



*Regulating recruitment to the Civil Service, providing assurance that appointments are on merit on the basis of fair and open competition*



*Helping to promote the Civil Service Code and its values of honesty, integrity, objectivity and impartiality*



# Civil Service Commission Annual Report and Accounts 2017-18



# Civil Service Commission

## Annual Report and Accounts 2017-18

Accounts 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

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

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# **Part 1: Annual Report 2017-18**



# Overview

## First Civil Service Commissioner's Foreword

2017 was a year of significant change for the Commission. In particular we:

- Revised our Recruitment Principles for the Civil Service – focused especially on improving diversity and access;
- Changed our Compliance Regime which assesses Departments' adherence to the Constitutional Reform and Governance (CRAG) Act to better reflect the context and challenges in which each Department is working;
- Recruited six new Commissioners, broadening the skills, experience and diversity within the Commission

I'd like to thank all the Commissioners and our staff who have continued to deliver our core business successfully as well as implementing these changes. A particular thank you goes to Jonathan Baume who retired last October after five outstanding years as a Commissioner.

Overall the Civil Service itself also had an impressive year against a backdrop of extraordinary challenge. In particular, helping the Government steer a path through the Brexit negotiations, supporting the security services against terror attacks, and delivering a complex range of services to the public whilst continuing to modernise itself.

As an example of this modernisation I am particularly proud of North West civil servants who have successfully piloted a scheme to recruit ex-offenders into employment by the Civil Service, thus reducing the risks of reoffending and improving the diversity and skills of the

Civil Service itself. This is one of the Commission's four strategic priorities announced last year being delivered in practice and has required great persistence, sensitivity and commitment.

So what is my top challenge to the Civil Service for 2018? It is to improve the diversity around the "top table" and in the Fast Stream. I would especially highlight the lack of senior BAME leaders (the current Permanent Secretaries are all white, with only four BAME ever); also the failure to appoint any black applicants to the Fast Stream in 2016. I could just as easily challenge on disability or social mobility. And whilst there has been good progress since 2016 on appointing women Permanent Secretaries, this has slowed recently and could easily be reversed through natural wastage. There are no silver bullets, but equally there is no likelihood of change in the next few years unless there is prompt and collective action now to ensure the top levels of the Civil Service are more representative of the country they serve.

The Commission will continue to be responsive to the needs and challenges of the Civil Service in the years ahead to enable it to recruit the wide range of skills it will need, while upholding the important principles that are the bedrock of our impartial and internationally admired Civil Service.

A handwritten signature in black ink, appearing to read 'Ian Watmore'. The signature is fluid and cursive, with a prominent loop at the end.

**Ian Watmore**  
First Civil Service Commissioner



## Chief Executive's Introduction

Welcome to the Civil Service Commission Annual Report and Accounts 2017-18, the first year I have been Chief Executive for the whole reporting period, having taken up post in late 2016. The context for this year has been one of changes in our approach, as signalled in last year's report.

The Commission is a modern regulator seeking to enable its stakeholders to undertake their business effectively within the bounds of the Constitutional Reform and Governance Act. We recognise that the Civil Service faces challenge, pressure and change on a daily basis to both deliver relevant public services as well as be a brilliant Civil Service that reflects the diversity of the UK's citizens. Therefore, part of our focus this year has been about understanding how we can better influence and support Civil Service initiatives such as the Diversity and Inclusion Strategy.

Last year we committed to enhance the skills of the Commission's secretariat including to build a strategy function, which has been done. An ambition was also set to better use the vast experience of the Commissioners and engage them in a wider range of the Commission's work. This has begun to be achieved through establishing a number of Commissioner led working groups, supported mostly by the new strategy function, and a number of positive actions have been delivered.

Firstly, a diversity working group focused on how to influence the representation of people from a BAME background at the most senior levels of the Civil Service. Understanding and analysing a range of data about government departments, researching recruitment in other sectors and identifying best practice has led to the development of a Commissioner toolkit. This will support Commissioners to help recruiters in attempting to attract more high quality applications from a more diverse background see page 25.

Secondly a working group to review our compliance regime. Building on what some stakeholders have told us we have developed a balanced scorecard approach that takes more account of the context in which individual departments and agencies are working. We are most proud of this achievement and more details can be found at page 32.

Our relationship with departments and agencies is important for keeping up to date with their plans. We have recently refreshed Link Commissioner arrangements with main departments to support that. We also now hold our monthly Commission meeting at a different department each time and invite the Permanent Secretary and HR Director to tell us about their current challenges and plans for recruitment.



Our business as usual activity increased in 2017-18 as we audited this year each of the 71 departments and agencies that we regulate, rather than just a sample and will now regularly audit them all each year. The number of senior recruitment competitions requiring a Commissioner to chair has remained steady this year, unlike previous years where we have seen constant growth. The number of Recruitment Principle complaints received this year was 172 see page 26. Civil Service Code appeals remain at a low number, more details of which are at page 29. Importantly the pressures we have faced over the year have been met and overcome within budget.

Of course, without the dedicated secretariat team the successes achieved would have been far less. Over the year the secretariat has grown its capabilities and the culture has developed into a more open and trusting environment, which has resulted in hugely improved Civil Service People Survey results showing us as a high performing team. We are all proud of these results and thanks go to all members of the secretariat for their invaluable contributions.

The Commission secretariat continued to support the Office of the Commissioner for Public Appointments (OCPA) and the Advisory Committee on Business Appointments (ACOBA) for the whole year. Support was provided to the House of Lords Appointments Commission (HOLAC) from 1 April to 30 November 2017, at which point secretariat responsibility for HOLAC transferred to Cabinet Office.

The coming year will see a continued push on diversity, expanding our work to include a greater focus on recruiting people with a disability, supporting departments to enhance people's life chances by making use of our revised Exception 2. We will be embedding our new approach to audit and compliance, including taking in-house the quarterly data collection for which the team will be resourced to better use data across all three of the independent offices that the secretariat supports.



**Peter J Lawrence OBE**  
Chief Executive  
Civil Service Commission

Date: 17 July 2018

# Key Facts

## Civil Service wide

**45,363** 

people recruited to the Civil Service, **up 14%** from **39,792** in 2015-16

*(gross recruitment, not net change in Civil Service numbers)*

**11%** 

of recruitment (**5,001**) was by Exception (**up from 9.4% in 2016-17**)

**85**

breaches of **Recruitment Principles** (240 in 2016-17)



**100%**

of departments and agencies **audited** compared to **49%** in 2016-17



**172**

**Recruitment Principles complaints** considered (83 in 2016-17)



**75**

**Civil Service Code Appeals**

considered in the year, of which **22 cases** referred to Departments for **investigation and initial decision** (47 in 2016-17, of which 27 referred to Departments)



## Commissioner chaired competitions

**164** 

recruitment competitions at SCS 2 and above **chaired by Commissioners**  
5625 applicants up 12 % from 2016-17



Females made up **25%** of applicants but they were more successful at each stage; **39% of shortlists** and **46% of appointable candidates**

Candidates self-declaring as **BAME** made up **16%** of applicants but only **7% of shortlists**, and **2% of appointable candidates**

Candidates self-declaring as having a **disability** made up **5%** of applicants but only **3% of shortlists**, and **2% of appointable candidates**

**63%**   
of appointments were made to **existing civil servants** (60% 2016-17, 46% 2015-16)

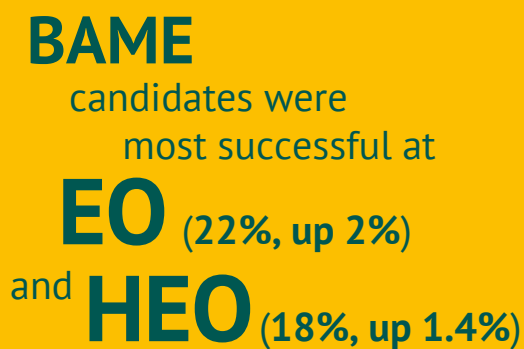
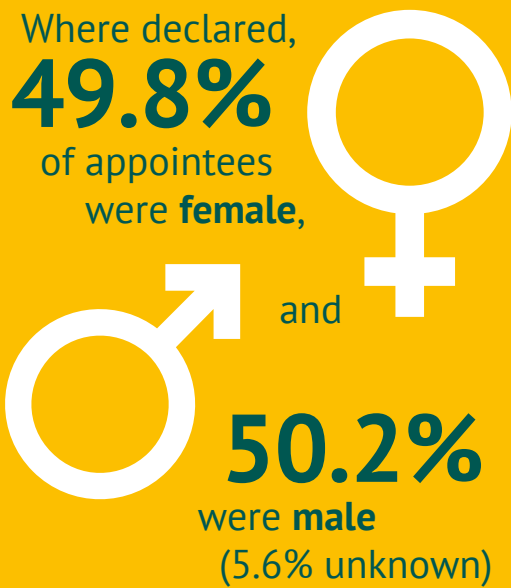
**71%**   
of first choice candidates rated **Outstanding** or **Very Good** by panels

**110**

Number of competitions that produced **more than one appointable candidate** (67%)



## Recruitment below SCS pay band 2



## Posts competed and resulting appointment made at SCS pay band 2 and above 2013-14 to 2017-18

Table 1

	POSTS COMPETED			APPOINTMENTS MADE*			NO APPOINTMENT MADE
	OPEN	INTERNAL	TOTAL	OPEN	INTERNAL	TOTAL	
2017-18	158	6	164	153	6	159	5
2016-17	158	4	162	149	4	153	9
2015-16	154	4	158	120	4	124	34
2014-15	77	2	79	71	2	73	6
2013-14	100	16	116	83	15	98	18

\*candidate recommended by the panel

## Overview of strength of fields in Commissioner chaired competitions 2017-18

Table 2

	STRENGTH OF FIELDS
Number of competitions no appointments made	5
Number of competitions that only produced one appointable candidate	49 (31%)
% of winning candidates rated 'outstanding' or 'very good'	71%
% of winning candidates rated 'acceptable'	8%

# Performance Analysis: Review of 2017-18

## Who we are

### Why the Commission was established and how we regulate

The Civil Service Commission regulates selection for appointment to the Civil Service to provide public assurance that appointments are made on merit on the basis of fair and open competition, as required by Parliament.

The Commission also works to uphold the ethical standards of the Civil Service by hearing appeals under the Civil Service Code and helping departments to promote the values in the Code: Integrity; Honesty; Objectivity; Impartiality.

The roots of the Commission go back to the mid nineteenth century, when it was first established as a central recruiting authority, with the aim of eliminating patronage and boosting the efficiency of the Civil Service.

The Commission took on its current regulatory remit in the late twentieth century and its role and powers were established in primary legislation in 2010.

The Commission is a modern, principles-based regulator. Our most significant regulatory levers include:

- Setting and publishing our Recruitment Principles, which are mandatory for Civil Service departments and agencies, and which explain how the statutory requirement to select on merit on the basis of fair and open competition applies in practice.

- Compliance monitoring through audits and visits to check that departments are following the Recruitment Principles.
- Chairing the most senior selection panels.
- Hearing appeals from anybody who believes that the Recruitment Principles have not been followed.
- Promoting the Civil Service Code and hearing appeals.

All these activities are described in this report along with our training and other work to support civil servants involved in recruitment and in upholding the ethical standards of the Civil Service. We support the Civil Service to recruit the best talent it can to become a service that truly reflects the country it serves and is equipped to face the challenges of the twenty-first century.

## The Commission

The Commissioners collectively form the Civil Service Commission. They are appointed by the Queen for a single five-year term of office. They bring a range of expertise of the private, public and voluntary sectors as well as an independent perspective. There is a real breadth of roles in the Civil Service that are regulated by the Commission which we do through: chairing the most senior competitions; our range of guidance and advice; monitoring compliance; and supporting departments to meet their current and future challenges.

The Commission meets regularly along with the Chief Executive and members of the secretariat to consider business and strategic matters and takes informed decisions in pursuit of its regulatory functions. During 2017-18 the Commission agreed a number of key decisions, for example: revisions to the Recruitment Principles that support the Commission's four strategic priorities; a new approach to building relationships with departments through a stronger Link Commissioner role; and a refreshed approach to compliance.

The Commission agreed to hold two strategy days each year in November and April. The first of these, November 2017, focused on our strategic priority for supporting the Civil Service to enhance its diversity through recruitment.

As part of enhancing relationships with departments the Commission decided that it would be helpful in understanding the recruitment context and challenges faced by departments if it held its monthly meetings at different departments. Permanent Secretaries have been generous in hosting us and discussing their recruitment successes, challenges and approach to enhancing the diversity of applicants. The first of these was held in October 2017 when the monthly Commissioner meeting was hosted by the Department for Education, our strategy day in November was held at the conference centre at BEIS, in February 2018 the Commission was hosted by the Ministry of Housing, Communities and Local Government, and in March 2018 we went to the Ministry of Justice.

We will continue this roving approach over the next year, starting with our next strategy day in April 2018 at the Government Digital Service and a meeting of the Commission at the Home Office in June.

## The Commissioners

In April 2017 we recruited six new Commissioners from across the public and private sectors who bring additional skills and experience to the Commission. Four of these new Commissioners joined our existing Commissioners in June 2017, with the remaining two joining in October 2017.



