

# Annual Report and Accounts **2014-15**

# **Civil Service Commission**

## **Annual Report and Accounts 2014–15**

Accounts and Report presented to Parliament, the Scottish Parliament and the National Assembly for Wales pursuant to paragraph 16 of Schedule 1 to the Constitutional Reform and Governance Act 2010 in respect of the Accounts, and paragraph 17 of Schedule 1 to the Constitutional Reform and Governance Act 2010 in respect of the Report

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

Any enquiries regarding this publication should be sent to us at:  
Civil Service Commission, Room G/8, Ground Floor, 1 Horse Guards Road,  
London SW1A 2HQ  
[info@csc.gov.uk](mailto:info@csc.gov.uk)  
020 7271 0831

Print ISBN 9781474119795

Web ISBN 9781474119801

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

ID SGD008463 07/15

Printed on paper containing 75% recycled fibre content minimum

# Contents

<b>Part 1: Annual Report 2014-15</b>	6
<b>First Civil Service Commissioner’s Foreword</b>	6
<b>Chief Executive’s Introduction</b>	9
<b>Review of 2014-15</b>	11
<b>The Role of the Commission</b>	11
Our strategic priorities	12
<b>The 2014 Triennial Review</b>	14
<b>Theme 1: Firm on principles, pragmatic about process</b>	17
Introduction of new Recruitment Principles	17
Ministerial choice in Permanent Secretary appointments	17
Extended Ministerial Offices	19
Appointments using Exceptions	20
Appointments by Exception approved by the Commission	21
<b>Theme 2: Improving recruitment practices and outcomes</b>	23
Use of psychometrics	23
Recruitment during 2014-15	24
Senior competitions	25
Recruitment below SCS PB2	28
Recruitment Complaints and Breaches of the Recruitment Principles	30
Real-time compliance monitoring	32
Capability within Departments	32
Accreditation of non-departmental public bodies (NDPBs)	33
<b>Theme 3: Improving understanding of the Commission’s work</b>	35
Improvements to the website	35
Open week	35
International briefings	36
Freedom of Information	36
<b>Theme 4: Supporting an effective and diverse Civil Service</b>	37
Diversity	37
Diversity in senior appointments	37
Diversity in Civil Service recruitment below PB2	40

Improving the quality of data	42
Civil Service Code and values	42
Code Complaints during 2014-15	43
Improving our handling of Code complaints	44
Promotion of the Code and values	45
The referendum on Scottish independence	46
Changes to the Code	47
<b>Building our capability</b>	49
Commissioners and staff – changes during 2014-15	49
Finance summary	49
Statutory disclosures	51
<b>Remuneration Report</b>	56
Board and senior staff remuneration	56
Pensions	58
<b>Statement of Accounting Officer’s Responsibilities</b>	60
<b>Governance Statement</b>	61
<b>Annex A: Commissioners and Secretariat</b>	68
<b>Annex B: Standing Committee membership</b>	70
<b>Part 2: Annual Accounts 2014-15</b>	71
Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	71
Statement of Comprehensive Net Expenditure for the period ended 31 March 2015	74
Statement of Financial Position as at 31 March 2015	75
Statement of Cash Flows for the period ended 31 March 2015	76
Statement of changes in Taxpayers’ Equity	77
Notes to the accounts for the year ended 31 March 2015	78
1. Statement of Accounting Practices	78
2. Operating segments	80
3. Staff numbers and related costs	81
4. Other expenditure	82
5. Income	82
6. Trade Payables and Other Liabilities	83
7. Contingent Assets disclosed under IAS 37	83
8. Related Party Transactions	83

9. Transfer of functions	84
10. Events after the Reporting Period	84

# Part 1: Annual Report 2014-15

## First Civil Service Commissioner's Foreword

This is the last time I shall be writing a foreword to the Commission's Annual Report. My statutory five-year term of office as First Civil Service Commissioner comes to an end on 31 March 2016: by this time next year my successor will be in this role.

I am proud to have been First Commissioner and glad to have been able to see the Civil Service Commission safely through to its 160<sup>th</sup> birthday. It has not been the easiest period for the Commission because in recent times there has been more questioning than previously about the validity of the model of an impartial and objective Civil Service, selected on merit. The Commission has needed sometimes to argue forcibly the case for the current model, to put limits on the extent of Ministerial involvement in the selection of civil servants and sometimes to say "no". At times this caused friction with the previous Government.

It is always better for the Commission to work in partnership with the Government of the day. We strongly support much of the previous and current Government's agenda for Civil Service reform and continue to play our part in recruiting top class people into the Civil Service, in promoting diversity in candidate lists and in modernising and professionalising recruitment processes. However, the Commission must always be ready, when necessary, to stand up for an impartial Civil Service, recruited on merit, not simply because that is our legal responsibility but because we deeply believe it is the best basis for effective Government.

We are greatly encouraged that Matt Hancock, the new Minister for the Cabinet Office started by reaffirming his, and the new Government's, strong attachment to the current model, based on the values – honesty, impartiality, objectivity and integrity – and on selection on merit. I hope that this clear commitment to the underlying values of the Civil Service will enable us all, the Commission included, to move on to the real agenda for reform that the Minister outlined in his first speech. The work we have done in the Commission this year, described in the rest of this report, stands us in good stead.

We have, for example, put in place a new set of "Recruitment Principles", the standards to which Departments must adhere in selecting on merit on the basis of fair and open competition. These are much clearer than previously and have enabled us to dispense with five separate documents of guidance. They are drafted with all recruiters to the Civil Service at all levels in mind, not just those recruiting senior staff.

In the course of the year we agreed to the Government's long standing wish that the Prime Minister should have a degree of choice in selecting Permanent Secretaries. This was and remains controversial and it was done only after a great deal of debate inside the Commission and with interested parties outside. We decided to make the

change only when we believed there was a consensus, including a cross party political consensus, for doing so. We report later in this report on the three competitions so far under the new rules. The early signs are encouraging but I have always believed that the real test of these provisions will be over time so the Commission will still need to keep the position under close review. For the moment a source of contention between the Commission and the Government has been removed.

The other important event of 2014-15 was the completion of the Triennial Review of the Commission by Sir Gerry Grimstone. The report provides an important reaffirmation of the importance of the Commission broadly in its present form. There was never any serious suggestion, including from the Government, that our role and core responsibilities should be changed. But it was good to have that clearly stated and gives us confidence for the future. Elsewhere in this report we set out the Commission's very positive response to the report's detailed recommendations.

Taken together the new Recruitment Principles, the settlement on Permanent Secretary appointments and the outcome of the Triennial Review provide a strong basis for the future. However, the day-to-day work of the Commission and its staff, which is chronicled in detail in this report, is what really makes a difference, both in attracting the best talent into the Civil Service and in upholding its core values.

I take particular pleasure in the work of Commissioners to spread best practice in recruitment. I have always believed that this ought to be a central part of the Commission's work and at last it is happening.

There have been immeasurable strides in improving the quality and professionalism of our compliance monitoring of Departments for which I pay tribute to both our secretariat staff and to KPMG. It has long been my ambition that compliance monitoring will be in real time rather than, as now, one year in arrears. We are on course to achieve this by the autumn.

We have also improved the rigour of our consideration of complaints and, as we report later, been prepared to be openly critical of some of Whitehall's biggest Departments. There is now much more information about our work on our website. Transparency is a very important tool in bringing about improvement.

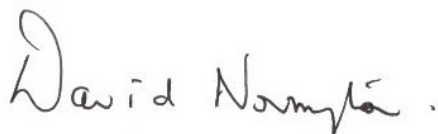
This has all been achieved with nearly 30 per cent fewer resources than four years ago with a further 8 per cent cut planned in 2014-15. It has required an immense amount of work by my fellow Commissioners, our Chief Executive, Clare Salters, and the secretariat staff. Over the whole period of my appointment I have been exceptionally well supported and served and I am very grateful. I want also to thank particularly the three Commissioners – Adele Biss, Peter Blausten and Eliza Hermann - who retired at the end of March. They have been with me for my whole term of office and have been a constant source of good advice and wise counsel. We are missing them very much.

Finally, if, at the end of my term of office, I was able to have three wishes for the future direction of the Civil Service, they would be as follows:



- First, there continues to be encouraging progress on diversity in the Civil Service, but I would like to see that progress carried through to the most senior levels, including Permanent Secretary. There was a point in 2010 when that seemed possible both on gender and ethnicity, but then it fell back. There has been excellent progress led by the Cabinet Office on talent management in recent years but I am not confident that it is yet producing the diversity in the feeder grades to Director General and Permanent Secretary to ensure fast enough progress.
- Secondly, I think there needs to be a long-term pay and reward strategy as a central part of the future development of the senior Civil Service. I am well aware of how difficult this is at a time of austerity and most senior civil servants have accepted that in straitened times they cannot expect to receive any significant pay increases. However, most have had no or almost no pay increase for at least five or six years; and all the evidence is that pay levels are seriously uncompetitive against external comparators. It cannot be long before this impacts on morale, on the loss of some of the most talented and on the ability to recruit. In some areas it is already doing so.
- Thirdly, there is an urgent need to improve the quality of the input of HR to decisions about Civil Service recruitment and selection. This is not just about the amount of HR resource in Government; it is about the influence and impact of senior HR professionals in major decisions about resources and organisational development. There has been an important shift in expertise and capability from Government Departments to a central function called Civil Service Resourcing. This offers the potential for greater efficiency and a concentration of excellence, on which Departments can then draw. However, from the Commission's perspective, the gains have yet to be fully realised; and the main impact so far has been to create confusion between the centre and Departments about where responsibility lies and to weaken Departmental HR functions.

I look forward to pushing forward the work of the Commission energetically in the next nine months and to handing over the Commission in good health to my successor. Whoever that is, I wish him or her well in continuing to promote the recruitment of the best talent to a Civil Service which remains founded on the principles of impartiality, objectivity, honesty and integrity.

A handwritten signature in black ink that reads 'David Normington'.

**Sir David Normington**  
First Civil Service Commissioner

## Chief Executive's Introduction

In this 160th year since the creation of the Commission, it is interesting to contrast the work of the organisation in 1855 to our own work today. Then, the Commission was responsible for organising all recruitment to the Civil Service, ensuring that new entrants had qualifications in the range of subjects that were considered essential to carrying out the work of each Department. For example, staff working in the Civil Service Commission itself in 1855 needed to have qualifications in writing from dictation, arithmetic ("including vulgar and decimal fractions, interest and annuities, square root and the use of logarithms"), book-keeping, English composition, geography, the history of England, Latin and French.

Today's Commission is a very different place from that of our predecessors - and not just in our changed entry requirements. But the role of the organisation in keeping up standards – selection on **merit**, following a **fair** and **open** process to a Civil Service with **honesty**, **integrity**, **objectivity** and **impartiality** at its core – remains the same. The challenge is to ensure that these timeless principles and values can be applied effectively in the 21st century, to ensure that today's Civil Service can continue to provide efficient and effective service to the Government of the day.

As this report demonstrates, 2014-15 has been another busy year for the Commission. Despite the reduction in the number of senior recruitment competitions chaired, the volume casework processed by the Commission (Exception requests, recruitment complaints, Code complaints) has remained at similar levels to previous years and we have, additionally, worked hard to engage with the Triennial Review team (see page 14) and service their information needs.

We have had a higher number of complaints cases - both relating to recruitment and under the Civil Service Code that have been subject to investigation (see page 30). Some of these – particularly those relating to the Code – have been exceptionally complex, and have taken a considerable amount of Secretariat and Commissioner time. We believe the investment of effort in these investigations is important in upholding the fundamental values of the Civil Service. If civil servants believe that they or their colleagues are not living up to these, it is important that they can raise these concerns with an independent body, which will look objectively at the situation.

In some cases, the investigations confirm that there has been no breach of the Code. Even in these, it is valuable to have investigated the situation to establish the facts. Sometimes, the Commission is able to make some recommendations for how Departments could handle situations more transparently in future to avoid misunderstandings about what is happening.

But in other cases, we have uncovered situations where the Code has been breached and where those raising concerns have been repeatedly ignored or even side-lined. The Commission believes that the health of the Civil Service depends on a culture of people feeling confident that if they raise a concern it will be properly investigated. Being able to identify where this has happened and work with the Department in question to address systemic and cultural problems is an important part of what we do.

These investigations, and keeping on top of the rest of the casework, has presented a challenge to which my team has ably risen. I pay particular tribute to two of my senior management team – Sharon Foster-King and Terry Willows – who moved on to other jobs during the course of the year. Although I am pleased to have been able to recruit high quality successors, they both left a large gap in the team and are much missed.

As this report demonstrates, the Commission has achieved a lot during 2014-15 and has identified a lot more that we want to do in the year ahead. I am proud of, and very grateful for, my team's energy and commitment to carrying out the work of the Commission and look forward to facing next year's challenges together.

A handwritten signature in cursive script that reads "Clare Salters".

**Clare Salters**  
Chief Executive

## Review of 2014-15

### The Role of the Commission

The Commission's purpose is to safeguard an effective Civil Service<sup>1</sup> appointed on merit and capable of serving the successive Governments in London, Edinburgh and Cardiff with honesty, integrity, objectivity and impartiality. We are independent of both the Civil Service and the Government.

2015 marks the 160th anniversary of the first Civil Service Commissioners being appointed, following the Northcote-Trevelyan report of 1854. But the principle of a Civil Service appointed on merit and not through personal or political patronage remains as central a part of the UK's constitutional settlement today as it was in 1855. The Civil Service Commission continues to be an important safeguard for this settlement, a role reaffirmed by Parliament, with all-party support, in 2010.

The Constitutional Reform and Governance Act 2010<sup>2</sup> put into primary legislation the Commission's two main functions.

The first is to provide assurance that selection for appointment into the Civil Service from outside is "on merit on the basis of fair and open competition". The Commission is the ultimate authority on what constitutes fair, open and meritorious recruitment. We are required to fulfil this function by:

- publishing a set of principles – called the "Recruitment Principles" – setting out how the requirements of merit, fairness and openness are to be satisfied and defining when Exceptions can be allowed to meet the needs of the Civil Service (see page 17);
- monitoring Departmental compliance with the Recruitment Principles - this is currently done, in large part, through regular audits (see page 32) but the Commission is directly involved in chairing the most senior recruitment panels (see page 25); and
- hearing complaints that Civil Service recruitment has not been in accordance with the requirement for merit, fairness and openness in the 2010 Act (see page 30).

The second function in the 2010 Act is to hear complaints from civil servants about actions that conflict with the Civil Service Code, which defines the Civil Service values of impartiality, objectivity, honesty and integrity (see page 43).

---

<sup>1</sup> Our remit under the 2010 Act covers only part of the Civil Service of the State: the Diplomatic Service and what was previously known as the 'Home Civil Service'. When we refer to 'the Civil Service' in this Report it is these groups that we mean. The separate Northern Ireland Civil Service, which serves the devolved government in Northern Ireland, is overseen under different legislation by our sister organisation, the Northern Ireland Civil Service Commissioners, with whom we maintain regular contact. The three intelligence agencies are also governed by different legislation.

<sup>2</sup> Referred to as 'the 2010 Act' throughout this Report.

In addition to these two primary functions, section 17 of the 2010 Act enables us to be given – by agreement between the Commission and the Minister for the Civil Service – additional functions in relation to the Civil Service. We currently have three such functions:

- Under an agreement with the Head of the Civil Service, known as the “Senior Appointments Protocol”, Commissioners also chair internal competitions at Director General and Permanent Secretary level (see page 25).
- We currently have an additional role in supporting Departments in promoting the Civil Service Code (see page 45).
- The Commission provides secretariat support to the House of Lords Appointments Commission<sup>3</sup> (HOLAC), the Advisory Committee on Business Appointments<sup>4</sup> (ACOBA) and to the Commissioner for Public Appointments<sup>5</sup> (OCPA), including OCPA’s responsibilities under the Royal Charter on press self-regulation.

The Commission is made up of a group of Commissioners and a Secretariat of 20<sup>6</sup> staff, details of which are published on our website and at Annex A. Commissioners are appointed by The Queen on the recommendation of the Prime Minister, following open competition. We bring a mixture of senior level experience in the private, public and non-profit sectors to our work.

At the end of the reporting period there were ten<sup>7</sup> Commissioners including the First Commissioner but, from 1 April 2015 onwards there were only seven, as the competition to recruit new Commissioners to replace the three whose terms of office expired on 31 March had to be terminated, for matters outwith the Commission’s control.

The Commission Board is chaired by the First Civil Service Commissioner, Sir David Normington. The Chief Executive and Accounting Officer is Clare Salters, who is head of the Secretariat and principal policy adviser to the Commissioners.

## Our strategic priorities

Our Strategic Framework for the period 2012-16<sup>8</sup> describes our overall purpose as being “to support a highly efficient and effective Civil Service, which recruits and develops the best talent, is free of personal and political patronage, and remains true to its core values of Impartiality, Objectivity, Integrity and Honesty”.

<sup>3</sup> <http://lordsappointments.independent.gov.uk/>

<sup>4</sup> [www.gov.uk/government/organisations/advisory-committee-on-business-appointments](http://www.gov.uk/government/organisations/advisory-committee-on-business-appointments)

<sup>5</sup> <http://publicappointmentscommissioner.independent.gov.uk/>

<sup>6</sup> As explained in the Notes to the Accounts on page 75, this amounts to 18.6 full time equivalents at 31 March 2015 (an average of 18.4 full time equivalent over the course of the year), of which approximately 61% is devoted to ‘core’ Civil Service Commission work; the remainder is devoted to supporting HOLAC, ACOBA and OCPA.

<sup>7</sup> Eleven until September 2014

<sup>8</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2013/02/Strategic-Framework-2012-2016.pdf>

We seek to fulfil this purpose by:

- being firm on principles but pragmatic about process;
- working with the Civil Service to improve recruitment practices and help achieve better outcomes;
- improving understanding of the Commission's purpose and approach among its key stakeholders; and
- supporting an effective and diverse Civil Service that reflects, and has the confidence of, the people it serves.

