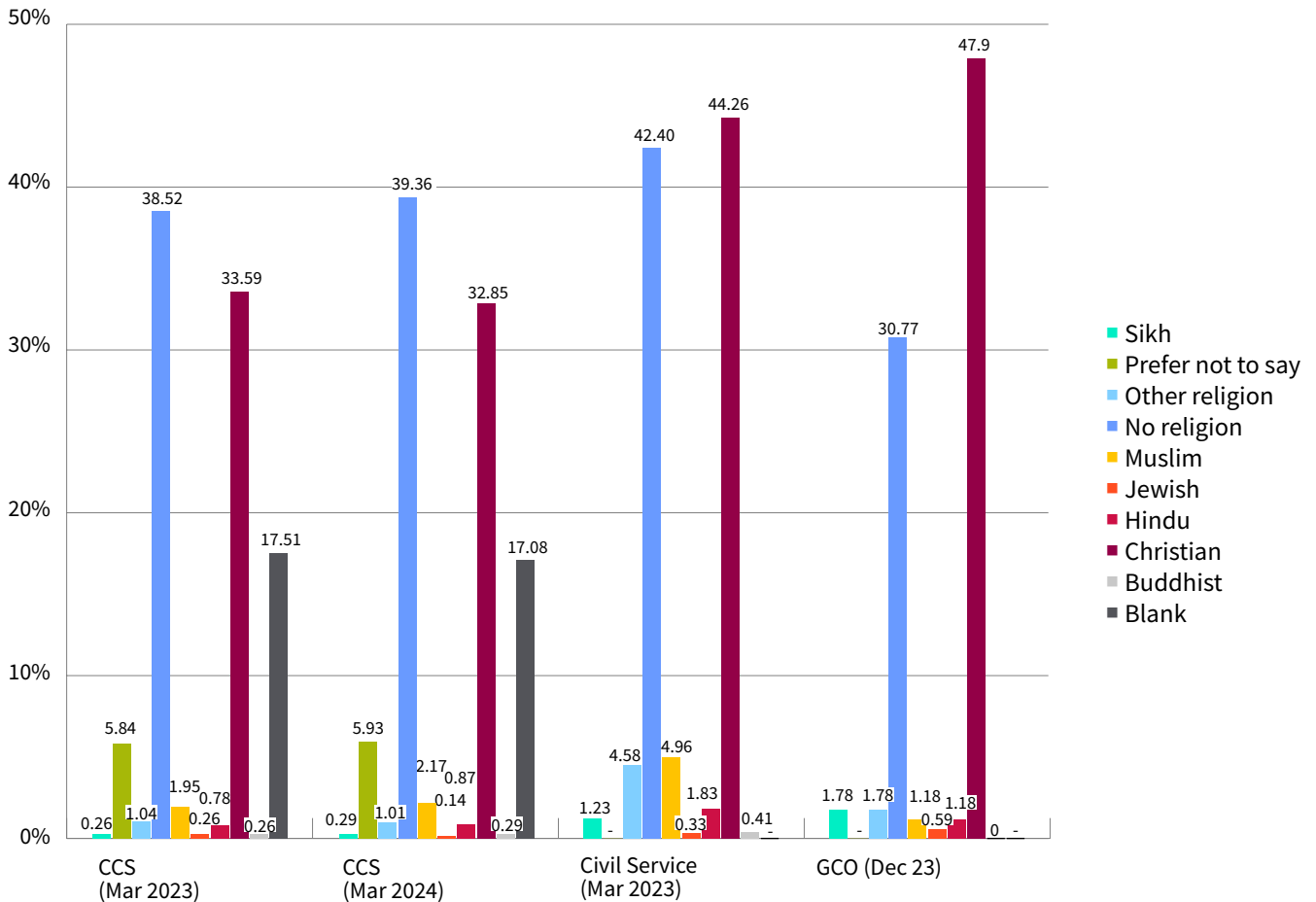
Age representation in CCS and GCO



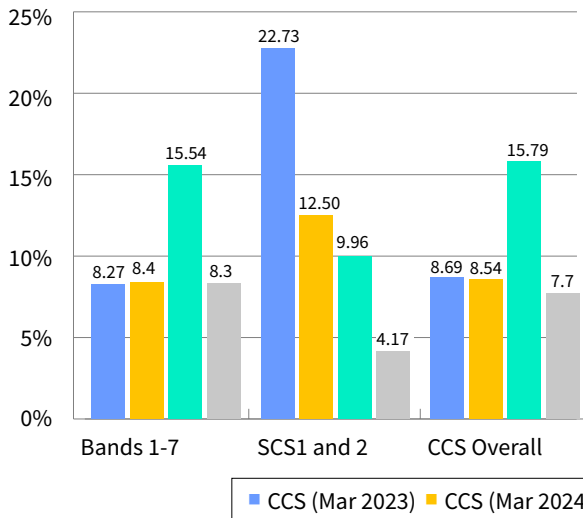
Ethnic Minorities representation in CCS and GCO



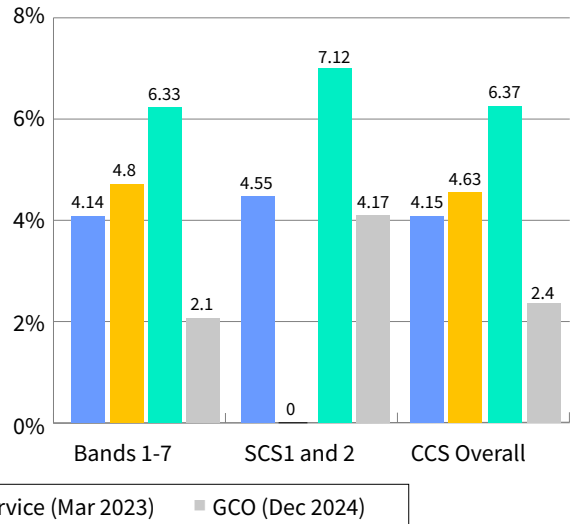
Religion and belief representation in CCS and GCO



Disability representation in CCS and GCO



LGBTQ+ representation in CCS and GCO



Gender pay gap

This is the seventh CCS Gender Pay Report and, as per the legislation, includes CCS-employed staff only. Staff deployed from the Government Commercial Organisation are included in the Cabinet Office report.