### Ian Watmore

Ian spent 24 years in the private sector culminating as Accenture UK CEO from 2000 to 2004. He then worked for 7 years in the Civil Service, holding three different Permanent Secretary posts, first at the Prime Minister's Delivery Unit in No 10, then at the Department of Innovation, Universities and Skills, and latterly at the Cabinet Office. He has held several Board positions in sports administration and is a Church Commissioner. He is an independent member of Cambridge University's Information Services Committee chairs the Migraine Trust charity and successfully project-managed the creation of a community sports hall in south Manchester.

Ian was appointed as First Civil Service Commissioner from 1 October 2016 to 30 September 2021.





### Jonathan Baume

Jonathan is a member of the Board of the Health & Safety Executive, and is a non-executive director of the Office of Nuclear Regulation and of the Criminal Cases Review Commission. He served on the ACAS Council from 2011 until 2014. He was General Secretary of the First Division Association (FDA), a professional association and union for the UK's senior public servants and professionals, for sixteen years until October 2012. He joined the FDA as Deputy General Secretary in 1989, previously having worked at the TUC specialising in employment law and equality issues. After studying politics, philosophy and economics at Keble College Oxford, he joined Oxfordshire County Council in 1974 as a graduate trainee, and entered the Department of Employment Group in 1977, leaving for the TUC in 1986.

Jonathan was appointed as a Civil Service Commissioner on 1 November 2012 and his term ended on 31 October 2017.



### Andrew Flanagan

Andrew previously served as Chief Executive of the NSPCC, the child protection charity. Prior to this, over a period of twelve years, he was Finance Director and then Chief Executive of the Scottish Media Group. A chartered accountant by profession, Andrew has also worked for various American and European telecoms and accounting companies. Andrew qualified as a Bachelor of Accountancy at Glasgow University and then qualified at the Institute of Chartered Accountants of Scotland. He has also held a number of non executive roles including Chairman of the Heritage House Group and as a non executive director for Phonepay Plus and the Scottish Rugby Union.

Andrew was appointed as a Civil Service Commissioner on 8 July 2013 until 7 July 2018.

Link Commissioner (until 30 June 2018):  
Scottish Government, DfID



### **Sarah Laessig**

Sarah holds Board positions in the public and private sectors, which reflect her experience and interest in financial services and technology, government, higher education and international development.

Sarah is a Commonwealth Scholarship Commissioner and Visiting Executive at the London Business School. In the commercial sphere, Sarah is a Non-Executive Director of Valoot Technologies, and a member of the Board of Advisors of data.world. Previously an executive at Citigroup, her last corporate role was as a Managing Director, responsible for public sector client business in the Europe, Middle East and Africa region. She also served as a member of the Executive Committee for EMEA's Global Transaction Services business, which directed the \$3.6bn regional business.

Sarah was appointed as a Civil Service Commissioner on 1 October 2015 until 30 September 2020

Link Commissioner: DIT, DEFRA and Digital, Data & Technology profession.



### **Isabel Doverty**

Isabel Doverty was formerly Global Head of Human Resources, Wholesale Banking, at Standard Chartered Bank. Throughout her private sector career she has held senior HR roles in the energy and financial services sectors, specialising in employee relations, organisational change, and executive level recruitment.

Isabel was appointed as a Civil Service Commissioner on 1 October 2015 until 30 September 2020.

Link Commissioner: BEIS, MoD and Commercial profession.



### Kevin Woods

Kevin Woods was most recently Director General of Health and Chief Executive of the Ministry of Health in New Zealand. Previously he was the Chief Executive of NHS Scotland and Director General for Health in the Scottish Government.

Kevin was appointed as a Civil Service Commissioner on 1 October 2015 until 30 September 2020.

Link Commissioner (from 1 July 2018): Scottish Government, DfID and Internal Audit profession.



### Jan Cameron

Jan Cameron was previously the Group Services Director for Norman Broadbent plc, an AIM listed Executive Search Agency. She has extensive HR operational and strategic experience in the private sector where she worked for both Sainsbury's and Homebase gaining a track record of assisting large organisations through change. She has previously served as a trustee of a Pensions Board and currently serves as a member of the Employment Tribunal for HM Courts Service.

Jan was appointed as a Civil Service Commissioner on 1 October 2015 until 30 September 2020.

Link Commissioner: Home Office, MoJ and Legal profession.



### Rosie Glazebrook

Rosie's career started in publishing in the private sector and she now holds a number of Board and NED positions including as a Board Member of the Food Standards Agency, Chair of a Research Ethics Committee, NHS Health Research Authority and as Council Member, General Optical Council. Previously, Rosie held Board and NED positions at Public Health England and the Human Tissue Authority alongside work in other health and consumer-related roles. Rosie has a scientific background and her expertise lies in strategy, governance, regulation and ethics.

Rosie was appointed as a Civil Service Commissioner on 1 June 2017 until 31 May 2022.

Link Commissioner: DCMS, DfT and Communications profession.



### Natalie Campbell

Natalie is an award-winning businesswoman and HarperCollins author. She won the 'Community Spirit' award at the 'Women of the Future Awards' in 2016, an Evening Standard Entrepreneurial Spirit Award in 2017 and was recognised in the Management Today 35 Women Under 35 and City AM Power 100 Women lists. Natalie is the co-founder of A Very Good Company (AVGC), a global social innovation agency, that worked with brands like Virgin Media and Marks and Spencer on sustainability campaigns. She started her first business at 19, by 21 she had launched a Morgan De Toi retail franchise (while in her last year of university). As a non-executive director, she chaired the Nominet Trust and is on the Board of the Big Lottery Fund and LEAP, the Mayor's London economic strategy Board.

Natalie was appointed as a Civil Service Commissioner on 1 June 2017 until 31 May 2022.

Link Commissioner: DfE, MHCLG.



### June Milligan

June has extensive leadership experience in public service, having held senior operational, diplomatic and policy roles. Her most recent executive role was as the Director General for Local Government and Communities in the Welsh Government.

June is an Equality and Human Rights Commissioner, and a member of the Court of the University of Glasgow where she chairs the HR and Remuneration Committees.

June was appointed as a Civil Service Commissioner on 1 June 2017 until 31 May 2022.

Link Commissioner: Welsh Government, DWP and Property profession.



### Joe Montgomery

Joe has held senior executive roles in the private sector, focusing on property and regeneration as well as an executive career in both central and local Government including as Director General at the Department of Communities and Local Government and Director General, Office of Deputy Prime Minister. He also holds several non executive roles.

Joe was appointed as a Civil Service Commissioner on 1 June 2017 until 31 May 2022.

Link Commissioner: DHSC and Policy profession.



### Jane Burgess

The majority of Jane's career has been in the private sector; and she was formerly Partners' Counsellor and a main Board director at John Lewis Partnership. She has extensive experience of senior executive recruitment. She is currently a lay member of the House of Commons Committee on Standards and an ordinary member of the Competition Appeal Tribunal.

Jane was appointed as a Civil Service Commissioner on 1 October 2017 until 30 September 2022.

Link Commissioner: HMRC and HR profession.



### Margaret Edwards

Margaret holds several NED and Chair roles including as a member and former chair of Senior Salaries Review Body and Chair of the Civil Service Pension Board. She was previously Vice President of McKesson International and has held senior roles in central government including NHS National Director and Director General and Board member at the Department of Health where she had a track record of designing and delivering public sector reform.

Margaret was appointed as a Civil Service Commissioner on 1 October 2017 until 30 September 2022.

Link Commissioner: HMT, DEEU and Finance profession.

## The Secretariat

The secretariat supports the individual Commissioners as well as the collective Commission. The Chief Executive and five team leaders make up the senior leadership team, and on 31 March 2018 there were 18 members of staff employed in the Commission secretariat (16.8 FTE). The secretariat is staffed entirely by civil servants on loan\secondment from a range of government departments, and new recruits are employed by Cabinet Office prior to being seconded to the Commission.

Our staff are vital to the success of the Commission and we have continued to develop and invest in the team by promoting learning and development opportunities. This year members of the secretariat have, for example, shadowed Commissioners in planning meetings, trained to become Fast Stream assessors and studied for and qualified at associate level for CIPD.

We are proud when we see members of the team develop their skills in ways that benefit not just our work but them as individuals and with a view to their future Civil Service careers. We take particular pride when that development leads them to new things either on promotion or a stepping stone role on their path to success.

The results of our staff survey for 2017 were significantly improved in each of the ten key theme areas compared to the previous year. We have looked hard to identify opportunities for culture change and make improvements where we can to how we work. Early actions included holding a secretariat development day to discuss how jointly we could bring about changes and make the secretariat the best place we have ever worked.

*“Since the new Chief Executive joined us in November 2016, he has been particularly keen to better understand and address concerns raised in the previous survey.”*

**Heidi Ferguson**, Head of Strategy and Corporate Services

The day was designed to be open and non-hierarchical and to develop a greater shared understanding of the work of the different teams within the secretariat and build a more cohesive culture.

A further secretariat development day was held in March 2018 to review and maintain progress, build on our successes and focus on personal resilience and wellbeing.

**Table 3: The five key theme areas showing most improvement**

Key theme	2016	2017
Engagement index	51%	73%
My work	69%	93%
Learning and development	14%	70%
Inclusion & fair treatment	72%	93%
Leadership & managing change	47%	80%

# Performance Analysis: Review of 2017-18

## What we do

### Strategic Priorities

Simply put we regulate appointments to the Civil Service. We also have a key role in upholding the Civil Service Code. The Commission supports the Civil Service in recruiting and making sure that the most meritorious candidate for any Civil Service job is appointed.

*“It is important that our approach is one of firm on principle, flexible on process.”*

**Jane Burgess**, Commissioner

We achieve this by: setting and actively promoting the Recruitment Principles; providing general guidance materials and guiding departments specifically in response to enquiries we receive; auditing recruitments; chairing senior competitions; hearing recruitment complaints; promoting the Civil Service Code and seriously investigating claims by those raising concerns. We continue to develop our approach to our four priorities alongside our business as usual activity:

1. Diversity - support the Civil Service in enhancing the diversity of appointees, particularly those from a BAME background or people with a disability and at the most senior levels.
2. 21st Century Skills – support the recruitment of more modern skillsets to the Civil Service such as digital, cyber security, commercial, agile, investor, social entrepreneur expertise.

3. Brexit – maintain a flexible and responsive approach for Departments that may need to recruit senior people quickly and in large numbers on a short term basis to deliver Brexit.
4. Life Chances – work with Ministers and the Civil Service to find opportunities and remove barriers for a diverse group of entrants.

### Appointments to the Civil Service

Selection for appointment to the Civil Service must be on merit on the basis of fair and open competition, or under the terms of one of the Exceptions outlined in the Recruitment Principles that are set by the Commission. We report below on the use of Exceptions for Civil Service appointments.

The range of recruitment competitions which require a Commissioner to chair is broader than many realise and is not all traditional policy roles. During 2017-18 these have ranged from Trade Commissioners for the Department for International Trade, to the Chief Vet for DEFRA; and from Principal Private Secretary to the Prime Minister, to Director General Operations at the National Crime Agency, and the Chief Constable of the MoD police.

The Commission is clear that the merit requirement does not mean that Civil Service recruitment cannot be quick, flexible or responsive to business needs. The Commission encourages departments to be innovative in designing processes that deliver for them. We have, for example worked with the Government Digital Service to clear away many myths



in departments that the merit requirement was somehow a barrier to reaching out and finding the best digital talent

We have also worked with the Cabinet Office to remove barriers that meant the work of some really skilled young people during their time in the Civil Service on the Summer Diversity Internship Programme was not recognised if they applied for Fast Stream programmes. Previously the work they had done already would count for nothing and they would have to start the process of application again from the beginning. As a consequence, the Civil Service was losing some really talented young people from very diverse backgrounds, to organisations that could move more nimbly. This is no longer the case and they can now move more easily to assessment for the Fast Stream.

This year we held a public consultation, across government and via our public website, on some proposed revisions to our Recruitment Principles. The most significant changes are designed to allow the Commission to more easily support government employment initiatives to provide work opportunities for a range of disadvantaged groups; and also to help departments to bring in those with highly specialist skills.

We also took this opportunity to better align the Recruitment Principles with the Commission's strategic priorities, and to provide clarity on a number of points where feedback has indicated this might be beneficial. These included the use of 'reserve lists' and some issues around secondments.

The responses we received to the consultation were positive. The greater emphasis on diversity was particularly welcomed. The revised Recruitment Principles are due to be published on 1 April 2018.

*"We were pleased to see that Diversity and Inclusion remains high on the agenda of the Commission and we welcome your desire to support employment initiatives providing work opportunities for a range of disadvantaged groups."*

**Consultation response from the Department for International Development.**

## Exceptions

The Commission recognises that there are circumstances where it is necessary to provide some flexibility for Departments to recruit, for example, a niche skill or experience set or where an urgent need makes it disproportionate or impractical to run a full open competition on merit. The 2010 Act allows the Commission to include within the Recruitment Principles provisions for Exceptions to the statutory requirement to select for appointment to the Civil Service on merit on the basis of fair and open competition. Exceptions must be justified by the needs of the Civil Service, or to allow the Civil Service to participate in government employment initiatives, but as the Recruitment Principles state, Exceptions are by definition, exceptional.