Our annual business plan, which the Commission publishes each year, sets out specific actions we propose to fulfil our purpose.<sup>9</sup> We have reported on progress against each of the four themes above in the remainder of this report.

---

<sup>9</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2015/07/Civil-Service-Commission-Business-Plan-2015-16-Marchversion-1-1.pdf>

## The 2014 Triennial Review

One of the landmark events for the Commission during 2014-15 was the Triennial Review, conducted by Sir Gerry Grimstone.

It is Government policy that all non-departmental public bodies should undergo a substantial review at least every three years. As we reported in last year's Annual Report, the Commission's Triennial Review had originally been scheduled for 2013-14 but the Cabinet Office deferred it to 2014-15.

The Review of the Commission was announced on 28 July 2014.<sup>10</sup> In addition to the traditional roles of a Triennial Review - considering whether the functions of the organisation remain necessary and whether the organisation remains the best means of carrying them out – the terms of reference required Sir Gerry to review whether the Commission's remit should be extended or amended to ensure that the challenges the Civil Service currently faces are being properly addressed.

We were pleased that Sir Gerry's report, which was submitted to the Government on 17 December 2014 and published on 13 February 2015, endorsed the continuing need for our functions to be carried out and the Commission's role in doing so.<sup>11</sup> This gives the Commission a clear basis to move forward in carrying out our work over the period ahead, confident that this has the support of the Independent Reviewer and the Government.

The report made a number of suggestions about how we carry out our role, many of which reflect the Commission's own thinking. These covered areas such as the number of competitions we chair, increasing the number of thematic reviews we carry out and the way we manage our compliance monitoring audit. We have already made a number of changes in these areas.

Over the years, the Commission has reduced the proportion of competitions we chair, and we currently only chair the most senior ones – those at SCS Pay Band 2 and above. We believe that there are still enough issues arising in competitions at Director level and above to justify us continuing to do so. But we amended the Recruitment Principles in April 2014 (see page 17) to allow for the possibility in future that we might not always chair every Pay Band 2 competition or, conversely, where we would decide to chair competitions at Pay Band 1 or even below. This change gave us the flexibility to take decisions about which competitions to chair based on the degree to which we think this is necessary to ensure 'real-time regulation' that the principles fairness, openness and merit are being upheld. For more information on our work chairing senior competitions, see page 25.

We also agree that it is helpful to conduct thematic reviews as part of the way in which we fulfil our statutory remit - both in recruitment and in relation to the Civil Service Code. We conducted a review of Fast Stream graduate recruitment last

---

<sup>10</sup> House of Lords Official Report, 28 July 2014, Column WS141

<sup>11</sup> <https://www.gov.uk/government/publications/civil-service-commission-triennial-review-a-better-civil-service>

year and, subject to resources, will want to conduct similar deep-dive reviews in future.

We have been considering for some time where the balance best lies between using our own internal resources and relying on external contractors to conduct our compliance monitoring audit. At the present time, we judge that we continue to need the professional expertise of an external contractor to support this work, particularly in terms of the analytical capability they are able to provide. However, as part of planning ahead for 2015-16 to 2017-18, we have built in some variability to alter the balance of effort between the Commission and our contractor for this work, which should lead to reduced cost without reduced impact. It will also allow us, if we were to build up our expertise and capability in the Secretariat, to take on some of the monitoring activity.

Sir Gerry recommended a number of new roles for the Commission – extending our remit in relation to the Civil Service Code and giving us a new role in providing assurance about internal appointments throughout the Senior Civil Service. At the point of writing, these matters are still under discussion between the Commission and the Government. We cannot take on additional functions without either a change to the 2010 Act or a bilateral agreement with the Government under section 17 of that Act.

The Commission had not been seeking an expanded role for ourselves. Indeed, the trend over 160 years of the Commission's life has been to reduce the Commission's role in direct recruitment, to delegate more responsibility to Departments and to focus the Commission on its regulatory role in ensuring selection on merit after a fair and open competition.

We believe there are great advantages in our present remit: it is clear, it is focused and well-established. Currently, resources are very limited and we face a further 8 per cent reduction in budget in 2015-16. We would not want to take on new responsibilities if it diminished our capacity to fulfil our current statutory functions. If, therefore, we are to take on new functions we must be clear that:

- the Commission could make a real difference in that area, and was better placed than any other body to do so;
- the Commission's prime responsibility was as a regulator. We do not think we should or could take on executive functions from the Civil Service as we did pre-2005;
- there were sufficient extra resource to enable us to fulfil any new functions – or, indeed, to deal with any significant increase in our existing workload, for example as a result of the (otherwise very welcome) decision announced in October by Government that there would be a presumption in favour of open competitions for SCS posts.<sup>12</sup> We have no spare capacity to take on more within existing resources, which are already stretched.

---

<sup>12</sup> 'Civil Service Reform Plan: Progress Report', October 2014.



We look forward to substantive engagement with the Government on this during 2015-16. For us the key will be whether we think we can make a difference in improving the effectiveness of the Civil Service and how it will sit with our core role of safeguarding appointments on merit to a Civil Service with the values of impartiality, objectivity, honesty and integrity.

One of the other areas mentioned in the report related to expertise within the Commission. Among our Commissioners, we have a great deal of experience - drawn from the private, public and third sectors - including specialist HR expertise. Within the Secretariat, we similarly have considerable experience of human resources, ethical regulation, gained from within the Civil Service, the private sector, the wider public sector and the third sector. We recognise the importance of ensuring that, if our role changes in future, we ensure we have the expertise necessary to enable us to fulfil our new role effectively.

We welcome the fact that the report was not solely about the Commission but also made a number of recommendations about the way that the Civil Service – and particularly recruitment to it – is organised. The Commission exists to ensure that there is an effective Civil Service and many of the proposals in Sir Gerry's report accord with points that we have made, including in previous Annual Reports.

As we have noted in our own assessment of Departments' capability (see page 32), there has been a decline in the resource and capacity in the HR function within the Civil Service without a parallel increase in hiring managers – including at the highest level – taking an active responsibility for prioritising recruitment, staff retention and talent management. As well as the obvious risk of delay and inefficiency that this can cause, it also risks compromising the fairness of selection processes, which is a serious concern for the Commission. We therefore strongly support the review's recommendations about strengthening the HR function and increasing the priority afforded to recruitment and talent management.

We also welcome the emphasis placed in the report on ensuring accurate data is captured within Departments to allow an assessment of trends.

## Theme 1: Firm on principles, pragmatic about process

### Introduction of new Recruitment Principles

We reported in last year's Annual Report and Accounts on the major public consultation we launched in January 2014 on a revision of our Recruitment Principles. The Commission is required by the 2010 Act to publish Recruitment Principles, which are a key document for departments and agencies that recruit civil servants. The Recruitment Principles contain the Commission's interpretation of the legal requirement of selection for appointment on merit on the basis of fair and open competition, and describes the circumstances when appointments can be made as Exceptions to this requirement.

The revised Recruitment Principles came into effect in April 2014. They brought together all the essential steps that Government departments must follow to ensure that their recruitment is compliant with the legal requirement. They were more clearly addressed to recruitment at all levels of the Civil Service, not just to the most senior competitions that are directly overseen by the Commission. One of the Commission's primary aims was to make the Recruitment Principles relevant for external recruitment at all levels throughout the Civil Service, not just the most senior recruitment. A further aim was to bring all the Commission's requirements and guidance together in one document: five existing documents were consolidated into one. The feedback we received was very positive: stakeholders appreciated the clarity and comprehensiveness of the new version and agree that it is much more appropriate for recruitment at all levels of the Civil Service.

The launch of the revised Recruitment Principles was promoted on our website and through our contacts with recruitment practitioners in departments. We ran a series of well-attended workshops where practitioners were introduced to the revised Recruitment Principles.

One of the major issues that we had highlighted during the public consultation in early 2014 was the nature of Ministers' involvement in Permanent Secretary appointments. The debate on this continued through the year, as reported below. We decided in November to revise our approach and this was incorporated in a further revision of the Recruitment Principles published in December 2014. The only significant difference between the April 2014 and December 2014 versions of the Recruitment Principles was the revised section on Permanent Secretary appointments.

A further version was published in April 2015, with one minor revision to clarify a footnote that related to the relationship of special advisers and civil servants working together in a Ministerial office.

### Ministerial choice in Permanent Secretary appointments

The Commission conducted a two-month public consultation before the introduction of revised Recruitment Principles in April 2014. As part of this we asked for

responses to two options regarding Head of Department appointments: either continuing the existing practice of involving Ministers; or a second option which would allow the Prime Minister to make the choice where two candidates were judged by the panel to be of similar merit. The issue of Head of Department appointments (most heads of Departments are at Permanent Secretary level) had been a topic of live debate since the Government had proposed in the 2012 Civil Service Reform Plan that Secretaries of State should be able to choose their Permanent Secretaries from a list of candidates assessed as appointable by an independent panel.

We received a variety of differing responses on our proposals, some endorsing one or other of our proposals, and some rejecting both. At that point there was no consensus among the major political parties at Westminster. Significantly we received a recommendation from the House of Commons Public Administration Select Committee (PASC) that we should not, at that point, change our approach to Head of Department appointments on the grounds that there ought to be a more fundamental review of the purpose and nature of the Civil Service before changes of this piecemeal nature were introduced. The PASC recommendation was the only strong cross-party view that we received during the consultation. The Civil Service Commission has always sought to proceed on the basis of political consensus and, in the light of the Select Committee's view, we decided to maintain the existing arrangements that had been introduced in December 2012.

We were nevertheless conscious that the debate about the future of the Civil Service, including the arrangements for senior appointments, remained alive and active. This debate continued throughout 2014 and it became apparent that there had emerged a wide consensus for the Prime Minister to be given a deciding voice in making the final merit decision for Permanent Secretary appointments. This consensus included the three main political parties in Parliament, influential non-political bodies such as the Institute for Government, and current and former senior civil servants, including the Cabinet Secretary. It also became clear that the Government did not agree with the PASC recommendation for a more fundamental review of the Civil Service, so there was no prospect of considering this issue in the context of a wider review

In light of this consensus, the Commission announced in October that in future, for Permanent Secretary appointments, the Prime Minister would be able to choose, on merit, from those candidates assessed as appointable by an independent panel chaired by the First Civil Service Commissioner. This new approach was incorporated into revised Recruitment Principles published in December 2014. The first two recruitment competitions under these revised arrangements were for the Permanent Secretary at the Department for Communities and Local Government, and the Chief Executive, Defence Equipment and Support (a Permanent Secretary level role within the Ministry of Defence). A third competition, for the Permanent Secretary in the Scottish Government, began during the reporting period and concluded in May 2015.<sup>13</sup>

---

<sup>13</sup> The outcome of this competition is not included in the figures on page 23 but will be included within the figures reporting in our 2015-16 Annual Report.

The new arrangements worked well in these competitions. In the case of DCLG, there were two appointable candidates; the Prime Minister met both and made his decision on merit, setting out his reasons to the Commission. The DE&S competition resulted in the re-appointment of the incumbent Chief of Defence Material for a further period during which there would be a handover to a new Chief Executive, the handover to be completed by the end of 2015. In the Scottish Government competition, there were three appointable candidates; the First Minister made her selection from among them, again, setting out her reasons to the Commission.

## Extended Ministerial Offices

As part of its report entitled *Civil Service Reform: One Year On*, published in July 2013, the Government announced that it intended to establish Extended Ministerial Offices (EMOs). These would be staffed by a mix of civil servants, special advisers and external policy experts (recruited as civil servants); all of whom would have been personally selected by the Minister.

The Commission recognised the need to provide proper support to Ministers but had some concerns that the package of proposals from the Government could, without further safeguards, lead to a blurring of the distinction between civil servants and special advisers. The law is clear on this point: those employed in Government departments must either be civil servants, able to carry out their duties with objectivity and impartiality, or they must be special advisers. This, and the fact that the Government wanted EMO experts appointed for up to five years at a time, meant that the Commission needed to develop a new Exception within the Recruitment Principles to allow such appointments to be made.

As we explained in last year's Annual Report, the new Exception (exception 4 in the current Recruitment Principles) was introduced in October 2013 to meet the Government's stated requirements while providing adequate safeguards. It provides a framework to ensure that, in making appointments to EMOs, there remains a clear distinction between civil servants, who must be able to operate impartially and objectively and be recruited on merit or through an Exception agreed by the Civil Service Commission, and special advisers.

The Commission had intended to carry out a review of the use of this new Exception twelve months after it was introduced. In the event, no EMOs had been established at that point, and in fact none was established during the course of the Parliament. It has always seemed likely that the main test of EMOs would come after the 2015 General Election; if so, we would want to review how the new Exception has operated. We will report on progress on how the new Exception has operated in the next Annual Report.

There are, in addition, a number of other flexibilities available to Departments in our Recruitment Principles which should enable them to provide good support to their Ministers without the need of seeking the Prime Minister's approval to establish an EMO. Expert advisers can be brought in, either through open competition, or by use of permitted Exceptions; as can trusted personal staff with whom the Minister has an established working relationship. The Commission believes it is a matter for the

Government of the day to decide how many special advisers should be employed across Government, but the distinction between the two classes of employees in the 2010 Act must not be blurred.

## Appointments using Exceptions

The 2010 Act gives the Commission the power to determine circumstances in which it is lawful for Departments to appoint staff by exception to the legal requirement for selection on merit, following fair and open competition where this is either in the interests of the Civil Service or is necessary to enable the Civil Service to comply with a Government employment initiative.

These Exceptions, which are set out in Annex A of the Commission's Recruitment Principles, are designed to provide a flexible way of recruiting staff when necessary. The use of Exceptions is monitored by the Commission. For senior posts, or for extended appointments, the use of Exceptions must be authorised by the Commission.

The number of overall appointments made by Departments using Exceptions is comparable this year with the last: excluding mandatory TUPE<sup>14</sup> transfers, there were 3,700 appointments made using an Exception in 2014-15 compared with 3,900 in 2013-14, a decrease of 5%. This represents 9% of total Civil Service recruitment in 2014-15 (11% when TUPE transfers are included) compared with 15% (34% including TUPE) in 2013-14.

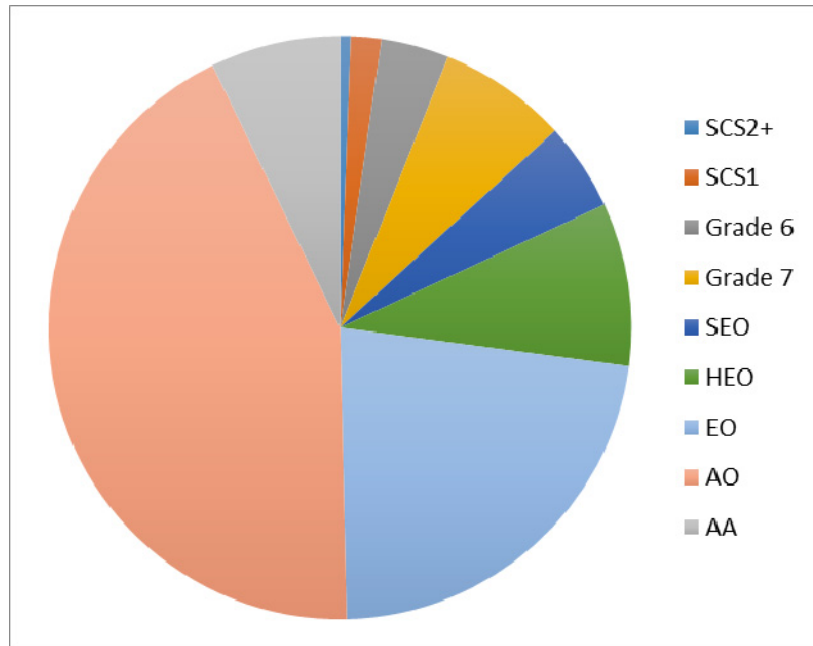
The majority of appointments (65%) made using an Exception were for temporary appointments to provide managers with the flexibility to meet the short term and specialist needs of the Civil Service.

As with recruitment generally (see page 24), the majority of the appointments made using Exceptions are in the more junior levels of the Civil Service (Figure 1), but the proportion of appointments being made using Exceptions is significantly higher in the more senior grades (Figure 2). This is something we will want to look at in the review of Exception appointments that we have planned for 2015-16.

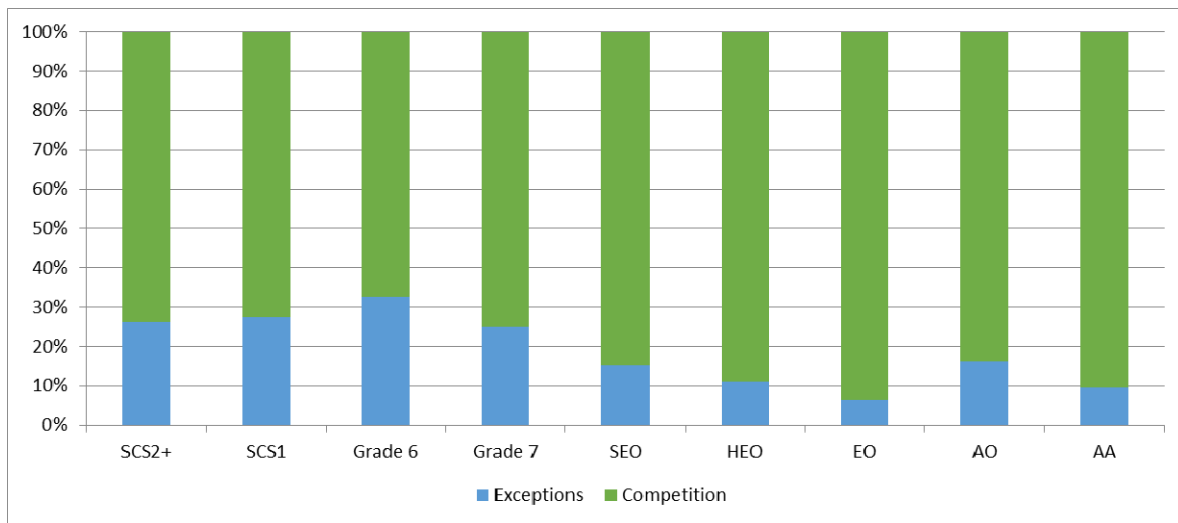
---

<sup>14</sup> Appointments made in line with the Transfer of Undertakings (Protection of Employment) Regulations, which give an automatic right of transfer in certain circumstances where roles are being transferred into another organisation. When TUPE transfers are included in the Exceptions data, the figure for 2014-15 is 4,400 (9,100 in 2013-14).