This report is based on a snapshot of the pay of all CCS employees as of 31 March 2023, as well as annual payments and bonuses paid between 1 April 2022 and 31 March 2023. It is important to note here that the 2021/22 bonus awards for all CCS Bands 1-7 were paid on 31 January 2023.

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

Our overall median and mean pay gaps are both significantly lower than the Civil Service averages. We are pleased to report that women are achieving more equal representation at senior grades, specifically at Band 6 where women continue to represent 57% of these roles over the last 2 years, compared to 52% in 2021.

	2019	2020	2021	2022	2023
Median pay gap	6.46%	1.73%	0%	1.63%	0.16%
Mean pay gap	9.47%	7.58%	3.63%	3.87%	4.78%

This year CCS has seen a 1.47% reduction in the median pay gap from 1.63% in 2022 to 0.16% in 2023, but our mean pay gap has increased by 0.91% from 3.87% in 2022 to 4.78% in 2023.

Drivers of the reduction of the pay gap were:

- our workforce has a higher percentage of women in bands 1 to 3 than men and in contrast, our senior bands have a higher percentage of men – whilst there are more females at Band 5-6, there is still a noticeable difference at SCS1 and SCS2
- bonuses of a higher value are awarded to SCSs and these are majority male

We continue to invest in long-term programs such as talent and leadership schemes which allow employees of all levels to develop their careers. We continue to gather further data and insights to better understand the barriers to progression and monitor progress through the production of our I&D dashboard.

Ethnicity pay gap

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

The representation of ethnic minority colleagues is reported at 8.45%. This is a 1.35% decrease on last year’s reported representation. For the second year in a row, the median pay gap has remained at 0%. While the mean gap has improved again in favour of ethnic minorities to +9.04%.

	2021	2022 (Restated)**	2023
Median pay gap	2.2%	0%	0%
Mean pay gap	5.48%	8.94%	9.04%

*A positive number denotes the pay gap is in favour of ethnic minorities.

**2022 has been restated to correct the number previously reported

Drivers of the pay gap were:

- there is a higher number of ethnic minority employees in bands 1 to 5
- representation of ethnic minority employees at Band 1 has increased steeply to 35.71% in 2023, compared to 13% in 2022
- the pay gap at band 1 has increased from 0% in 2021 and 2022 to +1.46% in 2023
- ethnic minorities in SCS roles have increased by 6.33% in the last year
- the pay gap for SCS grades is positive at +29.04% in favour of ethnic minority colleagues

We want to continue to learn and seek improvements for the future. We commit to continuously reviewing our data to make evidence-based decisions to drive positive change. We will continue to utilise our I&D dashboard and our recruitment data insights and listen to our people through the Civil Service People Survey results, directorate communication and staff networks. We will look at creating opportunities, reviewing our policies and practices and continue to build on what we have already achieved.

Policy on the employment of disabled persons

CCS are an equal opportunities employer and in the last year have been recognised as Disability Confident Leader.

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
- utilising data insight to understand the impact of our efforts and drive targeted action
- providing for the training, career development and promotion of disabled persons employed by CCS
- offering work experience and paid internship placements for people with disabilities
- creating policies and guidance which are inclusive by design
- conducting equality impact assessments on all new policy changes and large change projects
- promoting a disability confident culture by raising awareness of conditions and colleagues' experiences along with the support available through internal communications
- providing colleagues with support, education and a voice through the membership of our Able staff network
- promoting our credentials through our external facing platforms

The data shows that CCS have low rates of declaration in relation to disability at 52%, although this has increased from

50% in the past year. We have continued to raise awareness of updating declarations through the sharing of our I&D dashboard with directorate and engagement activities like National Inclusion Week, in order to increase our percentage completion rates.

Employee engagement

People Survey - employee engagement trends

Year	Response rate percentage
2019	68
2020	72
2021	71
2022	69
2023	62

CCS participates in the Civil Service People Survey to measure employee engagement, focusing on their perceptions and experiences of working in CCS and the Civil Service.

CCS achieved a 93% response rate from our CCS and GCO deployed staff. The CCS Engagement Index (EI) score stands at 62%, indicating a decrease of 7 percentage points from 2022. This is the third consecutive year of decline since its peak of 72% in 2020. The overall engagement level within the Civil Service experienced a slight reduction to 64%, 1 percentage point lower than 2022, placing CCS below the Civil Service benchmark.

Our EI score positions CCS as the 5th highest among organisations of a similar size and 14th highest among all participating organisations. However CCS has noted a lack of improvement across the 9 Core Themes of engagement.

There has been a slight increase in the percentage of respondents reporting incidents of Discrimination, Bullying and Harassment, now standing at 8%. Whilst Bullying and Harassment aligns with the Civil Service benchmark, Discrimination is 1 percentage point above it.

Acknowledging these shifts in our people survey result, CCS recognises the imperative for enterprise leadership and meaningful action to enhance our employee experience. Through a targeted corporate action plan centred on cohesive leadership, cultural realignment with our CCS vision, strategy and values and robust communication practices, CCS aims to address these challenges effectively.

