



Crown  
Commercial  
Service

Annual Report  
and Accounts  
2014/15



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

Ordered by the House of Commons to be printed  
on 20 July 2015.



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](http://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/government/publications](http://www.gov.uk/government/publications)

Any enquiries regarding this publication should be sent to us at [www.gov.uk/ccs](http://www.gov.uk/ccs)

Print ISBN 9781474116671

Web ISBN 9781474116688

ID 12031501 07/15

Printed on paper containing 75% recycled fibre content minimum

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

# Contents

Welcome	05
Chair's overview	06-07
Chief Executive's review of the year	08-11
Key statistics	12-13

## Accounts for the year ended 31 March 2015

Management commentary	
<b>Part 1:</b>	
Strategic report incorporating the sustainability report	16-25
<b>Part 2:</b>	
Directors' report	26-31
Remuneration report	32-35
Statement of Crown Commercial Service's and Chief Executive's responsibilities	36
Corporate governance statement 2014/15	37-42
The certificate and report of the Comptroller and Auditor General to the Houses of Parliament	43
Statement of comprehensive income	44
Statement of financial position	45
Statement of changes in taxpayers' equity	46
Statement of cash flows	47
Notes to the accounts	48-61
Treasury minute	62
Five year summary	63

## Contact

Telephone: **0345 410 2222**

Email: [info@crowncommercial.gov.uk](mailto:info@crowncommercial.gov.uk)

Online: [www.gov.uk/ccs](http://www.gov.uk/ccs)

 [@gov\\_procurement](https://twitter.com/gov_procurement)  [Crown Commercial Service](https://www.linkedin.com/company/crown-commercial-service)

### Bristol

Redwood House  
Brotherswood Court  
Bristol BS32 4QW

### Leeds

Quarry House  
Quarry Hill  
Leeds LS2 7UB

### Liverpool

9th Floor, Capital Building  
Old Hall Street  
Liverpool L3 9PP

### London

Aviation House  
125 Kingsway  
London WC2B 6NH

### Newport

Room 2Y92, Concept House  
Cardiff Road  
Newport NP10 8QQ

### Norwich

Rosebery Court  
St Andrews Business Park  
Norwich NR7 0HS



# Welcome

## to Crown Commercial Service

### Annual Report and Accounts 2014/15

In 2014/15, the Crown Commercial Service, as a trading fund and an executive agency of the Cabinet Office, delivered commercial savings for central government and the wider public sector.

## Chair's Overview



**Ed Smith**

Non-Executive  
Chairman

2014/15 has been a year of significant development and transformation for the Crown Commercial Service (CCS) in its first year on a journey towards creating a savings and service-orientated organisation.

Savings are critical and I am delighted that CCS has helped departments and the wider public sector to secure £5.9bn<sup>1</sup> of savings against a 2009/10 baseline through implementing better commercial practices.

Results such as this help to establish the credibility of a new organisation and also build trust across our customer base.

High quality service delivery is also critical to the long-term success of the organisation. Much has been done to establish reliable and responsive services to our customers as part of a programme of continuous improvement, informed by the views of our customers.

But this is just a start and there is much to do as we meet the agenda for this Government and become much better at delivery, relationship management and technology enabled process excellence. Our expectation is that we must delight our customers and we must achieve fully what we have agreed with our stakeholders, recognising that there are mutual obligations in reaching agreement.

Some key building blocks have been put in place over the course of the year.

Organisational leadership has been strengthened through the recruitment of experienced and highly capable people in key senior posts within the business and as part of the senior management team. Governance has been strengthened through the establishment of a new Board with new Non-Executive Directors and a Customer Board comprising senior representatives from key customer departments.

The senior management team has established a new governance structure, which has improved control and reduced organisational risk, particularly in the latter part of the year.

There has also been much work carried out to increase organisational capacity to service more customers and higher volumes of business in both our direct buying services and advisory services.

We have improved capability through a combination of the recruitment of commercial specialists, ongoing restructuring of the business and establishing an innovative arrangement with an industry partner to accelerate savings delivery and to uplift capability further.

<sup>1</sup>Evidence of savings has been submitted to Cabinet Office for audit as part of the annual review of savings delivery. The CCS result will form part of a wider savings report developed by the Cabinet Office.

*“ I am delighted that CCS has secured £5.9bn of savings against a 2009/10 baseline through implementing better commercial practices. ”*

Continued capability improvement, both through people and enabling technology, is vital to our future success and is a key priority for 2015/16 along with savings and service delivery.

People capability will be significantly improved through the recruitment of a small number of senior and deeply experienced category specialists who are leaders in their fields of expertise and highly adept at driving savings. The performance bar will also be raised – where excellent becomes the expected level and where satisfactory will no longer be tolerated. CCS will create the headroom for bringing in the best commercial talent by reducing staff numbers.

Investment in technology – in particular, the Crown Marketplace – is also key to improving organisational capability in order to support more efficient and effective service delivery to our customers. Greater levels of automation of simple processes will also reduce the requirement for manual intervention, which is resource intensive and costly to operate.

Together, these improvements in capability will result in two critical outcomes for our customers – better services and superior savings. Additionally, CCS, as an entity, will be delivering more output for less cost and, in doing so, will move closer towards its goal of becoming a beacon of organisational efficiency and operational excellence.

The new Government has very high expectations of CCS to deliver significant budget reducing savings across the new parliament to support deficit reduction. To achieve this, CCS must not only develop strengthened relationships with central government departments and work as part of a one-team approach, but also extend its influence and increase the value it delivers to existing and new customers within the wider public sector.

The achievements of CCS in its first year of operation deserve praise and I thank all our people in the roles they have played in making it a success.

The coming year will be highly challenging and CCS is ambitious in the goals it sets itself. Establishing and maintaining strong customer relationships, delivering agreed savings and building greater capability is our collective responsibility – only together can we achieve these shared goals.



Ed Smith  
Non-Executive Chairman

## Chief Executive's Review of the Year



**Sally Collier**

Accounting Officer

**I have been privileged to lead the Crown Commercial Service (CCS) in its first full year of operation.**

CCS was formally established 12 months ago, to bring together procurement operations for common goods and services, policy development and the strategic commercial functions within the Cabinet Office, forming a single integrated organisation that supports departments and the wider public sector to deliver increased savings and better commercial outcomes for government.

CCS represents an important component of government's wider commercial capability and, throughout the year, has maintained a relentless focus on its core aim to deliver savings through a combination of:

- Establishing and leveraging centralised deals for common goods and services;
- Managing procurement expenditure on behalf of customers through delivering managed services;
- Providing specialist advisory support to departments on their complex commercial transactions and;
- Managing the Crown's relationship with its strategic suppliers.

CCS has also taken the lead in the development and implementation of Government's commercial policy, which has helped to transform and simplify the way in which suppliers do business with Government.

The focus on delivering CCS's strategic objectives has been against the backdrop of implementing significant organisational change, which is part of an ongoing programme to raise commercial capability and to achieve more with fewer resources.

Progress has been made in strengthening leadership through the appointment of senior experienced professionals in key positions within the business and on the leadership team, and in strengthening governance through the establishment of a new more streamlined Board, associated Board sub-groups including the Customer Board, and operational boards to oversee and increase control of the business. In the second half of the year, there has also been a focus on improving operational effectiveness and the internal controls framework.

Capability has been improved and capacity expanded through recruitment. CCS will continue to accelerate capability building as it moves forward towards achieving its vision of operational excellence, becoming a world-class provider of commercial services and a key enabler to support deficit reduction.

I am also delighted that CCS has achieved a breakeven position in the Trading Fund against the backdrop of investment required throughout the year in the development of organisational capacity and scale of organisational change.

There have been a number of significant achievements throughout the course of the year, which help to illustrate progress that is being made on the journey towards commercial excellence.

**£15bn**  
*of public sector  
 procurement spend  
 was channelled  
 through our  
 centralised  
 arrangements*

### Savings

We supported the delivery of £5.9bn<sup>1</sup> savings against a 2009/10 baseline, which exceeds the £5.8bn target set at the start of the year. The savings comprised £1.9bn of price-related savings from centralised procurement of common goods and services, £1.6bn of demand savings from Government spend on consultancy and contingent labour and £2.4bn from leveraging relationships with suppliers and spending controls.

There are numerous examples of the savings from CCS's management of common goods and services spend:

- By reducing barriers to entry for government buyers and enabling over 1,500 small and medium sized businesses to provide IT cloud based services, G-Cloud is showing an average of 20% savings against prior legacy based, single vendor agreements.
- Agreeing Memoranda of Understanding (MoUs) with major IT hardware suppliers resulted in product discounts with the potential of £3m p.a. savings.
- £85m of savings delivered through supporting central government departments on software audits.
- Benchmarking the energy costs of an NHS Foundation Trust Hospital resulted in savings of more than £0.3m a year on the cost of gas and electricity.
- Buying vehicles through our centralised fleet deal achieved on average 5% savings compared to those offered by leasing and fleet management companies to large corporate buyers. Approximately 6,000 vehicles were purchased through the deal last year delivering savings to public sector customers.
- The fuel card programme, which reduces fees and charges, is helping police forces to save c£1.3m a year on fuel.
- Schools and colleges are also saving upwards of 40% on their print and copying costs by switching to our centralised deal.

### Spend managed

£15.1bn of public sector procurement spend was channelled through our centralised arrangements, which is a £1.9bn increase on 2013/14. Directly managed spend increased from £0.6bn in 2013/14 to £2bn in 2014/15 and in doing so, the number of Whitehall departments that benefit from this service increased from four to seven.

The continued growth of spend channelled through centralised deals indicates that they are not only accessible but also offer value for money through competitive market pricing. Additionally, eAuctions have been successfully deployed to aggregate demand for commodity items such as fleet and IT hardware in order to achieve better market prices.

<sup>1</sup>Evidence of savings has been submitted to Cabinet Office for audit as part of the annual review of savings delivery. The CCS result will form part of a wider saving reports developed by the Cabinet Office.

Supporting  
more than **50**  
departmental  
projects

### Advisory services

Our Complex Transactions team supported more than 50 departmental projects and continues to receive excellent feedback on the value delivered on assignments. Broadly 50% of these projects enabled cash savings, while the remainder helped departments achieve better commercial outcomes through risk reduction. In its first year of operation, this team has established a strong reputation and is acknowledged as a 'go-to' central resource pool of high quality commercial expertise. In parallel, the cadre of Crown Representatives has been extended from 14 to 23 in order to better leverage the Crown's relationships with the 34 strategic suppliers to government.

Examples of the Complex Transactions team's significant successes include:

- A renegotiation of the Driver and Vehicle Licensing Agency's IT contracts, releasing £57m savings over three years to be channelled towards new digital initiatives.
- Negotiations with an incumbent supplier for the Department for Work and Pensions, immediately saving the department £20m and a further £5m over the next two years.
- Assisting the Treasury in negotiations with Pool Reinsurance Limited, to increase the fee it receives in return for its indemnity.

### Policy delivery

Central Government spend with small business reached 26.1% exceeding the 25% aspiration set by the previous Government. The new EU procurement directives were transposed into UK law (the first member state to do so), 14 months ahead of the deadline. This has enabled UK businesses to benefit early from the new flexibilities in public sector contracting regulations.

In preparation for the new directives, CCS trained over 4,000 public sector practitioners on the new rules using a train-the-trainer approach, saving the public sector up to £1.4m.

The Small Business Enterprise Bill received Royal Assent in March. The Bill provides enabling power to further streamline public procurement and puts our 'Mystery Shopper' service on a statutory footing. This service, which enables both procurers and suppliers to raise issues with buying practices across the public sector has gone from strength to strength; 220 cases were raised during the year, 189 of which have been closed with 80% resolved with a positive outcome. More than 500 spot checks have also been carried out. Since the service was launched in 2011 more than 800 cases have been investigated helping to improve procurement practices across the public sector.

Contracts Finder, an online system providing a one-stop shop for suppliers to access public sector contracting opportunities, was also refreshed. The new system takes advantage of the latest digital technologies and is simpler and easier to use.

The Commissioning Academy is up and running at full scale with over 500 participants already benefiting from the programme, which aims to increase government efficiency by improving public service commissioning. Feedback from participants has been excellent.

### Capability development

Capability development has been a priority throughout the year and much has been achieved through the recruitment of additional resources combined with the transferral of commercial expertise from Cabinet Office (on CCS formation) and from departments, as part of spend transition. The vast majority of the recruitment has resulted in adding both capability and capacity to the buying function. Senior commercial expertise has also been added to the advisory function and to the customer team.

As part of the recruitment the Senior Civil Service cadre has increased from 18 to 56, bringing more senior and experienced staff into key positions within the business.

CCS has also refreshed its office IT system, bringing our people onto a single platform and equipped them with latest technology, which has helped to increase our flexibility and our effectiveness.

Central  
government  
spend with  
small businesses  
reached  
**26%**

*Customer focus has been strengthened over the course of the year*

### Customer focus

As a provider of managed services, it is critical that the organisation has a deep understanding of its customers and is highly responsive in meeting requirements, whether it be rapidly procuring goods or services to meet a critical business need or addressing a service issue.

CCS's customer focus has been strengthened over the course of the year through the rollout of customer service training across the organisation and through the establishment of senior business partners assigned to managing relationships with key customers. The Business Partners, supported by Customer Delivery Managers, have developed strong relationships with customers at all levels within their departments and sectors and, in doing so, have developed broad knowledge of customer requirements.

Throughout the course of the year, CCS has reviewed delivery performance with key customers, taking the opportunity to discuss additional savings opportunities and ideas for continuous improvement in service delivery. The Customer Board, which comprises Directors General from key customer departments, has also provided an important forum for customers to hold CCS to account, as well as being a sounding board to discuss future strategy.