**Figure 1: Appointments by Exception, by grade 2014-15<sup>15</sup>**



**Figure 2: Appointments by Exception as a proportion of total recruitment, by grade 2014-15<sup>16</sup>**



**Appointments by Exception approved by the Commission**

The Commission’s prior authorisation is required for appointments to be made by Exception at SCS pay band 2 level or above, or where the salary is above the pay band 2 minimum (currently £85,000). In 2014-15 the Commission approved 26 requests for senior appointments by Exception, or extensions to existing senior Exception appointments. In the previous year the number had been 31. The names

<sup>15</sup> Source: Departmental data returns and Commission’s own records.

<sup>16</sup> Source: Departmental data returns and Commission’s own records.

of those appointed following Exceptions granted by the Commission at these grades are published on the Commission's website.<sup>17</sup>

There was a greater use of the Exception relating to secondments this year (Exception 3). Nine people were brought in at SCS pay band 2 or above this year using Exception 3; in the previous year it was only three. As was the case last year, most of those brought in by Exception at SCS pay band 2 or above were for short-term appointments: 15 this year, compared to 27 the year before. One related to the reappointment of a former civil servant, the same number as the previous year. One further appointment was under the Exception to allow interchange with the Northern Ireland Civil Service.

Departments have delegated authority to use the Exceptions in the Recruitment Principles for appointments below SCS pay band 2. However the Commission's approval is required for appointments by Exception that are for longer than two years (including extensions of existing appointments). We approved 144 appointments below SCS pay band 2 in 2014-15 (123 in 2013-14). Nearly all of these were extensions of short-term appointments or secondments.

We set ourselves a target for turning around 95% of Exception requests within five working days. In 2014-15 we met this target in 96% of cases.

---

<sup>17</sup> <http://civilservicecommission.independent.gov.uk/appointments-exception-scs-pay-band-2-2/>

## Theme 2: Improving recruitment practices and outcomes

The Commission has continued to use the insight it gains from chairing senior competitions to improve recruitment practices across Government. We discuss emerging issues at a regular meeting between Commissioners and senior HR Directors in Government Departments. We have also strengthened our links with Civil Service Resourcing, which now provides a central resource to Departments on recruitment and other HR issues and is increasingly commissioned by Departments to conduct recruitment exercises on their behalf.

We see an increased willingness in departments and professional networks to take a more innovative and sector-focused approach to recruitment in areas of skills shortage. A particularly good example of this has been the Government Digital Service, where we have worked closely with the HR hub to support them in developing recruitment systems that meet the particular challenges of the sector in which they are recruiting and that continue to meet the legal requirement.

However, there are three recurring issues in our discussions with Departments about their recruitment practices. One is how to ensure that the final interview does not carry undue weight in the final decision. The Commission encourages Departments to assess candidates through a range of other techniques (like media tests, one-to-one interviews, mock Select Committee exercises, staff panels) before the final panel decision stage. Secondly, we have regular discussions about the performance of search consultants, particularly in relation to the diversity of candidate fields (see also page 37). Thirdly, we have reviewed our experience of the use of psychometric testing, the outcome of which we discuss below.

### Use of psychometrics

We set ourselves a target in this year's business plan to improve our understanding – and that of others involved in Civil Service recruitment – of the use of psychometric assessment in recruitment selection exercises.

The use of psychometric assessments is common in recruitment, both in the Civil Service and in the private and wider public sectors, particularly at senior levels. It can be a valuable tool for identifying specific areas that will need to be probed with individual short-listed candidates for interview. Our experience chairing competitions is that the use and value of psychometric assessments is not always properly understood by recruiting departments.

High quality psychometric assessments that are really focused on the requirements of the particular role can be valuable in helping a selection panel decide between the merits of the short-listed candidates. They can, for example, reveal useful information about candidates' *preferred* ways of working, their resilience and their leadership style. But they will not necessarily reveal whether a candidate has recognised and adjusted for any potential weakness in their preferred ways of working, and effectively compensated for it in situations where it might be a potential disadvantage.



However, too often standard psychometric assessments are commissioned, at some cost, with inadequate consideration of what kind of assessment would really be beneficial for the specific role that is being recruited to. This can be compounded by inadequate preparation for panel members, who are not fully aware of what the results of psychometric tests are telling them, and as importantly, what they are not telling them. Poorly targeted or misunderstood psychometric testing can, in the worst case, threaten the fairness of a recruitment process if the panel's views of candidates have been strongly preconditioned before the final interviews.

Collectively the Civil Service Commissioners have a strong sense of what effective psychometric assessment looks like. Elements that are usually present include:

- Targeted testing that addresses the key requirements of the role, rather than unconsidered use of standard probing tools.
- Proper briefing for the panel on what the particular tests will be able to tell them and what they will not.
- Reports that add real additional value to the panel's consideration of the candidates: poor reports often repeat to no benefit information that is already available to the panel from the candidates' applications and CVs.
- Reports that contain judgements supported by evidence and which avoid unsubstantiated assertions or interpretations of underlying data which the panel does not see.
- Data that is provided with sufficient context, such as relevant population norms.
- Processes that are sensitive to the needs of candidates - for example, candidates will often invest a lot of time in completing tests and should be offered the opportunity of proper feedback.

The Board of the Commission intends to discuss these conclusions with Civil Service Resourcing (CSR). CSR provide or commission many, but not all, of the psychometric testing resources that are used by departments. The Commission will aim to work with CSR to improve the quality of psychometric information provided to selection panels and the understanding of that information among panel members and recruiting Departments.

## Recruitment during 2014-15

Initial figures indicate that around 39,000 staff were recruited to the Civil Service in 2014-15.<sup>18</sup> The majority of these were recruited through open competition (see below) but some were appointed using one of the Exceptions provided for in the Recruitment Principles (see page 20). Just under 100 of the 39,000 were recruited at the most senior levels (SCS Pay Band 2 and above), a similar number to last year; 73 of these were recruited following a competition and the remainder using an Exception. 38,900 were recruited below SCS Pay Band 2 (2013-14: 26,300), of

<sup>18</sup> Departmental data returns on 2014-15 recruitment.

which around 35,200 were appointed following a competition and the remainder using an Exception.

### Senior competitions

During 2014-15 the Commission has continued the long-standing practice, that all 'open' competitions, (vacancies for which both existing civil servants and non-civil servants can apply), at SCS pay band 2 (Director) and above, are chaired by a Civil Service Commissioner. In addition, under the terms of the Senior Appointments Protocol, Commissioners also chair internal competitions (open only to existing civil servants) at SCS pay band 3 (Director General) and above. This year we chaired two further competitions at SCS pay band 1 (Deputy Director) at the request of the recruiting department.

Chairing senior competitions remains a key means by which the Commission upholds the legal requirement that selection for appointment to the Civil Service is on merit on the basis of fair and open competition.

As Table 1 shows, there has been a 33% decrease in the number of posts competed at SCS Pay Band 2 and above: 79 this year compared to 116 last year. This is a reversal of the rising numbers of senior competitions in the last three years. But this still remains significantly higher than in the first year of the Parliament when, in 2010-11, there were only 32 competitions. As in previous years, the majority of the posts that are advertised externally (as opposed to filled via internal Civil Service competitions) have tended to be for posts requiring some form of technical or specialist expertise, or where operation delivery was a significant focus, rather than more traditional policy roles.

**Table 1: Posts competed, and resulting appointments made, at SCS pay band 2 and above, 2014-15, 2013-14, and 2012-13**

	Posts Competed			Appointments Made			No Appointment Made
	Open	Internal	Total	Open	Internal	Total	
<b>2014-15</b>	77	2	79	71	2	73	6
<b>2013-14</b>	100	16	116	83	15	98	18
<b>2012-13</b>	96	8	104	85	8	93	11

The majority of these competitions resulted in a successful appointment. This year saw a decline in the number of competitions that failed to result in an appointment: in 2014-15, 7.6% of competitions did not lead to an appointment; in 2013-14, it was 15.5%.

The percentage of competitions that result in no appointments fluctuates year on year and it is not possible to pinpoint with any certainty why this fluctuation occurs.

In last year's report we noted that in some competitions the level of remuneration on offer did appear to be a barrier to attracting suitable external applicants, especially in areas of skill shortage. This year Commissioners have reported that in at least twelve competitions, pay was a factor in restricting the field. Very often this was because the external talent pool was paid at a much higher rate than is normally paid for equivalent Civil Service roles.

This was often true when the external candidate pool was in the private sector, oil and gas and legal being two examples. But it is also sometimes the case with other parts of the wider public sector, for instance where local authority or health service pay rates are higher than central Government pay rates. However, as the figures above indicate, this has not translated into a significant number of competitions that made no appointment.

This year has also seen a decline in the use of internal competitions at the most senior grades. All the three Permanent Secretary level competitions were open to external applicants, and 15 of the 17 Director General competitions were open. Only 2.5% of the competitions chaired by Commissioners in 2014-15 were internal; in 2013-14, 13.8% of Commissioner-chaired competitions had been internal.

The names of the appointees from competitions chaired by Commissioners are published on our website.<sup>19</sup>

The section on page 37 of this report looks at diversity in senior appointments.

### *Sector backgrounds of senior appointees*

This year, over half the appointees of Commissioner-chaired competitions were from outside the Civil Service, a reversal of the trend of previous years.

The Commission has for many years commented on the sectors in which successful candidates were working immediately prior to their appointment. This is useful information, but tends to mask the fact that the Civil Service is a much more 'porous' organisation than is sometimes acknowledged: rather than being a job for life, individuals will join and leave and re-join at all stages of their careers. For example, of the three Permanent Secretary competitions chaired in 2014-15, two of the successful candidates were serving civil servants. But one of these two, John Manzoni, who was appointed to the new post of Chief Executive of the Civil Service, had only been a civil servant for a year, having spent all his previous working life in the private sector.

Of the 16 Director General level appointments, seven (43.8%) were serving civil servants; five (31.3%) came from the wider public sector; and four (25%) came from the private sector. In 2013-14 62% were from the Civil Service and only 14% from the private sector.

The percentages for the 52 director level appointments are similar: 24 (46.2%) from the Civil Service; 16 (30.8%) from the wider public sector; 11 (21.2%) from the

---

<sup>19</sup> <http://civilservicecommission.independent.gov.uk/outcomes-competitions-chaired-commissioners-2/>

private sector; and one (1.9%) from the voluntary sector. However this shows a movement from the previous year where 30% were from the private sector, only 17% were from the wider public sector, and 53% were from the Civil Service. These are small numbers so it is important not to read too much significance into these percentages, which do fluctuate from year to year.

### *Strength of applicant fields*

The Commission encourages departments to think creatively about the best way to attract a strong diverse pool of applicants for each vacancy.

However it is difficult to apply a truly objective measure to the strength of applicant fields. So much depends on the nature of the job, timing, salary, specific market conditions, and many other variable factors. Selection panels chaired by Commissioners will usually adopt the Commission's standard marking frame that has four categories for candidates judged appointable to the role, and two categories for non-appointable candidates. Appointable candidates are categorised as: outstanding; very good; clearly above the minimum acceptable level; and, acceptable.

Of the 71 competitions chaired by Commissioners this year where the standard marking frame was used and where an appointment was made, 69% of appointed candidates were judged as outstanding or very good. The equivalent figure was 86% in 2013-14 and 73% in 2012-13. It is clear that these percentages vary year to year, but from this we cannot conclude that the quality of candidates has necessarily declined. Just under 9% of candidates this year were considered to be only acceptable.

Another measure of the strength of candidate fields that can be considered is the number of competitions that fail to identify any appointable candidates. In 2014-15 Commissioners chaired competitions for 79 posts, of which six posts (8%) were not filled as the selection panel did not find any of the candidates appointable. In 2013-14 it was 18 (16%) unfilled out of 116 roles; in 2012-13 it was 11 (11%) out of 104.

Another possible measure of the strength of candidate fields is the number of competitions that only identified one appointable candidate and there was therefore no reserve candidate who could be appointed if the most meritorious candidate turned the post down. This year, in the 73 competitions where appointments were made, there were 21 (29%) instances where there was only one appointable candidate. This is the same percentage as 2013-14, and noticeably down on the percentage in 2012-13 when in 45% of competitions there was only one appointable candidate.

Taken together these two measures do suggest that there has been no decline in the ability of Departments to attract candidates for their vacancies; and there are encouraging indicators that Departments are managing to attract good quality candidates to most of their vacancies.

### Recruitment below SCS PB2

Below SCS pay band 2, the Commission monitors compliance with the Recruitment Principles through an annual compliance monitoring audit. Since 1995, the data collection and much of the analysis for this compliance monitoring work has been contracted out, most recently (since April 2013) to KPMG. As well as fulfilling the Commission’s legal duty, the compliance monitoring work enables the Commission to pick up systemic developments in recruitment practice across the Civil Service; to note, identify and spread good practice; and mitigate risks of future non-compliance.

On the basis of a range of quantitative and qualitative data that was supplied by Departments on their recruitment in 2013-14, all organisations received an indicative risk rating, from which we determined a programme of follow up visits. A full recruitment review was undertaken for those that were provisionally assessed as high or moderately high risk. A final risk rating was determined, based on the original recruitment data for 2013-14 and in most cases more recent recruitment data relating to appointments made in 2014-15. Details of the risk ratings for all organisations are published on our website.<sup>20</sup> We use the following ratings:

GREEN	Indicators suggest minor or no compliance risk to the organisation and minor or no concerns with the capability to achieve successful recruitment
AMBER-GREEN	Indicators suggest moderate compliance risk to the organisation and/or moderate concerns with capability to achieve successful recruitment
AMBER-RED	Indicators suggest significant compliance risk to the organisation and/or significant concerns with capability to achieve successful recruitment
RED	Indicators suggest major compliance risks to the organisation or actual breach of the principles and/or major concerns with capability to achieve successful recruitment

Most organisations were assessed as either amber-green (42 of the 74 organisations or 81% of total Civil Service recruitment) or green (24, representing 13% of total recruitment). This provides strong assurance that recruitment across the majority of the Civil Service, is being conducted in line with the Recruitment Principles and the legal requirement of the 2010 Act.

There were, however, three organisations (representing 2% of total recruitment) that were assessed as having significant risks (amber-red)<sup>21</sup> and a further four

<sup>20</sup> <http://civilservicecommission.independent.gov.uk/civil-service-recruitment/compliance/>

<sup>21</sup> The Department for Business, Innovation & Skills (BIS); the Department of Health (DH) and the Office of Rail Regulation (ORR).

organisations (4% of total recruitment) that were red rated: the Department for Environment, Food and Rural Affairs (DEFRA), the Department for Education (DFE), the Government Actuary's Department (GAD) and the Welsh Government.

The problems at DEFRA related to inadequate record-keeping - by which we do not mean an absence of perfectly completed forms but, rather, an absence of evidence in at least one case to demonstrate that candidates had been selected on merit following a fair and open process; and a failure to record accurately which staff have been appointed to the organisation following fair and open competition and which were appointed using one of the Exceptions in the Recruitment Principles. It is important that Exception appointments are properly recorded so that the individuals' continued appointment is managed appropriately to ensure the Department has the legal authority to employ them.

We found similar problems with recording Exception appointments at GAD. In addition, the principle of openness was compromised in one of their competitions, with previous applicants being prevented from applying. The Recruitment Principles are clear: adverts for open (external) recruitment should be open to all.

The principal problem identified at DFE related to the recruitment and classification of graduate interns, which the Department recruits in large numbers through various campaigns through the year. Some of these seem to meet the requirement for fairness and openness; others do not. The problem is that it is almost impossible to tell which is which. This is partly due to lack of documentation. But the more serious underlying issue is the misunderstanding of the legal requirement regarding Civil Service recruitment among hiring managers, including particularly the need for openness in advertising. Until this is put right, there is a high risk that DFE will continue to breach the Recruitment Principles, and not just in intern recruitment. This will require ensuring there is sufficient oversight of all its recruitment - whether managed in-house or through shared service providers.

At the Welsh Government there were problems with managing staff recruited through one of the Exceptions set out in the Recruitment Principles. The Commission's approval is required to extend an appointment beyond two years or to use an Exception to make a series of temporary appointments for the same individual. There were two cases at the Welsh Government - one of each of those scenarios - where the requirement was not met.

The First Civil Service Commissioner, on behalf of the Commission Board, has written to the heads of all red and amber-red rated organisations requiring plans to correct the deficiencies and asking them to report back regularly on progress. Some of the organisations will receive a follow up visit during 2015-16 to assess progress and the continuing risks of non-compliance.

## Recruitment Complaints and Breaches of the Recruitment Principles

### Complaints

We have a responsibility, under the 2010 Act, for hearing complaints that an appointment to the Civil Service has been made in a way that is not consistent with the requirement for merit, fairness and openness. Complaints can be brought by anyone. This can be time-consuming and resource-intensive work, but we believe it is important as a means of addressing problems that may occur and in improving standards for future recruitment.

We received 42 complaints about recruitment during 2014-15, compared with 46 in 2013-14. Of these cases, 17 were referred back to the Department of origin as they had not yet been considered by the Department (2013-14: 29). Fifteen cases were identified as being outside our remit, mainly because they related to internal Civil Service competitions (2013-14: 12).

Of the remaining ten cases, six were investigated within the reporting period and four were still being assessed at the end of the reporting period to establish whether they were within remit. We concluded five of those investigations during the reporting period, finding breaches of the Recruitment Principles in three of them (summaries below); we found no breach in the other two cases. We concluded our investigation into the final case after the end of the reporting period; we will report on the breach we found there in our 2015-16 Annual Report.