Health, safety and wellbeing

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

- maintain working relationships with GPA, FM providers and Trade Unions
- provide advice, guidance and support to our colleagues
- continue to ensure all workplaces are safe and legally compliant supporting our smarter working initiative by undertaking and managing all relevant risk assessments
- maintain and develop systems and policies to ensure staff safety and promote health and safety compliance by moving towards an employee led H&S culture
- report all health and safety matters to the Health and Safety Committee and the People and Finance sub-committee each quarter

There were no incidents during 2023/24 that required reporting to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

CCS continues to focus on the physical, mental and financial wellbeing of its people. The CCS Wellbeing Strategy 2021-24 and Action Plan were launched in October 2021. The Strategy is due for a full review in 2024. We were proud to achieve a Gold Award in the Mind Wellbeing Index in 2022 and we have entered the Index again in 2024 so that we can continue to work on an updated action plan to offer support and initiatives to our staff.

There have been ongoing wellbeing initiatives this year such as ‘The Big Team Challenge’ and wellbeing month in September. CCS continues to promote national awareness days including Time to Talk and Mental Health Awareness Week with the support of our Mental Health First Aid Representatives. We are proud that approximately 20% of our colleagues are fully qualified Mental Health First Aiders. This year we have introduced a wellbeing support page on the intranet so that colleagues can easily access support and guidance when they need it.

Expenditure on consultancy and temporary staff

	2023/24	2022/23
Consultancy spend	£3,667,941	£2,087,749
Contingent labour spend	£2,626,577	£4,715,919

The figure for consultancy of £3,667,941 is represented in the Financial Statements as £1,477,240 as per Note 5.1, and a proportion of Note 5.2 of £2,190,701.

Consultancy costs have increased by 76% since 2022/23 and contingent labour costs have decreased by 44%. The increased consultancy expenditure is driven by the decision to move away from interim/agency resources and towards service delivery partners and an outcome based approach.

Reporting of off-payroll appointments

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

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

Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater:

The total number of existing engagements as of 31 March 2024	18
Of which, number that existed:	
for less than one year	5
for between one and two years	9
for between two and three years	2
for between three and four years	1
for four or more years	1

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

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

All highly-paid off-payroll appointments engaged at any point during the year ended 31 March 2024, earning £245 per day or greater.

Number of temporary off-payroll workers engaged during the year ended 31 March 2024	44
Of which...	
Not subject to off-payroll legislation	44
Subject to off-payroll legislation and determined as in scope of IR35	0
Subject to off-payroll legislation and determined as out of scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Number that saw a change to IR35 status following review	0

For any off-payroll engagements of Board Members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024:

Number of off-payroll engagements of Board Members, and/or, senior officials with significant financial responsibility, during the financial year	0 (Note 1)
Total number of individuals on payroll and off-payroll that have been deemed 'Board members, and/or, senior officials with significant financial responsibility', during the financial year	7 on payroll 0 off-payroll

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

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

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

	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Exit package cost by band:	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band Note 1	
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	1	-	1
£50,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,000 +	-	-	-	-	-	-
Total number of packages by type	-	-	-	-	-	-
Total cost £	0	0	0	50,000	0	50,000

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

Parliamentary Accountability and Audit Report

Regularity of expenditure (Audited)

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

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

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

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

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

CCS meets the requirements for assurance through compliance with Government Functional Standards (as set out in the Corporate Governance report).

There were no losses or special payments in the year.

Fees and charges (Audited)

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

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

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

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

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

As per the segmental analysis shown in Note 2 of the Notes to the accounts on page 88, three types of charges are applied from which income is derived:

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

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

Remote contingent liabilities (Audited)

We do not have any remote contingent liabilities.



Simon Tse CBE
Chief Executive and
Accounting Officer
12 July 2024

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 2024 under the Government Trading Funds Act 1973.

The financial statements comprise the Crown Commercial Service.

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Crown Commercial Service's affairs as at 31 March 2024 and its retained surplus for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

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

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report. The Accounting Officer is responsible for the other information.

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

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

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Crown Commercial Service from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements that give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- preparing financial statements that give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- assessing the Crown Commercial Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Crown Commercial Service's accounting policies.
- inquired of management, the Crown Commercial Service's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Crown Commercial Service policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Crown Commercial Service's controls relating to the Crown Commercial Service compliance with the Government Trading Funds Act 1973 and Managing Public Money
- inquired of management, the Crown Commercial Service's Head of Internal Audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

Audit response to identified risk

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

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

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
July 2024

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



Financial statements

Statement of comprehensive income for the year ended 31 March 2024

		2023/24		2022/23	
	Note	£000	£000	£000	£000
Income from external sales	2		169,276		176,795
Other operating income	3		412		833
Total income			169,688		177,628
Staff costs	4	(65,582)		(67,704)	
Depreciation of property, plant and equipment	7	(688)		(653)	
Amortisation of intangible assets	8	(4,145)		(668)	
Lease Depreciation	9	(1,013)		(975)	
Lease interest	14	(51)		(60)	
Other expenditure	5.1	(34,540)		(24,837)	
Total expenditure			(106,019)		(94,897)
Surplus before other operating costs			63,669		82,731
Other operating costs	5.2		(9,878)		(4,195)
Operating surplus			53,791		78,536
Finance income	6		7,484		2,780
Surplus for the financial year			61,275		81,316
Dividend payable to Cabinet Office			(71,000)		(36,000)
Retained (deficit)/surplus for the financial year			(9,725)		45,316
Other comprehensive income					
Revaluation reserve	18		541		52
General reserve	17		138		-
Total other comprehensive income			679		52
Comprehensive income for the financial year			(9,046)		45,368

The Notes to the accounts on pages 84 to 102 form an integral part of these accounts.