### Looking forward

As we move forward in 2015/16, there will be a relentless focus on savings delivery, increasing managed service provision within central government and potentially into the wider public sector and on continued capability improvement. CCS is aiming to deliver between £800m and £1bn savings against a 2014/15 baseline through continued leverage of savings from spend on common goods and services, advisory support to departments' most complex commercial transactions and through strategic supplier management.

As part of the work to deliver savings from common goods and services, CCS has established an innovative Commercial Accelerator Programme with an industry partner, which is designed to accelerate savings in specific categories of spend and help to exceed the level of savings already planned.

CCS is aiming to increase the volume of spend under managed service arrangements with a planned increase by £2.5bn and, in doing so, expanding the service to more customer organisations.

There will be continued transformation of the business in both the customer facing functions and the business enabling functions. Having the right level of capability in terms of people and underpinning technology to support more efficient and effective service delivery is critical to the future success of the organisation. People capability will be improved through a modest level of recruitment of senior commercial specialists into both the buying and advisory functions. However, overall staff numbers will decrease over the course of the year.

A key component of the Commercial Accelerator Programme is to uplift capability in CCS's strategic category teams through providing our people with access to best in class learning and development programmes and through transfer of knowledge and insight into world class commercial practice.

Further investment in technology is also required. Implementation of the primary components of a Crown Marketplace, an integrated system to better support the end-to-end delivery of managed services, is a priority. Greater levels of automation including simple and easy to use catalogues is a key enabler to improving efficiency and effectiveness and reducing cost.

We must also build on the improvement made in the latter part of the year to further strengthen and embed systems of internal control.

In summary, our collective aim is to deliver significantly more budget reducing savings, manage more spend on behalf of customers, continue to improve our service delivery and to achieve this with fewer but more capable resources. This represents a huge challenge which I look forward to. I am also confident that our people can achieve it.

*S. Collier*

S Collier  
Accounting Officer  
13 July 2015

*Deliver significantly more budget reducing savings, manage more spend on behalf of customers, continue to improve our service delivery*

## Key statistics



Complex Transactions  
team supported

**50+**

departmental projects



**£5.9bn**

Total savings delivered



**£15.1bn**

public sector procurement spend



**£1.9bn**

Savings on common goods  
and services



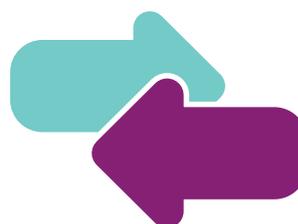
**£1.6bn**

Savings on consultancy  
and contingent labour



**450+**

Number of contracts being managed on behalf of customers



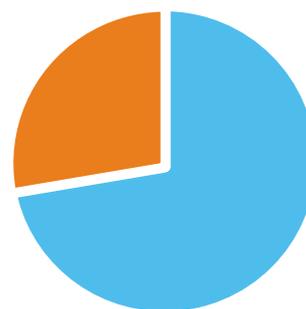
**£2.4bn**

Advisory savings - commercial relationships and complex transactions



**74 days**

average OJEU procurement process time



**26.1%**

Central government spend with small businesses



## Accounts for the year ended 31 March 2015

Management commentary

**Part 1:**

Strategic report incorporating the sustainability report 16-25

**Part 2:**

Directors' report 26-31

Remuneration report 32-35

Statement of Crown Commercial Service's  
and Chief Executive's responsibilities 36

Corporate governance statement 2014/15 37-42

The certificate and report of the Comptroller  
and Auditor General to the Houses of Parliament 43

Statement of comprehensive income 44

Statement of financial position 45

Statement of changes in taxpayers' equity 46

Statement of cash flows 47

Notes to the accounts 48-61

Treasury minute 62

Five year summary 63

# Management commentary

## Part 1: Strategic report

### 1. Statutory background

The accounts have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4(6A) (b) of the Government Trading Funds Act 1973 updated 13 January 2004.

The financial objectives of the Crown Commercial Service (CCS) are detailed in a Treasury Minute laid before the House of Commons and reproduced on page 62 of this report.

### 2. Purpose and activities

CCS is an Executive Agency and Trading Fund of the Cabinet Office. It exists to deliver savings and efficiencies from government's spend with third party suppliers, deliver better commercial outcomes and to develop and implement the Government's commercial policies. Through its key delivery functions - Commercial Advice, Commercial Delivery and Policy Delivery and joint working with government departments, CCS works on behalf of taxpayers to deliver better value for money from Government's commercial activities in order to support deficit reduction and economic growth.

CCS is also an integral component of the Government's commercial function. It comprises specialist capability in buying, contract management, commercial policy and advice.

### 3. Aims and key objectives for the year

CCS's corporate aims were:

- To deliver increased savings for the taxpayer
- To manage centrally the procurement of common goods and services on behalf of customers and provide high quality services
- To improve the management of common but complex procurements
- To develop and implement government commercial policies
- To develop and improve people and wider organisational capability
- To improve capability and build capacity to service the requirements of an increased customer base
- To continuously improve corporate, operational and financial efficiency and control.

These aims were translated into a set of specific delivery objectives:

- To enable and deliver £5.8bn savings against a 2009/10 baseline comprising:
  - £1.7bn price savings from central government and wider public sector spend on common goods and services
  - £1.6bn demand management savings from central government spend on consultancy and contingent labour

- £2.5bn price savings from government's contracts with strategic suppliers and department's complex commercial transactions
- To enable and deliver £100m savings for the Ministry of Defence (MoD) and £200m savings for the Department of Health (DH), including the NHS, against a 2012/13 baseline
- To increase aggregate managed spend on common goods and services with:
  - £15bn of central government spend being transacted through centralised deals
  - £4bn under direct management as part of a managed service
- To implement key government policies:
  - European procurement directives transposed into UK law
  - 25% of spend with small businesses
- To improve service delivery and measure customer satisfaction
- To build capacity and capability through the recruitment of specialist staff in the Commercial Delivery directorate and Commercial Advice and Customer Delivery functions in line with the target operating model for CCS
- To operate within a financial discipline that generates a 6.5% return on capital employed as specified by the Trading Fund Order and the relevant HM Treasury Minute and to achieve a breakeven position in the Trading Fund.

### 4. Principal activities

CCS worked with customers from departments and organisations across the wider public sector to ensure maximum value was extracted from commercial relationships to improve the quality of service delivery. This was achieved in three ways:

#### i. Direct buying services

The Commercial Delivery directorate secured best value for the Crown by aggregating demand for common goods and services e.g. energy, facilities, technology products, and buying once on behalf of government. In doing so, it enabled customers to concentrate their specialist commercial resources on delivering their strategic commercial priorities. As part of this activity, CCS expanded its managed procurement service to central government departments through transitioning the management of departmental spend into centralised arrangements or by taking over the management of departmental arrangements. The Commercial Delivery directorate also managed the central consultancy spending controls on behalf of the Cabinet Office.

## ii. Advisory services

As a centre of commercial expertise, CCS provided an advisory service to central government departments driving significant savings and service improvements by managing relationships with strategic suppliers, leveraging supplier and market intelligence and supporting departments with their own complex, unique commercial transactions. The advisory team also managed the central strategic supplier spending controls process on behalf of the Cabinet Office.

## iii. Policy delivery

CCS led the implementation of the Government's commercial policy and legislative framework and also represented the UK in European Union negotiations at wider international level. It maintained the regulatory framework governing procurement in the public sector. It also delivered the previous Government's commercial policies such as the aspiration that 25% of all central government business was awarded to small businesses to support economic growth.

## 5. Capability building

Improving capability, building capacity and strengthening leadership was a key area of focus throughout the year. Capability and capacity was increased through a programme of recruitment, which has resulted in people numbers increasing from 473 to 814 (including Crown Representatives). This increase in headcount (a mix of staff transfers in from Cabinet Office on CCS formation, departmental transfers in as part of spend transition, loans and recruitment) has predominantly been in the direct buying function: additional specialist resources deployed in category management teams, service operations and sourcing in order to service an increased volume of business. Specialist capability has also been added to the advisory function in order to expand capacity to support an increased volume of complex commercial transactions in customer departments. Together, the recruitment has resulted in the organisation growing its cadre of Senior Civil Servants from 18 to 56.

Organisational leadership and governance has also been strengthened at both Board and operational level through the appointment of a Non-Executive Chairman of the Board and a new Non-Executive Director to oversee financial management and risk. Operational leadership was also strengthened through Senior Civil Servant level appointments of a Commercial Delivery Director, Human Resources Director, Business Services Director and more recently, a Change Director.

## 6. Performance against targets

### i) Savings

Benefits are calculated using guidance provided by the Cabinet Office, and are described as delivering only cash releasing savings – these are split into two types, which are measured against a baseline year of 2009/10 and can be summarised as:

- **Price savings** – current price paid now against price paid in 2009/10 baseline year. This includes demand savings from common goods and services, commercial relationships with strategic suppliers and complex transactions but excludes consultancy and contingent labour.
- **Consultancy & Contingent Labour (CCL) demand savings** – measures consumption now compared to 2009/10 consumption using current price paid.

Savings delivered for MoD and DH as part of specific agreements were measured against a baseline year of 2012/13 in order to better demonstrate the incremental savings that are being achieved through centralised commercial arrangements. The tables below set out savings achievements against targets.

Parliament savings versus a 2009/10 baseline	Target	Result
Common Goods and Services	£1.7bn	£1.9bn - of which, £1bn central government and £0.9bn wider public sector
Consultancy & Contingent Labour (demand management)	£1.6bn	£1.6bn
Advisory – Commercial Relationships & Complex Transactions	£2.5bn	£2.4bn
<b>Total</b>	<b>£5.8bn</b>	<b>£5.9bn</b>

# Management commentary

## Part 1: Strategic report continued

A breakdown of parliament savings for common goods and services and consultancy & contingent labour, split by central government and wider public sector is set out below.

	2014/15 Price £m	2013/14 Price £m	2014/15 CCL Demand £m	2013/14 CCL Demand £m	2014/15 Total £m	2013/14 Total £m
Central Government	1,005	893	1,595	1,549	2,600	2,442
Wider Public Sector	865	678	-	-	865	678
<b>Total</b>	<b>1,870</b>	<b>1,571</b>	<b>1,595</b>	<b>1,549</b>	<b>3,465</b>	<b>3,120</b>

Customer savings versus a 2012/13 baseline	Target	Result
Ministry of Defence	£100m	£86m
Department of Health including NHS	£200m*	N/A

\* DH subsequently agreed to measure savings against a 2009/10 baseline with an associated assessment made by CCS as to whether a translation into a 2012/13 baseline would achieve the target. £619m of savings were made against a 2009/10 baseline comprising £447m from common goods and services and £172m from Complex IT and software. CCS's assessment was that this exceeded the target.

### ii) Managed spend

Spend managed	Target	Result
Spend under management (transacted & transitioned in from departments)	£15bn	£15.1bn of which, £13.7bn transacted and £1.4bn transitioned
Directly managed spend – spend fully managed	£4bn*	£2bn

\* The spend transition plan was reviewed in consultation with departments during the course of the year. The Customer Board agreed the plans should be reviewed to reduce risk to both departments and CCS resulting in an agreement to reschedule elements of spend into 2015/16 once sufficient capability and capacity was in place.

A breakdown of the spend under management figure is set out below.

	31 March 2015 £m	Restated 31 March 2014 £m
Framework agreements	13,509	12,093
Whitehall Heating Systems	3	4
Memoranda of Understanding	158	480
Managed Spend	1,400	600
<b>Total</b>	<b>15,070</b>	<b>13,177</b>

This table shows the total value of public sector transactions with CCS suppliers, through framework agreements and enabling contracts. During the reporting year an additional spend of £1.4bn was managed on behalf of departments by CCS, outside of CCS contracts.

### iii) Government spend with small businesses

	Target	Result
Spend with small businesses	25%	26.1%

### iv) Service delivery

Numerical targets were not set for service delivery. A programme to measure customer satisfaction as part of an objective approach was established in January 2015. The Net Promoter Score (NPS) model, which measures levels of advocacy, was piloted. This will be rolled out across the customer base throughout 2015/16.

### v) OJEU procurement process time

CCS is committed to improving the efficiency of the procurement process by reducing average time per procurement to below 95 days.

2014/15	2014/15	2013/14	2012/13	2011/12
Average days per procurement	74	67	91	127

The average time to carry out an OJEU procurement was 74 working days. Whilst this is a slight increase on the average for 2013/14, performance remains within target. The increase was due to an increase in the volume and complexity of procurements carried out.

### vi) Return on Capital Employed

Return on Capital Employed (ROCE) is measured as CCS's operating surplus / deficit, as a percentage of the annual average of opening and closing net assets, over a five year period starting in 2014/15. Prior years are shown for comparison.

ROCE	Target %	2014/15 %	2013/14 %	2012/13 %	2011/12 %	2010/11 %
ROCE in year	6.5	5.1	6.2	15.7	14.0	19.9
ROCE rolling average	6.5	5.1	10.1	11.1	9.5	7.3

# Management commentary

## Part 1: Strategic report continued

### vii) Financial Performance and Resource Efficiency

Financial performance is shown in the table below.

Financial Performance	2014/15	2013/14	2012/13	Restated 2011/12
Managed Spend (£m)	15,070	13,177	11,441	9,123
Revenue (£000)	72,319	47,842	41,613	54,198
Gross surplus and Other Operating Income (£000)	67,273	43,845	37,934	35,785
Total Operating Costs excluding Restructuring, transformation, Whitehall Depreciation and Impairment and PIF* (£000)	(62,864)	(45,127)	(26,759)	(25,301)
Less Impairment (£000)	-	9,331	-	-
Less Transformation (£000)	-	3,000	-	-
Less Whitehall Depreciation (£000)	-	932	933	849
<b>Total Costs excluding exceptional items (£000)</b>	<b>(62,864)</b>	<b>(31,864)</b>	<b>(25,826)</b>	<b>(24,452)</b>
(Deficit) / surplus before Restructuring, transformation, Whitehall Depreciation and Impairment and PIF* (£000)	4,409	11,981	12,108	11,333
Restructuring Costs (£000)	(2,500)	-	(12)	(5,229)
Procurement Investment Fund* (£000)	-	-	(3,020)	(2,239)
Operating (Deficit) / Surplus (£000)	1,909	(1,282)	8,143	3,016
Comprehensive income/(expenditure) for the year (£000)	33	(3,814)	2,741	697

\*Procurement Investment Fund (PIF)

As part of the planning process before the start of the financial year, we set a number of targets for key performance indicators focusing on resource efficiency, cost management and managed spend growth. Performance against the year's targets is given in the table below with prior year comparisons.