In line with our business plan we aim to acknowledge complaints within three working days; we met this target for 100% of recruitment complaints during 2014-15. We also aim to complete an initial assessment as to whether a case is 'in-scope' within 15 days.

The first complaint where we found a breach concerned the recruitment of trainee solicitors by the Crown Office and Procurator Fiscal Service (COPFS). The complainant, who had declared a previous historic conviction in her application, had been offered a job and then had it withdrawn without further discussion. She argued that the COPFS's published policy for dealing with previous convictions - which states that concerns about previous convictions would be discussed with applicants before such decisions were made - had not been followed.

Although the Commission was satisfied that the principles of merit, fairness and openness had been met, it concluded that the COPFS had breached the Recruitment Principles by not retaining the records relating to the competition for which the complainant had applied for two years<sup>22</sup> and not applying their publicly-stated procedure for dealing with the issue of previous convictions.

In the second case the complainant believed that the recruitment process carried out by the Ministry of Defence (MoD) for a specialist post breached the legal requirement

---

<sup>22</sup> In April 2015, outside the reporting period COPFS informed the Commission that they had recently found documents relating to the competition and sent them to the complainant.

in relation to merit and fairness because his experience and qualifications were not properly considered at the sift stage of the application process.<sup>23</sup> The complainant also questioned the use of competences as a basis for assessing candidates' suitability.

The Commission did not consider that the use of the competency framework, which is widespread across the civil service and elsewhere, was inherently contrary to the legal requirement for selection on merit on the basis of fair and open competition. However, the Commission upheld the complaint that the panel had been inconsistent in the way it assessed candidates at sift stage and was unable, when asked, to provide a clear objective explanation as why one candidate was judged to be better than the other with reference to the published requirements. The Commission also noted a bias towards certain experience, which was not listed as an essential or a desirable criterion for the post.

In the third case the complainant, who had been unsuccessful in his application for a post at the Health & Safety Executive (HSE), believed the principle of fairness had been compromised as he was tested against two criteria that did not form part of the advertised criteria. The Commission upheld the complaint: for a competition to be fair, it must be clear from the published material what the assessment criteria and candidates must be assessed against those criteria.

### *Breaches*

The Commission also investigates situations where Departments may have failed correctly to apply the Recruitment Principles (breaches). The Commission identified 14 cases (17 in 2013-14) where the Recruitment Principles had not been properly applied during 2014-15, in addition to the three breaches uncovered following our investigation of complaints.

- On two separate occasions, the Department for Transport carried out external competitions at SCS Pay Band 2 without a Commissioner in the chair.
- In another case the Department for Work and Pensions held an external competition at SCS Pay Band 1 and held a ministerial meeting with candidates without a representative from the Commission being present.
- In a further case, Civil Service Learning (hosted within the Home Office) had rejected applicants for an apprenticeship scheme based on their age during recruitment in 2013 and 2014.
- In the remaining ten cases Departments had failed to obtain the Commission's approval for extending beyond two years an appointment made using an Exception. The Departments involved were the Competitions and Markets Authority, the Crown Prosecution Service, the Department for Education, the

---

<sup>23</sup> Since 2015 Recruitment Complaints that have been investigated have decision notices published on the Civil Service Commission's website (<http://civilservicecommission.independent.gov.uk/wp.content/uploads/2015/05/CT99-Findings-and-Recommendations-18-Jan-2015.Final-3.pdf>)



Home Office (two instances, one of which related to staff appointments at Her Majesty's Inspectorate of Constabulary), the Ministry of Justice, the Scottish Prison Service, and the Welsh Government (three cases, two of which related to Senior Civil Servants).

Out of all the breaches, five of the cases (three in 2013-14) related to the appointment of Senior Civil Servants: one case where a Minister met candidates without a representative from the Commission being present, two cases where the Department conducted Pay Band 2 recruitment without a Commissioner chairing the recruitment panel, and two cases where the departments in question had failed to obtain the Commission's approval for extending beyond two years an appointment made using an Exception.

It is possible that further breaches of the Recruitment Principles may come to light as part of the compliance monitoring audit of the 2014-15 recruitment data that we will conclude in the year ahead.

### Real-time compliance monitoring

We have, historically, carried out our compliance monitoring retrospectively. For example, recruitment in 2012-13 was audited during 2013 and reported on in the 2013-14 Annual Report, by which time the data was over a year out of date. We have been keen to be in a position to have – and report on – more 'real time' data and have been working with our auditor, KPMG, to devise ways of achieving this.

During 2014-15, KPMG carried out a pilot of a small number of departments (DWP, Cabinet Office, Welsh Government and Ofsted) to test how easy it would be to collect recruitment data on a quarterly basis rather than at end of each year. The results were very encouraging: accuracy rates were much improved (as the data set was smaller and results more recent) and those involved in the pilot felt it was a far less burdensome exercise than the annual statistics collection. From our perspective, it gives a quicker indication of progress or problems, which will enable earlier intervention where needed.

As a result of the success of the pilot, quarterly reporting of recruitment data will be rolled out across all regulated organisations during 2015-16. In the 2015-16 Annual Report, we will therefore be able to report audited results of recruitment that took place in both 2014-15 and 2015-16. Thereafter, all Annual Reports will be able to report audited assessments of recruitment that took place during the reporting year.

### Capability within Departments

It is clear from what we have seen that most organisations have good policies and procedures to enable them to carry out recruitment in line with the legal requirement for selection on merit on the basis of fair and open competition. However, our compliance monitoring indicates that as specialist HR teams become much smaller (with the transfer to a Civil Service wide recruitment system) and hiring managers have greater responsibility with less direct supervision, there is a greater risk of non-compliance and therefore breaching the Recruitment Principles.

As has been reported in the last three annual reports, the principal shortcoming across those organisations rated amber/red or red was the lack of evidence to illustrate the decision-making process and therefore that the most meritorious candidate was appointed. We are also increasingly seeing an insufficient understanding among those responsible for recruitment about the difference between recruitment by competition and recruitment by Exception.

A related development has been the increasing reliance on the centrally-managed Civil Service Resourcing team to support Departmental recruitment. The Commission welcomes the greater professionalism and consistency that a single centre of excellence on recruitment could bring to the Civil Service. This was one of the recommendations of the Triennial Review (see page 14). The model has potential to bring an improvement in recruitment standards as well as increased efficiency. But it is not a substitute for Departments remaining responsible for the key management decisions about what posts to fill, against which criteria and within what timescale. Unfortunately, our compliance monitoring shows that some Departments appear to have assumed that, as CSR are managing the logistics of a competition, they are also the ones responsible for ensuring that such management decisions are taken in line with the Recruitment Principles and the legal requirement.

### **Accreditation of non-departmental public bodies (NDPBs)**

The Commission has, since 2006, participated in a scheme that allows staff from accredited NDPBs to apply for internally advertised Civil Service vacancies. (The staff employed by most NDPBs are not civil servants, though there are a small number of 'Crown NDPBs' whose staff are civil servants.)

The accreditation of NDPBs takes place under a Cabinet Office policy to enable the movement of staff between certain parts of the public sector. The Commission's agreed role is to examine the recruitment policies of NDPBs who wish to become, or remain, accredited, to provide assurance that these policies are consistent with the Commission's Recruitment Principles i.e. that staff are selected for appointment on merit on the basis of fair and open competition. If the Commission is satisfied that the NDPB's recruitment policies are consistent with the Recruitment Principles, it is granted accreditation for three years. If staff from an accredited NDPB are successful in an internal Civil Service competition they enter the Civil Service under Exception 7 in the Commission's Recruitment Principles. If an NDPB wishes its accreditation to continue at the end of the three years, then it must reapply.

The Commission has an on-going programme of reaccreditation of NDPBs as their accreditation reaches the end of the three-year period. This work, and the accreditation of new NDPBs that apply, has continued through 2014-15.

We have also been in discussions with the Cabinet Office regarding the accreditation of some organisations that are not classified as NDPBs. The Commission is aware that the classification and governance of arm's length bodies is not static. New types of organisations such as mutual enterprises, and Government owned, or partially owned, companies have been created in the past few years. Some of these have been created from existing accredited NDPBs and some from a direct transfer of staff and functions from the Civil Service. The Commission is working with the

Cabinet Office to adjust the scheme to this new reality. In the longer-term we believe there would be benefit in a fuller review of the scheme to ensure that it is still meeting the Cabinet Office's policy objectives. As part of this the Commission will also wish to review whether it remains appropriate that staff of NDPBs, and possibly other accredited bodies, can join the Civil Service by an Exception in the Recruitment Principles.

## Theme 3: Improving understanding of the Commission's work

### Improvements to the website

The website is the most significant platform for information on the work of the Commission. We have continued the programme of incremental improvements to its website, implementing the recommendations of the review carried out in 2013-14 that we committed to in this year's business plan.

This year we have increased the amount of information that we routinely publish online. This reflects a continuing shift from once a year publication of information in the Annual Report, to something closer to real time reporting online. For example, the outcomes of our complaints investigations under the Civil Service Code are now published as they are concluded and in much greater detail than before. We also now publish the details of candidates appointed through competitions chaired by Civil Service Commissioners as soon as the appointment is announced. We have also introduced a 'decision tree' to help prospective complainants understand whether their complaint is likely to be within the Commission's remit or not.

The Commission has also revised the online information about its staff structures to reflect our restructuring into departmental-facing cluster teams

Over the course of the year the Commission received on average 4,820 visitors to the website each month. This fluctuated over the year, with unsurprisingly the lowest numbers of visitors in August and December, 4,135 and 3,610 visitors respectively. The year finished with the highest monthly visitors figures: 5,920 in February 2015, and 5,717 in March.

In addition, this year we launched a full-time Twitter account. Previously we had dedicated Twitter feeds for our virtual Open Week events; we now operate this throughout the year as a further channel for providing information on the work of the Commission and for receiving feedback and comment.

### Open week

The Commission is required by its Memorandum of Understanding with the Cabinet Office to hold an annual open meeting.

This year the Commission repeated the successful format of the previous two years and held an online 'virtual Open Week' in March. This provided an opportunity for civil servants and members of the public from across the UK to raise issues and put questions to the Commission via email, Facebook and Twitter. Personal responses from a Commissioner were sent in reply on the same day and simultaneously published on the Commission's website.

The 'virtual Open Week' allows the Commission to interact with a range of civil servants across the UK and across the grade spectrum, and also members of the

public interested in our work. It supplements and widens the other stakeholder engagement activities that continue through the year.

This year the topics raised included: the way the Commission investigates complaints under the Civil Service Code; the variations in assessing common job 'competencies' between different departments; the application of 'guaranteed interview scheme' provisions; selection on merit in internal Civil Service competitions; apprentices in the Civil Service; and diversity in the senior grades in the Civil Service.

## International briefings

The Commission is pleased each year to be able to welcome a number of visitors from overseas governments and international organisations, when this is possible. There was a large number of requests for visits this year. We cannot accommodate every request, but during the year the First Civil Service Commissioner and staff from the Secretariat received senior officials from Canada, Ethiopia, Bangladesh, Nepal, Pakistan, the Philippines, Brunei, South Africa, Belgium, Ghana and the Czech Republic.

Other governments often look to the UK as a model for achieving the fundamentals of civil administration: appointment on merit and adherence to ethical values of public service. Many of our visitors have the same experience in their countries that originally led the UK to adopt merit based recruitment in the mid-19th century: recruitment that is influenced by patronage and personal influence leads to inefficient and ineffective public administration. We continue to find widespread international interest in our work as an example of good practice. This year a number of visitors were also interested to explore how a body such as the Civil Service Commission is able to support and promote Civil Service reform and innovation in recruitment processes.

## Freedom of Information

As explained above, we publish a large amount of information about our work. In addition to reflecting our commitment to openness and transparency, this is one way in which we meet our statutory responsibilities under the Freedom of Information Act (FOIA). The FOIA requires public authorities to adopt publication schemes setting out the types of information they will make available routinely. We have adopted the model publication scheme approved by the Information Commissioner, and the information on our website reflects this.

The FOIA also requires the Commission to respond to requests for information within statutory deadlines, and this requirement has been incorporated in our business plan. In 2014-15, we received 27 such requests, all of which were responded to within deadlines. Where additional information was released by the Commission in response to a request, this information was published on our website.<sup>24</sup>

---

<sup>24</sup> <http://civilservicecommission.independent.gov.uk/freedom-of-information/commission-responses/>

## Theme 4: Supporting an effective and diverse Civil Service

### Diversity

The latest data published by the Office for National Statistics<sup>25</sup> show that the Civil Service is, overall, a diverse organisation, broadly reflective of the wider UK population, and that there continues to be progress in the proportions of women, people from Black and minority ethnic backgrounds and people with disabilities within the Senior Civil Service (SCS Pay Band 1 and above).

Since 2009, women have made up over half (53%) of the Civil Service workforce. The proportion of women within the SCS has been increasing over the years, with the figure currently 38%. As with gender, the proportion of the SCS who have a Black or minority ethnic background (7%) is lower than the proportion in the Civil Service as a whole (10%), although both figures are on the increase. Similarly, although 10% of civil servants declare a disability, only 5% of those in the SCS do.

One way that diversity within the Civil Service can be increased is by bringing in a more diverse range of people from outside, so it is important that recruitment campaigns consistently reach a diverse range of people. The Commission has consistently challenged Departments to improve the diversity of the applicant fields for recruitment competitions, particular at the senior levels. Only when you have a strong, diverse field of applicants can you really be sure that you are attracting - and ultimately appointing - the best candidates.

### *Diversity in senior appointments*

There were 3,191 applicants in total for the external recruitment competitions chaired by Commissioners (i.e. those at SCS Pay Band 2 and above). Of these, only 1,905 (or 60%) completed diversity returns.

Clearly there are limits to the extent to which we can draw conclusions from this limited data (see page 42 for what we are doing to improve return rates) but it is possible to see:

- six (8%) competitions failed to attract any female applicants at all;
- 26 (33%) competitions failed to attract any candidates who identified themselves as Black or from a minority ethnic group (BME); and
- five (6%) competitions attracted at least one applicant who had declared a disability.

Looking specifically at the diversity of those short-listed for interview, the numbers are smaller and the data are incomplete. It is nevertheless clear that:

- in at least 42 (62%) of competitions, the short-list of those interviewed included both male and female candidates;

---

<sup>25</sup> Office for National Statistics Civil Service Statistics Bulletin 2014.

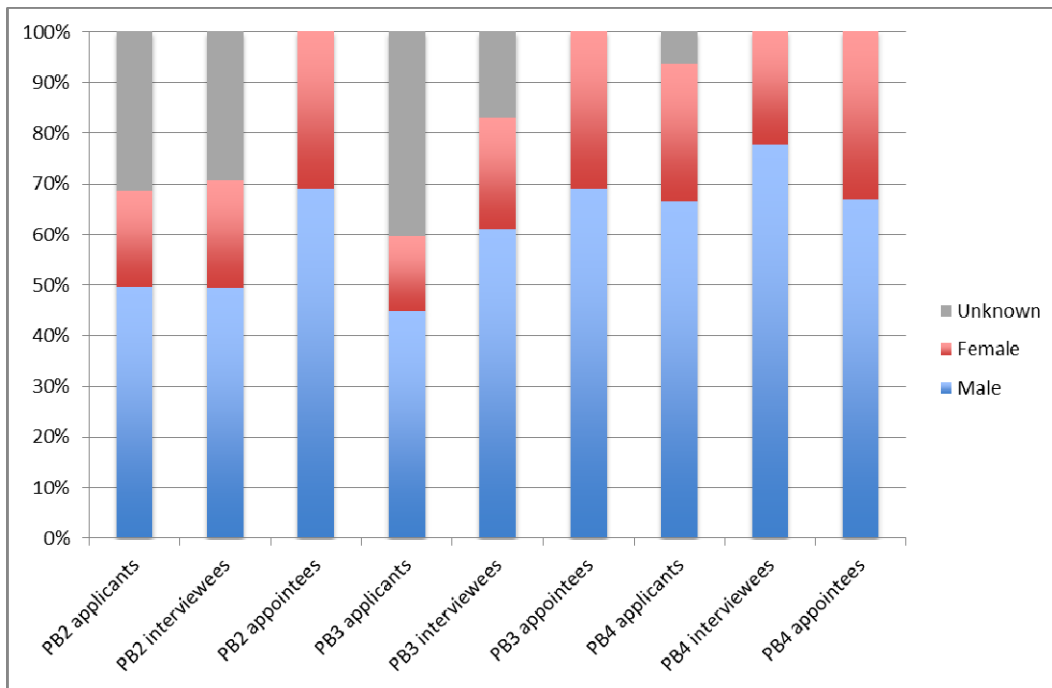
- in at least nine (11%) of competitions, there were both white and BME interviewees; and
- in four (5%) competitions, there was at least one candidate who declared a disability who was short-listed for interview.

Because the number of those appointed to the most senior roles who are from a Black or minority ethnic community or who have declared a disability remains very small, it is impossible to report on this data without the risk of identifying individuals. However, the number of women being appointed to senior roles is higher and therefore it is possible to make some substantive observations.

In our last two Annual Reports we commented that the number of successful candidates who were female was increasing. This has not been the case this year, and in competitions chaired by Commissioners we have seen a slight decline in the number of women being appointed. In all the external competitions at SCS pay band 2 or above we chaired in 2014-15, 31% of successful candidates were women (2013-14: 35%). The percentage of successful female candidates in external competitions we chaired this year is consistent through the grades: at Permanent Secretary level it is 33%, and at both pay bands 3 and 2 it is 31%. Although it is disappointing that the proportion of women being appointed to the most senior roles has reduced slightly from last year, the numbers are small and the reduction is not statistically significant.

We are encouraged, however, that there does not appear to be a significant difference between the likelihood of female and male applicants reaching the interview stage once they have applied for a competition. The numbers are too small to draw meaningful conclusions from at individual competition level but, looked at overall across all the senior competitions that Commissioners chaired, the picture is encouraging (see Figure 3).