Statement of financial position as at 31 March 2024

	Note	31 March 2024		31 March 2023	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	7		2,071		2,759
Intangible assets	8		15,737		18,304
Right of use assets	9		4,981		5,856
			22,789		26,919
Current assets					
Trade and other receivables	10	50,727		44,092	
Cash and cash equivalents	11	166,532		140,488	
		217,259		184,580	
Current liabilities					
Trade and other payables	12	(64,805)		(26,348)	
Employee benefit payable	13	(498)		(554)	
Lease liabilities due in less than one year	14	(883)		(930)	
		(66,186)		(27,832)	
Net current assets			151,073		156,748
Total assets less current liabilities			173,862		183,667
Non current liabilities					
Lease liabilities due in more than one year	14	(4,132)		(5,015)	
Provisions	15	(816)		(692)	
Total non current liabilities			(4,948)		(5,707)
Total assets less liabilities			168,914		177,960
Capital and reserves					
Public dividend capital	16		350		350
General reserve	17		167,919		177,460
Revaluation reserve	18		645		150
Total capital and reserves			168,914		177,960

The Notes to the accounts on pages 84 to 102 form an integral part of these accounts.



Simon Tse CBE
Chief Executive and
Accounting Officer
12 July 2024

Statement of cash flows for the year ended 31 March 2024

		2023/24		Restated 2022/23
	Note	£000	£000	£000
Net cash inflow from operating activities	19		94,182	78,219
Cash flows from investing activities				
Finance income		7,623		2,355
Purchases of property plant and equipment		-		(1,589)
Purchases of intangible assets	8	(7,684)		(11,506)
Assets under construction	8	4,148		5,328
Net cash inflow/(outflow) from investing activities			<u>4,087</u>	<u>(5,412)</u>
Net cash inflow before financing			98,269	72,807
Cash flows from financing activities				
Dividend paid		(71,000)		(36,000)
Lease rental paid		(1,225)		(1,173)
Net cash outflow from financing activities			<u>(72,225)</u>	<u>(37,173)</u>
Net increase in cash and cash equivalents			<u>26,044</u>	<u>35,634</u>
Cash and cash equivalents 1 April			<u>140,488</u>	<u>104,854</u>
Cash and cash equivalents 31 March			<u>166,532</u>	<u>140,488</u>

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

The Notes to the accounts on pages 84 to 102 form an integral part of these accounts.

Statement of changes in taxpayers' equity as at 31 March 2024

	Public Dividend Capital	General Reserve	Revaluation Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2023	350	177,460	150	177,960
Comprehensive (expenditure)/income for the financial year	-	(9,725)	541	(9,184)
Revaluation disposal	-	46	(46)	-
Lease adjustment rent free periods	-	138	-	138
Balance at 31 March 2024	<u>350</u>	<u>167,919</u>	<u>645</u>	<u>168,914</u>

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

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

The Notes to the accounts on pages 84 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

There is one new standard in issue but not yet in force for the year ended 31 March 2024 and it has not been applied in preparing these financial statements. The standard that may be adopted in subsequent periods is:

- IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard was issued in May 2017 and is expected to apply to annual reporting periods during 2025/26. IFRS 17 does not currently apply within the FReM. CCS does not expect the standard to impact on its financial statements in the future.

1.2 Income and segmental reporting

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

Income received in advance of services provided is recognised as deferred income.

The applicable segments are as follows:

1. Commercial agreement income

a) General income – income is recognised in the calendar month in which spend takes place, at the appropriate commission rate on sales reported from suppliers. Where management information has been received and commercial agreement sales have been invoiced but not paid as at the year end, this is recognised as receivables and measured at supplier sales times the relevant contractual levy. Where current year management information has not been received by the year end this is recognised as accrued income. Accrued income is initially estimated based on previous management information returns and subsequently measured at supplier sales times the relevant contractual levy where the management information is received and the sale is invoiced prior to accounts production.

b) Energy income – a monthly levy is charged based on the number of sites and meters a customer has. Income is recognised monthly based on site information as reported 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 as a net revenue, within the Statement of Comprehensive Income.

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

2. Other operating segments

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

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

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

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 incurrence 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.

- c) Customer payment initiative – As CCS has increased the volume of spending through its commercial agreements, the level of income it achieves has also grown resulting in surpluses. CCS has planned to make payments back to end user qualifying customers in proportion to the amount of income their commercial agreement purchases have generated. These payments are not part of any written agreement and are non-contractual. Payments are shown as a reduction in income in the year payments are agreed. Payments are held as a current liability as payment is expected to be made within the next year. As at 12 July 2024 payments totalling £18.1 million have been made.

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

1.3 Property, plant and equipment

Property, plant and equipment assets are capitalised at their cost of acquisition and installation. The prescribed capitalisation level is £5,000. Where an asset costs less than this but forms an integral part of a package whose total value is greater than the capitalisation level, then it is treated as a capital asset. Where material, assets are revalued but where assets have a short life or are low value, depreciated historic cost is used as a proxy for fair value. See note 2.6 leases for the subsequent evaluation of right of use assets.

Depreciation

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

- computer equipment – three to six years
- fixtures and fittings – four to 10 years
- plant and equipment – five to 25 years
- right of use assets – over the life of the associated lease

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

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

1.4 Intangible assets

Recognition and Amortisation

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

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

Intangible Assets are measured on initial recognition at cost. Costs include both permanent and temporary pay costs directly attributable to bringing the asset into service. Intangible assets are assessed as having a finite life of between 3-10 years and are amortised accordingly. The amortisation period and method are reviewed at each financial year end to assess whether there has been any indication that an asset maybe impaired (in accordance with IAS 36). The prescribed capitalisation level is £5,000. A full month's amortisation cost is charged in the first month of acquisition.

Notes to the accounts *continued*

In accordance with IAS 38, development expenditure is recognised as an intangible asset when CCS can demonstrate:

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

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

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

Asset under construction

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

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

1.5 Early retirement

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

1.6 Leases

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

Initial recognition

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

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

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

Subsequent measurement

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

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

In the current year, there have been no new leases or amendments to existing leases. Therefore, lease liabilities have not been re-measured and the discount rate used has not been revised. Where future lease payments are based on a specified interest rate the revised lease payments have been discounted accordingly.