Key Performance Indicators	2014/15	2013/14	2012/13	2011/12
Staffing Full Time Equivalents (average FTE for the period)	674	430	378.2	359
Managed Spend per FTE (£m)*	22.36	30.64	30.27	25.41
Gross surplus and Other Operating Income per FTE (£000)	99.81	101.97	100.35	99.68
<b>Total Costs excluding exceptional items per FTE (£000)</b>	<b>93.27</b>	<b>74.10</b>	<b>68.32</b>	<b>68.11</b>
Average Commission Rate (%)	0.33	0.33	0.33	0.39

\* This indicator reflects the change in scope of CCS's business in 2014/15 and the wider commercial activities undertaken (advisory services and policy delivery) in addition to managing spend.

## 7. Financial and accounting arrangements

The Buying Agency Trading Fund Order 1991 imposed a limit of £10m on the sums that may be issued to the fund by way of a loan. Within its total borrowing power, CCS could also negotiate loans of up to 12 months' duration.

Our Trading Fund status affords financial stability and a degree of flexibility, so that the organisation can invest and take considered risks as appropriate in order to maximise savings.

CCS was able to generate its own cash via supplier commission and managed services fees and, as such, did not receive funding from the public purse. Any surplus cash was, in the short-term, invested in a high interest account or on deposit with the National Loan Fund and, longer term, invested to generate further savings.

## 8. Financial performance

The financial objective equivalent was to make a return on capital employed of 6.5% averaged over a five year period commencing 1 April 2014 to 31 March 2019. Please see Treasury Minute on page 62. This year, the first year of the five year average, an actual ROCE of 5.1% was achieved. A £2m ROCE payment was made to the Cabinet Office.

Overall the financial health and performance of the organisation continues to be strong.

Revenue increased by 51% in the year to £72.3m reflecting a year of intense activity and the provision of a fully managed service to a number of central government departments. The operating surplus of £1,909k (2013/14 deficit £1,282k) is stated after charging £2,500k of voluntary exit packages (see note 4.3 on page 52) and £500k on a legal settlement.

Finance income for the period was £104k (2013/14 £109k) and the surplus on ordinary activities was £2,033k (2013/14 deficit £1,173k).

The comprehensive income surplus was £33k, (2013/14 deficit £3,814k) and is stated after dividend of £2,000k (2013/14 £2,641k) payable to the Cabinet Office.

The balance sheet position remains strong with net assets of £37.4m (2013/14 £37.4m) of which £35.8m (2013/14 £32.8m) are cash or cash equivalents.

For more details see notes to the accounts on pages 48 to 61.

## 9. Payments to creditors

On 8 October 2008, the then Prime Minister committed government organisations to speeding up the payments process, paying suppliers wherever possible within ten days. This commitment is a target rather than a change to standard terms and conditions and is not contractual. During the year, CCS paid 94.2% of invoices within ten days (2013/14: 86.8%).

During 2010/11, the then Prime Minister committed government organisations to further speeding up the payments process. The commitment being to pay suppliers, wherever possible, within five days. This is a target rather than a change to the standard terms and conditions and is not contractual. During the year, CCS paid 89.1% of invoices within five days (2013-14: 75.6%).

CCS was committed to complying with the Late Payment of Commercial Debts (Interest) Act 1998, Confederation of British Industries (CBI) Prompt Payers Code and British Standards (BS) 7890. During the year 1 April 2014 - 31 March 2015, CCS paid 99% of payments due (91% in the year ended 31 March 2014) within the 30 day credit period allowed.

## 10. Register of interests

CCS maintained a Register of Interests and any relevant interests are also declared by Directors at the start of meetings as appropriate.

## 11. Significant changes in non-current assets

The Whitehall Systems are a specialised asset and they have been stated at depreciated replacement cost. The cost of assets is shown as the historic purchase cost adjusted for the value of subsequent revaluations (as applicable to the period of ownership by CCS). This results in the net book value representing the revalued historic cost net of adjusted accumulated depreciation. During the prior reporting period, the system value was reviewed and impaired reducing the asset value to zero.

The Whitehall Systems are subject to a feasibility study to review options for potential investment. The study is considering what type of equipment would be most suitable and the most appropriate size in terms of thermal heat capacity and power output.

## 12. Research and development

CCS does not undertake pure research. CCS carried out a programme of development relevant to the present and future requirement of its activities and the needs of its customers.

## 13. Events after the reporting period

There are no such events to report.

## 14. Disclosure of audit information to the auditors

So far as I am aware, there is no relevant audit information of which the auditors are unaware and I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information. The Report and Accounts were authorised by the Accounting Officer to be issued on 15 July 2015.

# Management commentary

## Part 1: Strategic report continued

### 15. Sustainability report

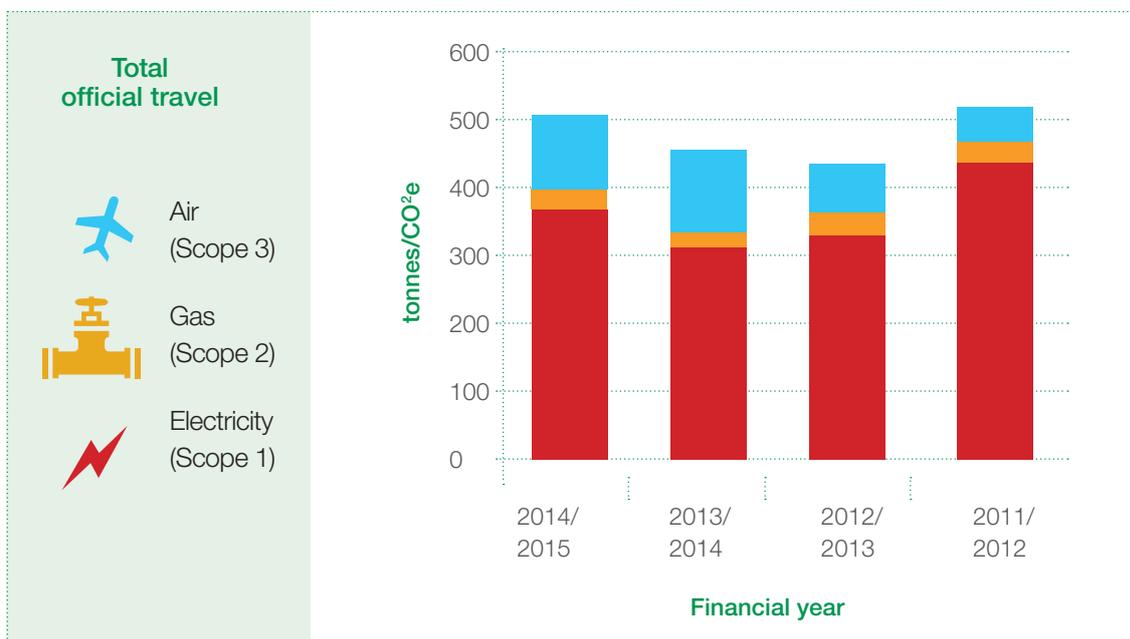
CCS is fully committed to the Greening Government Commitments (GGC) to significantly reduce the impact we have on our environment, with particular emphasis on reducing our greenhouse gas emissions, waste and water usage and making our procurements more sustainable.



#### Greenhouse gas emissions (GHG) and energy performance commentary

GGC 1 – Reduce GHG emissions by 25% from a 2009/10 baseline from the whole estate and business-related transport.

Greenhouse gas emissions (GHG) and energy		2014/ 2015	2013/ 2014	2012/ 2013	2011/ 2012	2009/ 2010 Baseline
Non - Financial indicators (tonnes CO <sub>2</sub> e)	Total gross emissions for scopes 1&2	400	332	360	470	453
	Total net emissions for scopes 1 & 2 (i.e. less reductions for - e.g. green tariffs)	400	332	360	470	453
	Scope 1 (Direct) GHG emissions	20	18	31	25	38
	Scope 2 (Energy Indirect)	380	314	329	445	415
	Scope 3 (Official business travel emissions)	103	128	69	43	128
Related energy consumption (million kWh)	Electricity: Non-renewable	-	-	-	-	-
	Electricity: Renewable	0.71	0.65	0.56	0.75	0.71
	Gas (Rosebery Court office, Norwich only)	0.09	0.08	0.15	0.12	0.19
	LPG	-	-	-	-	-
	Other	-	-	-	-	-
Financial indicators (£k)	Expenditure on energy	78	60	43	61	71
	CRC gross expenditure (2010 onwards)	-	-	-	-	-
	Expenditure on accredited offsets (e.g. GCOF)	-	-	-	-	-
	Expenditure on official business travel (£k)	1,694	1,021	797	739	1,183



### Performance commentary

CCS; total GHG emissions have increased by 15.58% from the 2009/10 baseline, but GHG emissions per FTE have reduced by 26.22%. This is measured across three sites: Liverpool, Norwich and Newport, data for other sites is not currently available.

CCS was located over four main sites for the whole year – The Capital Building in Liverpool, Rosebery Court in Norwich, Concept House in Newport and Horse Guards in London. CCS also took up occupation of three other sites during the year – Aviation House in London, Redwood House in Bristol and Quarry House in Leeds. CCS headcount has increased by 341 (including Crown Representatives). CCS is a tenant in all of its offices and pays a service charge for facilities management and accommodation services.

Utility costs for Rosebery Court (20.8% occupation) and Concept House (2.84% occupation) are calculated on a percentage of the building total based on occupied area. In Liverpool, utility costs are based on estimates for the Capital Building (until such time as separate meter readings will be available). For Horse Guards, all reporting is completed by the Cabinet Office as landlord. In respect of Capital Building data, CCS will be working with its

landlords, Home Office Property Group, with the overall aim of achieving localised metering for all electrical supplies but this will not happen in the short term. There is no data currently available for the three new sites occupied during the year. Expenditure on energy, within the financial indicators section of the GHG table, now includes Concept House costs from 2013/14.

### Direct impacts commentary

Within all offices, energy consumption is due to heating, cooling, lighting and ICT equipment usage. Electricity supplies are on green tariffs. Gas is used at Rosebery Court only.

Our procurement role and seven site location does mean that business travel is necessary. We constantly keep our travel policy under review to ensure the most sustainable and cost efficient travel methods are used as far as possible.



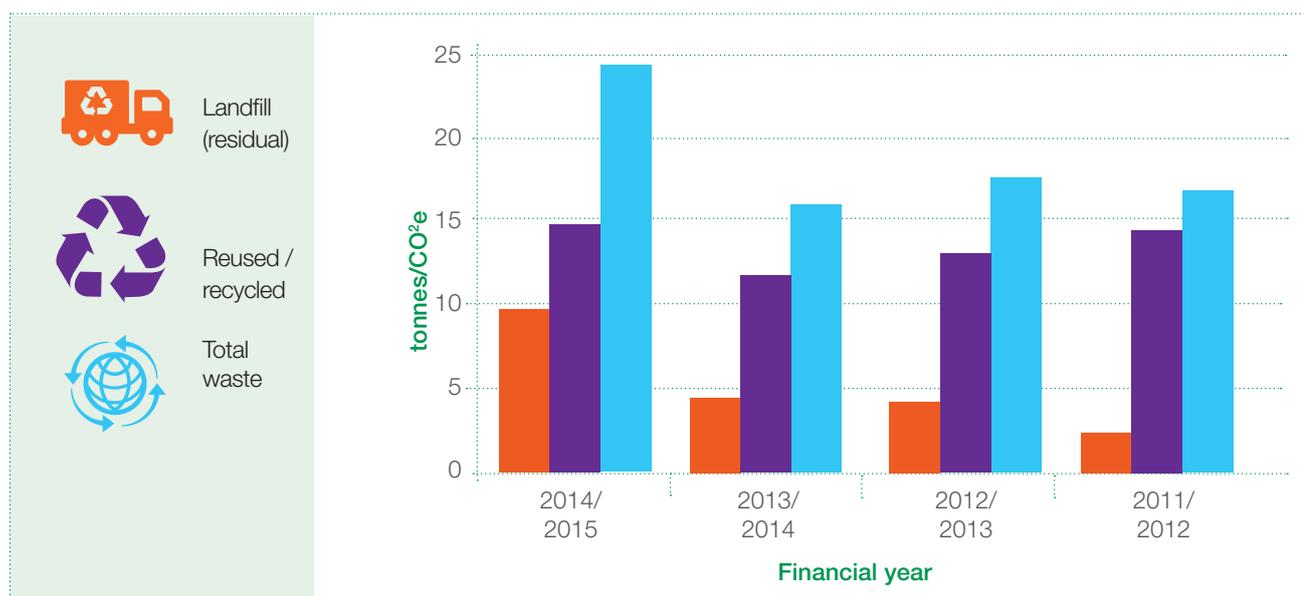
### Waste commentary

GGC 2 – Reducing the amount of waste we generate by 25% from a 2009/10 baseline

Waste		2014/ 2015	2013/ 2014	2012/ 2013	2011/ 2012	2009/ 2010 Baseline	
Non - Financial indicators (t)	Total waste (not including construction)	24.05	16.34	17.18	16.78	19.35	
	Proportion of total waste recycled	62%	75%	77%	87%	90%	
	Hazardous waste	Total	-	-	-	-	-
		Landfill (residual)	9.07	4.13	3.96	2.12	1.98
	Non-hazardous waste	Reused / recycled	14.98	12.21	13.22	14.66	17.37
		Incinerated / energy from waste	-	-	-	-	-
		Construction landfill	-	-	-	-	-
Construction recycled		-	-	-	-	-	
Financial indicators (£k)	Total waste disposal cost (full data available for Rosebery Court, Norwich from 2011/2012 and Concept House, Newport from 2013/2014)	2.22	1.56	0.91	1.66	2.3	
	Hazardous waste - Total disposal cost		-	-	-	-	-
	Non-hazardous waste - Total disposal cost	Landfill	1.25	0.89	0.50	0.87	0.3
		Reused / recycled	0.97	0.67	0.41	0.79	2.00
		Incinerated / energy from waste	-	-	-	-	-

# Management commentary

## Part 1: Strategic report continued



### Performance commentary

Total waste disposed by CCS has increased by 24.31% compared to the 2009/10 baseline, but waste per FTE has reduced by 20.65%. This is measured across three sites: Liverpool, Norwich and Newport, data for other sites is not currently available.