**Figure 3: Gender of applicants, interviewees and appointees in senior competitions, 2014-15**



While welcoming this progress, the Commission would like to see the proportion of women being appointed at senior levels increasing further. One possible obstacle to this may be the nature of the jobs to which the Civil Service is currently recruiting from the external market. The Government and Civil Service management have identified project and programme management, commercial and digital skills as areas that need to be strengthened, and there has been significant external recruitment activity in these areas and less in more traditional policy and delivery roles. Anecdotal evidence suggests that men are more strongly represented in some of these areas than they are in the general workforce.

Commissioners have noted concerns about diversity in 17 of the competitions that they have chaired this year. These are competitions where the field of applicants was considered to lack strong gender diversity. However there is no strong correlation between the competitions in which Commissioners report diversity as a concern, and the specialist areas where the Civil Service is particularly seeking to bring in additional skills. It is important not to fall into the trap of assuming that, because some sectors have a greater proportion of men, it is impossible to attract a more diverse group of applicants.

However, as the figures show (page 21 and page 24) appointments made following competitions represent only three quarters of recruitment at SCS pay band 2 and above. The remaining quarter of appointments is made by using one of the Recruitment Principles Exceptions approved by the Commission.<sup>26</sup> We reported last

<sup>26</sup> For further information on Exceptions, see page 18. Details of senior appointments made using an Exception are published on our website <http://civilservicecommission.independent.gov.uk/appointments-exception-scs-pay-band-2-2/>



year that a significantly higher proportion of the individuals whose appointments we were asked to approve under an Exception were male (87%) than female.

A similar pattern has emerged this year. Of the 26 requests that the Commission received from departments to make appointments by Exception at SCS pay band 2 and above during 2014-15, 22 (85%) were for men. Some individuals were subject to more than one Exception request during the year; all of the multiple applications were for men. However, even when multiple applications are excluded, then 82% of the requests were for men. It is, however, difficult to see any strong correlation between the type of jobs filled through Exception and the gender of those brought in to fill them.

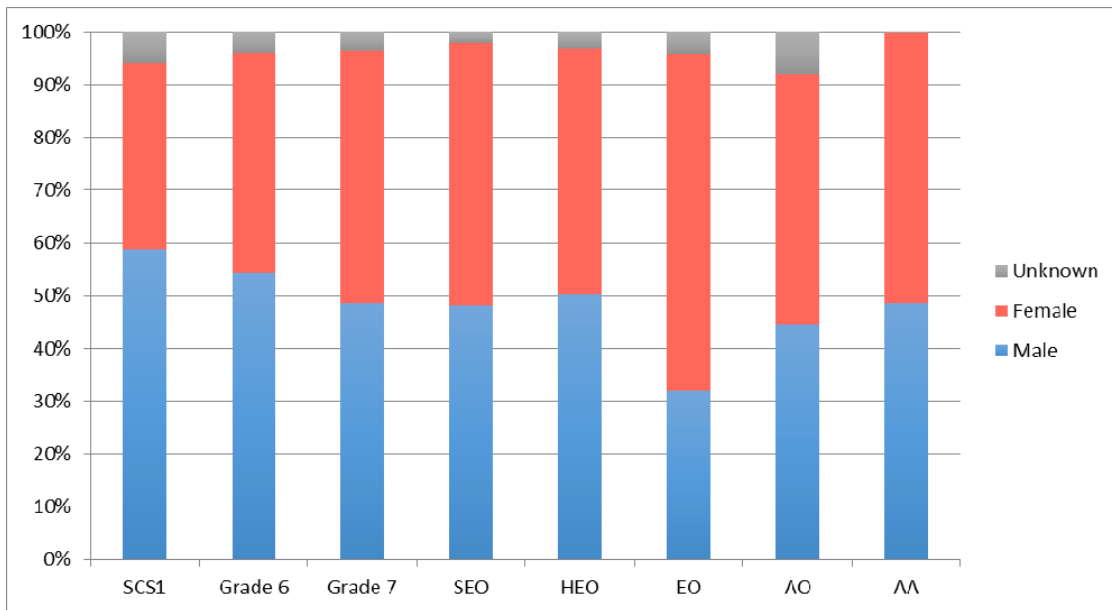
What this means is that, of the total recruitment to the most senior (Pay Band 2 and above) levels of the Civil Service during 2014-15, only 28% of appointments were to women. Departments still appear more likely to appoint a male candidate (82%) when they are appointing by Exception than they are when recruiting through a fair and open competition (69%) although, unlike last year, this difference is not statistically significant.

We will want to continue to keep a close eye on this. It is one of the issues we will look further at as part of our thematic review of Exception appointments which we plan to undertake in 2015-16.

### ***Diversity in Civil Service recruitment below PB2***

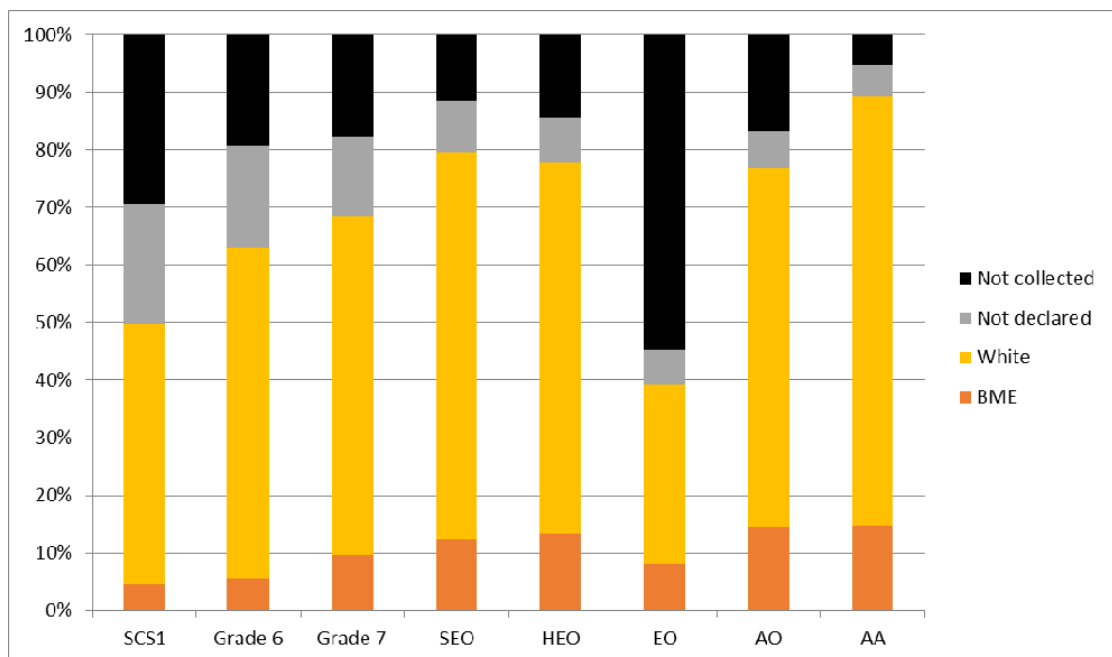
There is a different pattern elsewhere in the Civil Service. According to the most recent data supplied by Departments, 54% of those recruited following open competitions in 2014-15 were female and 41% were male (gender was unknown for a further 5% of appointments, either because the individual chose not to declare their gender in the diversity monitoring return or because the Department did not collect monitoring data). As Figure 4 shows, there are quite marked variations by grade – with recruits at EO grade (first line management) being at least 64% female and those at Pay Band 1 of the Senior Civil Service being at least 59% male.

**Figure 4: Gender diversity of successful candidates following recruitment competitions, 2014-15, by grade<sup>27</sup>**



There are also similar variations by grade in terms of ethnicity (Figure 5) and disability (Figure 6), although the very high proportion of gaps in the data – particularly at EO grade, which is the grade at which the highest volume of recruitment takes place – makes it hard to draw meaningful conclusions.

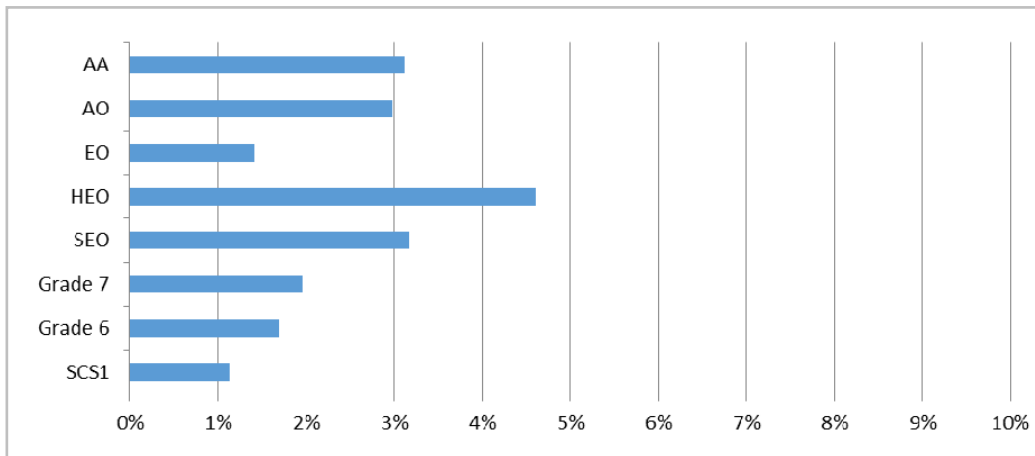
**Figure 5: Ethnic diversity of successful candidates following recruitment competitions, 2014-15, by grade<sup>28</sup>**



<sup>27</sup> Source: Departmental data returns for open competitions 2014-15.

<sup>28</sup> Source: Departmental data returns for open competitions 2014-15.

**Figure 6: Proportion of appointees declaring a disability, by grade 2014-15<sup>29</sup>**



### Improving the quality of data

One of the challenges in reporting reliably on diversity in Civil Service recruitment has been the paucity of reliable data and therefore one of our priorities for 2014-15 has been to improve the quality of data about diversity in recruitment.

Diversity monitoring across organisations remains patchy. Some Departments (4%) do not make any attempt to collect diversity data at all; return rates for diversity monitoring forms are very low in several other competitions; and our compliance monitoring audit has identified substantial gaps in a number of Departments' processes.

The Commission considered whether it would be desirable to make the collection of diversity data compulsory either for all recruitment or just for those senior competitions that are chaired by Commissioners. We recognise that some diversity data is very personal and that candidates should not be deterred from applying for jobs by feeling they are forced to divulge sensitive personal data that they are uncomfortable disclosing. However, individuals' diversity monitoring information is not shared with those responsible for making selection decisions and, provided there is a 'prefer not to say' box for each question, there should not be a deterrent effect.

We therefore agreed that, from 2015, it should be compulsory, in the competitions we chair, for applicants to return diversity monitoring forms. We will keep a close eye on the impact of this in the months ahead.

### Civil Service Code and values

The Civil Service Code is the ethical code of the Civil Service and explains the core values laid down by the 2010 Act: Integrity, Honesty, Objectivity and Impartiality. It is issued by the Cabinet Office and forms part of the terms and conditions of employment of every civil servant.

<sup>29</sup> Source: Departmental data returns for open competitions 2014-15.

Although we tend to speak of ‘the’ Code, there are, in fact, three slightly different Codes: one that applies to civil servants working for the UK Government (other than those who work in the diplomatic service) and for the Welsh Government; one that applies to civil servants working in the diplomatic service, drawn up by the Foreign Secretary; and one that applies to civil servants working for the Scottish Government, drawn up by the Minister for the Civil Service (the Prime Minister) in consultation with the Scottish First Minister.<sup>30</sup>

The Commission has a role, under the 2010 Act, in hearing Code complaints from civil servants where it has not been possible to resolve these at Departmental level. This provides an independent avenue of appeal for staff who feel that they or their colleagues have been asked to do something that contravenes the core values, and forms an important part of the wider whistle-blowing arrangements for civil servants. From 2013, the Commission has published its decision notices on its website.<sup>31</sup>

The Commission additionally has a role, agreed with the Government under section 17 of the 2010 Act, to support Departments in promoting the Code and the Civil Service Values.

### **Code Complaints during 2014-15**

During 2014-15, the Commission received 20 new cases (19 in 2013-14). It also completed its investigation into one further case received in February 2014.

Most of these 20 cases (16, or 80%) were outwith the Commission’s remit. In some of these, they were out of remit because they dealt with HR issues: HR issues are explicitly excluded from the Code. In others, they were out of remit because they were made by individuals who were not civil servants. Our legal powers only allow us to investigate cases brought by civil servants; there are other bodies – for example the Parliamentary and Health Service Ombudsman – who are able to look at complaints of maladministration brought by members of the public. This is a similar proportion of ‘out of scope’ cases compared with previous years (71% in 2013-14).

Of the four remaining cases, two remain under investigation at the end of the reporting period; in a third case we are still assessing whether the complaint is within our remit. The fourth case was investigated during 2014-15, details below.

The outstanding case from 2013-14 related to the way certain contracts had been procured by the MOD, and whether the process had breached either EU procurement regulations or internal MOD guidance on procurement. The Commission upheld the complaint and concluded that the Code had been contravened in a number of ways: in the initial failure to follow internal procurement policies correctly; in the Department’s failure to consider the complaint in the context of the Code; in the Department’s treatment of the complainant; and in the

---

<sup>30</sup> There is provision in the 2010 Act for a further Code relating to those civil servants working for the Welsh Government (drawn up by the Minister for the Civil Service in consultation with the Welsh First Minister). To date, no separate Code has been developed for this group.

<sup>31</sup> <http://civilservicecommission.independent.gov.uk/civil-service-code/complaints-to-the-commission>

inadequacy of the Department's guidance on how to handle Code or whistle-blowing complaints.

The Commission made recommendations to the Ministry of Defence including updating and correcting their whistle-blowing and Code complaints procedures, taking steps actively to promote the Civil Service Code and reporting back to the Commission in a year's time on the progress it has made in embedding a culture that has at its heart the Civil Service values.

The second case adjudicated on during 2014-15 concerned advice provided to Treasury Ministers on the implementation of a new policy being proposed in the 2011 Budget. The complainant argued that a senior official in the Department had breached the Code requirements to act with honesty and objectivity by not presenting a particular policy as a viable option.

The Commission did not uphold the complaint as, having considered the evidence, the panel considered that the issue amounted to a difference of views between officials and that the senior official's view was consistent with the majority view in the Department. They were therefore justified in presenting the advice to Ministers in the way they did.

The full decision notices in relation to all cases accepted for investigation are published on the Commission's website.<sup>32</sup>

### *Improving our handling of Code complaints*

We are committed to improving our service to complainants and helping Departments learn from recommendations and improve their own complaints processes.

One important innovation during 2014-15 has been the publication of a complaints 'decision tree' on our website, designed to help prospective complainants decide whether their case is likely to be within scope or not before they submit a complaint.<sup>33</sup> Although the figures (see the section on complaints on page 43) do not – yet – show a reduction in the proportion of out-of-scope complaints received, we have noticed a reduction in the number of telephone enquiries about what is or is not a Code issue.

In line with our business plan we aim to acknowledge complaints within three working days (met in 95% of cases during 2014-15) and to complete initial assessments on whether a case is 'in-scope' within 15 working days.

We have also reviewed our internal procedures for dealing with complaints, aimed at speeding up the initial decision about whether or not a complaint is in scope or not (in the past, this has taken some time, which is not helpful for complainants and resource-intensive for the Secretariat), improving the sharing of best practice

---

<sup>32</sup> <http://civilservicecommission.independent.gov.uk/civil-service-code/complaints-to-the-commission/2014-civil-service-code-complaints/>

<sup>33</sup> <http://civilservicecommission.independent.gov.uk/making-complaint/>

between investigation teams within the Secretariat and increasing the involvement of the Chief Executive and First Civil Service Commissioner in the oversight of complaints investigation. The updated Standing Order delegations are published on our website.<sup>34</sup>

### Promotion of the Code and values

In our 2013-14 Annual Report, we reported that we had conducted our third audit of Departments' activities to promote and uphold the values in the Code and that the results would be published during 2014-15. The results have now been published and examples of the good practice we found have been circulated to Departments.<sup>35</sup>

Our Open Week discussion (see page 35) featured some interesting exchanges on the application of the Code. We continue to see this as a valuable way of engaging with the wider Civil Service on issues that matter to the way in which they all carry out their duties.

The sixth Civil Service People Survey took place in October 2014, and again included three questions on the Civil Service Code (Table 2). We have, for the past few years, set ourselves an objective in our business plan for seeing an increase in the proportion of respondents who were aware of the Code and how to raise concerns under it. We were pleased to note that awareness has continued to grow across the Civil Service, though the improvement has not been as marked as in previous years. Confidence that Code complaints would be properly investigated has also increased slightly.

**Table 2: Awareness of the Civil Service Code<sup>36</sup>**

Question Text (from the Civil Service People Survey)	2010	2011	2012	2013	2014
Are you aware of the Civil Service Code? (% answering yes)	81%	86%	88%	89%	<b>90%</b>
Are you aware of how to raise a concern under the Civil Service Code? (% answering yes)	53%	59%	63%	64%	<b>64%</b>
Are you confident that if you raised a concern under the Civil Service Code in [the organisation] it would be investigated properly? (% answering yes)	62%	64%	67%	67%	<b>69%</b>

Although similar patterns can be seen across almost all Departments, there are some low scores for the third question – about having confidence that a concern would be investigated properly – and there is certainly scope for further

<sup>34</sup> <http://civilservicecommission.independent.gov.uk/about-us/how-we-work/>

<sup>35</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2015/03/Findings-from-the-2013-Civil-Service-Code-Audit-published.pdf>

<sup>36</sup> Detailed results for each Department are available at <https://www.gov.uk/government/publications/civil-service-people-survey-2014-results>

improvements there and in more general awareness of how to raise a concern under the Code.

One of the ways in which the Code is promoted within Departments is through the Cabinet Office's network of Departmental Nominated Officers. Although it is not the Commission's network, we see it as an important part of our role to help the Cabinet Office develop and support the Nominated Officers and to ensure that the information on our website meets their needs.

As part of this, we committed in our 2014-15 business plan to implement a package of measures to support Nominated Officers. Information and guidance to support nominated officers were added to the Commission's website.<sup>37</sup> We had also intended to arrange a roundtable discussion between members of the Code Committee and Nominated Officers. Events have dictated a later meeting, now planned for 2015-16. We very much look forward to increasing our engagement with the Nominated Officers in the year ahead.