Lease expenditure

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

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

Prior year transitional arrangement

CCS adopted IFRS 16 using the cumulative catch-up method. As a result, comparatives were not restated and the measurement of the asset and liability balances were recognised from 1 April 2022.

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

1.7 Financial instruments, cash and cash equivalents

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

1.8 VAT

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

1.9 Expenditure

Expenditure is recognised on an accruals basis to reflect when the service is performed/goods are received. Services performed/goods received but not paid by year end are recognised as trade payables (if invoice received) or accruals if not. When payments above £5,000 are made for services not performed/goods not received by year end, they are recorded as prepayments.

1.10 Significant judgements and critical accounting estimates

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

Income accruals

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

Total staff costs

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

Depreciation and amortisation

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

Office dilapidations

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

Impairment

The annual impairment review identified that there were indications of impairment for two assets. In the current year £2.3 million was impaired from intangible assets under construction and software licenses (see notes 5 and 8). CCS has no further use for development undertaken on the Supplier Information repository nor the Public Procurement Organisation Number functionality.

Bad debt provision

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

1.11 Going concern

In late March 2024, the HMT Classification team concluded a review of the sector classification of CCS. Their indicative view, pending a formal future Office for National Statistics (ONS) review, determined that CCS should be re-classified as a central government entity for the purposes of National Accounts, rather than remain classified as a public corporation. Any such reclassification would have no effect on CCS's day to day service delivery; however changes to governance and financial processes would more than likely be required. The implications for CCS's status as a Trading Fund and Executive Agency is currently being discussed with the Cabinet Office and HM Treasury.

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

Notes to the accounts continued

2 Segmental analysis

2023/24
31 March 2024

	Commercial Agreements	Other Operating Segments	Customer Payment Initiative	Total
	£000	£000	£000	£000
Statement of Comprehensive Income (SOCl)				
Gross income from external sales	213,135	245	-	213,380
Commission shares	(8,104)	-	-	(8,104)
Customer payment initiative	-	-	(36,000)	(36,000)
Net income from external sales in SOCl	205,031	245	(36,000)	169,276
Other operating income	-	412	-	412
Total income	205,031	657	(36,000)	169,688
Operating costs	(105,712)	(307)	-	(106,019)
Surplus / (deficit) before other operating costs	99,319	350	(36,000)	63,669
Other operating costs	(6,657)	(3,221)	-	(9,878)
Operating surplus/(deficit)	92,662	(2,871)	(36,000)	53,791
Statement of financial position				
Non-current assets	22,789	-	-	22,789
Current assets	217,251	8	-	217,259
Total assets	240,040	8	-	240,048

2022/23
31 March 2023

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

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

2.1 IFRS 15 contract assets and liabilities

Contract balances relating to the reporting segments are as follows.

	31 March 2024 Commercial Agreements £000	31 March 2024 Other Services £000	31 March 2024 Other NHS FOM £000	31 March 2024 Other Services Total £000	31 March 2024 Customer Payment Initiative £000	31 March 2024 Overall Total £000
Contract assets						
Trade receivables	17,145	74	-	74	-	17,219
Accrued income	<u>26,112</u>	<u>2,891</u>	<u>-</u>	<u>2,891</u>	<u>-</u>	<u>29,003</u>
	<u>43,257</u>	<u>2,965</u>	<u>-</u>	<u>2,965</u>	<u>-</u>	<u>46,222</u>
Contract liabilities						
Accrued MoU	4,297	-	-	-	-	4,297
Workforce Health Alliance payable	3,359	-	-	-	-	3,359
Trade payables	<u>416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416</u>
	<u>8,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,072</u>
Non contracted liabilities						
Customer payment initiative	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>36,000</u>

Payments associated with the customer payment initiative are not part of any written agreement and are non-contractual. See also note 1.2.2c.

	31 March 2023 Commercial Agreements (reclassified) £000	31 March 2023 Other Services £000	31 March 2023 Other NHS FOM £000	31 March 2023 Other Services Total £000	31 March 2023 Customer Payment Initiative £000	31 March 2023 Overall Total (reclassified) £000
Contract assets						
Trade receivables	15,148	-	52	52	-	15,200
Accrued income	<u>23,770</u>	<u>607</u>	<u>48</u>	<u>655</u>	<u>-</u>	<u>24,425</u>
	<u>38,918</u>	<u>607</u>	<u>100</u>	<u>707</u>	<u>-</u>	<u>39,625</u>
Contract liabilities						
Accrued MoU	2,576	-	-	-	-	2,576
Workforce Health Alliance payable	2,552	-	-	-	-	2,552
Trade payables	520	-	-	-	-	520
Deferred income - Other	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>
	<u>5,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,985</u>

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

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

Notes to the accounts continued

3 Other operating income

	2023/24	2022/23
Income	£000	£000
NHS FOM funding	175	614
EU transition support	<u>237</u>	<u>219</u>
Total	<u>412</u>	<u>833</u>

NHS FOM was a service CCS provided to NHS BSA for the provision of office solutions. This service ended in the current year.

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

4 Total staff costs

	2023/24	2022/23
	£000	£000
Wages and salaries	32,899	32,836
Bonus	440	475
Social security	3,608	3,761
Superannuation (Note 1)	8,280	8,651
Apprenticeship levy	146	115
GCO staff costs (Note 2)	17,582	17,150
Agency and contract staff costs	<u>2,627</u>	<u>4,716</u>
SOCE total	<u>65,582</u>	<u>67,704</u>
SOFP capitalised staff costs	<u>610</u>	<u>1,717</u>
Total	<u>66,192</u>	<u>69,421</u>

Note 1: Superannuation costs relate to staff participation in the PCSPS and alpha defined benefits schemes. Further details about the pension benefits can be found on page 53.