Full year data for the Capital building is not available yet so an average measurement of the previous 12 months has been applied. Rosebery Court and Concept House data is calculated on a percentage of the building total based on occupied area.

### Direct impacts commentary

Responsibility for the recycling of waste within the Capital building rests with Home Office Property Group, Rosebery Court rests with Cabinet Office and for Concept House with the Intellectual Property Office. CCS manages waste by separating out all recyclable waste, which is placed in separate specified bins for collection.



### Water consumption commentary

GGC 3 – Reduce water consumption from a 2009/10 baseline and report on office water use against best practice benchmarks.

Water			2014/2015	2013/2014	2012/2013	2011/2012	2009/2010 Baseline
Non - Financial supplied indicators (m3)	Water Consumption	Liverpool and Norwich full data from 2011/2012, Newport full data from October 2012	707	797	790	489	417
		Abstracted	-	-	-	-	-
Financial indicators (£k)	Water Supply costs (Rosebery Court, Norwich full data and Concept House, Newport from 2013/2014)		1.69	1.29	0.49	0.61	0.91
FTEs*	Liverpool, Newport and Norwich total FTE's		600	419.8	378.2	309.9	383
M <sup>3</sup> per FTE	Water Consumption per FTE		1.18	1.90	2.09	1.58	1.09

\* This is an average figure across three sites over the consumption period.

**Performance commentary**

CCS’s water usage is within best practice benchmarks, achieving 1.18m<sup>3</sup> per FTE. This is measured across three sites: Liverpool, Norwich and Newport, data for other sites is not currently available.

**Direct impacts commentary**

Water consumption monitoring will require reengineering of pipe works and installation of localised meters within the Capital building. We have asked the building landlords to implement this but it will not happen in the short term.



**Supply chain commentary**

**GGC 4 – Ensure government buys more sustainable and efficient products and engages with its suppliers to understand and reduce the impacts of its supply chain.**

**CCS embeds the Government Buying Standards (GBS) in all procurement activity.**

**Category specific initiatives**

**1.** The Energy for Growth programme is a joint initiative between the Cabinet Office and CCS, which aims to save money on government’s energy spend, de-risk its energy portfolio, and generate economic growth. It supports the government’s broader strategy to increase energy efficiency and create the right conditions for investment in diverse, secure and sustainable energy production in the UK.

**2.** We have worked with suppliers on the central government travel deal so that the CO<sup>2</sup> emissions associated with air and rail journeys are displayed at the “search” stage allowing travellers to consider the emission impact prior to making the booking. We work proactively with our travel contract/framework suppliers to identify areas where we buy or can encourage travellers to select more sustainable products and reduce environmental impact by informing them of green hotels and supplier fleets.

**3.** Our furniture deal includes areas specifically designed to help customers manage their current furniture assets and gain the best value for money. This is achieved by repairing and renovating furniture where possible and avoiding scrapping furniture to buy new replacements.

**4.** Our laundry and linen services deal includes a sustainable service delivery plan for suppliers to work to reduce their use of energy (gas and electric) and water during the life of the framework and subsequent contracts.

**5.** We support client compliance with the EU’s 2020 20% headline target on energy efficiency and goods required to fulfil the service delivery requirements will be purchased with a high energy efficiency performance in line with Article 6 of the Energy Efficiency Directive 2012/27/EU (EED).

# Management commentary

## Part 2: Directors' report

### 1. Directors responsibilities

The management of CCS was directed by the Board, comprising the Chair, Chief Executive Officer, Executive Directors and Non-Executive Directors. Bill Crothers was the Chair until 1 September 2014 and Ed Smith was appointed as Non-Executive Chair from 2 September 2014. Sally Collier, Chief Executive Officer, was also the Accounting Officer for the trading fund.

A list of all directors employed during the year is shown on pages 33 to 34 of the remuneration report.

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

Name	Position	Declaration of Interest	Live or Removed
Ed Smith	Non-Executive Chair	NHS England Department for Transport Competition & Markets Authority University of Birmingham Royal Institute of International Affairs	Live
David Wakefield	Non-Executive	NHS Bolton Foundation Trust	Live
John Watkinson	Non-Executive	Anglian Water Group Vistage International	Closed, no longer a Non-Executive
Rob Wilmot	Non-Executive	Crown Representative for Crown Commercial Service Crowdicity Ltd	Live

The Comptroller and Auditor General is the auditor of the Crown Commercial Service accounts. The charge for the year is £55,000. All of this cost is related to audit services. No additional non-audit work was undertaken.

### 2. Pension entitlements

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (Classic, Premium or Classic Plus); or a whole career scheme (Nuvos). 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 and Nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for Classic and 3.5% and 8.85% for Premium, Classic Plus and Nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary 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 and 65 for members of Nuvos.

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

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of Classic, Premium, Classic Plus and Nuvos members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional benefits accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupation Pension Schemes (Transfer Values) Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

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

### Pension liabilities within CCS's accounts

Present and past employees of CCS are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS).

The scheme allows employees to make pension provision for retirement if they wish. A new pension scheme, alpha, was introduced on 1 April 2015. The majority of PCSPS members will join the new scheme on this date. More information about both schemes can be found on the Civil Service Pensions website.

The financial status of the Civil Service pension schemes is reported in the Cabinet Office Civil Superannuation Accounts. Copies of these accounts can also be found on the Civil Service Pensions website.

The accounting policy adopted for pension costs is set out at notes 4.2 and 4.5 to the accounts on pages 51 and 52.

The pension benefits of CCS Board members are outlined in the Remuneration Report on page 32.

## 3. People

### Building commercial capability

To support the CCS's ongoing departmental category transition programme we have transferred over 130 staff from other government departments, (permanently or on loan) into the new organisation this year across all existing locations and a number of new locations such as Leeds and Bristol. A series of corporate induction events have been held across the estate and ensure new starters are onboarded efficiently.

Another key focus for this year has been improving the ways in which we manage and improve staff performance. We have launched a new online appraisal system to provide more timely data collection and reporting; supported by a range of training and development events to assist managers in managing poor performance.

We have continued to promote the new commercial curriculum to develop our commercial skills and capabilities within the organisation offering professional qualifications and access to the skill development initiatives provided by the Government's overarching commercial capability programme supported by the Chief Commercial Officer. We will be one of the first to participate in the new SCS/grade 6 Commercial Development Centre in 2015/16; designed to assess skill levels and assist in career management.

### Attracting talent

This year the CCS has continued to offer generalist Fast Streamers exciting placements within the organisation, such as working with Crown Representatives, supporting supplier negotiations and implementing category management strategies. We have launched a new e-recruitment tool to increase our presence on line and delivered an aggressive programme to increase the number of commercial specialists recruited from the private sector.

# Management commentary

## Part 2: Directors' report continued

We have continued to maintain good working relationships with a number of universities, offering challenging summer placements and internships and as a result, a number of graduates this year applied for and secured positions with us as a career choice.

We are now preparing to support the new Civil Service Commercial Fast Stream programme and the new Commercial Fast Track apprenticeship scheme, both of which are recruiting during 2015/2016. To promote the Commercial Graduate Fast Stream we have targeted Cardiff, Bangor, Manchester, Liverpool, Liverpool John Moores and East Anglia Universities and University of London; attending career fairs, hosting seminar sessions, delivering guest lectures on commercial careers and working with campus Employability and Careers Services.

We are continuing with our recruitment programme to increase our senior commercial capability with the best skills the labour market can provide via the Commercial Recruitment Hub based within the Cabinet Office.

### Staff Survey

During 2014/15, staff participated in the CCS's first annual Civil Service People Survey, a civil service wide project run by the Cabinet Office. The survey ran from 1-31 October, and was completed by 274,080 people in 101 organisations, with 80% of our staff responding, of which 56% considered themselves to be fully engaged with the organisation. This is comparable with other civil service departments.

Improvements were seen in a number of areas, most notably around Learning and Development and Leadership and Managing Change with increases of 4% and 5% respectively when compared to previous survey scores for component parts of the new organisation. The highest scoring themes were; my work, organisational objectives and purpose, my team and fairness and inclusion, all above 70%.

In response to the feedback we received, we are refreshing our induction processes, developing a new intranet site and cascading guidance and training on how to address instances of bullying and harassment. We have rolled out a new IT platform to facilitate mobile working and to transfer all staff onto one email system. We have also reinvigorated our in year bonus scheme to ensure that there is an opportunity to recognise and reward excellent work performance throughout the year.

### Recruitment and Staffing Levels

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

Our staffing figures as at 31 March 2015 and recruitment during 2014/15 are shown below.

**Table 1:** Staffing figures as at 31 March 2015 - for temporary staff we have matched them to the closest band dependent on their role:

Band	Permanent Male	Permanent Female	Temporary Male	Temporary Female
Band 1	35	48	1	2
Band 2	53	78	1	4
Band 3	73	94	1	2
Band 4	84	107	4	0
Band 5	40	65	8	6
Band 6	42	18	10	3
Band 7	3	1	0	0
SCS 1	27	19	9	2
SCS 2	5	3	0	0
Crown Rep*			16	3
<b>Total</b>	<b>362</b>	<b>433</b>	<b>50</b>	<b>22</b>

Overall permanent headcount figure = 795 in addition to which we have 19 \*Fee paid Crown Representatives and 53 Interim/ Agency. There are 23 Crown Representatives in total, some of which are within departments.

**Table 2:** CCS new recruits 2014/15

Over the last year the following staff have been recruited, this figure does not include transfers, loans or secondments.

Band	Male	Female	Total
Band 1	10	16	26
Band 2	20	45	65
Band 3	30	28	58
Band 4	17	28	45
Band 5	19	18	37
Band 6	19	7	26
Band 7	0	0	0
SCS 1	14	10	24
SCS 2	3	3	6
<b>Total</b>	<b>132</b>	<b>155</b>	<b>287</b>

**Table 3:** Staff breakdown by age as at 31 March 2015

This table has been amended as we do not retain ages for all agency and interim staff, therefore figures below show permanent staff only.

Age Range	Male	Female	Total
16 – 20	1	9	10
21 - 30	47	69	116
31 - 40	85	140	225
41 - 50	126	136	262
51 - 60	91	74	165
61 - 70	12	5	17
<b>Total</b>	<b>362</b>	<b>433</b>	<b>795</b>

### Health, safety and welfare

The health, safety and welfare of our staff remains a key priority. Following both an internal audit and external audit, we have conducted a gap analysis and identified areas of non-compliance across the estate. We have appointed a dedicated Health and Safety Manager to ensure that health and safety management is pro-active and embedded positively throughout CCS. We are upgrading our health and safety guidance, procedures and tools and focusing resources on implementing best practice to deliver above the minimum legal standards required. There was one reported case against RIDDOR (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013).

The number of working days lost due to sickness absence was 4,552. The average number of days lost per employee in the 12 month period was 6.6 (based on an average headcount of 687).

### Working with the community

We are committed to engaging with our local communities and having a positive impact through supporting education and young people, employment and enterprise.

We encourage and support staff to undertake volunteering work in their communities and our corporately sponsored volunteering policy allows staff to take two days paid leave for such work, increasing to three in June 2015.

We continue to extend our support to regional programmes as in previous years (Liverpool Compact Employability and Business in the Community) and participated in the national volunteer 'Give and Gain' day in Liverpool which focused on promoting healthy lifestyles to local school children.

We have broadened our work with the community to include strengthening our involvement with Civil Service Local to support their initiatives and offering work experience for children from local schools in the Norwich area.

We have also established a strategic partnership with a local school (Archbishop Beck Catholic Sports College in Walton, Liverpool) to pilot our involvement in "Business Class", a government-endorsed programme, which provides a framework for business to support young people facing social disadvantage by forming long-term relationships with schools. Some of the activities that CCS colleagues have participated in include mock employment interviews and mentoring teams on a national youth enterprise competition, the Mosaic Challenge.

# Management commentary

## Part 2: Directors' report continued

### 4. Personal data related incidents

Nil return.

- No incidents have been reported to the Information Commissioner by or on behalf of CCS, involving Protected Personal Data during the year.
- Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but recorded centrally within the agency are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

**Table 1: Summary of Protected Personal Data related incidents formally reported to the Information Commissioner's Office in 2014/15**

Statement on information risk	A dedicated Information Assurance function provides stewardship over data and systems security. Following an internal audit of IT controls and in the context of the new office IT system, a new governance and assurance framework is being implemented to provide assurance of compliance with Cabinet Office standards as defined in the Security Policy framework.			
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
No incidents have been reported to the Information Commissioner by or on behalf of CCS involving Protected Personal Data during the year.				