### ***The referendum on Scottish independence***

The Civil Service Code has, unusually, featured in the national news during 2014-15, primarily in the context of the referendum on Scottish independence. The referendum highlighted two major issues: how a unified Civil Service can serve both the UK Government and the Scottish Government: and the challenges to Civil Service impartiality generated by a referendum, where the traditional lines between party politics and Government policy are less clear than in a General Election.

There were public allegations from both sides of the referendum debate that civil servants had breached the Code provisions on impartiality – from the Better Together campaign, criticising the way in which the Scottish Government's White Paper *Scotland's Future*<sup>38</sup> had been produced and arguing that civil servants had been drawn into party politics; and from the Yes campaign arguing that the publication of advice<sup>39</sup> from the Treasury Permanent Secretary, Sir Nicholas Macpherson, on post-independence currency union similarly compromised the political impartiality of the Civil Service. Both of these matters were referred to in the PASC report *Lessons for Civil Service impartiality from the Scottish independence referendum*.<sup>40</sup>

Given the Commission's statutory role as the arbiter on Code complaints, we have deliberately not commented on these cases in case this compromised our ability to adjudicate fairly on a complaint relating to them, if one were brought to us. In the event, only two of the complaints we received this year related to the referendum: one about the Scottish Government's White Paper and the other relating to the publication of statistics by the Department for Work and Pensions. Neither of these

<sup>37</sup> <http://www.civilservicecommission.independent.gov.uk/information-for-departments-civil-service-code/>

<sup>38</sup> <http://www.gov.scot/Publications/2013/11/9348>

<sup>39</sup> [http://www.gov.uk/government/uploads/attachment\\_data/file/279460/Sir\\_Nicholas\\_Macpherson\\_-\\_Scotland\\_and\\_a\\_currency\\_union.pdf](http://www.gov.uk/government/uploads/attachment_data/file/279460/Sir_Nicholas_Macpherson_-_Scotland_and_a_currency_union.pdf)

<sup>40</sup> <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmputadm/111/11102.htm>

complaints were made by civil servants, and it was therefore not possible for the Commission to accept them for consideration – our remit is limited to hearing complaints brought by civil servants. Although there were a number of public statements indicating that individuals intended to bring a complaint to the Commission about the publication of Sir Nicholas’s advice, we did not receive such a complaint.

On the broad question of how a unified Civil Service can serve both the UK Government and the devolved Governments in Scotland and Wales<sup>41</sup> the Commission does not consider that the Code presents an obstacle to this. The Code does not require civil servants to be neutral on matters of policy, but rather to be capable of serving the Government of the day with equal energy and dedication whatever its political complexion. For civil servants working in UK Government Departments – in Whitehall or elsewhere in the UK – this means serving the UK Government. For those serving one of the devolved administrations, it means the Scottish or Welsh Government; they do not owe a higher allegiance to the UK Government.

However, it remains important that the Civil Service remains politically impartial, in terms of remaining separate from party politics. The impartial Civil Service is an important part of the UK’s constitutional framework. As PASC has identified, unlike General Elections where it is possible to distinguish between party politics and the normal business of government, a referendum presents additional challenges. PASC has recommended an amendment to the Civil Service Code so that the provisions that apply in respect of parties in the Code also apply in respect of the ‘yes’ and ‘no’ campaigns in a referendum, so that any future referendum does not give rise to the same uncertainty and controversy. The Commission agrees with PASC’s recommendation in this regard and considers that a minor amendment to the Code would provide helpful clarity on an important issue.

### **Changes to the Code**

The Codes in place for the majority of 2014-15 were published in 2010, following the commencement of the Constitutional Reform and Governance Act 2010, which enshrined the Civil Service values in primary legislation for the first time.

On 16 March 2015, the Government announced that it had amended the Code provisions on ‘impartiality’, to include a requirement for Ministerial authorisation before civil servants have contact with the media. The Commission was not consulted about this change, and has been unable to establish from the Government whether the change applies only to the Code relating to civil servants serving the UK Government and Welsh Government or also to the separate ones that apply to civil servants working for the Scottish Government or in the Diplomatic Service.

Following some public criticism of this change from those that suggested it could deter whistle-blowers from exposing serious wrong-doing, the Government has undertaken to consult the Civil Service trade unions and the Devolved

---

<sup>41</sup> The Northern Ireland Executive is served by the separate Northern Ireland Civil Service, which has its own Code of Ethics.



Administrations on further amendments to the Code, including provisions to make clear that the Code does not remove the protection for whistle-blowers set out in other legislation. Although the Commission has, again, not been consulted as part of this, we submitted our views on the changes during April 2015, which falls outwith the current reporting period, based on our experience of adjudicating on complaints under the Code.

## Building our capability

### Commissioners and staff – changes during 2014-15

Commissioners serve for a five-year non-renewable term of appointment. Three of our Commissioners – Adele Biss, Peter Blausten and Eliza Hermann – came to the end of their term of office on 31 March 2015. In addition, another Commissioner – Christine Farnish – resigned from the Commission during 2014-15 as she had been appointed by the Government to conduct an independent review of the Money Advice Service.

We began a recruitment competition to appoint new Commissioners in February 2015, following the publication of the Triennial Review report. In the event, it proved necessary to cancel the competition for reasons outwith the Commission's control. A new competition will be launched in 2015-16.

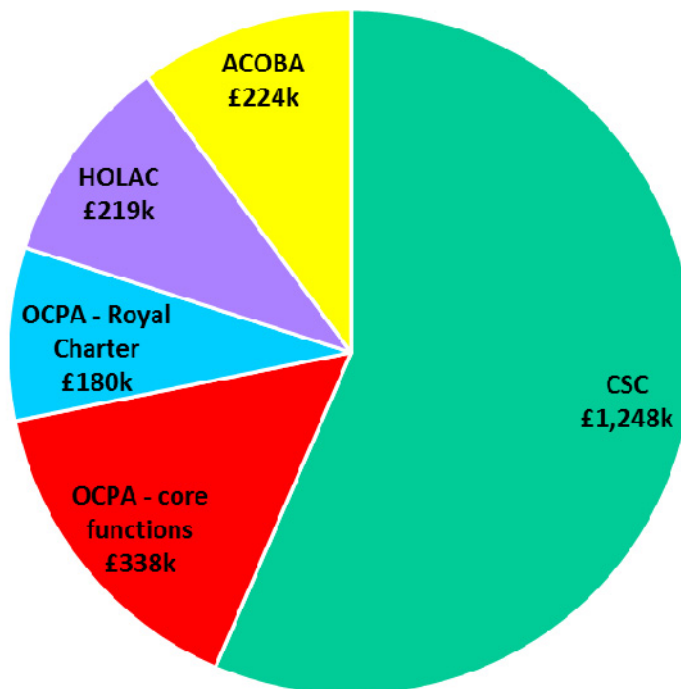
We have seen less turn-over of staff this year than in 2013-14, largely as a result of the steps taken last year to stagger secondment dates. We did, however, lose two key members of our senior management team – Sharon Foster-King and Terry Willows. While we were able to recruit able successors, this inevitably left a gap in our corporate knowledge for a period.

### Finance summary

The Commission's Accounts for 2014-15 are presented at Part 2.

As we have explained, the Commission provides secretariat support for three other independent institutions and the budgets and expenditure of those organisations are incorporated within the Commission's overall budget and expenditure for the purposes of our Accounts and this summary. The breakdown of expenditure between the four institutions supported by the Civil Service Commission Secretariat is shown in Figure 7.

**Figure 7: Expenditure by institution, 2014-15**



Including the Commission’s work for the other Independent Offices, the Commission had a budget of £2.496m (£2.488m in 2013-14). The Commission’s net expenditure was £2.209m (£2.252m in 2013-14), an underspend against the budget of £287k (£236k in 2013-14).

Our main items of expenditure during 2014-15 were:

- Secretariat staff costs:** £912K, compared with £901k in 2013-14. The increase reflects the fact that we were more successful this year in filling vacancies when they arose and carried gaps for shorter periods. Of the £912k, approximately £556k (61%) relates to ‘core’ Civil Service Commission work and £356k (39%) relates to supporting the other three independent bodies for whom we provide secretariat support.
- Compliance monitoring audit contract:** £234k, the same amount as last year. Of the £234k figure, £129k (55%) relates to ‘core’ Civil Service Commission work of monitoring compliance with the Recruitment Principles. The remainder (£105k or 45%) relates to monitoring compliance with the Code of Practice on Public Appointments.
- Competition fees:** £149k compared with £188k in 2013-14.<sup>42</sup> This is the most volatile element of the Commission’s expenditure, and is driven primarily by the volume of senior competitions. The Commission’s budget is based on an estimate of the number of recruitment competitions that may be held,

<sup>42</sup> Competition fees are paid in addition to the Commissioners’ Board fees and the First Commissioner’s salary; all three types of fee (Commissioners’ Board fees, Commissioners’ Competition fees and the First Commissioner’s salary) amount to £306k for 2014-15. This figure excludes National Insurance contributions.

however the Commission does not have control over when, or how often, Departments choose to recruit. This is also the main cause of the Commission's underspend this year.

## Statutory disclosures

The following information is published in alignment with the requirements of the Companies Act 2006 (Strategic and Directors Report) Regulations 2013, as modified for public sector organisations by the Government Financial Reporting Manual (FRoM), published by HM Treasury.

### *Risks and uncertainties*

The Commission maintains a risk register which is regularly reviewed by both the Audit and Risk Committee and the Board. As the regulator for recruitment to Civil Service, we consider our principal risk to be that Government, Civil Service and/or Departmental policy initiatives and/or practice changes (including European legislation) undermine confidence in our regulatory framework or leads to loss of confidence in the Civil Service appointments system.

All the identified risks have agreed risk controls and mitigation, including reliance on legislation and the fact that our regulatory approach has been made clear in the Recruitment Principles since April 2009. The risk controls also include maintaining close links with Government Departments, including the Cabinet Office as our sponsor.

### *Accounts preparation and going concern basis*

The accounts attached to this report have been prepared in accordance with the Accounts Direction issued by the Minister for the Cabinet Office under the 2010 Act.

The Commission's accounts have been prepared on the assumption that the Civil Service Commission is a going concern on the grounds that where the Commission has outstanding current liabilities at the end of the year these will be funded in the next year by annual Grant-in-Aid. The Cabinet Office has agreed our budget and business plan for 2015-16 and our four-year corporate strategy for 2012-16. These can be viewed on our website.<sup>43</sup>

In common with Government Departments, the future financing of the Commission's liabilities is accordingly to be met by future grants of supply to the Cabinet Office and the application of future income, both to be approved by Parliament. There is no reason to believe that future approvals will not be forthcoming.

---

<sup>43</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2013/02/Strategic-Framework-2012-2016.pdf> and <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2015/07/Civil-Service-Commission-Business-Plan-2015-16-Marchversion-1-1.pdf>

### *Pension schemes and liabilities*

The Commission has no pension liabilities. Commissioners' appointments are not pensionable. All staff are currently seconded from the Civil Service and are members of the Principal Civil Service Pension Scheme.

### *Register of Board members' interests*

Commissioners record any interests such as company directorships and other significant interests in the Register of Interests, published on our website.<sup>44</sup>

### *Audit*

The Commission's internal audit service is provided by the Government Internal Audit Agency (GIIA) (formerly HM Treasury Internal Audit). The internal audit team advise the Chief Executive, who is also the Accounting Officer, and the Audit and Risk Committee. The remuneration for this work in 2014-15 was £7,560 (2013-14: £8,280).

The external audit of the Commission's accounts is undertaken by the Comptroller and Auditor General, as required by the 2010 Act. The remuneration for this work is £8,000 for 2014-15 (2013-14: £7,250), see note 4 to the attached Accounts. No other non-audit work was undertaken by the National Audit Office during the year 2014-15 (2013-14: nil).

As far as the Accounting Officer is aware:

- there is no relevant audit information of which the auditors are unaware; and
- the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the auditors are aware of, and have access as required, to that information.

### *Contractual relationships*

The Commission has a contract with KPMG to conduct annual compliance monitoring audits of Government Departments and Agencies' recruitment policies and procedures on the Commission's behalf to ensure that they comply with the Commission's Recruitment Principles.

The Commission has a contract with Pay Check to process the payment of Commissioners and a contract with DF Press to provide press officer support.

During the reporting period, the Commission also had a contract with Gatenby Sanderson on behalf of the Appointments Committee appointed by the Commissioner for Public Appointments in respect of work to fulfil the requirements of the Royal Charter on press self-regulation. Gatenby Sanderson provided executive

---

<sup>44</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2012/03/Jan-2015-Register-of-Interests.pdf>

search services in relation to the appointments to the Board of the Recognition Panel established under the Charter.

In addition, the Commission's Memorandum of Understanding with the Cabinet Office enables us to use many of the Cabinet Office's suppliers, in particular the Department for Work and Pensions, which provides the Cabinet Office with much of its corporate finance requirements. We are charged on a per capita basis for these services.

### *Policy on payment of suppliers*

Payment of the Commission's suppliers is carried out by the Cabinet Office under the Memorandum of Understanding; it is not possible to identify separately the speed with which the Commission's suppliers are paid from those of the Cabinet Office. The Cabinet Office applies the five-day prompt payment rule, and its terms of contract are usually payment within 30 days of receipt of a valid invoice. The Commission understands that during 2014-15 the Cabinet Office paid 98 per cent of invoices within 30 days (2013-14: 98.6 per cent).

### *Compliance with Treasury and other guidance*

The Commission has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector information guidance.

### *Data protection and incidents involving personal data*

The Data Protection Act 1998 (DPA) requires the Commission, as an organisation that processes personal data, to process that information in accordance with the data protection principles<sup>45</sup> and to register with the Information Commissioner's Office (ICO).<sup>46</sup>

For a small organisation, the Commission manages a large amount of personal data. Most of this relates to Civil Service recruitment and complaint handling, and is held so that the Commission can discharge its role of providing assurance that civil servants are selected on merit on the basis of fair and open competition, and hearing complaints under the Civil Service Code. The Commission also holds data relating to its own staff.

There were two personal data incidents in 2014-15 (none in 2013-14), both of which concerned unauthorised disclosure of data to unintended recipients. Neither incident was deemed to fall within the criteria for reporting to the ICO.

Section 7 of the DPA creates a right, commonly referred to as subject access, which is most often used by individuals who want to see a copy of the information an organisation holds about them. The Commission received one such request in 2014-15 (three in 2013-14).

---

<sup>45</sup> <https://ico.org.uk/for-organisations/guide-to-data-protection/data-protection-principles/>

<sup>46</sup> <https://ico.org.uk/ESDWebPages/DoSearch?reg=115771>

### Attendance information

The level of sickness absence within the Secretariat in 2014-15 was 4.4 average working days lost per staff year<sup>47</sup> (10.2 days in 2013-14) equating to 3.6 days per person. The most recently available equivalent figure for the Civil Service was 7.3 average days lost per staff year, equivalent to 6.3 days per person.<sup>48</sup>

The figure for Commission staff sickness absence includes the extended absence of one member of staff, which in a small organisation like ours can cause a disproportionate impact. When that individual's absence is excluded from the calculation, the average working days lost per staff year is 1.6 (equivalent to 1.3 per person). This compares with 3.9 days lost per staff year in 2013-14 when the long-term absence of a different member of staff is excluded from the calculation.

### Future developments

At the end of the reporting period, we were in the process of recruiting four new Commissioners to replace the four who stood down during, or at the end of, 2014-15. It is possible that one further Commissioner may stand down during 2015-16 once the new Commissioners have been recruited. During April 2015, for reasons outwith the Commission's control, the First Civil Service Commissioner had to take the decision to terminate the competition. We will run a new recruitment competition during 2015-16.

We also expect that the Government will run a recruitment competition to appoint a new First Civil Service Commissioner to replace David Normington when his five-year term of office expires on 31 March 2016. Under the terms of the Commission's Memorandum of Understanding with the Cabinet Office, the recruitment panel will be chaired by the Cabinet Secretary and run in line with the principles set out in the Commission's *Recruitment Principles*.

Additionally, we anticipate further progress in implementing the recommendations of the Triennial Review during 2015-16. For further information see page 14.

The budgets for the Advisory Committee on Business Appointments and House of Lords Appointments Commission (both of which are included within the Civil Service Commission's total budget) will be uplifted by a combined total of around £100,000 during 2015-16 to enable those bodies to respond to the inevitable surge of casework that follows in the year following a general election. This will cover staff salaries and associated costs, including the corporate services and IT overhead charge levied by the Cabinet Office.

### Sustainability, environmental, social and community initiatives

The Commission has adopted the Cabinet Office's policy on volunteering which aims to encourage staff to participate in volunteering activity in the community and to

---

<sup>47</sup> Average Working Days Lost per Staff Year = the total number of working days lost across the year divided by the total number of potential staff years.

<sup>48</sup> Accessed 11 July 2015

enable staff to build their skills through practical experience. Staff are eligible for up to five days paid leave per year for volunteering activity as part of their personal development.

Commission staff have supported various charities during the year, specifically “Send a smile with Santa” Christmas appeal for St Barts Hospital and Macmillan Cancer Support.

We are committed to improving the work/life balance for its staff and we value diversity. We try to accommodate different working patterns and our staff may join the Cabinet Office’s diversity networks.

We have Codes of Practice for both Commissioners and staff that require them to observe the highest standards of integrity, honesty, objectivity and impartiality; and to offer the highest standards of service to the public.

The Commission contributes to the Cabinet Office’s commitment to making a continuing contribution to the goals, priorities and principles of the UK Government’s Sustainable Development Strategy, Securing the Future. Details of the initiatives to reduce energy consumption in Cabinet Office can be found on the Government’s website.<sup>49</sup>

---

<sup>49</sup> <https://www.gov.uk/government/organisations/cabinet-office/about/our-energy-use>



## Remuneration Report

### Board and senior staff remuneration

The following information is covered by the Comptroller and Auditor General's audit opinion.