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 50.

5 Operating costs

5.1 Other expenditure

	2023/24	2022/23
	£000	£000
Charges include:		
Auditor's remuneration*	84	79
Accommodation - buildings and utilities	1,287	1,142
Accommodation - furniture and equipment	2	73
Travel and subsistence	997	939
Marketing	2,087	1,369
Training	1,714	1,180
Impairment**	2,323	-
Asset disposal loss	176	-
Legal fees	1,293	1,193
Technology and mobile	17,518	15,024
Recruitment	415	195
Digital transformation and service delivery partners	2,111	69
Consultancy	1,477	763
Seminars, conferences and room hire	291	159
Security clearance and information assurance	228	268
Crown Hosting Services	229	352
GCO non pay costs	838	872
Internal audit fees	176	163
Partial exemption VAT costs	290	-
Other operating and external charges	1,004	997
Total	<u>34,540</u>	<u>24,837</u>

*The Comptroller and Auditor General is the auditor of CCS's accounts. The charge for the year is £84,000 (2022/23: £78,500). All of this cost is related to audit services.

**Following the annual impairment review of intangible assets, assets under construction were impaired in the current year by £2.3 million.

5.2 Other operating costs

	2023/24	2022/23
	£000	£000
CCS capability investment costs	5,862	2,796
Cabinet Office central digital platform	944	-
Supplier assurance delivery partner	795	-
Customer, commercial and contract management capability	2,277	1,395
NHS FOM	-	4
Total	<u>9,878</u>	<u>4,195</u>

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

CCS Capability Investment funds a number of Programmes to improve our products, services and digital services.

CCS have provided funding to the Cabinet Office to develop the Central Digital Platform to comply with new procurement legislation.

Supplier Assurance delivers a number of initiatives to support the management, risk and due diligence of national and global supply chains.

CCS provided funding to the Cabinet Office to deliver commercial and contract management capability training to CCS customers and has invested in other public sector bodies to support customer capability.

Notes to the accounts continued

6 Finance income

	2023/24	2022/23
	£000	£000
Interest earned on cash held with the Government Banking Service and short term investments	7,484	2,780
Total	<u>7,484</u>	<u>2,780</u>

7 Property, plant and equipment

2023/24

	31 March 2024 Computer equipment	31 March 2024 Fixtures and fittings	31 March 2024 Asset under construction	31 March 2024 Total
Cost	£000	£000	£000	£000
At beginning of period	-	3,455	-	3,455
Additions in period	-	-	-	-
Asset under construction transfer	-	-	-	-
Disposals in period	-	-	-	-
At end of period	<u>-</u>	<u>3,455</u>	<u>-</u>	<u>3,455</u>
Depreciation				
At beginning of period	-	696	-	696
Amount provided in period charged to SOCI	-	688	-	688
Disposals in period	-	-	-	-
At end of period	<u>-</u>	<u>1,384</u>	<u>-</u>	<u>1,384</u>
Net book value at March 2024	<u>-</u>	<u>2,071</u>	<u>-</u>	<u>2,071</u>
Net book value at March 2023	<u>-</u>	<u>2,759</u>	<u>-</u>	<u>2,759</u>

2022/23

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

8 Intangible assets**2023/24**

	31 March 2024 Software licences	31 March 2024 Asset under construction	31 March 2024 Total
Cost	£000	£000	£000
At beginning of period	13,544	6,382	19,926
Additions in period	3,536	-	3,536
Additions - asset under construction transfer	4,148	(4,148)	-
Revaluation	784	-	784
Impairment	(89)	(2,234)	(2,323)
Disposals in period	(1,054)	-	(1,054)
At end of period	<u>20,869</u>	<u>-</u>	<u>20,869</u>
Amortisation			
At beginning of period	1,622	-	1,622
Amount provided in period	4,145	-	4,145
Revaluation	243	-	243
Disposals in period	(878)	-	(878)
At end of period	<u>5,132</u>	<u>-</u>	<u>5,132</u>
Net book value at March 2024	<u>15,737</u>	<u>-</u>	<u>15,737</u>
Net book value at March 2023	<u>2,602</u>	<u>15,702</u>	<u>18,304</u>

2022/23

	Restated 31 March 2023 Software licences	Restated 31 March 2023 Asset under construction	31 March 2023 Total
Cost	£000	£000	£000
At beginning of period	1,913	10,479	12,392
Additions in period	119	7,290	7,409
Additions - asset under construction transfer	11,387	(11,387)	-
Revaluation	125	-	125
At end of period	<u>13,544</u>	<u>6,382</u>	<u>19,926</u>
Amortisation			
At beginning of period	881	-	881
Amount provided in period	668	-	668
Revaluation	73	-	73
At end of period	<u>1,622</u>	<u>-</u>	<u>1,622</u>
Net book value at March 2023	<u>2,602</u>	<u>15,702</u>	<u>18,304</u>
Net book value at March 2022	<u>1,032</u>	<u>10,479</u>	<u>11,511</u>

During the current year, CCS changed the basis upon which an asset was brought into use. This change impacted the prior year initial recognition cost (£9.3m) at 1 November 2022. This change has been reflected within the restated prior year table above. The retrospective amortisation applicable (£0.7m) has been accounted for as an additional cost in the current year. The prior year Statement of cash flows has also been restated accordingly.