There are also a number of technical Exceptions to allow, for example, the free transfer of staff from the separate Northern Ireland Civil Service, or to facilitate the transfer of staff into the Civil Service under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations - TUPE.

The most significant changes to the Recruitment Principles this year were about Exceptions. The Commission recognised that the existing Exception to support government employment initiatives was too narrowly drawn in respect of its improving life chances priority and fully supporting Civil Service diversity ambitions. This Exception allows the Civil Service to offer both short and longer term work opportunities to gain new experience and confidence to help those whose situation or background often makes finding work difficult. Our involvement in a project in the North West to help people leaving prison to transition back into the workplace is outlined at page 26.

We also reintroduced an Exception for Highly Specialist Skills as there was a clear need for this, especially in the Brexit context. Departments were being forced to classify these as temporary needs, which was not always the case.

The Commission continues to be vigilant that the permitted Exceptions are being properly and proportionately applied.

## Compliance

The Commission currently regulates recruitment into the Civil Service by means of a compliance regime grounded in advice and guidance; Departments are then subject to an annual compliance audit of both fair and open recruitment and the use of Exceptions. The Commission hears and investigates complaints about recruitment competitions where there are allegations of lack of fairness, openness or meritocracy. Where appropriate follow up action on recommendations is taken.

At the end of each reporting year we assess and give a risk rating to each department and agency highlighting challenges, to give them an opportunity to improve. The results are published in the Commission's Annual Report and Accounts (see page 36) and on our website.

## Chairing Recruitment Competitions

Commissioners chair recruitment competitions for the most senior appointments in the Civil Service, to provide real-time regulatory assurance that selection is on merit on the basis of fair and open competition.

Many of these roles are of understandable interest to Ministers, as they will be for the senior leaders in departments and agencies working to ensure that the government's priorities are being delivered effectively. The Recruitment Principles encourage Ministers to be appropriately involved, for example they

can play an active role in shaping the requirements of senior roles. At the later stages in the competition, Ministers may meet shortlisted candidates to discuss the role. When this happens a representative of the Commission must always be present. They do not however sit on the selection panel or influence the merit decision.

Commissioners play an active role in the recruitment competitions they chair. In the planning process they will put a particular emphasis on how the department can attract a strong and diverse field of candidates. Commissioners encourage departments to construct selection processes for senior competitions that are tailored to the needs of the particular role; different types of roles may require different approaches to gathering and testing information on the candidates. Commissioners will always seek to ensure that the panel concentrates on the advertised criteria for the role to ensure that all candidates are fairly tested against these.

*“The Civil Service seeks to attract applicants from diverse backgrounds and sectors and Commissioners have a key role to play in this. There is though still more to do to highlight trends and gaps in the workforce data and use this to maximum effect.”*

**Rosie Glazebrook,**  
Civil Service Commissioner

## Civil Service Code

The Civil Service Code is the ethical code of the Civil Service. It is owned by the Cabinet Office and explains the core values laid down by the 2010 Act – Integrity, Honesty, Objectivity and Impartiality – and sets out the standards of behaviour expected of civil servants, forming part of the terms and conditions of employment of every civil servant.

The role of the Commission is to support departments and agencies to promote the Code and it has a statutory role in making arrangements for hearing Code appeals 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 done or been asked to do something that contravenes the core values, and forms an important part of the wider whistleblowing arrangements for civil servants. The Commission’s remit in respect of the Civil Service Code does not extend to HR matters which are dealt with at departmental level. The Commission publishes its decision notices in relation to Code appeals on its website.

Our legal powers allow us only to investigate cases brought by civil servants; there are other bodies – for example the Parliamentary and Health Services Ombudsman – who are able to look at complaints of maladministration brought by members of the public.

## How we do our work

### Being a modern regulator

The Commission has a modern approach to its regulatory functions, including making sure that the most meritorious candidate for any Civil Service job is appointed, where it is firm on principle and flexible on process. Our unique position regulating appointment to the Civil Service requires us to understand both the pressures and ambitions that the Civil Service has in delivering public services. Our four strategic priorities described above (page 20) are intended to support the Civil Service in responding to their pressures and helping them to achieve a brilliant Civil Service that truly reflects the citizens it serves.

We have begun to enhance our engagement with those that we regulate by looking beyond our traditional role where the Commission would; chair recruitment competitions for the most senior posts, monitor compliance, hear complaints under the Recruitment Principles, and hear appeals under the Civil Service Code.

We have looked at many aspects of our work including, amongst other things: understanding how Commissioners can influence the attraction of the most diverse field of candidates; reviewing our approach to compliance monitoring and reporting - taking account of the context in which organisations are working as well as looking ahead; reviewing the Recruitment Principles to enable the Civil Service to provide employment opportunities for those with challenging life chances.

Of course, the requirement for appointment to the Civil Service to be on merit on the basis of fair and open competition remains intact and continues to underpin our more modern approach. The following highlights explain more fully some of the things we are proud to have achieved over the last year.

### Setting and Promoting the Recruitment Principles

The Commission believes it is important to work with departments and agencies to help them to understand the practical implications of the statutory merit requirement, for us to understand the challenges that they face, and to work effectively together to find practical and creative approaches to their recruitment that align with their business needs. We need to understand the context in which the Recruitment Principles are applied, to ensure they are relevant and continue to uphold and support the merit requirement in the fast-changing reality of today's Civil Service.

The Commission's staff spend a great deal of time engaging departmental recruitment contacts, answering queries and working with them to help them to recruit in line with the Recruitment Principles.

This day-to-day activity is supplemented with more formal training sessions. During the course of the year we ran 11 departmental-specific training sessions across a wide variety of departments. Many of these were in London, but we also visited departments in other places, including Wales, Bristol and Newcastle.

These were supplemented with three 'open invitation' sessions, where staff from across the Civil Service came to our offices for training.

## Recruitment to the Civil Service 2017-18

Figures reported from departments indicate that 45,363 staff were recruited to the Civil Service in 2017-18. This is a 14% increase on the reported recruitment total of 39,792 for 2016-17.

Of the total reported recruitment, 40,362 (89%) of new staff were recruited on merit on the basis of fair and open competition. 5,001 (11%) were recruited using one of the Exceptions in the Recruitment Principles. In 2016-17, 9.4% of reported recruitment was by Exceptions.

However, this year, of the 5,001 people recruited under one of the Exceptions, 1,344 (27%) were brought in using Exception 9, which relates to transfers under TUPE regulations, when an organisation or function is transferred into the Civil Service. Once the decision is made to transfer the organisation into the Civil Service, the use of Exception 9 is the technical means by which the transferred staff can enter the Civil Service - it is non-discretionary. If transfers under Exception 9 are excluded, then only 3,657 staff (8%) entered the Civil Service under a discretionary Exception.

## Strategic Priorities

Over the last year the Commission has focused significant effort to delivering on its first strategic priority; Diversity. A working group of Commissioners and secretariat staff was set up to consider how the Commission could better support and influence recruitment with a view to attracting more diverse fields of candidates. Initial work was presented to Commissioners at our strategy day in November including a diversity toolkit to enable Commissioners to challenge departments to think more widely when recruiting for the most senior competitions in the Civil Service. The tool kit includes departmental diversity data and a best practice guide to aid Commissioners in their planning meetings at the beginning of a competition. Using open data and inclusion tools, we have been able to equip Commissioners to challenge departments and search consultants with 'evidence' to ensure everything is done to attract talent from all backgrounds.

The Commissioners also discussed intervention points in terms of our work on diversity and how we would like to interact with the new Civil Service Diversity and Inclusion strategy. The Commission is represented on The Diverse Leadership Taskforce set up by Cabinet Office to hold the Civil Service to account on their Diversity strategy published in 2017.

*"I am pleased with the insight and early interventions we have developed over the past 8 months. As a first step this work has led us to develop a number of outputs to build the Diversity & Inclusion decision-making capability of Commissioners during the competition process. We have made D&I reporting a key component of the new compliance dashboard and I also sit on the new Diverse Leadership Task Force alongside Joe Montgomery."*

**Natalie Campbell**

Chair of the Commission's diversity working group

The updated Recruitment Principles reference the need to ensure there is a diverse field in competitions including explicit mention of the duty of search consultants to 'include the importance of achieving a strong and diverse field of applicants'.

At our November strategy day Commissioners also agreed the initial plans for revising our approach to compliance and reporting. The Compliance working group then developed detailed proposals for further discussion at the April strategy day.

### Ex-offenders pilot

Improving life chances for a diverse group of entrants through finding opportunities in, and removing barriers to, work in the Civil Service is one of the Commission's four priorities. Employing individuals with criminal records is one such opportunity being piloted in the North West through

a project led jointly by Civil Service Local and the Ministry of Justice and in partnership with three local prisons. The First Civil Service Commissioner is championing this initiative.

Exception 2 of the Commission's Recruitment Principles (April 2018), provide for an individual to be appointed for up to two years before being subject to normal Civil Service employment procedures. After two years, candidates up to Executive Officer (EO) grade will be able to be considered to become permanent civil servants under Exception 10 in the Recruitment Principles after a fair and merit based process.

The candidates for the pilot have all come from the partner prisons, one female and two male establishments: HMPs Kirkham, Thorncross and Styal. As at 31 March 2018 six candidates were working in Civil Service roles in three departments, with four at Administrative Officer (AO) grade and two at Executive Officer (EO) grade. A number of other positions were being sourced, candidates were being job matched and start dates were pending. The long term aim is to roll it out on a national scale, and in the future apply a similar format to other groups such as, for example, care leavers and ex-serving military personnel.

### Complaint outcomes

#### Recruitment Principles complaints

There were 5 outstanding cases from last year. In three of these cases we found breaches of the Recruitment Principles. No breaches were found in the other two cases. One case believed to be out

of scope last year has now been found to be in scope for our investigation and is still ongoing at year end, along with three other cases. We found breaches of the Recruitment Principles in four other cases investigated this year.

We received 172 complaints this year (83 in 2016-17). The majority of these complaints were not fully investigated by the Commission because either they were out of scope, or there was clearly

no breach of the Recruitment Principles identified, or the complaints had not yet been investigated in the relevant department. We publish a list of all complaints received on our website and we also publish our findings for all cases that are fully investigated. During 2017-18 we found, for example, the following breaches of the Recruitment Principles. (Full details of all complaints received are available on our website.<sup>1</sup>)

<b>Case 1</b>	<b>The complainant applied for a Senior Civil Service post and their application was unsuccessful at sift. A breach of the Recruitment Principles was found as the complainant was assessed on a criterion that was not advertised.</b>
<b>Case 2</b>	<b>The complainant applied for a Higher Executive Officer post but was unsuccessful following interview. During the investigation, the Commission found that the panel members breached the Recruitment Principles as they failed to record a conflict of interest.</b>
<b>Case 3</b>	<b>The complainant applied for an Executive Officer post and was successful at interview and placed on the reserve list. Subsequently, the Department merged several reserve lists but failed to inform the complainant of this change and the Commission found a breach of the Recruitment Principles.</b>
<b>Case 4</b>	<b>A candidate's application was rejected on the grounds that their qualifications did not meet the minimum requirements. However, on investigation it turned out that the candidate's qualification was at a higher level to that advertised, and the candidate did in fact meet the minimum requirements and so a breach was identified.</b>

<sup>1</sup> <http://civilservicecommission.independent.gov.uk/httpcivilservicecommission-independent-gov-ukcivil-service-recruitmentcomplaints/>:

### Promoting the Code

#### Promoting the values

The Commission agreed with Cabinet Office in 2010 that each annual Civil Service People Survey would include three questions on the Civil Service Code. It is important that each year the results show stability or an increase in the proportion

of respondents who are aware of the Code and how to raise concerns under it. Awareness of the Code itself remains high across the Civil Service, however, more needs to be done to significantly improve the figures of both awareness of how to raise concerns under the Code and confidence that Code complaints would be properly investigated by the employing department or agency.

**Table 4: Awareness of the Civil Service Code**

Question Text (from the People Survey)	2015	2016	2017
Are you aware of the Civil Service Code? (% answering yes)	91%	91%	<b>92%</b>
Are you aware how to raise a concern under the Civil Service Code? (% answering yes)	66%	67%	<b>68%</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)	68%	67%	<b>70%</b>



Whilst, there has been a steady improvement across the Civil Service as a whole on the reported scores, there remain some quite marked variations between Departments. Generally speaking, scores tend to be lower in organisations working further away – in functional or geographical terms – from the centre of Government, in particular in those organisations with a high degree of technical specialism or autonomous working. That is not to say there is lower commitment to the Code in these organisations.

We need to better understand the number of Code complaints made and how many were successfully resolved within departments and agencies. Civil Service Employee Policy (CSEP) collects data on whistleblowing complaints from across the Civil Service and has agreed to share this information with the Commission. The data collection will also be updated to better identify which complaints have been investigated under the Civil Service Code.

The Commission supports Departments and Agencies in promoting the Code not only through general advice and published guidance but by delivering awareness seminars. During 2017-18 we delivered 11 seminars and attended one Department's staff event at which we had a 'market stall'.