The First Civil Service Commissioner is a part time office holder; Commissioners are all part time fee-paid office holders. Their remuneration is shown in Table 3.

**Table 3: Fees paid to Commissioners**

	Period 1 April 2014 to 31 March 2015	Period 1 April 2013 to 31 March 2014
<b>Commissioners</b>	<b>Pay band (£000)</b>	<b>Pay band (£000)</b>
David Normington	85-90	85-90
Adele Biss	Board fees 5-10	Board fees 5-10
	Competition fees 5-10	Competition fees 15-20
Andrew Flanagan	Board fees 5-10	Board fees 5-10
	Competition fees 15-20	Competition fees 10-15
Angela Sarkis	Board fees 5-10	Board fees 5-10
	Competition fees 15-20	Competition fees 20-25
Christine Farnish	Board fees 0-5	Board fees 5-10
	Competition fees 0-5	Competition fees 15-20
Christine Hallett	<i>Left July 2013</i>	Board fees 0-5
		Competition fees 5-10
Eliza Hermann	Board fees 5-10	Board fees 5-10
	Competition fees 20-25	Competition fees 20-25
Jonathan Baume	Board fees 5-10	Board fees 5-10
	Competition fees 15-20	Competition fees 30-35
Kathryn Bishop	Board fees 5-10	Board fees 5-10
	Competition fees 5-10	Competition fees 10-15
Moirra Gibb	Board fees 5-10	Board fees 5-10
	Competition fees 5-10	Competition fees 5-10
Neil McIntosh	<i>Left July 2013</i>	Board fees 0-5
		Competition fees 0-5
Peter Blausten	Board fees 5-10	Board fees 5-10
	Competition fees 10-15	Competition fees 5-10
Wanda Goldwag	Board fees 5-10	Board fees 5-10
	Competition fees 25-30	Competition fees 25-30

## Notes

With the exception of David Normington, Commissioners receive two separate forms of payment: a flat fee (Board fees) and additional payment to reflect the volume of competition work they are involved in (Competition fees)

David Normington's fees reflect his full remuneration for both his work as First Civil Service Commissioner and his work as the Commissioner for Public Appointments.

Christine Farnish ended her term as a Commissioner in September 2014.

The total fees payable for chairing competitions (to Commissioners and to Public Appointments Assessors who chaired competitions on the Commission's behalf) was £146k (£188k in 2013-14).

No bonuses or benefits in kind were received in year.

The Commission has determined that the Chief Executive meets the definition of senior management. The current Chief Executive is a civil servant on secondment to the Commission. She was appointed by the First Commissioner, with the approval of the Cabinet Office, in December 2012 following a Civil Service wide competition. Her remuneration is shown in Table 4. The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

**Table 4: Senior Staff Remuneration**

	Salary (£000)		Bonus Payments (£000)		Benefits in Kind (to the nearest £100)		Pension Benefits (£000)		Total (£000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Clare Salters	65-70	65-70	0	0	0	0	13	22	80-85	85-90

## Note

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 (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

During 2014-15, the Commission established a Remuneration Committee in order to determine the remuneration of the Chief Executive and the remuneration policy for any staff directly employed by the Commission.

Reporting bodies are required to disclose the relationship between the Full Year Equivalent (FYE) remuneration (to the nearest £5000 band) of the highest-paid employee in their organisation and the median remuneration of the organisation’s workforce. As shown in Table 5, the banded full year equivalent of the highest-paid employee in the Commission in 2014-15 was £65-70k FYE (2013-14: £65-70K). This was 2.17 times the median remuneration of the workforce (2013-14: 2.17 times), which was £31,041 (2013-14: £31,136).

**Table 5: Hutton fair pay disclosure ratio**

	Period 1 April 2014 to 31 March 2015	Period 1 April 2013 to 31 March 2014
Band of Highest Paid Employee’s remuneration (to nearest £5000 band)	65-70	65-70
Median Total Remuneration	£31,041	£31,136
Ratio	2.17	2.17

**Pensions**

Commissioner appointments, including that of the First Civil Service Commissioner, are not pensionable. The Commission does not operate its own pension scheme. All staff are on secondment from the Civil Service and are therefore members of the Principal Civil Service Pension Scheme. All pension arrangements for staff are dealt with by the Department in the Civil Service from which they are seconded to the Commission. All pension arrangements relate to defined contribution pension schemes and contributions are charged in the income and expenditure account as they become payable in accordance with the rules of the arrangements.

The Chief Executive’s pension, as shown in Table 6, has accrued in her role as a civil servant.

**Table 6: Chief Executive's pension**

	Accrued pension at pension age and related lump sum (£000)			Cash Equivalent Transfer Value (CETV) (£000)		
	At start of reporting period	At end of reporting period	Real increase in value during reporting period	At start of reporting period	At end of reporting period	Real increase during reporting period
Clare Salters	19 (plus lump sum of 55-60)	20 (plus lump sum of 60-65)	0-2.5 pension 0-2.5 lump sum	291	314	7

*Clare Salters*

**Clare Salters**  
Chief Executive  
Civil Service Commission

9 July 2015

## Statement of Accounting Officer's Responsibilities

The Principal Accounting Officer of the Cabinet Office has designated the Commission's Chief Executive as Accounting Officer for the Civil Service Commission.

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 the Civil Service Commission's assets – are set out in *Managing Public Money*, published by HM Treasury.

Under the Constitutional Reform and Governance Act 2010, the Civil Service Commission is required to prepare, for each financial year, accounts prepared on an accruals basis and giving a true and fair view of the state of affairs of the Civil Service Commission and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the annual report and accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* (FReM) and, in particular, to:

- observe the Accounts Direction issued by the Cabinet Office, 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 FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going-concern basis.

## Governance Statement

The Civil Service Commission is an independent executive Non-Departmental Public Body (NDPB), sponsored by the Cabinet Office that was created in its current form on 11 November 2010 by the commencement of Part 1 of the Constitutional Reform and Governance Act 2010.

As Accounting Officer, I have responsibility for maintaining effective systems of corporate governance controls – both structural and procedural – to support the achievement of the Commission’s policies, aims and objectives whilst safeguarding the public funds and assets for which I am responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

### Governance Framework

The Commission’s Board is made up of the Commissioners, and is chaired by the First Civil Service Commissioner. The Board is supported by a Secretariat, headed by the Commission’s Chief Executive. Together, the Board and the Secretariat constitute the Civil Service Commission.

The Board reviews information on the Commission’s core work at each Board meeting and periodically reviews its own performance to ensure that it and its standing committees are acting effectively.

The Commission’s budget is set by the Cabinet Office; expenditure against it is reviewed quarterly by the Board. Expenditure is reviewed on a monthly basis by the Chief Executive, and on a day-to-day basis by the Commission’s finance team.

The Commission has established a number of standing committees, to advise the Board on specific areas and, in certain cases, to exercise functions on behalf of the Board. At the start of 2014-15, the Commission had three standing committees:

- the Audit and Risk Committee, established to support the Board in its responsibilities for issues of risk control and governance;
- the Recruitment Standing Committee, which had oversight of the effective operation and impact of the Recruitment Principles and policies and procedures for handling complaints made under them; and
- the Civil Service Code Standing Committee, which advised the Board on the exercise of the Commission’s responsibilities relating to the Civil Service Code, and which had deleted responsibility for adjudicating on appeals brought to the Commission, under section 9 of the Constitutional Reform and Governance Act 2010.

In June, the Board revised its governance structures, seeking to reduce duplication of effort between the Board and the Recruitment and Code Committees. It therefore disbanded those two Committees, retaining only the Audit and Risk Committee. The Code Committee’s previous delegated authority to adjudicate on appeals brought

under section 9 of the 2010 Act was transferred to a panel of Commissioners, assembled on a case-by-case basis to examine individual cases – as set out in the Commission’s Standing Orders, published on our website.<sup>50</sup>

In June, the Board established a Remuneration Committee, to determine the remuneration of the Chief Executive and any directly-employed staff who may be appointed in future. This followed the recommendation of an internal audit review on the arrangements for determining the Chief Executive’s remuneration, conducted during 2013-14.

With the exception of the Code Committee’s delegation to adjudicate on appeals brought under section 9 of the 2010 Act and the Remuneration Committee’s delegation to determine the Chief Executive’s remuneration, all recommendations made by standing committees are subject to Board approval.

Membership of the standing committees during 2014-15 is listed in Annex B.

Except as set out below, the Commission complies with the *Corporate Governance in Central Government Departments: Code of Good Practice 2011 Compliance Checklist*, which is regarded as best practice. The exceptions are:

- All Commissioners are non-executives. There are no additional non-executive members of the Board.
- The Chief Executive, as Accounting Officer, is responsible for writing the Governance Statement, rather than the Board. The statement is reviewed by the Audit and Risk Committee and cleared by the Board before publication.
- Our Memorandum of Understanding with the Cabinet Office is not automatically re-negotiated when key personnel leave (including when there is a change of Government). We have regular meetings with the sponsor team in the Cabinet office and an agreement that the Memorandum of Understanding will be reviewed every three years. The review due in 2013-14 was delayed, at the Cabinet Office’s request, pending the Triennial Review. It was similarly delayed during 2014-15.

In the majority of areas, Commission follows Cabinet Office guidelines and procedures for internal control. Where the Commission’s policy differs from the Cabinet Office’s, this is set out in Standing Orders, which are published on our website.<sup>51</sup>

The Commission is registered in the Information Commissioner’s register of data controllers. We have reviewed our procedures for information security against those used by the Cabinet Office and advice provided by the Information Commissioner – the Commission is compliant with the relevant security policies.

---

<sup>50</sup> <http://civilservicecommission.independent.gov.uk/about-us/how-we-work/>

<sup>51</sup> <http://civilservicecommission.independent.gov.uk/about-us/how-we-work/>

### *Board and Standing Committee performance*

The Board met monthly during 2014-15 (except in May, August and January). Minutes of the Board's and Committees' meetings, and many of the papers considered, are published on our website.<sup>52</sup> In addition to these formal Board meetings, Commissioners and senior members of the Secretariat met in May and January to discuss preparations for, and the recommendations of, the Triennial Review of the Commission (see page 14) and the Board conducted additional business by correspondence in between meetings.

The Recruitment Committee did not meet prior to the June 2014 Board decision to disband it and the Code Committee.

The Code Committee met in April and considered the National Audit Office Reports on Whistle-Blowing in Government, arrangements for handling complaints, the Committee on Standards in Public Life research project "Ethics in Practice" as well as an update on Civil Service Code audit.

The Audit and Risk Committee met in June, October and March. It reviewed the risk register, the reports of reviews conducted by the Commission's internal auditors (see page 52), reports from the National Audit Office, staffing arrangements, and expenditure against budget.

The Remuneration Committee met in August to consider the process for the Chief Executive's performance and talent assessment for the current and subsequent year. A subsequent discussion took place in September. The Cabinet Office has now agreed that the Commission may determine the Chief Executive's non-consolidated performance bonus (within the overall limit set by Government). The Cabinet Office, however, retains the final decision on any consolidated increase in base pay.

All Commissioners attended all scheduled Board and Standing Committee meetings except as follows:

- Adele Biss was unable to attend the July and February Board meetings;
- Kathryn Bishop was unable to attend the April and February Board meetings and the April Code Committee;
- Peter Blausten was unable to attend the July Board meeting;
- Andrew Flanagan was unable to attend the October Board and ARC meetings;
- Moira Gibb was unable to attend the March Board meeting;
- Wanda Goldwag was unable to attend the June Board and ARC meetings and the November Board meeting;

---

<sup>52</sup> <http://civilservicecommission.independent.gov.uk/about-us/board-papers/>



- Eliza Hermann was unable to attend the July and November Board meetings;
- Angela Sarkis was unable to attend the April and December Board meetings and the April Code Committee;
- Christine Farnish was unable to attend the April Code Committee.

The Board reviewed its performance and its governance structures in June 2014. As well as changes agreed to its standing committee structure, the Board agreed to refocus its future meetings so that, in addition to its regular policy discussions and oversight of the Secretariat's work, it alternated between a focus on practical issues arising in senior competitions and a review of casework dealt with by the Commission and trends in competition outcomes.

Each Commissioner has an annual review with the First Commissioner to discuss their contribution to the work of the Board and its committees, their link relationships with Departments, their role as competition chair for senior recruitment and their involvement in compliance monitoring activities.

### *Data quality*

The Board has a number of data sources available to it to enable it to carry out its work.

In providing assurance that selection for appointment to the Civil Service is on merit, following a fair and open competition ("the requirement"), the Commission obtains most of its data through **compliance monitoring audits of departmental recruitment** (see page 32). These audits are currently carried out by KPMG on behalf of the Commission, and are based primarily on data provided by the Departments. The Board is satisfied that the quality of the analysis is high. The quality of the base data provided by Departments is more variable but sufficient to enable a proportionate assessment of the likely risk of non-compliance with the requirement. Currently, this compliance monitoring data is collected and analysed the year after the recruitment in question, meaning that it is reported on in the following year's Annual Report. This time lag is not ideal, and we will be moving to more real-time assessment during 2015-16.

For a very small number of senior appointments, the Commission obtains its data to provide assurance about compliance with the requirement by **directly chairing competitions**. Data are collated on the Commission's casework database drawn from the Commissioner's panel report and the diversity monitoring return. This information is then analysed by the Secretariat and presented to the Board in the Quarterly Board Report. The database and the Quarterly Board Report also deal with data about appointments by **Exception** (see page 21) and **complaints** (see pages 30 and 43) dealt with by the Commission.

For the first three Quarterly Board Reports during 2014-15 (presented in April, July and October), the quality of the data and the analysis in the Quarterly Board Report has been high, and the Board has been satisfied with it.

However, following the Commission's transition to a new IT platform (the Government's gov.uk network), the database is no longer fully supported on the system and can only be accessed via a portal connection, which did not prove to be a stable means of accessing the database, and it was therefore difficult to obtain anything more than the basic information in the early period, and it was impossible to obtain sufficiently accurate information to provide any analysis of trends over time for the fourth Quarterly Board Report (presented in January).

The Secretariat raised concerns about the stability of the new system with the IT suppliers in the Cabinet Office. They have worked with us to ensure a more reliable source of data for the Board in future. At the time of writing, we are assured by those responsible that the problem was due to initial teething difficulties rather than representing a more systemic problem. We will keep this closely under review.

The data used by the Board to oversee the Commission's expenditure come from a combination of the Secretariat's finance spreadsheet and data supplied by the Cabinet Office's finance team, which provides transactional finance services to the Commission. An internal audit review from the end of 2013-14 recommended some changes to the Commission's spreadsheet; implementation of this has been delayed pending the move to the new IT system. We have additionally identified some difficulties during 2014-15 with the data provided by the Cabinet Office team – mainly to do with a time-lag in our expenditure being extracted from the Cabinet Office accounts and re-posted into our own records, resulting from system limitations. The Cabinet Office finance team advises that it has identified ways to improve the recording and classification of our expenditure. We will be working closely with them to improve things for 2015-16.

To date, the level of control has remained acceptable despite the problems identified above.

### *Management of Risk*

The Commission's corporate governance controls are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. They can therefore only provide reasonable, not absolute, assurance of effectiveness.

Risks are managed on an ongoing basis, in a process that is designed to identify and prioritise the risks to the fulfilment of the Commission's statutory role and to the achievements of its policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to identify what actions are in place, or need to be taken, to mitigate their impact effectively, efficiently and economically.

Cabinet Office guidelines and procedures have been observed during 2014-15 and this Annual Report and Accounts accord with HM Treasury guidance.

The Audit and Risk Committee (ARC) meets quarterly and reports to the Board at the following Board meeting. ARC supports the Board by reviewing whether proportionate assurance for meeting the Board's and Accounting Officer's

responsibilities are available and by testing the reliability and integrity of those assurances. This includes responsibility for the effective operation and impact of the Memorandum of Understanding with the Cabinet Office; the Commissioners' Code of Practice; the Staff Code of Practice; and the Commission's business planning process.

The Commission has a risk register in place that has been assessed and considered at senior management level and at Board level. The risk register is regularly scrutinised, discussed, updated and ratified at both ARC and the Board. It is considered at each ARC meeting and formally reviewed by the Board twice a year, or more frequently as required. It is maintained by the Secretariat and is available to all staff and Commissioners. The risks are owned by the First Commissioner, Chief Executive or relevant team leaders. Team leaders are responsible for training and equipping their staff to manage risk. The organisation is sufficiently small that good practice, and changes in risks, can be shared by way of the fortnightly all-staff meetings or internal bulletins.

The Commission's main strategic risk for the majority of 2014-15 was that Government policy on Civil Service recruitment (arising from, or separate to, the Triennial Review – see page 14) would impede the Commission's ability to fulfil its statutory function of providing assurance that selection for appointment was on merit following a fair and open competition. The Commission sought to mitigate that risk by working closely with the Cabinet Office, HR Directors across Whitehall and the Triennial Review team to ensure that the likely impact on the Commission's functions was properly understood.

In the final quarter of 2014-15, the Commission faced an additional strategic risk, with attempts made by parts of the Cabinet Office to restrict the Commission's ability to select its own press officer and, instead, to accept a press office service from the Government Communications Service. This was swiftly resolved when we raised our concerns with the Principal Accounting Officer at the Cabinet Office, the issue highlighted an important issue about our independence. It is important, in fulfilling our statutory functions, that our press advice is independent of, and separate from, Government.

Moving below the strategic level, the Commission's main business risk during 2014-15 was the risk of loss of expertise due to turnover of Commissioners (one left during the reporting year, and three others were due to end their five-year non-renewable term of office on 31 March 2015) or staff (all staff are seconded from Civil Service Departments, and the Commission has therefore limited control over their recall).

We have sought to mitigate these risks by planning ahead for future Commissioner recruitment; by proactively working with seconding Departments to agree renewal of secondment agreements ahead of time; and by reorganising the Secretariat to strengthen capacity to work across teams and cover during periods of pressure. The reorganisation of the Secretariat has improved resilience and capability, and should stand us in good stead moving forward. In many cases, we have been successful in retaining staff and recruiting high quality successors, but we have suffered from the loss of corporate memory with the departure of two key staff during autumn 2014.