Notes to the accounts *continued***9 Right of use assets**

	31 March 2024	31 March 2024
	Land and buildings	Total
	£000	£000
Cost		
1 April 2023	6,831	6,831
Additions in periods	<u>138</u>	<u>138</u>
At end of period	<u>6,969</u>	<u>6,969</u>
Depreciation		
1 April 2023	975	975
Amounts provided in period	<u>1,013</u>	<u>1,013</u>
At end of period	<u>1,988</u>	<u>1,988</u>
Net book value at March 2024	<u>4,981</u>	<u>4,981</u>
Net book value at March 2023	<u>5,856</u>	<u>5,856</u>

10 Trade and other receivables

	31 March 2024	Reclassified
	£000	31 March 2023
	£000	£000
Current receivables		
Trade receivables	17,384	15,251
Less: bad and doubtful receivables impairment assessment	<u>(28)</u>	<u>(51)</u>
Net trade receivables	17,356	15,200
Other receivables	375	532
Prepayments	3,304	3,803
Accrued income	29,739	24,640
Less: bad and doubtful accrued income impairment assessment	<u>(47)</u>	<u>(83)</u>
Net accrued income	<u>29,692</u>	<u>24,557</u>
Total current receivables	<u>50,727</u>	<u>44,092</u>
Aged debt analysis		
Within credit terms	15,223	12,898
Past due date but not impaired:		
1-30 days	1,488	2,053
31-60 days	275	52
61-90 days	92	101
Over 90 days	<u>278</u>	<u>96</u>
Total receivables	<u>17,356</u>	<u>15,200</u>
Bad and doubtful receivables and accrued income impairment analysis		
Assessment at the beginning of the year	134	148
Decrease in the assessment for the year	<u>(59)</u>	<u>(14)</u>
Assessment at the end of the year	<u>75</u>	<u>134</u>

11 Cash and cash equivalents

	31 March 2024	31 March 2023
	£000	£000
Government Banking Service cash balance	<u>166,532</u>	<u>140,488</u>
Total	<u>166,532</u>	<u>140,488</u>

12 Trade and other payables

	31 March 2024	31 March 2023
	£000	£000
Current payables		
VAT	6,931	6,665
Other taxation and social security costs	955	1,066
Trade payables	8,073	5,648
Other payables	841	869
Dividend	-	-
Accruals	11,909	11,659
Deferred income	96	441
Customer payment initiative	36,000	-
Total	<u>64,805</u>	<u>26,348</u>

All of the dividends have been paid in the year.

13 Employee benefit payable

	31 March 2024	31 March 2023
	£000	£000
Balance at beginning of period	554	630
Decrease in the period	<u>(56)</u>	<u>(76)</u>
Balance at end of the period	<u>498</u>	<u>554</u>

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

Notes to the accounts continued

14 Lease liabilities	31 March 2024	31 March 2023
	£000	£000
Obligations under leases		
Not later than one year	926	981
later than one year and not later than five years	3,442	3,394
later than 5 years	<u>796</u>	<u>1,769</u>
	5,164	6,144
Less interest elements	<u>(149)</u>	<u>(199)</u>
Present value of obligations	<u>5,015</u>	<u>5,945</u>
Present value of obligations under leases		
Not later than one year	883	930
later than one year and not later than five years	3,344	3,275
later than 5 years	<u>788</u>	<u>1,740</u>
	<u>5,015</u>	<u>5,945</u>
Amounts recognised in the statement of comprehensive income		
Depreciation	1,013	975
Interest expense	<u>51</u>	<u>60</u>
	<u>1,064</u>	<u>1,035</u>
Amounts recognised in the statement of cash flows		
Interest expense	<u>51</u>	<u>60</u>

15 Provisions

	31 March 2024	31 March 2023
	£000	£000
Balance at beginning of period	692	903
Utilised in the period	-	(136)
(Decrease) / increase in the period	<u>124</u>	<u>(75)</u>
Balance at end of period	<u>816</u>	<u>692</u>

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

16 Public dividend capital (PDC)

	31 March 2024	31 March 2023
	£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>

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

17 General reserve

	Note	31 March 2024	31 March 2023
		£000	£000
Balance at beginning of period		177,460	132,144
Revaluation disposal	18	46	-
Lease adjustment rent free period	9	138	-
Retained (deficit) / surplus for the period		<u>(9,725)</u>	<u>45,316</u>
Balance at end of period		<u>167,919</u>	<u>177,460</u>

Notes to the accounts continued

18 Revaluation reserve

	Note	31 March 2024	31 March 2023
		£000	£000
Balance at beginning of period		150	98
Revaluation disposal	17	(46)	-
Increase in the period	1.4	541	52
Balance at end of period		<u>645</u>	<u>150</u>

19 Notes to the statement of cash flows

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

	Note	2023/24	2022/23
		£000	£000
Operating surplus		53,791	78,536
Increase / (decrease) in provisions	15	124	(211)
Depreciation charges	7	688	653
Amortisation of intangible assets	8	4,145	668
Right of use depreciation	9	1,013	975
Lease interest	14	51	60
Asset disposal loss	8	176	-
Asset impairment	8	2,323	-
(Decrease) in receivables	10	(6,774)	(2,602)
Less movements in receivables not passing through the SOCI		244	228
Increase / (decrease) in payables and employee benefit	12/13	38,401	(88)
Net cash inflow from operating activities		<u>94,182</u>	<u>78,219</u>

Note (ii): Analysis of changes in net funds

Net funds at 1 April		140,488	104,854
Net funds increase		26,044	35,634
Net funds at 31 March		<u>166,532</u>	<u>140,488</u>

20 Capital commitments

There were no capital commitments contracted for at 31 March 2024 (31 March 2023: £1.4 million).

21 Financial objective

The Minister for the Cabinet Office (with the concurrence of HM Treasury) set a financial target of 5% return on capital employed (ROCE) per annum over a five year period (April 2021 to March 2026). ROCE is measured as CCS's operating surplus as a percentage of the annual average of opening and closing net assets. CCS has a financial plan to deliver this target.