Results of the 2017 annual Civil Service People Survey will help us to identify those Departments and Agencies that might benefit from enhanced support on the Code. It will also help us to develop the support we offer and the planning of events.

### **Code Appeals and Investigations, 2017-18**

During 2017-18, the Commission accepted three new cases for investigation on appeal. Investigation into one of those new cases has been suspended while the complainant is at Employment Tribunal. In another case, the Commission had to halt its investigation when it was discovered that the case had been investigated by the Department concerned, and the complainant's concerns upheld. The other case remains under investigation at the end of the reporting period.

There were two cases accepted on appeal in 2016-17 still being investigated at the start of this reporting year, which have now concluded. In one case no breach of the Code was found. In the other resolution was achieved via mediation with the complainant and Department concerned without a full Commission investigation being necessary.

Details of our findings of investigations are published as decision notices on our website.<sup>2</sup>

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<sup>2</sup> <http://civilservicecommission.independent.gov.uk/civil-service-code/complaints-to-the-commission/>

We also received 75 other complaints or appeals brought under the Code. Of these 22 cases were referred back to the relevant Department, usually because the concerns had not yet been properly investigated under the Code by the Department concerned – a condition of the Commission accepting a case for investigation. However, the remaining 53 were outwith the Commission’s remit because: they either dealt with Human Resource issues, which are explicitly excluded from the Code because there are alternative avenues for such decision appeals; they were made by individuals who were not civil servants; or, they were about organisations to which the Code did not apply.

### New approach to compliance

The Commission has for some years used the services of external auditors KPMG to collect quarterly data from organisations on their external recruitment into the Civil Service. However, to enable us to have greater ownership of the data, ensure that the data we collect meets our needs and enable us to make cost savings, we are taking this function back in house from 2018-19. Last year we reported an increase in compliance visits and audited 38 organisations. This year we have inspected documentation for all 71 organisations we regulate through a combination of mainly on site and some electronic inspections of records.

It was encouraging to see many improvements in practice this year following our increased visits programme last year and the Recruitment Principles training we have delivered over the year.

We set out below “What we are most proud of” having achieved in 2017-18, which is the new compliance regime. We consulted departments on the proposed changes and received positive feedback. Set out in table 5 are the annual assessments that have been given to all organisations following moderation by the Compliance Working Group. Also set out in that table are the breaches identified for 2017-18. These include breaches relating to insufficient documentation to evidence recruitment on merit following a fair and open competition and other issues identified at audit visits, breaches following complaint investigations and Exception breaches.

We assessed the following seven departments as poor:

#### Defence Equipment and Support

The Commission has significant concerns over DE&S’s understanding and application of the Recruitment Principles. It had seven breaches relating to Exception appointments, insufficient campaign documentation and other breaches identified at the compliance visit.

#### Department for Exiting The European Union

The Commission is aware of two Exception breaches and four breaches related to insufficient campaign documentation which suggests systemic issues related to evidencing merit based appointments. However, developments to improve the record keeping provide some mitigation, hence the improving trend indicator.

### Department for International Trade

DIT has one serious breach where a candidate was appointed out of merit order and some insufficient campaign documentation raises concerns. However, good engagement with the Commission has informed the improving trend indicator.

### Home Office

The Home Office has four Exception breaches for 2017-18. Whilst the Home Office recruits large volumes, there appears to be a systemic problem in respect of Exception breaches which the Commission raised with the Home Office last year. An Exception tracker has now been initiated. Enhanced approaches on diversity of panel make up also increases the Commission's confidence in the Home Office approach going forward.

### Serious Fraud Office

There were four breaches this year of which two relate to Exception appointments and two more serious breaches were identified at the shortlisting stage. The positive engagement with the Commission along with Recruitment Principles training leads to the improving trend indicator.

### UK Debt Management Office

Four breaches, from a low number of recruitments, all relating to incomplete campaign documentation were identified and suggest a lack of understanding of the record-keeping requirements of the Recruitment Principles. Additional support and training about the Recruitment Principles will be provided by the Commission with a view to enhancing capability going forward.

### Valuation Office Agency

A serious breach of openness relating to a location restriction has potentially resulted in candidates being appointed out of merit order. Whilst the Commission has ongoing concerns, engagement with the VOA is good and results in the improving trend indicator.

We will continue to provide support to these departments rated poor and will prioritise our compliance visits to these departments.

## Link Commissioner role and relationship with departments

In addition to the day to day interactions of the Commission's staff with departments, the training we undertake, and our compliance visits, individual Commissioners are specifically linked to a number of departments and professions. This is a long-standing arrangement, which we have reviewed and refreshed this year.

Link Commissioners will usually, if available, chair any Director General competitions in their linked departments. This is helpful in establishing and maintaining effective working relationships with the Permanent Secretary and their leadership team, including the HR Director. We will build on these relationships with more formal meetings to discuss recruitment, including diversity, in the department and any issues that have arisen in relation to the Civil Service Code. Permanent Secretaries have responded positively to this refreshed approach.

# What we are most proud of

## New Approach to Compliance

One of the requirements of the Commission, as laid down in the Constitutional Reform and Governance Act 2010, is to carry out reviews of recruitment policies and practices to establish that the principle of selection on merit on the basis of fair and open competition is upheld across all Civil Service departments and agencies.

We committed last year to review our approach to monitoring compliance to ensure we are undertaking our responsibilities as a modern regulator in the most effective and efficient way.

To do this, we established a small working group made up of Commissioners and members of the secretariat who spent time reviewing all aspects of the process and talking to many departments to seek their input. Based on this feedback we

have developed a new process which involves us moving away from simply collecting and reporting on data to developing a broader set of information which will;

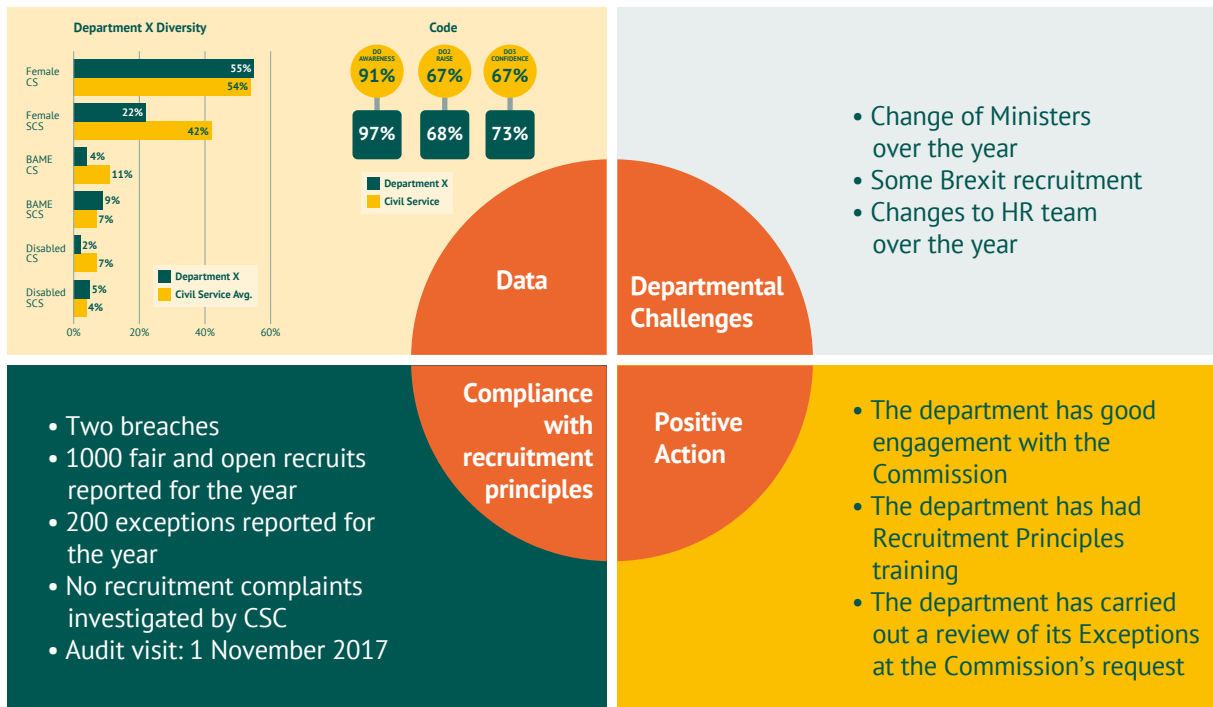
- encourage a more positive dialogue between the Commission and departments and agencies to identify examples of good practice and highlight positive actions as well as breaches;
- recognise the context of operational challenges faced by departments and agencies so that our regulatory judgements are well-informed;
- focus on a more upstream form of regulation with an emphasis on awareness, guidance and capability building rather than a narrow 'after-the-event' audit.

This model of the key stages that contribute to good compliance shows how the focus of the Commission's activities will change going forwards:



We have listened to what departments and agencies have been telling us and, recognising that the challenges faced by the Civil Service are ever changing, it is important that the wider operating context is considered as part of our annual

compliance assessment. As a result, we have developed a Balanced Scorecard approach to determining how well departments and agencies are managing appointments to the Civil Service.



Overall rating = GOOD | FAIR | POOR

Trend = ↑

Overview: Breaches identified over the year but engagement with the commission has been positive.

The Scorecard will be populated in the following way:

- Data (top left) from common sources such as Civil Service HR, Office of National Statistics and Civil Service People Survey results.
- Compliance (bottom left) based on the Commission’s audit and review processes it undertakes as the regulator. To date this data has been collected by KPMG but we will move to an internally managed data collection process and audit all departments and agencies at least once a year.
- Departmental Challenges (top right) and Positive Action (bottom right) will be mostly from our day to day interactions with HR Directors and recruiting teams, and through discussion with Departments’ Link Commissioners.

The overall annual assessment will be simpler with only three levels and clearer rating descriptors:

<b>Good</b>	<b>Efficient and compliant recruitment practices. High awareness of Recruitment Principles and strong engagement with the Commission. No significant breaches of the Recruitment Principles identified. Good capability and processes in place which deliver high quality and diverse recruitment. The Commission has confidence in the organisation.</b>
<b>Fair</b>	<b>Mainly compliant recruitment practices. Minimal/minor breaches identified. Reasonable level of awareness and engagement with the Commission. A clear focus on action required to improve the quality and diversity of recruitment. The Commission does not regard the organisation as being at risk of serious non-compliance.</b>
<b>Poor</b>	<b>Falls short of acceptable compliance levels. Not well placed to address weaknesses and needs additional action and support to improve the quality and diversity of recruitment. Training required to improve level of awareness or engagement with the Commission. Several/significant breaches of the Recruitment Principles identified and the Commission considers there is a high risk of further breaches or continued non-compliance.</b>

It will also include an indication of the department’s forward trajectory through arrows to indicate positive future trends

where performance has been poor and possible risk factors even when performance is good.

## Trend assessment



Both indicators will be derived from the Balanced Scorecard and moderated by a small group of Commissioners. Link Commissioners will have the opportunity to input into the process but will not be involved in deciding the final assessment for their linked departments.

After consulting with all departments on the process, this new system was used for the 2017/2018 year and the results can be seen on page 36 of this report.

We believe that this approach to determining our annual assessment:

- is simpler with only three levels and clearer rating descriptors (Good, Fair or Poor),

- recognises a department's or agency's trajectory through arrows to indicate trends and risk factors as well as past performance,
- allows us to take account of issues which may be outside the department's control,
- allows the Commission the opportunity to take into account diversity data and support Departments in their pursuit of a key objective for the entire Civil Service.

We look forward to providing support and guidance to assist departments in fulfilling their obligations to ensure that all appointments to the Civil Service are open, fair and based on merit.

## Management Information

The following tables and graphs provide management information on the numbers and make up of applicants for Civil Service appointment during 2017-18, and the compliance assessment for each department and agency we regulate.

### Civil Service Wide

**Table 5: Ratings and breaches for 2017-18**

Organisation	Assessment	Trend	Breaches Identified
Advisory, Conciliation and Arbitration Service (ACAS)	Fair	◀▶ Static	1
Animal & Plant Health Agency	Good	◀▶ Static	0
Cabinet Office	Fair	▲ Improving	3
Centre for Environment, Fisheries and Aquaculture Science	Fair	◀▶ Static	1
Charity Commission	Fair	▼ At risk	1
Companies House	Fair	◀▶ Static	1
Competition and Markets Authority	Fair	▲ Improving	1
Crown Commercial Service	Fair	◀▶ Static	4
Crown Office and Procurator Fiscal Service	Fair	◀▶ Static	1
Crown Prosecution Service	Fair	▲ Improving	1
Defence Equipment & Support	Poor	◀▶ Static	7
Department for Business, Energy and Industrial Strategy	Fair	▼ At risk	3
Department for Culture Media & Sport	Fair	◀▶ Static	3
Department for Education	Good	◀▶ Static	1
Department for Environment, Food & Rural Affairs	Good	◀▶ Static	0
Department for Exiting the European Union	Poor	▲ Improving	6
Department for International Development	Fair	◀▶ Static	1
Department for International Trade	Poor	▲ Improving	2
Department for Transport	Good	◀▶ Static	2 <sup>3</sup>

<sup>3</sup> One breach was taken into consideration for last year's risk rating as it was identified very early in 2017-18 but is being reported on here.