**Table 2: Summary of other Protected Personal Data related incidents in 2014/15**

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but recorded centrally within the Agency are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
i	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	0
ii	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
iii	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
iv	Unauthorised disclosure	0
v	Other	0

## 5. Correspondence and parliamentary questions

We manage Ministerial Correspondence, Parliamentary Questions and Freedom of Information (Fol) requests in line with Cabinet Office targets. We have met most of those targets during the 2014/15 financial year, and seen an improvement in the handling of Fol requests.

### Ministerial Correspondence

	Number	Returned on time %
Ministerial correspondence cases handled	151	90
Treat Officially cases handled	93	88
Inter-departmental write rounds handled	47	98
Advice notes handled	16	100

### Parliamentary Questions

	Number	Returned on time %
Written Parliamentary Questions answered	63	95
Oral Parliamentary Questions handled	9	100

### Freedom of Information Requests

	Number	Returned within 15 days %	Returned within 20 days %
FOI requests handled	165	72	95

## 6. Complaints from the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman received no complaints about CCS for the year ended 2014.

*S. Collier*

S Collier  
Accounting Officer  
13 July 2015

# Remuneration report

## 1. Introduction

This 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 FReM – paras 5.2.21- 28). The Companies Act requirements include some disclosures that are not likely to be relevant in 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.

## 2. Senior Salaries Review Body

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.gov.uk/government/organisations/review-body-on-senior-salaries](http://www.gov.uk/government/organisations/review-body-on-senior-salaries)

## 3. Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

### Senior Management Salary Entitlements FY 14-15

The following table provides details of the remuneration interests of board member Executive and Non-Executive Directors employed by CCS. This table has been audited.

	To 31 March 2015					To 31 March 2014				
	Salary	Bonus	Benefits in kind to nearest £100	Pension benefits to nearest £1,000	Total	Salary	Bonus	Benefits in kind to nearest £100	Pension benefits to nearest £1,000	Total
	Note 1	Note 2	Note 3	Note 8		Note 1		Note 3	Note 8	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>B Crothers</b> (Note 4) Chairman (until 01.09.14)	No remuneration paid					No remuneration paid				
<b>JE Smith</b> Non-Executive Chairman (from 02.09.14)	5-10				5-10					
<b>Full Year Equivalent</b>	15-20									
<b>S Collier</b> Chief Executive	115-120			97	215-220	85-90	10-15		19	120-125
<b>Full Year Equivalent</b>						115-120				
<b>D Farrow</b> (Note 5) Chief Finance Officer (from 03.07.14)	125-130				125-130					
<b>Full Year Equivalent</b>	265-270									
(Note 6) (from 19.01.15)	25-30			10	35-40					
<b>Full Year Equivalent</b>	135-140									
<b>M Denham</b> Commercial Delivery Director	155-160			59	215-220	25-30			10	35-40
<b>Full Year Equivalent</b>	-				-	155-160				
<b>M James</b> Commercial Advice Director	95-100		16.6	75	185-190	40-45		16.6	6	65-70
<b>Full Year Equivalent</b>	-				-	95-100				
<b>C Meewezen</b> Business Services Director (from 24.03.15)	15-20			6	20-25					
<b>Full Year Equivalent</b>	105-110									
<b>M Thorp</b> (Note 4) Transformation Director (to 30.04.14)	No remuneration paid									

## Remuneration report continued

	To 31 March 2015					To 31 March 2014				
	Salary	Bonus	Benefits in kind to nearest £100	Pension benefits to nearest £1,000	Total	Salary	Bonus	Benefits in kind to nearest £100	Pension benefits to nearest £1,000	Total
	Note 1	Note 2	Note 3	Note 8		Note 1		Note 3	Note 8	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>R Clegg</b> Non-Executive Director (to 31.10.14) <b>Full Year Equivalent</b>	10-15 15-20				10-15	15-20				15-20
<b>J Thompson (Note 4)</b> Non-Executive Director (from 02.07.14)	No remuneration paid									
<b>D Wakefield</b> Non-Executive Director (from 01.09.14) <b>Full Year Equivalent</b>	5-10 10-15				5-10					
<b>J Watkinson</b> Non-Executive Director	15-20				15-20	15-20				15-20
<b>R Wilmot (Note 7)</b> Non-Executive Director <b>Full Year Equivalent</b>	50-55 -				50-55 -	10-15 10-15				10-15
<b>Band of Highest Paid Director's Total Remuneration (£'000)</b>					265-270					275-280
<b>Median Total Remuneration</b>					36,089					35,525
<b>Ratio</b>					7.41					7.83

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

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

**Note 2** There were no bonus payments made in FY 2014/15.

**Note 3** Benefits in kind were provided for M James £16,600 p.a (accommodation allowance). No benefits in kind were provided to any other member of the board during this year.

**Note 4** No remuneration was paid to the following members of the Board:- B Crothers (Chairman), M Thorp (Transformation Director) and J Thompson (Non-Executive Director). B Crothers and M Thorp were employees of the Cabinet Office, J Thompson is Permanent Secretary to the MoD. Amounts paid to M Thorp by the Cabinet Office from 01.04.14 to 30.04.14 were £0-5k, a full year equivalent of £65-70k.

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

**Note 6** The amount shown reflects salary as a full time employee for D Farrow from 19.01.15.

**Note 7** The amount shown for R Wilmot reflects salary as a Non-Executive Director of £10-15k and fee based payments as a Crown Representative of £35-40K

**Note 8** The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

**Senior Management Pension Entitlements FY 14-15**

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

	Accrued pension and lump sum at pension age as at 31 March 2015	Real increase in annual pension and lump sum at pension age	CETV at 31 March 2015 (Note 1)	CETV at 31 March 2014	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>S Collier</b> Chief Executive	130-135	17.5-20	517	428	63
<b>D Farrow</b> Chief Finance Officer	0-5	0-2.5	6	-	4
<b>M Denham</b> Commercial Delivery Director	0-5	2.5-5	41	6	21
<b>M James</b> Commercial Advice Director	-	2.5-5	376	312	42
<b>C Meewezen</b> Business Services Director	-	0-2.5	142	-	2

**Note 1** For an explanation of pension benefits and Cash Equivalent Transfer values (CETV), please refer to the Directors' report on page 27.

*S. Collier*

S Collier  
Accounting Officer  
13 July 2015

# Statement of Crown Commercial Service's and Accounting Officer's responsibilities

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

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

- Observe the Accounts Direction issued by the 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

The Treasury has appointed the Chief Executive of Crown Commercial Service as Accounting Officer of Crown Commercial Service. 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 Crown Commercial Service's assets, are set out in Managing Public Money published by the Treasury.

# Corporate governance statement 14/15

## Introduction and context

The Crown Commercial Service was launched on 1 April 2014 and brought together three legacy organisations: the Government Procurement Service, the Cabinet Office Procurement Policy Team, and the Efficiency and Reform Group's commercial advisory function. It was constituted as an executive agency and trading fund of the Cabinet Office<sup>1</sup>. The new organisation brought together a range of commercial activities and skills into one integrated organisation charged with delivery of the Government's commercial agenda in service primarily to central government departments.

The overall priority for the 12 months to 31 March was the delivery of commercial savings for the UK public sector as a whole and the delivery of managed procurement for central government departments. Throughout its first year of operation, CCS has faced a period of significant change and responded to testing challenges in transitioning to a new business model. During the year, the executive recognised the need to strengthen governance arrangements and improve the internal controls framework. Another significant priority was developing capability and expanding capacity across the organisation to deliver managed commercial services on behalf of government.

Key outcomes for CCS in 2014/15 were:

- Working with departments to deliver £5.9bn savings for customers in central government and the wider public sector against a 2009/10 baseline
- Direct buying and managing £2bn of spend on common goods and services for seven departments
- Indirect buying and enabling £15bn spend through centralised deals
- Providing advisory support through the complex transactions team to c50 departmental projects
- Delivering against key policy objectives – notably, the transposition of new EU procurement directives into UK law and the channelling of 26% of central government business directly and indirectly to small businesses, thereby exceeding ministers' 25% aspiration
- Transformation to a single integrated organisation with improved capability and capacity.

## Corporate governance

As a Trading Fund, CCS is required to have a framework document in place which outlines key activities and governance. The document sets out CCS's roles and responsibilities and the framework within which it operates. The framework document was presented to and approved by the CCS Board and submitted to the Cabinet Office.

The management of CCS was directed by the Board, comprising the Chair, Non-Executive Directors (NEDs), Chief Executive Officer (CEO) and Executive Directors. The CEO was also the Accounting Officer for the Trading Fund.

At the start of the year, a strategic review of CCS operations was conducted. This found several areas for improvement, including to CCS's governance and capability. In result of this review, in September 2014, a Non-Executive Chair was appointed to replace the Executive Chair. Two NEDs stepped down following their scheduled appointment reviews. One NED (Chair of the Audit Committee) was replaced during the year; the other stepped down at the year end and was in the process of being replaced. The Board membership was also subject to some change during the year, including the appointment of a new Business Services Director. The attendance list is provided on page 38.

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

- Defining CCS's strategic aims, objectives and target setting
- Reviewing and agreeing the annual business plan which sets out the financial targets and human resources required to deliver. The plan is submitted to the Cabinet Office Sponsor
- Reviewing the Annual Report and Accounts prior to sign-off by the Accounting Officer
- Monitoring the operational performance of the business and any actions needed to keep performance on plan
- Setting CCS's vision, standards and values
- Maintaining a transparent system of prudent and effective controls (including internal controls); and providing a scheme of delegated authority
- Reviewing risk management processes, the Strategic Risk Register, staff survey results, customer satisfaction surveys, major projects, Health & Safety review
- Considering major business cases of above £500,000 prior to CEO sign-off.

During 2014/15, improvements were made to the management information and performance reporting data provided to the Board. A performance report enables the Board to review the progress of key programmes and strategic goals.

In 2014/15 there were two sub-committees of the Board: the Audit Committee and the Customer Board.

<sup>1</sup> The Crown Commercial Service operates as a trading fund under authority of the Buying Agency Trading Fund (Amendment) Order 2014, Statutory Instrument No 561 of 2014

## Corporate governance statement 14/15 continued

- The principal role of the Audit Committee was to advise the Board and Accounting Officer on the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The Committee was chaired by an independent Non-Executive Director and included two independent Non-Executive Directors as members. A representative from the Cabinet Office also attended the Committee, along with a representative from the National Audit Office as the external Auditor. The Accounting Officer, Head of Internal Audit and the Chief Finance Officer participated as invitees to the meetings as well as other members of the Executive as required.
  - The role of the Customer Board was to establish a forum for executive level customers to provide individual and collective feedback on strategic plans and customer insight, and to help steer and hold CCS to account to ensure it delivered against goals. The Customer Board was attended by senior representatives from departments and two independent Non-Executive Directors with members of the executive as required.
- The Executive team was led by the Accounting Officer and included representatives from all the key areas of the organisation. The principal role of the Executive was to manage the delivery of the strategic aims and to provide leadership to the organisation.

### Crown Commercial Service Board attendance:

Name		Attendance	
<b>B Crothers</b>	Chair	<b>3/3</b> as member <b>4/4</b> as attendee	(Chair until 1 September 2014 thereafter an attendee)
<b>JE Smith</b>	Non-Executive Chair	<b>5/5</b>	(from - 2 September 2014)
<b>S Collier</b>	Chief Executive Officer	<b>7/7</b>	
<b>D Farrow</b>	Chief Finance Officer	<b>5/5</b>	(from - 24 September 2014)
<b>M Denham</b>	Commercial Delivery Director	<b>7/7</b>	
<b>M James</b>	Commercial Advice Director	<b>7/7</b>	
<b>C Meewezen</b>	Business Services Director	<b>1/1</b> as attendee <b>1/1</b> as member	(from - 24 March 2015)
<b>M Thorp</b>	Transformation Director	<b>1/1</b>	(to - 30 April 2014)
<b>J Watkinson</b>	Independent Non-Executive Director and member of the Audit Committee	<b>7/7</b>	
<b>R Wilmot</b>	Independent Non-Executive Director and member of the Audit Committee	<b>7/7</b>	
<b>R Clegg</b>	Independent Non-Executive Director and Chair of the Audit Committee	<b>3/3</b>	(to - 31 October 2014)
<b>D Wakefield</b>	Independent Non-Executive Director and Chair of the Audit Committee	<b>5/5</b>	(from - 1 September 2014)
<b>J Thompson</b>	Government Non-Executive Director	<b>1/6</b>	(from - 2 July 2014)

There were 7 full board meetings during the year and one interim meeting.

## Code of corporate governance

CCS implemented a new corporate governance structure and framework following establishment of the organisation in April 2014 from three legacy organisations. Internal Audit conducted a review of corporate governance during 2014/15 which considered the organisation's adoption of the practices set out in the "Corporate Governance in Central Departments: Code of Good Practice 2011". The review found that CCS is in full compliance with a number of the good practice recommendations, in particular in the areas of 'role of the board', 'board composition' and 'risk management'. The review also identified some improvements to enhance the effectiveness of corporate governance:

1. Oversight of risk management in the absence of a Risk Committee
  - Risk management is the Board's responsibility. The Board's view is that this approach is still appropriate and it would complicate and reduce the efficiency of executive processes if a discrete Risk Committee was set up. This remained the position during 2014/15.
2. Nominations and Governance Committee
  - It was agreed that a Senior Appointments and People Committee should be established and its remit is to ensure that resourcing, succession planning and developmental strategies are in place for senior leadership roles. This committee met in April 2015 and will meet three times in each financial year.
  - The Board agreed that governance formed a key part of the Audit Committee's role and so no additional committee was required.
3. Skills make-up of the Board should match and complement the strategic aims
  - A skills matrix will be developed and updated annually to compare the existing skills of the Board to both the Code and those determined by the Board. This will also inform the recruitment of new members.
4. Board effectiveness evaluation
  - The Board and Audit Committee agreed to defer its annual effectiveness evaluations to summer 2015 given the change of Chairs in September 2014 to allow a reasonable period of performance evaluation.