In the final quarter of 2014-15, the transition to the new IT platform (see page 64) represented an additional risk to the Commission's operations by making it impossible for us to use our normal casework tracking database to monitor workloads and analyse trends. We have sought to mitigate this by working closely with the Cabinet Office technology team to address the stability of the new system. This remains a work in progress at the end of the reporting period.

### *Review of effectiveness*

As Accounting Officer, I have responsibility for reviewing the effectiveness of the Commission's governance procedures and controls. During my review, I have consulted the Board, the Audit and Risk Committee, and have systems in place to ensure improvements are implemented as required.

I have engaged an internal audit team (from HM Treasury, now part of the Government Internal Audit Agency) and have consulted them, and the National Audit Office regularly on matters of internal control. Both sets of auditors attend all Audit and Risk Committee meetings.

We had two internal audit reviews during 2014-15, one on the Commission's financial management processes and one on the systems in place for approving and processing expenses and payments. Both of these reviews were given a 'yellow' assurance rating (which is defined as meaning that, in the opinion of the auditor, "some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control"). There were 21 recommendations in total (some outstanding from 2013-14) all of which were accepted by management, of which 13 have now been implemented and two are not yet due for implementation. There are six recommendations that are yet to be implemented at the end of the reporting period; there is a plan in place to implement them by September 2015.

I consider that the processes, checks and controls provided by the Board, the Audit and Risk Committee and the Secretariat team have been effective.

No significant governance control issues have been identified in this year.



**Clare Salters**  
Chief Executive  
Civil Service Commission

9 July 2015

## Annex A: Commissioners and Secretariat

### Commissioners during 2014-15

The Commissioners, whose biographies all appear on the Commission's website, are appointed by the Queen for a single five- year term of office.

**David Normington**, First Civil Service Commissioner, appointed 1 April 2011

**Adele Biss**, Commissioner 1 April 2010 to 31 March 2015

**Peter Blausten**, Commissioner 1 April 2010 to 31 March 2015

**Eliza Herman**, Commissioner 1 April 2010 to 31 March 2015

**Kathryn Bishop**, Commissioner since 1 April 2012

**Christine Farnish**, Commissioner 1 April 2012 to 5 September 2014

**Moira Gibb**, Commissioner since 1 April 2012

**Wanda Goldwag**, Commissioner since 1 April 2012

**Angela Sarkis**, Commissioner since 1 April 2012

**Jonathan Baume**, Commissioner since 1 November 2012

**Andrew Flanagan**, Commissioner since 1 July 2013

Of the 10 Commissioners in post on 31 March 2015, four were male and six were female. One other female Commissioner served during 2014-15.

### Secretariat during 2014-15

The Secretariat supports the Board of the Civil Service Commission. The staff in the Secretariat during 2014-15 are listed below. Of the 20 staff in post on 31 March 2015 (18.6 full time equivalent), seven were male and 13 were female.

#### *Chief Executive and Business Support Team*

Clare Salters, Chief Executive

Val Iceton, Personal Assistant

Nicola Carpenter, Finance Officer

Deborah De Beukelaer, Finance Officer (intern)

Leroy Cargill, Support Officer

Paul Skinner, Business & Finance Manager until September 2014

### ***Team leaders and Principal Policy Advisers***

Ekpe Attah, Business Appointments and Lords Appointments

Bill Brooke, previously Civil Service Code Policy, now Recruitment Policy

Sandra Campbell, Compliance Monitoring

Clive Barbour, Public Appointments from December 2014

Heidi Ferguson, Civil Service Code & Finance from October 2014

Sharon Foster-King, Recruitment Policy & Finance until September 2014

Terry Willows, Public Appointments until November 2014

### ***Senior Caseworkers***

Carrie Aitken

Isabel Fraser

Michaela Greener

Catherine Millington

Jennifer Smith

Heidi Ferguson, until October 2014

Alex Morrow, from January 2015

### ***Caseworkers***

Raj Bahia

Sean Edwards-Playne

Dean Ponder

Baljit Rayit

## Annex B: Standing Committee membership

### *Audit and Risk Committee*

Wanda Goldwag (chair)

Adele Biss

Andrew Flanagan

Jonathan Baume

ARC is also attended by the Chief Executive, relevant members of the Secretariat and members of both the internal audit team from the Government Internal Audit Agency and the National Audit Office.

### *Remuneration Committee*

David Normington (chair)

Wanda Goldwag

Eliza Hermann

### *Recruitment Standing Committee (until June 2014)*

Eliza Hermann (chair)

Andrew Flanagan

Peter Blausten

Maira Gibb

Angela Sarkis

### *Civil Service Code Standing Committee (until June 2014)*

Adele Biss (chair)

Angela Sarkis

Christine Farnish

Jonathan Baume

Kathryn Bishop

## Part 2: Annual Accounts 2014-15

### 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 the Civil Service Commission for the year ended 31 March 2015 under the Constitutional Reform and Governance Act 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Commission, Accounting Officer and auditor*

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Civil Service Commission and the Accounting Officer are 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 Constitutional Reform and Governance Act 2010. 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 the Civil Service Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Civil Service Commission; 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 the Civil Service Commission's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Constitutional Reform and Governance Act 2010 and Cabinet Office's 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 Cabinet Office's directions made under the Constitutional Reform and Governance Act 2010; and
- the information given in Review of 2014-15 – Building our capability 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**

**Date**      **14 July 2015**

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

## Statement of Comprehensive Net Expenditure for the period ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
<b>Expenditure</b>			
Staff and Commissioner costs	3	1313	1354
Other Expenditure	4	896	903
<b>Income</b>			
Income from Other Government Departments	5	-	(5)
<b>Net Expenditure</b>		2209	2252
Interest Payable/Receivable		-	-
Net Expenditure after Interest		2209	2252
<b>Total Comprehensive Net Expenditure for the period ended 31 March 2015</b>		2209	2252

The notes on pages 78 to 84 form part of these accounts.

## Statement of Financial Position as at 31 March 2015

	Note	2014-15 £000	2013-14 £000
<b>Total Assets</b>		0	0
<b>Current liabilities</b>			
Trade and other payables	6	141	225
<b>Total current liabilities</b>		141	225
<b>Total assets less current liabilities</b>		141	225
<b>Assets less liabilities</b>		141	225
<b>Taxpayers' equity</b>			
General Fund		141	225
<b>Total taxpayers' equity</b>		141	225

The notes on pages 78 to 84 form part of these accounts.



**Clare Salters**  
Chief Executive  
Civil Service Commission  
9 July 2015

## Statement of Cash Flows for the period ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
<b>Cash flows from operating activities</b>			
Net Deficit		(2209)	(2252)
Increase/(Decrease) in trade payables	6	(84)	157
<b>Net cash outflow from operating activities</b>		<b>(2293)</b>	<b>(2095)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash outflow from investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Grants from parent Department		2293	2106
Non-cash adjustments for restatements	9	-	(11)
<b>Net financing</b>		<b>2293</b>	<b>2095</b>
<b>Net increase/(Decrease) in cash and cash equivalents in the period</b>		-	-
<b>Cash and cash equivalents at the beginning of the period</b>		-	-
<b>Cash and cash equivalents at the end of the period</b>		-	-

The notes on pages 78 to 84 form part of these accounts.

## Statement of changes in Taxpayers' Equity

	Note	I & E Reserve £000	Total Reserves £000
<b>Balance at 1 April 2013</b>		(68)	(68)
Transfer of Function	9	(11)	(11)
Grants from Parent Department		2106	2106
Comprehensive Net Expenditure for the year		(2252)	(2252)
<b>Balance at 31 March 2014</b>		<b>(225)</b>	<b>(225)</b>
<b>Balance at 1 April 2014</b>		(225)	(225)
Grants from Parent Department		2293	2293
Comprehensive Net Expenditure for the year		(2209)	(2209)
<b>Balance at 31 March 2015</b>		<b>(141)</b>	<b>(141)</b>

The notes on pages 78 to 84 form part of these accounts.

## Notes to the accounts for the year ended 31 March 2015

### 1. Statement of Accounting Practices

#### *Basis of Preparation*

As an independent executive Non Departmental Public Body (NDPB), the Civil Service Commission's financial statements have been prepared in accordance with the Accounts Direction given by the Minister for the Cabinet Office, the Commission's sponsoring Department. They meet the requirements of the *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM apply *International Financial Reporting Standards (IFRS)* as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### *Going concern*

The financial statements have been prepared on the basis that the Commission is a going concern. The Commission is a statutory body created by the Constitutional Reform and Governance Act 2010. The Commission's budget and business plan for 2015-16 and corporate framework have been agreed by the Cabinet Office.

#### *1.1 Accounting convention*

These accounts have been prepared under the historical cost convention modified to account for the revaluation of assets and liabilities to fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The Commission, with the exception of accruals, has not made any estimates in producing these accounts.

#### *1.2 Income*

Income principally comprises fees and charges for services provided on a full-cost basis to external customers and includes income due to the Consolidated Fund that, in accordance with the FReM, is treated as operating income.

### *1.3 Cash and cash equivalents*

The Commission does not hold a bank account or cash. Under a Memorandum of Understanding, payments are made, and receipts collected, on behalf of the Commission by the Cabinet Office, through its central bank account.

### *1.4 Grant-in-Aid*

As the Commission is an independent executive Non-Departmental Public Body, Grant-in-Aid is treated as financing from the sponsoring Department. This is recognised as a credit into general reserves and is treated on a cash basis in accordance with guidance given in the FReM. Grant-in-Aid is received indirectly in the form of payments made by the sponsoring Department, the Cabinet Office.

### *1.5 Financial Instruments*

The majority of financial instruments relate to contracts to buy non-financial items in line with expected purchase and usage requirements. The Commission is not exposed to significant liquidity, interest rate, or foreign currency risk.

### *1.6 Operating Segments*

The Commission provides Secretariat support for four separate institutions.<sup>53</sup> Further details are provided in Note 2. Our operating segments reflect these four functional areas. The Accounting Officer is accountable for the propriety and expenditure of all four institutions, and the Commission Board has a general oversight role for the totality of expenditure. The Board's primary role, however is to focus on the 'core' Civil Service Commission's functions, in particular those derived directly from the 2010 Act.

### *1.7 Future changes in Accounting Policy*

There are no Accounting Standards that have been issued but not yet come into effect under the FReM that will have a material impact on the Civil Service Commission's Financial Statements.

---

<sup>53</sup> The Civil Service Commission itself, the Advisory Committee on Business Appointments (ACOBA), the House of Lords Appointments Commission (HOLAC) and the office of the Commissioner for Public Appointments (OCPA).



## 2. Operating segments

The Civil Service Commission provides secretariat support to the House of Lords Appointments Commission, the Advisory Committee on Business Appointments, and the Office of the Commissioner for Public Appointments. The spend for each area is reflected in the table below.<sup>54</sup>

£000	2014-15					2013-14				
	CSC	OCPA	HOLAC	ACOBA	Total	CSC	OCPA	HOLAC	ACOBA	Total
Commissioner or Committee Member Fees	272	45	26	28	371	325	41	26	27	419
Other Gross Expenditure	976	473	193	196	1838	1008	482	179	169	1838
Income	(0)	(0)	(0)	(0)	(0)	(5)	(0)	(0)	(0)	(5)
<b>Net Expenditure</b>	<b>1248</b>	<b>518</b>	<b>219</b>	<b>224</b>	<b>2209</b>	<b>1328</b>	<b>523</b>	<b>205</b>	<b>196</b>	<b>2252</b>

<sup>54</sup> The cost of Secretariat and other generic support is based on a work-sampling exercise. The exercise is used to divide the secretariat resources between CSC and non-CSC work. It also provides a starting point for splitting the non-CSC work between the three other bodies, the Office of the Commissioner for Public Appointments (OCPA), the House of Lords Appointments Commission (HOLAC), and the Advisory Committee on Business Appointments (ACOBA), which is then manually adjusted to reflect any peaks and troughs which have not been picked up by the work sampling exercise. The cost was calculated on the basis of: CSC 61%, OCPA 13%, HOLAC 12%, and ACOBA 14%. The CSC is happy that this gives a materially reasonable outcome.

### 3. Staff numbers and related costs

#### 3.1 Staff<sup>55</sup> and Commissioner<sup>56</sup> costs

£000	2014-15				2013-14
	Total	Staff	Commissioners <sup>57</sup>	Office Holders <sup>58</sup>	Total
Wages and salaries	1087	715	306	66	1117
Social security costs	90	60	30	-	99
Other pensions costs	136	136	-	-	138
<b>Total</b>	<b>1313</b>	<b>911</b>	<b>336</b>	<b>66</b>	<b>1354</b>

#### 3.2 Commissioner and staff numbers (full-time equivalent)

	2014-15				2013-14
	Total	Staff	Commissioners <sup>57</sup>	Office Holders <sup>58</sup>	Total
Directly employed	0	0	0	0	0
Inward secondments	18.4	18.4	0	0	19.3
Office holders	38.0	0	10.4	27.6	40.4
<b>Total</b>	<b>56.4</b>	<b>18.4</b>	<b>10.4</b>	<b>27.6</b>	<b>59.7</b>

#### Note

The numbers of staff, Commissioners and Office Holders reflect the monthly average throughout 2014-15. The number in post on 31 March 2015 were 10 Commissioners, 28 Office Holders and 18.6 (full time equivalent) staff.

<sup>55</sup> This figure represents 100% of staff costs for the period 1 April 2014 to 31 March 2015. As explained in note 2 (Operating Segments), staff costs were calculated at 61% for the Civil Service Commission's 'core' regulatory responsibilities, 13% for OCPA, 12% for HOLAC, and 14% for ACOBA.

<sup>56</sup> Commissioners receive two different types of fees: 'Board fees' and 'Competition fees' that are paid for each day that a Commissioner chairs a recruitment competition. Both types of fees are included in 'Staff and Commissioner Costs'.

<sup>57</sup> 'Commissioners' includes the First Civil Service Commissioner and Commissioner for Public Appointments (a single joint appointment) and all Civil Service Commissioners.

<sup>58</sup> 'Office Holders' includes the Chair and Members of HOLAC and the Chair and Members of ACOBA. It includes the 14 Public Appointments Assessors and (in Note 3.1) the proportion of their costs that is met by OCPA (the majority of their costs are paid directly by Departments). It does not include the Commissioner for Public Appointments, who is included under 'Commissioners' because it is a joint appointment with that of First Civil Service Commissioner.

#### 4. Other expenditure

	Note	2014-15 £000	2013-14 £000
<b>Other Expenditure</b>			
Accommodation, utilities and IT costs		445	456
Consultancy		342	330
Supplies and services		69	64
Other staff related costs		5	35
Travel, subsistence and hospitality		27	11
Audit Fee		8	7
<b>Total</b>		<b>896</b>	<b>903</b>

#### Notes

Of the £342 Consultancy figure, £129k relates to the audit of Departments' compliance with the recruitment principles; £105k relates to the audit of their compliance with the Code of Practice on Ministerial Appointments; £130k relates to the recruitment of a Chair and Members to the Recognition Panel established by a Royal Charter on the self-regulation of the press following the Leveson Inquiry; £9k relates to the work done by HMT Internal Audit; and (£34k) relates to a credit for a duplicate transaction for a payment on consultancy services made in 2012-13.

In 2014-15, Commissioner expenses, which previously fell under 'other staff related costs', have been re-classified as 'travel, subsistence and hospitality' because this was seen as a more appropriate classification. Commissioner expenses totalled £24k in 2013-14 and £22k in 2014-15.

#### 5. Income

	Note	2014-15 £000	2013-14 £000
<b>Administration</b>			
Income From Other Government Departments	1.2	0	5 <sup>59</sup>
<b>Total</b>		<b>0</b>	<b>5</b>

<sup>59</sup> During the previous reporting period, the income received was from the Home Office for the Commission's assistance with some recruitment competitions for posts below SCS pay band 2.

## 6. Trade Payables and Other Liabilities

	2014-15 £000	2013-14 £000
<b>Current</b>		
Accruals and deferred income	141	225
<b>Total</b>	<b>141</b>	<b>225</b>

### 6.1 Intra-Governmental Balances

	2014-15 £000	2013-14 £000
<b>Current</b>		
Balances with other central government bodies	78	148
<b>Subtotal intra-government balances</b>	<b>78</b>	<b>148</b>
Balances with bodies external to government	63	77
<b>Total payables at 31 March 2015</b>	<b>141</b>	<b>225</b>

## 7. Contingent Assets disclosed under IAS 37

The Civil Service Commission is expected to recover costs related to a legal court case involving the House of Lords Appointments Commission of approximately £15k in the next financial year.

## 8. Related Party Transactions

In accordance with the requirements of IAS 24, the Civil Service Commission is an independent executive NDPB funded by the Cabinet Office. The Commission has had a small number of transactions with other Government Departments in relation to staff secondments<sup>60</sup> and the Department for Work and Pensions in relation to chairing a small number of more junior recruitment competitions.

Back office services are provided to the Commission from the Cabinet Office under a Memorandum of Understanding for a per capita charge of £23,854, a total of £443,684 for the period ending 31 March 2015.

<sup>60</sup> Cabinet Office, Department for Culture Media and Sport, Home Office, Northern Ireland Office, Crown Prosecution Service, Department for Communities and Local Government and the Government Actuary's Department.

No manager or other related party has undertaken any material transaction with the NDPB during the year. No compensation has been paid to management and Commissioners.

### **9. Transfer of functions**

From 1 April 2013 onwards the Civil Service Commission has provided secretariat support to three other independent offices sponsored by the Cabinet Office: the House of Lords Appointments Commission, the Advisory Committee on Business Appointments, and the Office of the Commissioner for Public Appointments. The transfer of these responsibilities was accounted for as a transfer of function by absorption. The net liabilities relating to this transfer were introduced into the accounts on 1 April 2013, with a corresponding balance to the General Fund of (£111k).

### **10. Events after the Reporting Period**

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are no other events to report.

ISBN 978-1-4741-1979-5



9 781474 119795