Organisation	Assessment	Trend	Breaches Identified
Department for Work and Pensions	Fair	▲ Improving	2
Department of Health & Social Care	Fair	◀▶ Static	1
Department of Health Medicines and Healthcare Products Regulatory Agency	Fair	◀▶ Static	1
Department of Health: Public Health England	Fair	▲ Improving	0
Estyn - Her Majesty's Inspectorate for Education and Training in Wales	Good	◀▶ Static	0
FCO Services	Fair	▲ Improving	1
Food Standards Agency	Fair	▲ Improving	0
Foreign and Commonwealth Office	Fair	◀▶ Static	0
Forestry Commission	Fair	▼ At risk	1
Government Actuary Department	Good	◀▶ Static	0
Government Commercial Function - Cabinet Office	Fair	◀▶ Static	0
Government Economic Service (Government Economics and Social Research team)	Fair	◀▶ Static	0
Government Legal Department (nee TSOL)	Good	◀▶ Static	0
Government Social Research (Government Economics and Social Research team)	Fair	◀▶ Static	0
Health and Safety Executive	Fair	◀▶ Static	3
Her Majesty's Crown Prosecution Service Inspectorate	Fair	◀▶ Static	0
Her Majesty's Revenue and Customs	Good	◀▶ Static	1
Her Majesty's Treasury	Fair	▲ Improving	2
Home Office	Poor	▲ Improving	5 <sup>4</sup>
Intellectual Property Office	Fair	▲ Improving	0

4 One breach was taken into consideration for last year's risk rating as it was identified very early in 2017-18 but is being reported on here.

Organisation	Assessment	Trend	Breaches Identified
Land Registry	Fair	▲ Improving	0
Met Office	Fair	▲ Improving	0
Ministry of Defence	Fair	▲ Improving	3
Ministry of Housing, Communities and Local Government	Fair	▲ Improving	2
Ministry of Justice	Fair	▲ Improving	4 <sup>5</sup>
National Crime Agency	Fair	▲ Improving	1
National Savings & Investments	Fair	▲ Improving	0
Northern Ireland Office	Fair	◀▶ Static	2 <sup>6</sup>
Office for National Statistics	Fair	◀▶ Static	1
Office for Standards in Education (Ofsted)	Fair	◀▶ Static	1
Office of Gas and Electricity Markets (Ofgem)	Fair	▼ At risk	1
Office of Qualifications and Examinations Regulation (Ofqual)	Fair	◀▶ Static	0
Office of Rail & Road	Fair	▲ Improving	0
Planning Inspectorate	Fair	▲ Improving	1
Registers of Scotland	Fair	▲ Improving	1
Rural Payments Agency	Fair	◀▶ Static	0
Scottish Courts and Tribunals Service	Fair	▲ Improving	0
Scottish Prison Service	Fair	▲ Improving	3
Serious Fraud Office	Poor	▲ Improving	4
The Insolvency Service	Good	◀▶ Static	0

5 3 breaches related to one cohort

6 Both breaches related to one cohort

Organisation	Assessment	Trend	Breaches Identified
The National Archives	Fair	◀▶ Static	0
The QEII Centre	Fair	▼ At risk	0
The Scottish Government	Fair	▼ At risk	1
The Veterinary Medicines Directorate	Fair	◀▶ Static	0
The Water Services Regulation Authority (Ofwat)	Fair	▲ Improving	2
UK Debt Management Office	Poor	▲ Improving	4
UK Export Finance	Fair	◀▶ Static	1
UK Space Agency	Fair	◀▶ Static	0
United Kingdom Hydrographic Office	Fair	◀▶ Static	0
Valuation Office Agency	Poor	▲ Improving	1
Welsh Government	Good	◀▶ Static	1
Wilton Park Executive Agency	Fair	◀▶ Static	0

### Commissioner chaired competitions

#### Number of appointments made in commissioner chaired competitions 2017-18 by grade

Table 6

	Posts Completed	Appointments Made*
SCS 2 (Director)	121	117
SCS 3 (Director General)	38	37
SCS 4 (Permanent Secretary)	5	5
<b>TOTAL</b>	<b>164</b>	<b>159</b>

Figure 1. Disability breakdown of key stages of senior competitions, 2017-18

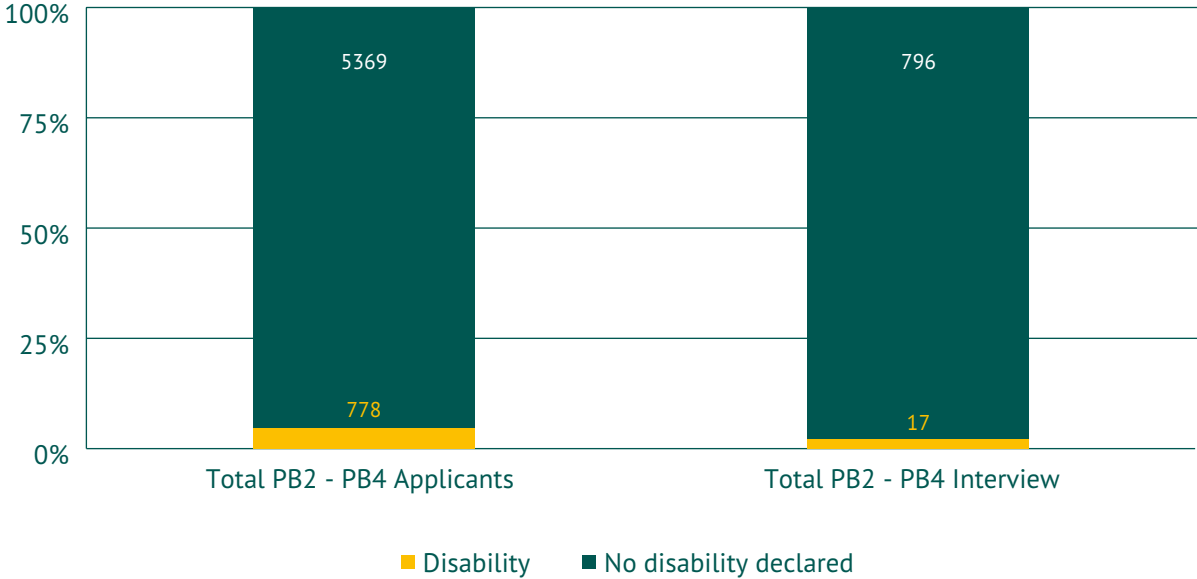


Figure 2. Ethnicity breakdown of key stages of senior competitions, 2017-18

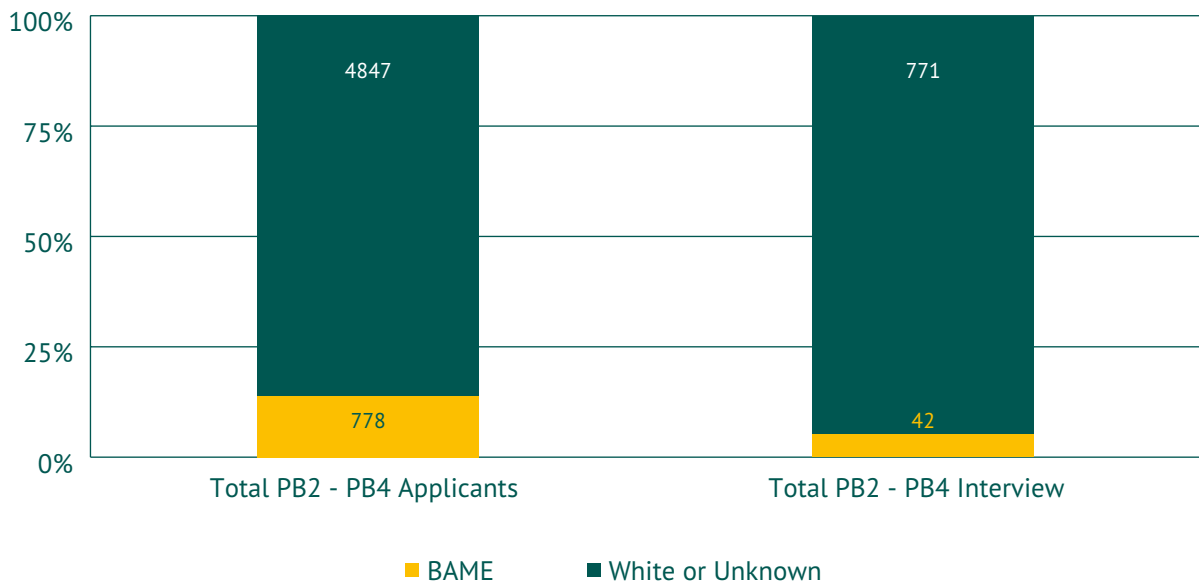
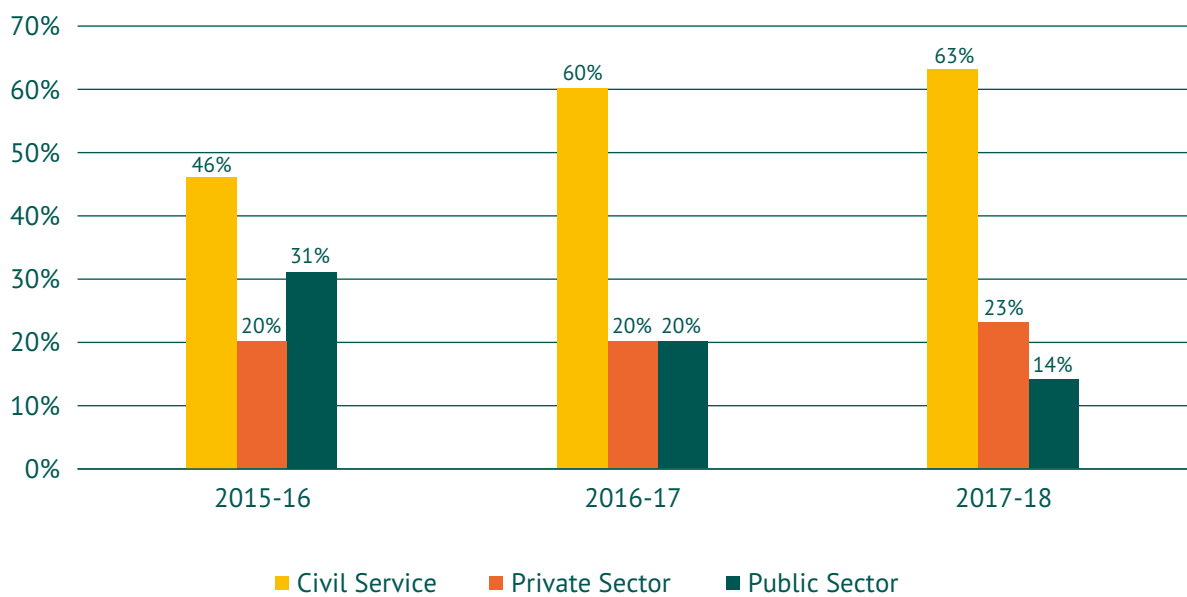


Figure 3. Sector backgrounds of successful candidates



### Recruitment below SCS Pay band 2

Figure 4. Recruitment below SCS Pay band 2 2014-15 to 2017-18

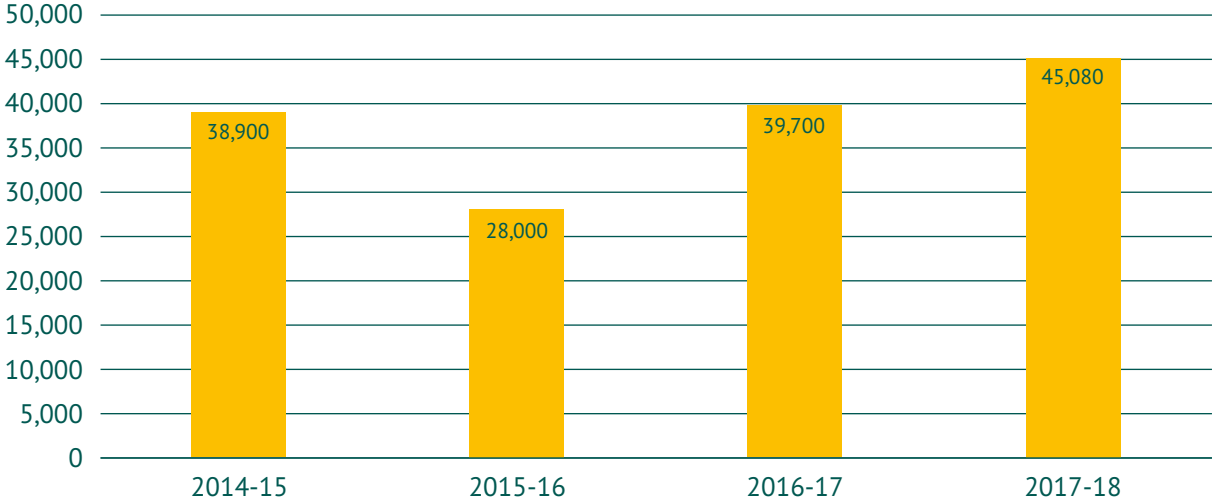


Figure 5. Ethnic diversity of successful candidates following recruitment competitions 2016-17 by grade