## Work of the Audit Committee

The Audit Committee is established under Board delegation with approved terms of reference aligned with the HMT Audit and Risk Assurance Committee Handbook. The Committee met on four occasions during the year to discharge its responsibilities for scrutinising the risks, controls and governance arrangements and the comprehensiveness of the assurances supplied to the Board.

Core membership of the Committee comprised three Non-Executive Directors. Other regular attendees included the Chief Executive, Chief Finance Officer, Head of Internal Audit and representatives from the National Audit Office and Cabinet Office. In addition, other executive directors and managers attended as appropriate at the request of the Committee.

In 2014/15 the work of the Audit Committee was an ongoing process throughout the year and was not limited to its four meetings. The Chair of the Audit Committee had regular dialogue and meetings with the Head of Internal Audit and all members engaged with senior management on a regular basis. In addition, the Chair of the Audit Committee maintained regular discussions and meetings with the National Audit Office and its contractors to discuss the External Audit process and the evolving nature of good practice across central government.

The committee's work during the year predominantly focused upon reviewing the appropriateness and robustness of:

- The strategic processes for risk, control and governance
- The accounting policies, the Accounts, and the Annual Report and the processes which underpin them
- The planned activity and results of both internal and external audit
- The adequacy of the management response to issues identified by audit activity and the external audit's management letter
- The assurances relating to the corporate governance arrangements for CCS
- The anti-fraud policies and whistleblowing processes.

A feature of the current year has been the focus on the transition to the new organisational structure, recruitment to develop capability and expand capacity, the need to embed new processes and systems, the development of new IT systems and the establishment of a leadership and governance structure as pivotal to the success of the new organisation.

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

# Corporate governance statement 14/15 continued

## Crown Commercial Service Audit Committee attendance:

Name		Attendance	
<b>R Clegg</b>	Independent Non-Executive Director and Chair of the Audit Committee	2/2	(to 31 October 2014)
<b>D Wakefield</b>	Independent Non-Executive Director and Chair of the Audit Committee	3/3	(from 1 September 2014)
<b>J Watkinson</b>	Independent Non-Executive Director and member of the Audit Committee	4/4	
<b>R Wilmot</b>	Independent Non-Executive Director and member of the Audit Committee	4/4	

## Work of Internal Audit

CCS has a dedicated Audit and Assurance Unit (AAU) the independence and operation of which is enshrined in a Charter signed by the Accounting Officer, the Chair of the Audit Committee and the Head of Internal Audit. The Head of Internal Audit reports directly to the Chief Executive Officer and, in addition, works closely with, and takes direction from, the Audit Committee itself. Throughout the year the Committee was advised by the Internal Audit function on the effectiveness of internal controls within the organisation and on the status of outstanding actions from previous reviews. The role of internal audit in CCS has been crucial over the last twelve months through the provision of assurance to management and the Accounting Officer, along with identifying practical recommendations to reduce risk exposure as the organisation has evolved.

The Internal Audit Plan for 2014/15 was developed with full reference to CCS's corporate objectives and risks and was reviewed, discussed and subsequently approved at the 25 March 2014 Audit Committee meeting. Throughout the year there was a review of the appropriateness of the plan and updates in terms of timings and detailed scope were made.

The core systems reviewed included anti-fraud and bribery, recruitment, income and debtors, staff performance management, interim and contractor resource, IT strategy and systems, health and safety, risk management and corporate governance. Additionally, the team have reviewed the processes for onboarding departmental procurement spend, advisory services, procurement stakeholder engagement, supplier contract management and customer relationship management.

Where appropriate, audit work has been 'real time' to enable CCS management to take immediate remedial action where control weaknesses have been found. Audit Management actions are tracked by AAU and reported to the CCS Audit Committee for challenge and review.

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

In December 2013 HM Treasury published its 'Review of financial management in government' and established medium term plans for a single, integrated internal audit service for government as a stand alone Executive Agency. The Government Internal Audit Agency (GIAA) went live on 1 April 2015, providing an integrated internal audit function to a number of government departments, arm's length bodies, and executive agencies. It is anticipated that the CCS internal audit function will formally move to GIAA on 1 April 2016. The GIAA service will be internal to central government and an independent agency of the Treasury. It will provide assurance on common risks, a clear escalation of key risks to the centre, facilitate the sharing of best practice, as well as allowing for specialist resource to be called upon from within GIAA.

The core principles in the Audit and Assurance Unit's service delivery to CCS remain, including that the Accounting Officer, advised by the Audit Committee and the Head of Internal Audit, determines the volume of internal audit activity undertaken and to where it is directed.

### Head of Internal Audit opinion

The Head of Internal Audit's annual report concludes that the Crown Commercial Service's framework of governance, risk management, and control is limited in its overall adequacy and effectiveness. His opinion is based on:

- Delivery of the agreed risk-based internal audit plan – overall, 64% of the assurances reflect limited assurance or below;
- Only one review (out of 14) was provided with substantial assurance; and
- An assessment of the findings identified by internal audit – 22% of the findings identified were rated high for this year, with a further 45% rated as medium.

While a number of reviews have been provided with limited assurance (or below), the later reviews in the year show improvement in assurance levels. This may not be indicative of a longer term trend, but provides a positive direction from which CCS can strengthen the control environment in 2015/16. It was recognised that 2014/15 has been a period of significant change for the organisation and that it has faced stringent challenges in transitioning to a new target operating model.

Throughout 2014/15 the build and development of the new organisation was a key focus for the Executive and Non-Executive Board Members. There were a number of key role changes during the year, with the Executive Chairman replaced by a Non-Executive Chairman, changes in the Non-Executive Director cohort, and several changes in the senior management team. While some of these are in response to departures, it also reflects the strategic transition of the organisation as a whole.

AAU continued to use a risk-based approach to audit work and the 2014/15 assurance levels were provided on the basis of risk exposure and the adequacy of mitigating controls. As such, the audit opinion reflects the robustness of risk management within the areas reviewed, and by extension, an indication of how well risk is managed in CCS as a whole.

A review of Corporate Governance was conducted in the 2014/15 audit year. This was a detailed comparison between certain processes and controls in place at CCS, against those defined in "Corporate Governance in Central Government Departments: Code of good practice 2011". The overall assurance level was given as moderate due to a number of deviations to the code, although these were not considered to be material weaknesses in the corporate governance of CCS. The Internal Audit Team intend to follow up this review with a more detailed audit on the effectiveness of board decision making in 2015/16.

Several internal audit reviews highlighted other areas for improvement of governance and control. Of the 64% of reviews with limited assurance or below, in most cases improvements are already being delivered. In three cases, including IT strategy, IT security and health and safety, it is important that management address the high risk findings over the next 12 months. However, there have also been more positive assurance levels from reviews of Departmental Onboarding governance and Customer Relationship Management. This indicates that while there are significant issues that need to be addressed, they are not necessarily systemic.

It is important that management continue to address control failures in the operating environment to improve the overall risk maturity of CCS as the organisation continues to evolve. The Internal Audit Team will continue to proactively follow up their audit findings and target assurance and consultancy work to high risk areas.

### Risk management

The organisation has demonstrated a proactive approach to risk management. A revised risk management framework and risk reporting processes were established and supported by training, guidance and templates to aid effective risk reporting at strategic, operational, project and team levels. The Board and Senior Management Team regularly reviewed the strategic level risk register and updates were provided to the Audit Committee.

A review of CCS's risk management framework was conducted independently by Moore Stephens and reported to the March 2015 Audit Committee. The report concluded that CCS as an organisation is provisionally at the 'risk defined' level of the Chartered Institute of Internal Auditors risk maturity framework. Recognition was given to an effective risk management framework at a strategic level but recommended that further work was needed to fully embed a consistent approach to risk management at operational levels into core business processes. Enhancing risk management maturity across the organisation should be a core objective in 2015/16, particularly given the inherent risks in CCS's changing operating environment.

# Corporate governance statement 14/15 continued

## Principal areas of risk and control

The risk management focus for the organisation in 2014/15 has been to closely align risks with objectives and for confidence in the controls in place to be provided. The organisation has been actively managing risks in the following key areas:

- 1. Reputational** – Achievement of savings in line with targets and commitments made to specific customers
  - Savings methodologies and spend and savings reporting agreed with customers
  - Savings reviews conducted with customers on a regular basis
  - A specific team was put in place to review additional savings which resulted in a significant number of savings which could be claimed and evidenced being identified.
  
- 2. Financial** – Trading Fund breakeven position being achieved
  - Ongoing scenario financial planning took place with savings identified in a financial plan that was tightly controlled and monitored through the Senior Management Team and its subcommittees
  - Performance review meetings with key customers were held on a quarterly basis to discuss and facilitate income collection
  - Tight budgetary controls were put in place including all spend over a certain level having to be approved by a member of the Senior Management Team and monthly cost review meetings between the CEO and Finance Director.
  - A number of areas for improvement in financial control processes were identified and acted upon during the year. Following the year end, we identified further areas where financial controls were not operating fully effectively and took further steps to strengthen financial management and control in those areas.
  - Financial oversight by the CEO has been strengthened, both to improve governance and ensure better organisational resilience in the face of two senior management changes in the finance team over the year.
  - Following a strategic review at the start of the year, supervisory oversight has been improved, with the strengthening of the Board, appointment of a Non-Executive chair, and improvements to the Audit Committee.
  
- 3. People Capability** – Ability of the organisation to deliver CCS business objectives at the scale and pace required
  - The senior leadership team was strengthened with the appointments of; Business Services Director, HR Director, Director of Change and Head of Communications. Permanent recruitment of a Finance Director is underway
  - Internal operational capability has been improved both within front line buying services and within internal CCS operations, for example, in our finance and human resources teams.

- Senior category specialist roles were identified, approval to recruit was received and recruitment is underway
- A new performance management system was launched with processes in place to deal with all low performers.

- 4. Service** – Ability to deliver high quality services in line with customer expectations
  - Business partners were put in place to lead relationships with customers for the organisation and regular reviews with the customers were conducted
  - Customer satisfaction surveys and net promoter score applications were conducted to measure performance. Staff from CCS were co-located with customers as necessary
  - A Customer Board was established and formed part of the formal governance process.

There have been no ministerial directions given.

## Data security lapses

CCS has policies and guidance in place relating to data handling and protective security. During 2014/15, there have been no material breaches.

## Fraud, bribery and whistleblowing

An Internal Audit review of anti-fraud and bribery was conducted in 2014/15. This was provided with limited assurance and a series of actions were recommended to enhance the current policies and overall awareness in this area. A fraud and bribery incident log is now in place, which is supplemented by an updated Fraud and Bribery risk register. A self-assessment of compliance with the Bribery Act was also conducted and a number of actions have been identified from this to ensure full compliance going forward.

There have been no reported cases of fraud or attempted fraud in 2014/15.

On 5 June 2014 the CEO received an email under the organisation's Whistleblowing Policy which referred to decisions made regarding a recent procurement. The matter was subsequently explored by the Director of Commercial Delivery and the CEO, and a course of action (notified to, and agreed with, the whistleblower) pursued. Internal Audit were also commissioned to produce a report to the CEO, which identified one recommendation to improve the current escalation process.

*S. Collier*

S Collier  
Accounting Officer  
13 July 2015

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

I certify that I have audited the financial statements of Crown Commercial Service for the year ended 31 March 2015 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Board, Accounting Officer and Auditor

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

## Scope of the audit of the financial statements

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

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

## Opinion on regularity

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

recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Crown Commercial Service affairs as at 31 March 2015 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Strategic report and Directors report and Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1 W 9SP  
15 July 2015

# Statement of comprehensive income year ended 31 March 2015

	Note	£000	2014/15 £000	£000	2013/14 £000
<b>Revenue</b>	2		<b>72,319</b>		47,842
Cost of sales			<b>(6,851)</b>		<b>(5,581)</b>
<b>Gross Surplus</b>			<b>65,468</b>		42,261
Staff costs	4.2	<b>(44,436)</b>		<b>(22,385)</b>	
Depreciation of property, plant and equipment	8	<b>(248)</b>		<b>(1,094)</b>	
Whitehall Impairment	8,3	-		<b>(9,331)</b>	
Amortisation of intangible assets	9	<b>(29)</b>		<b>(22)</b>	
Crown Commercial Service Transformation	3	-		<b>(3,000)</b>	
Other operating charges	6	<b>(20,651)</b>		<b>(9,295)</b>	
<b>Total operating costs</b>			<b>(65,364)</b>		<b>(45,127)</b>
			<b>104</b>		<b>(2,866)</b>
<b>Other operating income</b>			<b>1,805</b>		<b>1,584</b>
<b>Operating surplus / (deficit)</b>			<b>1,909</b>		<b>(1,282)</b>
Finance income	7		<b>124</b>		<b>109</b>
<b>Surplus / (deficit) for the financial year</b>			<b>2,033</b>		<b>(1,173)</b>
Dividend to be payable to Cabinet Office	23		<b>(2,000)</b>		<b>(2,641)</b>
<b>Retained surplus / (deficit) for the financial year</b>			<b>33</b>		<b>(3,814)</b>
<b>Other comprehensive income</b>					
Net gain/(loss) on revaluation of property, plant and equipment	19		-		-
<b>Comprehensive (expenditure) / income for the financial year</b>			<b>33</b>		<b>(3,814)</b>

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

The Notes to the accounts on pages 48 to 61 form an integral part of these accounts.