22 Related party transactions

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

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

During 2023/24, CCS had various material transactions with most government departments and other central government bodies, devolved administrations and Wider Public sector bodies including the NHS and many local authorities.

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

Dr. M Gazzard is a Non-Executive Director for CCS and is a President for the Regulatory Services at the British Standards Institute (BSI). Several of the BSI's subsidiaries, consulting and assurance, are suppliers on CCS frameworks. Dr. Gazzard was not involved in the day-to-day operation or decisions relating to these frameworks. Dr. Gazzard is also a Parish Councillor for the village of Dummer (Basingstoke and Deane). Basingstoke and Deane Borough Council are a customer who transact through CCS frameworks. Dr. Gazzard has not been involved in any of these transactions.

S Tse is Chief Executive Officer at CCS. His son was employed as an Assistant Category Manager within the corporate pillar from 29 March 2021 to 31 January 2024. There was no direct working contact between either party.

S Weiner is a Non-Executive Director of CCS and is also a Board member for Guys and St Thomas NHS trust, King's College Hospital NHS trust and King's College London University. During 2023/24, they procured goods and services through CCS frameworks. S Weiner was not involved in these transactions.

Compensation due to key management personnel in year has been disclosed in the Remuneration report (page 50).

23 Financial instruments

CCS has powers to borrow funds.

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

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

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

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

Notes to the accounts continued

Financial assets

	Total	Floating rate	Fixed rate	Non-interest bearing	Weighted average interest rate %	Weighted average period for which fixed years	Non-interest bearing weighted average term until maturity
31 March 2024	£000	£000	£000	£000			
Trade receivables	17,356	-	-	17,356	-	-	-
Accrued income	29,691	-	-	29,691	-	-	-
Cash and cash equivalents	<u>166,531</u>	<u>-</u>	<u>166,531</u>	<u>-</u>	<u>4.92</u>	<u>-</u>	<u>-</u>
Gross financial assets	<u>213,578</u>	<u>-</u>	<u>166,531</u>	<u>47,047</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Reclassified		Reclassified				
31 March 2023	£000	£000	£000	£000			
Trade receivables	15,200	-	-	15,200	-	-	-
Accrued income	24,557	-	-	24,557	-	-	-
Cash and cash equivalents	<u>140,488</u>	<u>-</u>	<u>140,488</u>	<u>-</u>	<u>2.2</u>	<u>-</u>	<u>-</u>
Gross financial assets	<u>180,245</u>	<u>-</u>	<u>140,488</u>	<u>39,757</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities

	Total	Floating rate	Fixed rate	Non-interest bearing	Weighted average interest rate %	Weighted average period for which fixed years	Non-interest bearing weighted average term until maturity
31 March 2024	£000	£000	£000	£000			
Trade payables	8,073	-	-	8,073	-	-	-
Accruals and other payables	12,750	-	-	12,750	-	-	-
Customer payment initiative	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross financial liabilities	<u>56,823</u>	<u>-</u>	<u>-</u>	<u>56,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2023	£000	£000	£000	£000			
Trade payables	5,648	-	-	5,648	-	-	-
Accruals and other payables	<u>12,528</u>	<u>-</u>	<u>-</u>	<u>12,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross financial liabilities	<u>18,176</u>	<u>-</u>	<u>-</u>	<u>18,176</u>	<u>-</u>	<u>-</u>	<u>-</u>

The only financial instruments held by CCS are those which arise from CCS's day to day operational activities and include trade receivables (Note 10) and trade payables (Note 12).

24 Contingent liabilities

There were no contingent liabilities.

25 Events after the reporting period

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

Treasury minute dated July 2022

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

*Six year summary

1 April 2018 to 31 March 2024	Year 2023/24	Year 2022/23	Year 2021/22	Year 2020/21	Restated Year 2019/20	Year 2018/19
	£000	£000	£000	£000	£000	£000
Statement of financial position						
Non-current assets	22,789	26,919	14,565	8,081	2,574	6,168
Net current assets	151,073	156,748	118,930	56,649	24,202	19,001
Non-current liabilities	(4,948)	(5,707)	(903)	(713)	(577)	—
Assets employed	168,914	177,960	132,592	64,017	26,199	25,169
Financed by						
Public dividend capital	350	350	350	350	350	350
General reserve	167,919	177,460	132,144	63,630	25,849	24,819
Revaluation reserve	645	150	98	37	—	—
Total capital and reserves	168,914	177,960	132,592	64,017	26,199	25,169
Statement of Comprehensive Income						
Income	169,688	177,628	171,928	132,789	93,269	91,762
Operating costs	(106,019)	(94,897)	(86,143)	(76,948)	(71,767)	(64,172)
Surplus before other operating costs	63,669	82,731	85,785	55,841	21,502	27,590
Other operating costs	(9,878)	(4,195)	(2,361)	(3,560)	(6,167)	(6,774)
Operating surplus	53,791	78,536	83,424	52,281	15,335	20,816
Finance income	7,484	2,780	90	—	170	141
Surplus for the year	61,275	81,316	83,514	52,281	15,505	20,957
Dividend payable to the Cabinet Office	(71,000)	(36,000)	(15,000)	(14,500)	(14,475)	(6,158)
Retained (deficit) / surplus	(9,725)	45,316	68,514	37,781	1,030	14,799
Other comprehensive income	679	52	61	37	—	—
Comprehensive (expenditure) / income	(9,046)	45,368	68,575	37,818	1,030	14,799
	Year 2023/24	Year 2022/23	Year 2021/22	Year 2020/21	Year 2019/20	Year 2018/19
	£bn	£bn	£bn	£bn	£bn	£bn
Aggregated commercial benefits	4.9	3.8	2.8	2.0	1.0	0.9
Aggregated customer spend	37.1	31.1	27.6	22.7	18.1	15.7

* The six year period reflects the outgoing CEO's period of leadership.

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