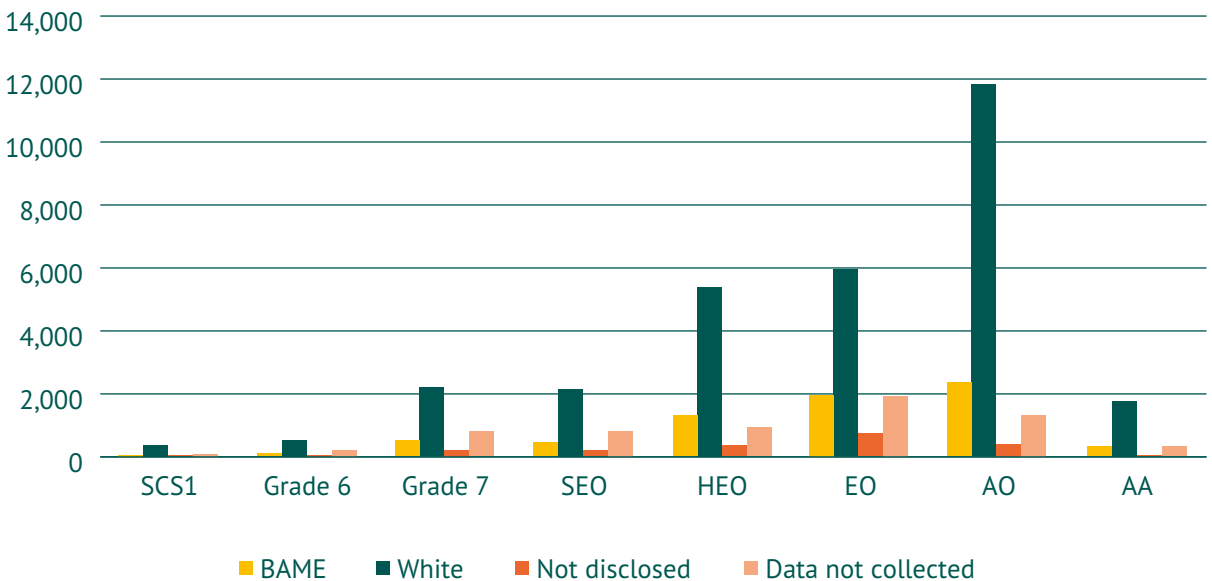


Figure 6. Proportion of successful candidates declaring a disability 2016-17 to 2017-18 by grade

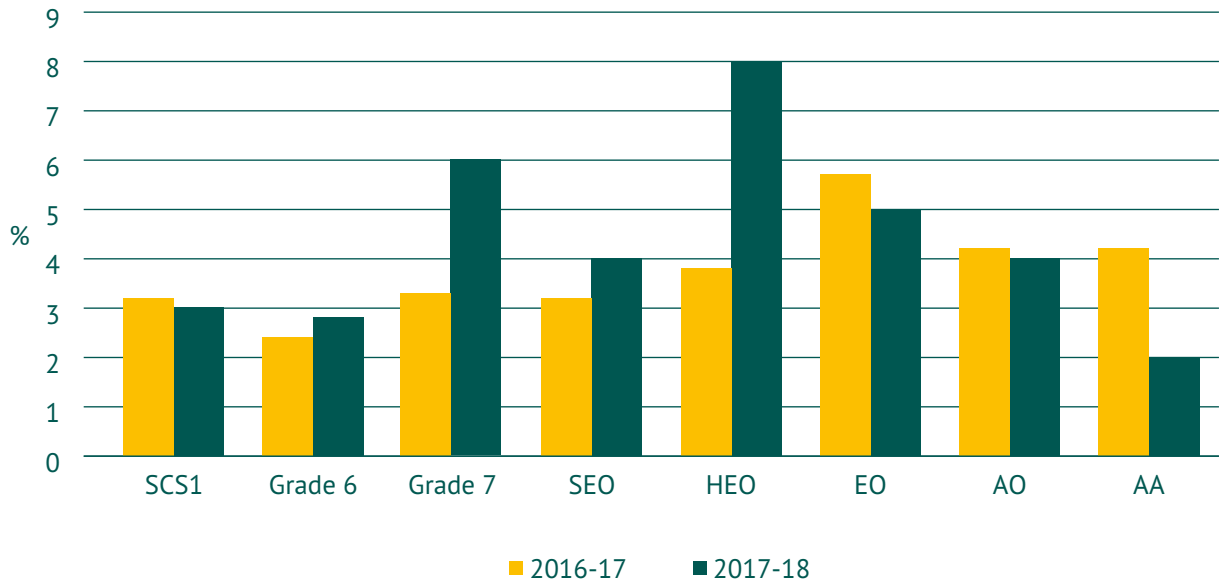
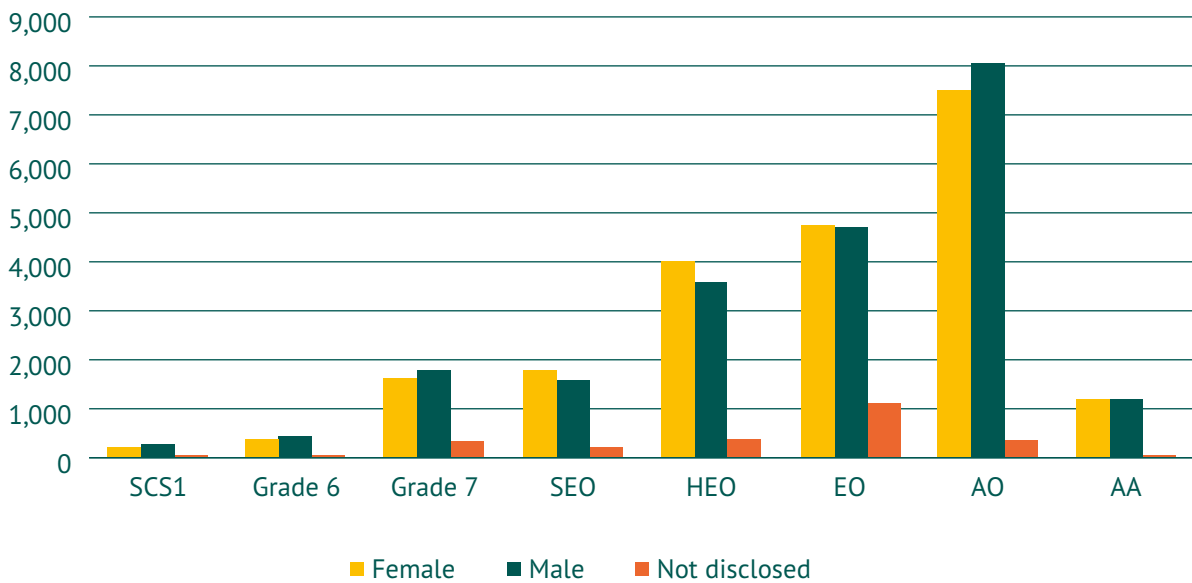


Figure 7. Gender diversity of successful candidates following recruitment competitions 2017-18 by grade



## Statutory Disclosures

### Risk

The main risks to the Commission's operations during 2017-18 related to budget and workload – for more details, see page 51.

### 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 expenditure plan for 2018-19.

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.

### Future developments

We are taking steps to inform our work on how to increase applications from people with a disability and to identify opportunities for those groups who face barriers to employment because of their

background. Our first step is to contract, for approximately two days per month, an external adviser to provide us with both challenge and support.

### 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 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.

We are committed to improving the work/life balance of our staff and we value diversity. We try to accommodate different working patterns and encourage our staff to join the diversity networks of the Cabinet Office or their parent Department.

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 the Cabinet Office can be found on the Government's website.



# Corporate Management

## Transparency and outreach

### 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 format of previous years and held an online 'virtual Open Week' in February. Open Week did not have a particular theme this year, instead we welcomed questions from anyone on the Civil Service Code or recruitment to the Civil Service.

The questions we received and the answers from Commissioners are published on our website.<sup>7</sup>

### 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 were a large number of requests for visits again this year and we cannot accommodate every request, but during the year staff from the secretariat and Commissioners gave briefings to senior officials from Myanmar, Nepal, Indonesia, Japan and China.

### Information requests



The Commission publishes a large amount of information about its 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 2000.

The Freedom of Information Act 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.

In 2017-18, we received 29 requests under the Freedom of Information Act (31 in 2016-17) and no requests under the Data Protection Act 1998 (2 in 2016-17). All of the Freedom of Information requests were responded to within the statutory deadline. A summary of Freedom of Information Requests is published on our website.<sup>8</sup>

**Peter J Lawrence OBE**  
Chief Executive  
Civil Service Commission

Date: 17 July 2018

<sup>7</sup> <http://civilservicecommission.independent.gov.uk/?s=open+week>

<sup>8</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2018/04/FOI-Responses-2017-18.pdf>

# Accountability Report

## Corporate Governance Report

### Director's Report

#### Commissioners

Commissioners serve for a five-year non-renewable term of appointment. Following a successful recruitment competition, four new Commissioners - Natalie Campbell, Joe Montgomery, June Milligan and Rosie Glazebrook started their terms on 1 June 2017, and were joined by Jane Burgess and Margaret Edwards on 1 October 2017. Jonathan Baume's term ended in October 2017, and Andrew Flanagan's will end in July 2018 (please see pages 12-18 for full list of Commissioners).

#### Register of Commissioner's interests

Commissioners record any interests such as company directorships and other significant interests in the Register of Interests, published on our website<sup>9</sup>.

#### Data protection and incidents involving personal data

The Data Protection Act 1998 requires the Commission, as an organisation that processes personal data, to process that information in accordance with the data protection principles and to register with the Information Commissioner's Office.

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. The Commission also holds data for the purpose of investigating complaints under the Civil Service Code; and, for administrative purposes, holds data relating to its staff, contractors and Commissioners. The Commission also provided secretariat services throughout 2017-18 to OCPA and ACOBA and to HOLAC (from 1 April to 30 November 2017) and so manages further large amounts of personal data for them.

There were two personal data incidents in 2017-18 (one in 2016-17) which involved unauthorised disclosure of data to unintended recipients. The incidents were not deemed to fall within the criteria for reporting to the ICO. Section 7 of the Data Protection Act 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 (see page 45).

The Commission has been working to prepare for the new data regulations - the General Data Protection Regulations 2018 which come into effect from 28 May 2018.

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<sup>9</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2018/03/Register-of-Interests-March-2018.pdf>

## 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, 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.

The Accounting Officer can confirm that the Annual Report and Accounts as a whole are fair, balanced and as Accounting Officer takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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 he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of, and have access as required, to that information.

## Governance Statement

The Civil Service Commission is independent of government and the Civil Service. It is an 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 is made up of the Commissioners and holds monthly meetings chaired by the First Civil Service Commissioner. These meetings are supported by the secretariat, headed by the Commission’s Chief Executive. Together, the Commissioners and the secretariat constitute the Civil Service Commission.

The Commissioners review information on the Commission’s core work at each meeting and periodically review their own collective performance to ensure that they and their standing committees are acting effectively.

The Commission’s budget is set by the Cabinet Office; expenditure against it is reviewed quarterly by the Audit and Risk Committee (ARC). 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 the following standing committees, to advise the Commissioners on specific areas or to exercise functions on behalf of the Commissioners. During 2017-18 the Commission had two standing committees:

- the Audit and Risk Committee, established to support the board in its responsibilities for issues of risk control and governance;
- the Remuneration Committee, established to determine the remuneration of the Chief Executive and any directly-employed staff who may be appointed in the future (did not meet in 2017-18).

Three working groups were also established during 2017-18:

- The diversity working group, established to understand and plan how the Commission can influence the representation of people from a BAME background at the most senior levels.
- The compliance working group was established to develop a new approach to compliance based on a balanced scorecard approach, taking more account of the context in which individual departments and agencies are working.
- The Annual Report and Accounts working group, set up to change the design, focus and narrative of the report, moving away from the traditional approach of the last few years.

Membership of the standing committees during 2017-18 is listed at page 50.

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 Board members.
- The Chief Executive, as Accounting Officer, is responsible for writing the Governance Statement, rather than the Commissioners. The statement is reviewed by the Audit and Risk Committee and cleared by a meeting of the Commissioners 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 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 of the Commission. The Commission is committed to working closely with the Cabinet Office to have a revised Memorandum in place for 2018-19.

In the majority of areas, the 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. Day to day working practices of the Commission are decided by the Commissioners and these are known as Standing Orders. The key Standing Orders are the Code of Practice for Commissioners and staff, financial and operational delegations, responsibilities from the Commission to the Chief Executive and Audit and Risk Committee terms of reference.

The Commission is registered on the Information Commissioner's register of data controllers.<sup>10</sup> We have reviewed our procedures for information security against those used by the Cabinet Office and are in the process of reviewing our policy on data retention in light of the new General Data Protection Regulation which comes into force in May 2018.