## Statement of financial position as at 31 March 2015

	Note	31 March 2015		31 March 2014	
		£000	£000	£000	£000
<b>Non-current assets</b>					
Property, plant and equipment	8		3,385		681
Intangible assets	9		18		47
Long term receivable	10		-		1,087
			3,403		1,815
<b>Current assets</b>					
Inventories	11	107		109	
Trade and other receivables	12	25,200		15,886	
Cash and cash equivalents	13	35,851		32,793	
		61,158		48,788	
<b>Current liabilities</b>					
Trade and other payables	14	(23,614)		(12,559)	
Employee benefit payable	15	(990)		(566)	
		(24,604)		(13,125)	
<b>Net current assets</b>			<b>36,554</b>		<b>35,663</b>
<b>Non-current assets plus net current assets</b>			<b>39,957</b>		<b>37,478</b>
Provisions	17		(2,521)		(75)
<b>Total assets less liabilities</b>			<b><u>37,436</u></b>		<b><u>37,403</u></b>
<b>Capital and reserves</b>					
Public dividend capital	18		350		350
Revaluation reserve	19		-		-
General reserve	20		37,086		37,053
<b>Total capital and reserves</b>			<b><u>37,436</u></b>		<b><u>37,403</u></b>

The Notes to the accounts on pages 48 to 61 form an integral part of these accounts.

*S. Collier*

S Collier  
Accounting Officer  
13 July 2015

# Statement of changes in taxpayers' equity at 31 March 2015

	General Reserve £000	Revaluation Reserve £000	PDC £000	Total £000
<b>Taxpayers' equity at 1 April 2013</b>	37,153	3,714	350	41,217
Recognition in statement of comprehensive income	(3,814)		-	(3,814)
Revaluation reserve transfer to general reserve	3,714	(3,714)	-	-
<b>Taxpayers' equity at 31 March 2014</b>	<u>37,053</u>	<u>-</u>	<u>350</u>	<u>37,403</u>

	General Reserve £000	Revaluation Reserve £000	PDC £000	Total £000
<b>Taxpayers' equity at 1 April 2014</b>	37,053	-	350	37,403
Recognition in statement of comprehensive income	33	-	-	33
Revaluation reserve transfer to general reserve	-	-	-	-
<b>Taxpayers' equity at 31 March 2015</b>	<u>37,086</u>	<u>-</u>	<u>350</u>	<u>37,436</u>

The Notes to the accounts on pages 48 to 61 form an integral part of these accounts.

# Statement of cash flows for the year ended 31 March 2015

	2014/15	2013/14
	£000	£000
<b>Net cash inflow from operating activities</b>	<b>7,595</b>	<b>10,278</b>
<b>Cash flows from investing activities</b>		
Finance income	126	103
Purchases to acquire intangibles	-	(57)
Purchases of property plant and equipment	(22)	(48)
<b>Net Cash outflow from investing activities</b>	<b>104</b>	<b>(2)</b>
<b>Net Cash inflow before financing</b>	<b>7,699</b>	<b>10,276</b>
<b>Cash flows financing activities</b>		
Dividend paid	(4,641)	(339)
<b>Net Cash outflow from financing activities</b>	<b>(4,641)</b>	<b>(339)</b>
<b>Net increase in cash and cash equivalents</b>	<b><u>3,058</u></b>	<b><u>9,937</u></b>

See Note 21 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 48 to 61 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 "Accounts Direction.") 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 the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by Crown Commercial Service are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Comparative figures have been drawn from the Government Procurement Service accounts without adjustments. Following the name change to CCS these are deemed reasonable and comparable under IAS 1.

### 1.1a Standards issued and effective in the 2014/15 FReM for the first time

The following standards are now effective but they are not applicable to CCS and have no material impact.

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IAS 27 - Separate Financial Statements

IAS 28 - Investments in Associates and Joint Ventures

### 1.1b Standards in issue but not in force

The following standards and interpretations, relevant to CCS, have been issued but are not yet effective. CCS anticipates that the adoption of these standards and interpretations is unlikely to have a material impact on the financial statements in the period of application.

IFRS 13 - Fair Value Measurement

IAS 36 - 'Impairment of assets' on recoverable amount disclosures (amendment).

## 1.2 Accounting convention

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

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

## 1.3 Revenue

Revenue consists of the value of the goods and services net of Value Added Tax, Trade discounts and rebates, from the ordinary activities of the business. Income can be recognised in segments as follows:

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

## 1.4 Property, plant and equipment

Property, plant and equipment assets are capitalised at their cost of acquisition and installation. The prescribed capitalisation level is £5,000. Where an asset costs less than this but forms an integral part of a package whose total value is greater than the capitalisation level, then it is treated as a capital asset. During the reporting year CCS purchased new equipment from the Cabinet Office as part of a technology transformation project which will be capitalised over a 5 year period.

### Whitehall Systems

The Whitehall Systems are a specialised asset and they have been stated at depreciated replacement cost. The cost of assets is shown as the historic purchase cost adjusted for the value of subsequent revaluations (as applicable to the period of ownership by the CCS). This results in the net book value representing the revalued historic cost net of adjusted accumulated depreciation. These assets are independently revalued at net current replacement cost on a triennial basis. The estimated useful economic life and residual value of the asset are also independently re-assessed on a regular basis and an adjusted depreciation is calculated based on this assessment. The useful economic life and residual value including any impairments is considered by the Audit Committee annually in between these independent assessments. During the prior reporting period, the system value was reviewed and impaired reducing the asset value to zero.

The Whitehall Systems are undergoing a feasibility study to review options for potential investment. The study is considering what type of equipment would be most suitable and the most appropriate size in terms of thermal heat capacity and power output.

Other property, plant and equipment assets that have short lives and/or low values are valued at depreciated historic cost as a proxy for fair value.

### Depreciation

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

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

### 1.5 Intangible assets

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

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

### 1.6 Inventories

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

### 1.7 Early retirement

CCS is required to meet the additional cost of liabilities beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of payments to employees who have or are due to retire early. Full provision is made in the Accounts for this cost (see Note 17 in the Notes to the accounts).

### 1.8 Leases

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

### 1.9 Financial instruments cash and cash equivalents

Cash and cash equivalents comprise bank deposits together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. During the period, funds surplus to immediate requirements have been deposited with the National Loans Fund. Trade and other receivables are recognised at fair value and subsequently at amortised cost.

### 1.10 Significant judgements and critical accounting estimates

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

#### Depreciation and amortisation

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

#### Lease obligations

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

#### Employee benefit obligations

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

#### Voluntary Early Retirement (VER) provision

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

## Notes to the accounts continued

## 2 Segmental analysis

2014/15	Frameworks Procurement 31 March 2015	Energy Procurement 31 March 2015	Managed and Advisory Services Procurement 31 March 2015	Whitehall District Heating Systems 31 March 2015	TOTAL 31 March 2015
	£000	£000	£000	£000	£000
<b>Statement of comprehensive income</b>					
Revenue from external sales	44,464	4,258	20,790	2,807	72,319
Gross surplus	40,683	4,159	20,494	132	65,468
Operating costs less other operating income	(34,727)	(4,258)	(24,415)	(159)	(63,559)
<b>Operating surplus</b>	<b><u>5,956</u></b>	<b><u>(99)</u></b>	<b><u>(3,921)</u></b>	<b><u>(27)</u></b>	<b><u>1,909</u></b>
<b>Statement of financial position</b>					
Non-current assets	1,491	242	1,670	-	3,403
Current assets	46,547	2,518	10,502	1,591	61,158
<b>Total assets</b>	<b><u>48,038</u></b>	<b><u>2,760</u></b>	<b><u>12,172</u></b>	<b><u>1,591</u></b>	<b><u>64,561</u></b>

2013/14	Frameworks Procurement 31 March 2014	Energy Procurement 31 March 2014	Managed and Advisory Services Procurement 31 March 2014	Whitehall District Heating Systems 31 March 2014	PIF & Restructuring 31 March 2014	TOTAL 31 March 2014
	£000	£000	£000	£000	£000	£000
<b>Statement of comprehensive income</b>						
Revenue from external sales	38,019	4,231	1,187	4,405	-	47,842
Gross surplus	36,400	4,231	(74)	1,704	-	42,261
Operating costs less other operating income	(23,102)	(3,720)	(2,093)	(10,398)	-	(39,313)
CCS Transformation Costs	-	-	-	-	(4,230)	(4,230)
<b>Operating surplus</b>	<b><u>13,298</u></b>	<b><u>511</u></b>	<b><u>(2,167)</u></b>	<b><u>(8,694)</u></b>	<b><u>(4,230)</u></b>	<b><u>(1,282)</u></b>
<b>Statement of financial position</b>						
Non-current assets	1,659	106	50	-	-	1,815
Current assets	41,140	3,342	519	1,365	2,422	48,788
<b>Total assets</b>	<b><u>42,799</u></b>	<b><u>3,448</u></b>	<b><u>569</u></b>	<b><u>1,365</u></b>	<b><u>2,422</u></b>	<b><u>50,603</u></b>

Transformation costs reflect amounts incurred as part of Crown Commercial Service set up costs.

The chief operating decision maker was the Crown Commercial Service Board. The Board made decisions on the basis of the segmental analysis information shown.

### 3 Exceptional items

Total operating costs includes the following exceptional items:

	2014/15 £000	2013/14 £000
Whitehall Impairment	-	9,331
Crown Commercial Service transformation costs	-	3,000
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>12,331</u></b>

### 4 Staff numbers and costs

#### 4.1 Total staff numbers

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

	2014/15	2013/14
Board	4	5
Operational	564	349
Administration	57	46
Agency and contract staff	<u>49</u>	<u>30</u>
<b>TOTAL</b>	<b><u>674</u></b>	<b><u>430</u></b>

#### 4.2 Total staff costs

Superannuation costs relate to staff participation in the Principal Civil Service Pension Scheme (PCSPS) defined benefit scheme. Further details about the pension benefits can be found on page 26. Details of the underlying liabilities applicable to the Agency employees are not separately identifiable.

	2014/15 £000	2013/14 £000
Wages and salaries	30,307	16,311
Bonus	468	229
Social security	2,699	1,425
Superannuation	5,593	3,098
Agency and contract staff costs	<u>5,369</u>	<u>1,322</u>
<b>TOTAL</b>	<b><u>44,436</u></b>	<b><u>22,385</u></b>

## Notes to the accounts continued

### 4.3 Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band:	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
<£10,000	-	-	3	(1)	3	(1)
£10,000 - £25,000	-	-	11	-	11	-
£25,001 - £50,000	-	-	19	-	19	-
£50,001 - £100,000	-	-	24	-	24	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,000 +	-	-	-	-	-	-
Total number of exit packages by type	-	-	-	-	-	-
<b>Total cost £</b>	-	-	<b>2,500,000</b>	<b>(6,501)</b>	<b>2,500,000</b>	<b>(6,501)</b>

Last year comparatives are shown in brackets in the table above.

During the financial year, CCS launched a voluntary exit scheme. 57 staff left the organisation at a cost of £2.5m. Exit costs are accounted for at the point the organisation is demonstrably committed to making the payment. All payments have been made in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

### 4.4 Senior manager salary and pension entitlements

For details of Executive Directors' salary, fee and pension entitlements see the Remuneration Report on pages 33 to 35.

### 4.5 Superannuation

Present and past employees of CCS are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The scheme allows employees to make pension provision for retirement if they wish. A new pension scheme, alpha, was introduced on 1 April 2015. The majority of PCSPS members will join the new scheme on this date. More information about both schemes can be found on the Civil Service Pensions website.

The financial status of the Civil Service pension schemes is reported in the Cabinet Office Civil Superannuation Accounts. Copies of these accounts can also be found on the Civil Service Pensions website.

CCS pension costs are included in note 4.2 to the accounts. For the 12 month period ended 31 March 2015 contributions of £5,593,000 (2014: £3,098,000) were paid to Civil Superannuation Vote at rates determined from time to time by the Government Actuary and advised by the Treasury. Rates for the 12 month period to 31 March 2015 were between 16.7% and 24.3% depending upon the pay band of each employee. The Scheme Actuary (the Government Actuary's Department) reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014/15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account which is a stakeholder pension with an employer contribution. There are currently 13 (2014: five) stakeholder pension accounts within CCS. Employer contributions are age-related and CCS paid £40,763 during the reporting year (2014: £6,725).

## 5 Other operating income

	2014/15	2013/14
	£000	£000
Income		
Home Office funding for the running of Procurement Centre of Excellence	-	1,000
Department for Communities and Local Government funding (DCLG)	1,608	285
Recruitment services	90	-
HM Treasury funding (HMT)	-	230
Commissioning Academy course fees	107	69
Released during year	(1,805)	(1,584)
<b>Deferred to 2015/16</b>	<b><u>-</u></b>	<b><u>-</u></b>

On 1 October 2012, the Procurement Centre of Excellence was transferred from the Home Office in Newport as an integral part of CCS. The Home Office agreed to provide initial funding for two years.

In advance of providing managed services, CCS transitioned a number of employees from DCLG and HMT. A recharge agreement was reached with both departments to support the cost of these transition arrangements.

The Commissioning Academy is a development programme for senior commissioners of public services. CCS funds the programme and charges a fee to departments for each participating delegate.

## 6 Other operating charges

	2014/15	2013/14
	£000	£000
<b>Charges Include:</b>		
Auditor's remuneration	55	55
Charges for operating leases	2,232	757
Travel and subsistence	2,577	1,601
Accommodation and utilities	48	158
Marketing	52	17
Training	768	387
Other operating and external charges	12,419	6,320
Restructuring - voluntary exit scheme	2,500	-
<b>TOTAL</b>	<b><u>20,651</u></b>	<b><u>9,295</u></b>

## 7 Finance income

	2014/15	2013/14
	£000	£000
Bank and short term investment interest	124	109
<b>TOTAL</b>	<b><u>124</u></b>	<b><u>109</u></b>

## Notes to the accounts continued

### 8 Property, plant and equipment

2014/15

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

### 8 Property, plant and equipment

2013/14

	31 March 2014 Computer Equipment £000	31 March 2014 Plant & Equipment £000	31 March 2014 Fixtures & Fittings £000	31 March 2014 TOTAL £000
<b>Cost</b>				
At beginning of period	414	26,614	819	27,847
Additions in period	48	-	-	48
Whitehall impairment	-	(26,614)	-	(26,614)
<b>At end of period</b>	<b>462</b>	<b>-</b>	<b>819</b>	<b>1,281</b>
<b>Depreciation</b>				
At beginning of period	298	16,351	140	16,789
Amount provided in year charged to SCI	63	932	99	1,094
Whitehall impairment charge to SCI	-	9,331	-	9,331
Whitehall impairment	-	(26,614)	-	(26,614)
<b>At end of period</b>	<b>361</b>	<b>-</b>	<b>239</b>	<b>600</b>
<b>Net book value at March 2014</b>	<b>101</b>	<b>-</b>	<b>580</b>	<b>681</b>
<b>Net book value at March 2013</b>	<b>116</b>	<b>10,263</b>	<b>679</b>	<b>11,058</b>

**9 Intangible assets**

	2014/15 Software licences £000	2013/14 Software licences £000
<b>Cost</b>		
At beginning of period	94	37
Additions in period	-	57
Disposals in period	<u>(16)</u>	<u>-</u>
<b>At end of period</b>	<b><u>78</u></b>	<b><u>94</u></b>
<b>Amortisation</b>		
At beginning of period	47	25
Amount provided in period	29	22
Disposals in period	<u>(16)</u>	<u>-</u>
<b>At end of period</b>	<b><u>60</u></b>	<b><u>47</u></b>
<b>Net book value at March 2015</b>	<b><u>18</u></b>	
<b>Net book value at April 2014</b>	<b><u>47</u></b>	<b><u>47</u></b>

**10 Long term receivable**

CCS provided an advance of funds to the Cabinet Office for the Public Sector Network project. These amounts are repayable via an additional supplier commission levy.

	2014/15 £000	2013/14 £000
Balance at beginning of period	1,087	1,508
(Decrease) in period	<u>(1,087)</u>	<u>(421)</u>
<b>Balance at end of period</b>	<b><u>-</u></b>	<b><u>1,087</u></b>

**11 Inventories**

	31 March 2015 £000	31 March 2014 £000
Fuel inventory for the Whitehall Systems	107	109
<b>TOTAL</b>	<b><u>107</u></b>	<b><u>109</u></b>

## Notes to the accounts continued

### 12 Trade and other receivables

	31 March 2015 £000	31 March 2014 £000
<b>Current receivables</b>		
Trade receivables	15,593	5,611
Less: bad and doubtful receivables provision	<u>(7)</u>	<u>(2)</u>
Net trade receivables	15,586	5,609
Other receivables	94	50
Prepayments and accrued income	9,520	10,227
<b>Total current receivables</b>	<b><u>25,200</u></b>	<b><u>15,886</u></b>

	31 March 2015 £000	31 March 2014 £000
<b>Aged debt analysis</b>		
Within credit terms	11,713	4,193
Past due date but not impaired:		
0-1 month	3,434	1,163
1-2 months	213	184
More than 2 months	<u>226</u>	<u>69</u>
<b>Total receivables</b>	<b><u>15,586</u></b>	<b><u>5,609</u></b>

	2014/15 £000	2013/14 £000
<b>Bad and doubtful receivables provision analysis</b>		
Provision at the beginning of the year	2	-
Decrease in the provision for the year	(2)	-
Increase in the provision for the year	<u>7</u>	<u>2</u>
<b>Provision at the end of the year</b>	<b><u>7</u></b>	<b><u>2</u></b>

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

### 13 Cash and cash equivalents

	31 March 2015 £000	31 March 2014 £000
National Loans Fund	30,000	25,000
Government Banking Service and cash in hand	<u>5,851</u>	<u>7,793</u>
<b>TOTAL</b>	<b><u>35,851</u></b>	<b><u>32,793</u></b>

### 14 Trade and other payables

	31 March 2015 £000	31 March 2014 £000
<b>Current payables</b>		
Taxation and social security costs	3,707	1,403
Trade payables	3,994	648
Other payables	1,420	3,046
Accruals and deferred income	14,493	7,462
<b>TOTAL</b>	<b><u>23,614</u></b>	<b><u>12,559</u></b>

## 15 Employment benefit payable

	31 March 2015 £000	31 March 2014 £000
Balance at beginning of period	566	482
Increase in the period	424	84
<b>Balance at end of the period</b>	<b><u>990</u></b>	<b><u>566</u></b>

Employment benefits represent accrued untaken leave and time off in lieu benefits.

## 16 Lease obligations

	2014/15		2013/14	
	Other £000	Land & Buildings £000	Other £000	Land & Buildings £000
<b>Operating lease rentals due within:</b>				
One year	1	2,663	1	1,058
Two to five years	-	7,204	1	3,779
Over five	-	1,093	-	1,733
<b>TOTAL</b>	<b><u>1</u></b>	<b><u>10,960</u></b>	<b><u>2</u></b>	<b><u>6,570</u></b>

## 17 Provisions

During the financial year, CCS launched voluntary exit scheme. At the year end existence of the scheme had been communicated to staff and applications had been received to the extent that the entity was demonstrably committed to making payments, and so the requirements for a provision were met. The provision of £2.5m relates to 57 members of staff as detailed in note 4.3.

The Voluntary Early Retirement provision for liabilities and charges is in respect of liabilities for future payments to employees who have or are due to retire early. The agency bears pension costs from the date of early retirement until age 60, when the liability is assumed by the Principal Civil Service Pension Scheme (see page 26 for further information).

	2014/15 £000	2013/14 £000
Balance at beginning of period	75	119
Utilised in the period	(54)	(44)
Increase in the period	2,500	-
<b>Balance at end of period</b>	<b><u>2,521</u></b>	<b><u>75</u></b>

## 18 Public dividend capital

	2013/14 £000	2012/13 £000
Issued Pursuant to Government Trading Funds Act 1973	100	100
Issued upon acquisition of Fuel Branch 1 July 1995	250	250
<b>Balance at end of period</b>	<b><u>350</u></b>	<b><u>350</u></b>

## Notes to the accounts continued

## 19 Revaluation reserve

	2014/15 £000	2013/14 £000
Revaluation reserve at 1 April	-	3,714
Whitehall Impairment Adjustment - transferred to general reserve	-	(3,714)
<b>Revaluation reserve at 31 March</b>	<b>-</b>	<b>-</b>

## 20 General reserve

	2014/15 £000	2013/14 £000
Balance at beginning of period	37,053	37,153
Retained surplus / (deficit) for the period	33	(3,814)
Transfer from Revaluation Reserve	-	3,714
<b>Balance at end of period</b>	<b><u>37,086</u></b>	<b><u>37,053</u></b>

## 21 Notes to the statement of cash flows

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

	Note	2014/15 £000	2013/14 £000
Operating surplus / (deficit)		1,909	(1,282)
Increase / (decrease) in provision	17	2,446	(44)
Depreciation charges	8	248	1,094
Whitehall impairment	8,3	-	9,331
Amortisation of intangible assets	9	29	22
Decrease in inventories	11	2	6
(Increase) in receivables	12	(8,230)	(3,407)
Increase in payables		11,191	4,558
<b>Net cash inflow from operating activities</b>		<b><u>7,595</u></b>	<b><u>10,278</u></b>

Note (ii): Analysis of changes in net funds

	2014/15 £000	2013/14 £000
Net funds at 1 April	32,793	22,856
Net funds change	<u>3,058</u>	<u>9,937</u>
Net funds at 31 March	<b><u>35,851</u></b>	<b><u>32,793</u></b>

## 22 Capital commitments

Capital commitments contracted for at 31 March 2015 were £1,600,000 for technology transformation (2014: £nil).

## 23 Financial objective

The financial target was set at an annual average of 6.5% return on capital employed (ROCE) per annum over a five year period (April 2014 to March 2019). ROCE is measured as CCS's operating surplus as a percentage of the annual average of opening and closing net assets. CCS had a five year financial plan that aims to deliver this target. The 6.5% ROCE dividend figure paid to the Cabinet Office is £2,000,000 (2014 £2,641,000).

## 24 Related party transactions

In accordance with ISA24 Related Party Disclosures, as interpreted by the FReM, the following information is provided on related party transactions.

CCS is an Executive Agency, within the Cabinet Office. Cabinet Office is regarded as a related party. During the year ending 31 March 2015, CCS has had various material transactions with this body. In addition, CCS had various material transactions with most government departments and other central government bodies, devolved administrations, the NHS and many local authorities.

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

## 25 Financial instruments

CCS has powers to borrow funds.

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

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

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

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

Liquidity risk management activities include:

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

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

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

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

## Notes to the accounts continued

### Financial assets

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
<b>31 March 2015</b>							
Trade receivables	15,586	-	-	15,586	-	-	-
Accrued income	8,866	-	-	8,866	-	-	-
Cash and cash equivalents	35,851	-	35,851	-	0.32	1.00	-
<b>Gross financial assets</b>	<b>60,303</b>	<b>-</b>	<b>35,851</b>	<b>24,452</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 March 2014</b>							
Trade receivables	5,609	-	-	5,609	-	-	-
Accrued income	9,573	-	-	9,573	-	-	-
Cash and cash equivalents	32,793	-	32,793	-	0.32	1.00	-
<b>Gross financial assets</b>	<b>47,975</b>	<b>-</b>	<b>32,793</b>	<b>15,182</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
<b>31 March 2015</b>							
Trade payables	3,994	-	-	3,994	0.00	0.00	-
Accruals and other payables	13,931	-	-	13,931	0.00	0.00	-
<b>Gross financial liabilities</b>	<b>17,925</b>	<b>-</b>	<b>-</b>	<b>17,925</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 March 2014</b>							
Trade payables	648	-	-	648	0.00	0.00	-
Accruals and other payables	9,926	-	-	9,926	0.00	0.00	-
<b>Gross financial liabilities</b>	<b>10,574</b>	<b>-</b>	<b>-</b>	<b>10,574</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 26 Intra-government balances

Details of receivable and payable balances with entities falling within the Whole of Government Accounts (WGA) boundary were as follows:

	Total £000	Central Government Bodies £000	Local Authorities £000
<b>31 March 2015</b>			
Receivables	7,639	7,608	31
Payables	547	547	-
<b>31 March 2014</b>			
Receivables	1,270	1,234	36
Payables	-	-	-

## 27 Contingent liabilities

There were no contingent liabilities.

## 28 Losses and special payments

During the year, an ex-gratia payment of £500,000 was paid to a supplier in respect of an out of court settlement. This is included in other operating charges.

## 29 Events after the reporting period

There are no such events to report.

# Treasury minute dated June 2015

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a Trading Fund established under the Act shall be under the control and management of the responsible Minister and in the discharge of the Minister's functions in relation to that fund it shall be the Minister's duty:
  - a. To manage the funded operations so that the revenue of the fund:
    - i. consists principally of receipts in respect of goods and services provided in the course of the funded operations, and
    - ii. is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
  - b. To achieve such further financial objectives as 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 2014 to 31 March 2019 shall be to achieve a minimum return, averaged over the period as a whole, equivalent to 6.5 percent a year in the form of an operating surplus, i.e. before interest (both receivable and payable) and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long term loan capital (if any) and the general reserve.
4. This minute supersedes that dated 26 April 2012.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

# Five year summary

1 April 2009 to 31 March 2014

Accounting convention applied	IFRS Year	IFRS Year 2013/14	IFRS Year 2012/13	Restated IFRS Year 2011/12 Note 1 £000	IFRS Year 2010/11 Note 1 £000
	£000	£000	£000		
<b>Statement of financial position</b>					
Non-current assets	3,403	1,815	12,579	11,044	11,143
Total current assets less liabilities	36,554	35,663	28,757	25,711	23,210
Provision for liabilities and changes	(2,521)	(75)	(119)	(161)	(331)
<b>Assets employed</b>	<b><u>37,436</u></b>	<b><u>37,403</u></b>	<b><u>41,217</u></b>	<b><u>36,594</u></b>	<b><u>34,022</u></b>
<b>Financed by</b>					
Public dividend capital	350	350	350	350	350
Revaluation reserve	-	-	3,714	3,077	3,357
General reserve	37,086	37,053	37,153	33,167	30,315
	<b><u>37,436</u></b>	<b><u>37,403</u></b>	<b><u>41,217</u></b>	<b><u>36,594</u></b>	<b><u>34,022</u></b>
<b>Statement of comprehensive income</b>					
<b>Revenue</b>	<b><u>72,319</u></b>	<b><u>47,842</u></b>	<b><u>41,613</u></b>	<b><u>54,198</u></b>	<b><u>76,279</u></b>
Operating surplus / (deficit)	1,909	(1,282)	8,143	3,016	6,190
Finance Income	124	109	93	60	46
<b>Surplus / (deficit) on ordinary activities</b>	<b>2,033</b>	<b>(1,173)</b>	<b>8,236</b>	<b>3,076</b>	<b>6,236</b>
<b>Surplus / (deficit) for the year</b>	<b>2,033</b>	<b>(1,173)</b>	<b>8,236</b>	<b>3,076</b>	<b>6,236</b>
Dividend payable to the Cabinet Office	(2,000)	(2,641)	(2,615)	(2,379)	(2,092)
Contribution to Cabinet Office ERG activities	-	-	(2,880)	-	-
<b>Retained surplus / (deficit)</b>	<b><u>33</u></b>	<b><u>(3,814)</u></b>	<b><u>2,741</u></b>	<b><u>697</u></b>	<b><u>4,144</u></b>

Note 1 Operating as Buying Solutions







ISBN 978-1-4741-1667-1



9 781474 116671