### Commissioner Meeting and Committee performance

The Commissioners met monthly during 2017-18 (except in May, August and January). The meeting in November 2017 took the form of a strategy day.

The Audit and Risk Committee met quarterly during 2017-18, in June, September, December and March. The Committee reviewed the risk register, the reports of reviews conducted by the Commission's internal auditors, reports from the National Audit Office, staffing arrangements, and expenditure against budget. The Remuneration Committee did not meet during 2017-18.

<sup>10</sup> <https://ico.org.uk/ESDWebPages/Entry/Z2480635>

The working groups met as and when required, there was no set schedule.

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

- Isabel Doverty was unable to attend the July and December Commissioner meetings and the December ARC meeting;
- Joe Montgomery was unable to attend the July and March Commissioner meetings;
- Jonathan Baume was unable to attend the June Commissioner meeting and the June ARC meeting;
- June Milligan was unable to attend the July Commissioner meeting;
- Margaret Edwards was unable to attend the October Commissioner meeting;
- Natalie Campbell was unable to attend the December and March Commissioner meetings;
- Sarah Laessig was unable to attend the October Commissioner meeting

## Standing Committee Membership

### Audit and Risk Committee

Andrew Flanagan (Chair)

Jonathan Baume (until November 2017)

Sarah Laessig

Isabel Doverty

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

Ian Watmore

Jan Cameron

## Data quality

The Commissioners have a number of data sources available to them to enable them to carry out their work.

In providing assurance that selection for appointment to the Civil Service is on merit, following a fair and open competition, the Commission obtains most of its data through compliance monitoring audits of departmental recruitment (see page 22) Compliance audits for 2017-18 were carried out for all 71 Departments and agencies regulated by the Commission. The Commissioners are 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.

For the most senior appointments, the Commission obtains its data to provide assurance about compliance with the requirement by directly chairing competitions. Data is 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 at

the Commissioner meeting and ARC. The database also records data about appointments by Exception (see page 21) and complaints (see pages 26) dealt with by the Commission.

The data used by the Commissioners to oversee the Commission's expenditure comes 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. To date, the level of control has remained acceptable.

## 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 compliance with policies, aims and objectives. They can therefore only provide reasonable, not absolute, assurance of effectiveness. The Commission maintains a risk register which is regularly reviewed by both the Audit and Risk Committee and at Commission meetings.

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 achievement 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 2017-18 and this Annual Report and Accounts accord with HM Treasury guidance.

The Audit and Risk Committee (ARC) meets quarterly and reports to the Commissioners at the following Commission meeting. ARC supports the Commission by reviewing whether proportionate assurances for meeting the Commission'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 Commissioner level. The risk register is regularly scrutinised, discussed, updated and ratified at both ARC and Commission meetings. It is considered at each ARC meeting with an in-depth discussion on particular risks and formally reviewed at the Commission meetings twice a year or more frequently as required. It is maintained by the secretariat and is available to all staff and Commissioners.

The Commission's main strategic risk in 2017-18 related to a post election or Brexit related surge in SCS competitions and requests for Exceptions, leading to insufficient Commissioner capacity to chair all necessary competitions for departments in a timely way. This would also have an effect on secretariat workloads, with the potential that workloads would increase beyond the capacity of the team.

However, during 2017-18 we have recruited additional Commissioners (see page 12) and secretariat staff. We have also improved our monthly monitoring of competitions that have been launched and completed. In addition the First Civil Service Commissioner attends monthly SLC meetings and the Commissioners continue to build relationships with their linked departments to remain abreast of future recruitment and developments.

Moving below the strategic level, the Commission's main operational risk during 2017-18 was that external demand results in failure to live within the Commission's financial and headcount control totals.

The impact of this would be intervention by the Cabinet Office Principal Accounting Officer and would risk reputational damage to the Commission.

We sought to mitigate this risk by ensuring that we produce quarterly business and progress reports for consideration, which are challenged at both ARC and Commission meetings.

## **Audit**

The Commission's internal audit service is provided by the Government Internal Audit Agency (GIAA) (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 Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the Commission's governance, risk and control arrangements. The Internal Audit reviews contribute to that opinion. The

Internal Audit review opinion for 2017-18 is 'Moderate - some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'.

Results of internal audit work, including action taken by management to address issues including in audit reports (where appropriate), have been regularly reported to management and the Commission's Audit and Risk Committee.

The external audit of the Commission's accounts is undertaken by the Comptroller and Auditor General, as required by the 2010 Act.

## **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 Commissioners, 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.

I consider that the processes, checks and controls provided by the Commission meetings, the Audit and Risk Committee and the secretariat team have been effective.

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



# Remuneration and Staff Report

The information below is labelled subject to audit and is covered by the Comptroller and Auditor General's audit opinion.

## Remuneration Report

### Remuneration Policy

All staff at the Commission are currently employed on secondment from other government departments and their salaries are set by their home departments.

The Remuneration Committee (established by the Commission in 2014-15) determines the remuneration of the Chief Executive and the remuneration policy

for any staff directly employed by the Commission (to date there are none).

### Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Commissioners and senior management of the Commission.

### Commissioners [SUBJECT TO AUDIT]

The First Civil Service Commissioner, Ian Watmore, is a part time office holder; Commissioners are all part time fee-paid office holders. Their remuneration is shown in Table 7 below.

**Table 7: Fees paid to Commissioners**

	Period 1 April 2017 to 31 March 2018	Period 1 April 2016 to 31 March 2017
Commissioners	Pay band (£000)	Pay band (£000)
<b>Ian Watmore</b> First Commissioner	55-60	25-30
<b>Jonathan Baume</b> Left November 2017	Board Fees 0-5	Board Fees 5-10
	Competition Fees 30-35	Competition Fees 20-25
<b>Jane Burgess</b> Joined October 2017	Board Fees 0-5	N/A
	Competition Fees 0-5	
<b>Jan Cameron</b>	Board Fees 5-10	Board Fees 0-5
	Competition Fees 30-35	Competition Fees 20-25
<b>Natalie Campbell</b> Joined June 2017	Board Fees 0-5	N/A
	Competition Fees 0-5	

**Table 7: Fees paid to Commissioners**

<b>Isabel Doverty</b>	Board Fees 0-5	Board Fees 0-5
	Competition Fees 35-40	Competition Fees 25-30
<b>Margaret Edwards</b> Joined October 2017	Board Fees 0-5	N/A
	Competition Fees 0-5	
<b>Andrew Flanagan</b>	Board Fees 5-10	Board Fees 5-10
	Competition Fees 20-25	Competition Fees 25-30
<b>Rosie Glazebrook</b> Joined June 2017	Board Fees 5-10	N/A
	Competition Fees 10-15	
<b>Sarah Laessig</b>	Board Fees 0-5	Board Fees 0-5
	Competition Fees 35-40	Competition Fees 25-30
<b>June Milligan</b> Joined June 2017	Board Fees 0-5	N/A
	Competition Fees 5-10	
<b>Joe Montgomery</b> Joined June 2017	Board Fees 0-5	N/A
	Competition Fees 5-10	
<b>Kevin Woods</b>	Board Fees 0-5	Board Fees 0-5
	Competition Fees 35-40	Competition Fees 20-25

**Note to Table 7:** Board fees include attendance at Commissioner meetings, working groups, time spent considering complaints and all other non-competition work.

All fees given are actual figures; it is not possible to calculate Full Year Equivalent figures for those who joined or left mid-year as fees are calculated based on work completed, with the exception of Board fees paid to Andrew Flanagan and Jonathan Baume at a fixed rate equivalent to £8k per annum. (For Commissioners appointed before 2015 the Board fee is a flat fee of £8,000; Commissioners appointed from 2015 onwards are paid a daily rate of £400 for their work.)

The reported fee for Ian Watmore in 2016-17 reflects that he joined the Commission in October 2016 and was in post for part year only.

## Senior Management [SUBJECT TO AUDIT]

The Commission has determined that the Chief Executive meets the definition of senior management. The current Chief Executive is a senior civil servant on secondment to the Commission. The

remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

**Table 8: Senior Staff Remuneration (salary, benefits in kind and pensions)**

	Salary (£000)		Bonus Payments (£000)		Benefits in Kind (to the nearest £100)		Pension Benefits (£000)		Total (£000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Peter Lawrence</b>	95-100	35-40	0-5	0	0	0	-10	22	90-95	55-60

**Notes to Table 8:** The increase in salary and benefits reflects that Peter Lawrence was in post for the full year 2017-18 and only 5 months 2016-17. FYE for 2016-17 would be in the range £95-100k.

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.

### Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation. There were no benefits in kind.

### Bonuses

Bonuses are based on performance levels attained and are made as part of the of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2017-18 relate to performance in 2017-18 and the comparative bonuses reported for 2016-17 relate to the performance in 2016-17.

**Pay multiples [SUBJECT TO AUDIT]**

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 9 the banded full year equivalent of the highest-paid employee in the Commission in 2017-18 was £100-105k (2016-17: £95-100k). This was 2.92 times the median remuneration of the workforce (2016-17: 2.62 times), which was £35,100 (2016-17: £37,246).

In 2017-18 no employees (2016-17: 0) received remuneration in excess of the highest-paid director. The remuneration of Commission staff ranged from £21,482 to £55,587 (FTE) (2016-17: £21,436 to £54,769 FTE).

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

**Table 9: Hutton fair pay disclosure ratio**

	Period 1 April 2017 to 31 March 2018	Period 1 April 2016 to 31 March 2017
<b>Band of Highest Paid Employee’s remuneration (to nearest £5000 band)</b>	100-105	95-100
<b>Median Total Remuneration</b>	£35,100	£37,246
<b>Ratio</b>	2.92	2.62

**Note to Table 9:** The remuneration ratio is higher in 2017-18 than it was in 2016-17 due to changes in the structure of the secretariat which included recruiting most vacancies at lower grades.

## Pensions [SUBJECT TO AUDIT]

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 (for further details, see the Staff Report on page 61). Further details about the Civil Service pension arrangements can be found at the website: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk). The Chief Executive's pension, as shown in Table 10, has accrued in his role as a civil servant.

**Table 10: 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
Peter Lawrence	40-45 (and lump sum 130-135)	45-50 (and lump sum 135-140)	0	976	1031	-10

**Note to Table 10:** A new pension scheme, alpha, was introduced on 1 April 2015. The majority of Principal Civil Service Pension Scheme members will have transitioned to alpha. However, those who were members of a public service pension scheme on 31 March 2012, and 10 years or less away from Normal Pension Age would continue to build up benefits in their existing pension scheme. Benefits for Peter Lawrence are all accrued under the 'classic' pension scheme.

The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of them having an extra year's service and by virtue of any pay increase during the year. Where there is no, or a small, pay increase, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

## Compensation for loss of office [SUBJECT TO AUDIT]

0 members of staff left under Voluntary Exit terms during 2017-18 (2016-17: 1).

0 staff left under Compulsory Early Retirement terms during 2017-18 (2016-17: 0).

## Staff Report

### Numbers and costs [SUBJECT TO AUDIT]

Staff and Commissioner costs and numbers are set out in tables 11 and 12. These figures include the Commissioners and senior managers whose remuneration is detailed in the Remuneration report (page 54) and the office holders in the other independent institutions (Advisory Committee on

Business Appointments, House of Lords Appointments Commission<sup>11</sup> and Office of Commissioner for Public Appointments) which are supported by the joint secretariat.

The Chief Executive, Peter Lawrence is the only senior civil servant at the Commission.

**Table 11: Staff and Commissioner costs**

£000	2017-18				2016-17
	Total	Staff	Commissioners <sup>12</sup>	Office Holders <sup>13</sup>	Total
Wages and salaries	1217	719	459	39	1144
Social security costs	121	78	43	0	100
Other pensions costs <sup>14</sup>	152	152	0	0	136
<b>Total</b>	<b>1490</b>	<b>949</b>	<b>502</b>	<b>39</b>	<b>1380</b>

11 1 April 2017 to 1 December 2017

12 'Commissioners' includes the First Civil Service Commissioner, the Public Appointments Commissioners, and all Civil Service Commissioners.

13 'Office Holders' includes the Chair and Members of HOLAC (for the period 1 April to 30 November 2017) and the Chair and Members of ACOBA.

14 The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. For 2017-18 employer's pension contributions of £152k (2016-17: £136k) were payable to the PCSPS at one of four rates in the range 20% to 24.5% (2016-17: 20% to 24.5%) of pensionable pay based on salary bands.

**Table 12: Staff (full-time equivalent) and Commissioner numbers**

	2017-18				2016-17
	Total	Staff (FTE)	Commissioners	Office Holders	Total
Directly employed	0	0	0	0	0
Inward secondments	16	16	0	0	15.3
Office holders	23.5	0	10.9	12.6	34.8
<b>Total</b>	<b>39.5</b>	<b>16</b>	<b>10.9</b>	<b>12.6</b>	<b>50.1</b>

**Note to Table 12:** The numbers of staff, Commissioners and Office Holders reflect the monthly average throughout 2017-18. Office holders includes HoLAC Committee members; secretariat support for HoLAC transferred to the Cabinet Office Honours secretariat on 1 December 2017. The numbers in post on 31 March 2018 were 12 Commissioners, 9 Office Holders and 16.8 (full time equivalent) staff.

We have had a number of changes of staff this year due to staff returning to their home departments, and leaving to take up other roles outside the Civil Service.

However we have been able to recruit able successors to most of the vacant posts. All our staff are currently seconded from government departments.

## Staff composition

The table below provides a breakdown, by gender, of all the staff who have worked

for the Commission during the period 1 April 2017 to 31 March 2018.

**Table 13: Analysis of staff by gender**

	Men		Women		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Senior Civil Servants	1	100%	0	0%	1	100%
All staff	9	41%	13	59%	22	100%

## Attendance information

The level of sickness absence within the secretariat in 2017-18 was 3.8 average working days lost per staff year (1.9 days in 2016-17) equating to an average of 2.7 days per person (1.4 days in 2016-17).

The figure for the Commission staff sickness absence includes the extended absence of two members of staff following surgery and serious illness, which in a small organisation like ours can have a disproportionate impact. When their absence is excluded from the calculation, the average number of working days lost per staff year is 1.9 (equivalent to 1.1 per person); below the Civil Service average of 2.7<sup>15</sup>

## Staff policies applied during the financial year

The Civil Service Commission is committed to equality and diversity. In all our activities we aim to treat colleagues and customers fairly and with respect.

The Civil Service Commission applies its own Recruitment Principles, appointing candidates based on merit through fair and open competition. The Commission takes part in the 'Two Ticks' guaranteed interview scheme, which encourages candidates with a disability to apply for the jobs it advertises. If a candidate declares a disability and meets the minimum standards required for a job, he or she is invited to interview.

## Expenditure on consultancy

The Commission employed no consultants during 2017-18 (2016-17: none).

## Off - payroll engagements

The Commission employed no staff off-payroll during 2017-18 (2016 -17: none).

## Contractual Relationships

The Commission has a contract with KPMG (due to end 30 June 2018) 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, a contract with DF Press Ltd., to provide press officer support and a contract with Government Legal Department to provide legal advice.

In addition, the Commission's Memorandum of Understanding with the Cabinet Office enables us to use many of the Cabinet Office's suppliers. We are charged on a per capita basis for these services.

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15 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/697717/311217\\_CO\\_Sick\\_Absence\\_Data.csv/preview](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/697717/311217_CO_Sick_Absence_Data.csv/preview)



## Pensions

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.

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015.

Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that

scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

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

### Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

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

# Parliamentary Accountability and Audit Report

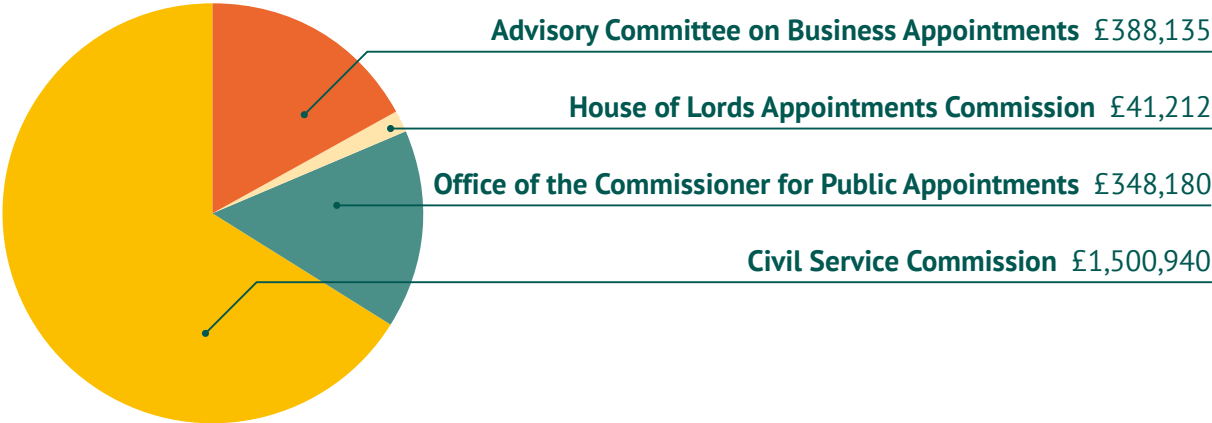
## Finance summary

The Commission’s Accounts for 2017-18 are presented at Part 2.

As we have explained on page 46, between 1 April 2017 to 30 November 2017 the Commission provided secretariat support for three other independent offices, and since 1 December 2017,

for two of these.<sup>16</sup> 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 the figure below.

Figure 8. Expenditure by institution, 2017-18



16 HOLAC returned to Cabinet Office control on 1 December 2017. As such costs have been recorded until 30 November 2017. The Commission’s budget was adjusted by approximately £34k to reflect the transfer of secretariat function to the Cabinet Office.

Including the Commission's work for the other Independent Offices, the Commission had a budget of £2.42m (£2.25m in 2016-17). The Commission's net expenditure was £2.28m (£2.16m in 2016-17), an underspend of £140k against the budget (£90k in 2016-17). The underspend resulted through: we had agreed with the Centre for Public Appointments, and set aside £30k, to fund part of their website development to capture diversity data on our behalf but they did not complete the work during 2017-18; compliance efficiencies being implemented; and, the anticipated surge in competitions did not materialise.

Our main items of expenditure during 2017-18 were:

- Secretariat staff costs: £949k compared with £904k in 2016-17. This increase was due to more success in filling vacancies.
- Compliance monitoring audit contract: £161k compared with £188k in 2016-17. This was due to changes in our compliance monitoring regime which meant that secretariat staff undertook the majority of audit visits rather than KPMG.
- Competition fees: £279k compared with £224k in 2016-17. 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, however the Commission does not have control over when, or how often, Departments choose to recruit.

Of the total spend £203k related to accrued costs (£166k in 2016-17).

## 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.

## Losses and special payments [SUBJECT TO AUDIT]

There have been no losses or special payments this year.



**Peter J Lawrence OBE**  
Chief Executive  
Civil Service Commission

Date: 17 July 2018

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Civil Service Commission for the year ended 31 March 2018 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

### In my opinion:

- the financial statements give a true and fair view of the state of the Civil Service Commission's affairs as at 31 March 2018 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 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.

## Basis of opinions

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

## Responsibilities of the Accounting Officer for the financial statements

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.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Constitutional Reform and Governance Act 2010.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Civil Service Commission's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Civil Service Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In addition 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 conform to the authorities which govern them.

### Other Information

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

### Opinion on other matters

In my opinion:

- parts of the Accountability Report to be audited have been properly prepared in accordance with Cabinet Office directions made under the Constitutional Reform and Governance Act 2010;
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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

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



## Report

I have no observations to make on these financial statements.

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

**Date: 18 July 2018**

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

# **Part 2: Annual Accounts 2017-18**

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2018


		2017-18	2016-17
	Note	£000	£000
Expenditure			
Staff and Commissioner costs	3	1490	1380
Other Expenditure	4	788	775
Net Expenditure		2278	2155
<b>Total Comprehensive Net Expenditure for the period ended 31 March 2018</b>		<b>2278</b>	<b>2155</b>

The notes on pages 75 to 78 form part of these accounts.

**Statement of Financial Position as at 31 March 2018**

	2017-18	2016-17
Note	£000	£000
<b>Current assets</b>		
Prepayments and accrued income	-	1
<b>Total current assets</b>	<b>-</b>	<b>1</b>
<b>Current liabilities</b>		
Accruals	(203)	(165)
<b>Total current liabilities</b>	<b>(203)</b>	<b>(165)</b>
<b>Total assets less current liabilities</b>	<b>(203)</b>	<b>(164)</b>
<b>Assets less liabilities</b>	<b>(203)</b>	<b>(164)</b>
<b>Taxpayers' equity</b>		
General Fund	(203)	(164)
<b>Total taxpayers' equity</b>	<b>(203)</b>	<b>(164)</b>

The notes on pages 75 to 78 form part of these accounts.



**Peter J Lawrence OBE**  
 Chief Executive, Civil Service Commission  
 Date: 17 July 2018

## Statement of Cash Flows for the year ended 31 March 2018

	2017-18	2016-17
Note	£000	£000
<b>Cash flows from operating activities</b>		
Net Deficit	(2278)	(2155)
(Increase)/Decrease in trade receivables	1	3
Increase/(Decrease) in trade payables	38	(26)
Net cash outflow from operating activities	(2239)	(2178)
<b>Cash flows from investing activities</b>		
Net cash outflow from investing activities	-	-
<b>Cash flows from financing activities</b>		
Grants from parent Department	2239	2178
Non-cash adjustments for restatements	-	-
Net financing	2239	2178
Net Increase/(Decrease) in cash and cash equivalents in the period	-	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	-

The notes on pages 75 to 78 form part of these accounts.

### Statement of changes in Taxpayers' Equity

	General Reserve	Total Reserves
Note	£000	£000
Balance at 1 April 2016	(187)	(187)
Transfer of Function	-	-
Grants from Parent Department	2178	2178
Comprehensive Net Expenditure for the year	(2155)	(2155)
Balance at 31 March 2017	(164)	(164)
Balance at 1 April 2017	(164)	(164)
Grants from Parent Department	2239	2239
Comprehensive Net Expenditure for the year	(2278)	(2278)
Balance at 31 March 2018	(203)	(203)

The notes on pages 75 to 78 form part of these accounts.

# Notes to the accounts for the year ended 31 March 2018

## 1. Statement of Accounting Practices

### Basis of Preparation

As an executive Non Departmental Public Body (NDPB) independent of government and the Civil Service, 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 2018-19 and corporate framework have been agreed by the Cabinet Office.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

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 significant estimates in producing these accounts.

### 1.2 Cash and cash equivalents

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

### 1.3 Grant-in-Aid

As the Commission is an executive Non-Departmental Public Body, independent of government and the Civil Service, 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.

## 1.4 Operating Segments

The Commission provided secretariat support to four separate institutions during 2017-18. Secretariat support for the House of Lords Appointments Commission transferred to Cabinet Office on 1 December 2017; as such HoLAC expenditure recorded in these accounts is for the period 1 April 2017-30 November 2017 only. The treatment adopted is consistent with the FReM and accounting for transfers between departmental group bodies (i.e. transfer by absorption). 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 Commissioners collectively have a general oversight role for the totality of expenditure. Their primary role, however, is to focus on the 'core' Civil Service Commission's functions, in particular those derived directly from the 2010 Act.

## 1.5 Future changes in Accounting Policy

IFRS 9 (2014) Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into effect for accounting periods starting after 1 January 2018. IFRS 16 comes into effect for accounting periods starting after 1 January 2019. They are not expected to have a material impact on the Civil Service Commission's Financial Statements.

## 2. Operating segments

The Civil Service Commission provided secretariat support to the Advisory Committee on Business Appointments, and the Office of the Commissioner for Public Appointments. It also provided secretariat support to the House of Lords Appointments Commission until the end of November 2017, after which support transferred to the Cabinet Office Honours secretariat. The spend for each area is reflected in the table below.

£000	2017-18					2016-17				
	CSC	OCPA	HOLAC	ACOBA	Total	CSC	OCPA	HOLAC	ACOBA	Total
Commissioner or Committee Member Fees	438	63	10	29	540	368	57	22	29	476
Other Gross Expenditure	1063	285	31	359	1738	1050	305	43	281	1679
Income	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Net Expenditure	1501	348	41	388	2278	1418	362	65	310	2155



### 3. Staff, Commissioner and Office Holders costs

	2017-18	2016-17
£000	Total	Total
Wages and salaries	1217	1144
Social security costs	121	100
Other pensions costs	152	136
<b>Total</b>	<b>1490</b>	<b>1380</b>

**Notes:** Please see page 58 for fuller analysis of staff costs

### 4. Other expenditure

	2017-18	2016-17
£000	£000	£000
Accommodation, utilities and IT costs	450	430
Consultancy	188	228
Supplies and services	101	79
Other staff related costs	13	6
Travel, subsistence and hospitality	26	22
Audit Fee	10	10
<b>Total</b>	<b>788</b>	<b>775</b>

**Notes:** Of the £188k consultancy figure, £137k relates to the audit of Departments' compliance with the Recruitment Principles (£113k in 2016-17); £24k relates to the audit of their compliance with the Code of Practice on Ministerial Appointments (£75k 2016-17); £15k relates to the work carried out by the Government Internal Audit Agency (GIAA) (£13k 2016-17); £10k relates to work carried out in relation to the production of the Annual Report (recorded under supplies and services in 2016-17), and £2k to Commissioners' payroll contract (£1k 2016-17).

## 5. 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 Government Departments in relation to staff secondments.<sup>17</sup>

Back office services are provided to the Commission from the Cabinet Office under a Memorandum of Understanding and charges are based on a combination of per capita, FTE and square footage with a total of £450k for the period ending 31 March 2018.<sup>18</sup>

No manager or other related party has undertaken any material transaction with the Commission during the year. No compensation has been paid to management and Commissioners, except remuneration which has been reported in the Remuneration Report (See page 53).

## 6. 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. The Accounting Officer authorised these financial statements for issue on 18 July 2018.

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17 The Home Office

18 Per capita charge based on number of staff in post in December 2016, when business planning for 2017-18 took place

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