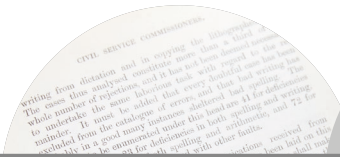


# Annual Report and Accounts 2016-17



1855

Civil Service Commission was established

Women first employed in the civil service

1869



Constitutional Reform and Governance Act 2010

1946

Women were allowed to remain in the civil service after marriage



Apprenticeships scheme introduced

2008



First BAME Permanent Secretary appointed

2002



First female First Commissioner, Ann Bowtell

1993



 Government Digital Service

2011

Government Digital Service established

Launch of Talent Action Plan introduced Permanent Secretary diversity champions

2014



2016

Commission announces new protocol for BREXIT specific recruitment



# **Civil Service Commission**

## **Annual Report and Accounts 2016-17**

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 2016-17

## First Civil Service Commissioner's Foreword

I am proud to present the 150th Annual Report in the history of the Civil Service Commission. The first, in 1855, was ground breaking in its efforts to raise the professional and ethical standards of the 'young men' who were the only Civil Service recruits back then. The 1946 report identified the enormity of rebuilding the Civil Service post World War II, but also graciously reported that 'it is no longer mandatory for women to leave the Service when they get married.' In modern times, reports have highlighted how the UK has led the world of digital Government and, responding to the austerity agenda, how we now have the smallest Civil Service since the War.



The UK faces huge challenges – whether from socio-economic tensions, Brexit, security or the increasing pace of science and technology – and it will be ever more dependent on its Civil Service to respond. The Commission must play its part in that response by helping the Civil Service to recruit the very best people, and by making sure that the best person for any Civil Service job gets it.

How will we do that? First by relentlessly doing the day-job well – setting recruitment principles, leading and auditing recruitments, promoting the Civil Service Code, seriously investigating claims by those raising concerns, being flexible when we can, standing up to abuses as we must, and working with Parliament to deliver the spirit of the Constitutional Reform and Governance Act.

Secondly, as its regulator, we will continue to challenge the Civil Service strategically, to retain relevance and to be representative of the society it serves. For the new Parliament, the Commission has identified four such priorities:

1. **Diversity** – At the top of the Civil Service there is a welcome improving trend in gender diversity (the last three Permanent Secretary appointments were women). This is not matched by appointments of disabled or BAME people where senior progress is, frankly, negligible; and other aspects of diversity which are patchy at best.

2. **21st Century Skills** – There has been progress in recruiting and growing a more modern skillset. There is still a long way to go to attract and retain digital, cyber security, commercial, agile, investor, social entrepreneur expertise and other 21st century skills so in demand everywhere.
3. **Brexit** – The Commission was quick to recognise that Departments may need to recruit senior people quickly and in large numbers on a short term basis to deliver Brexit and so we created a protocol to enable them to do it, but more may need to be done as negotiations unfold.
4. **Life Chances** – Ten years ago I set about recruiting the first apprentice into the Civil Service under the then Administration’s new policy; today the Civil Service recruits thousands of apprentices each year, giving them life chances and improving the Service in equal measure. During the new Parliament we will be working with Ministers and asking the Civil Service to find more such opportunities for a diverse group of entrants.

To assist with this agenda, we have just recruited a diverse set of new Commissioners from across the public and private sectors, including extra Commissioners to help with Brexit and other peak loads. Which allows me to close by welcoming them – Natalie Campbell, Jane Burgess, Margaret Edwards, Rosie Glazebrook, June Milligan, and Joe Montgomery – and to thank our three departing Commissioners – Kathryn Bishop, Wanda Goldwag and Angela Sarkis, who have each played a pivotal role in the Commission over the last five years. Kathryn deserves particular thanks for serving as interim First Commissioner for six months. Her contribution and dedication to the Commission’s work was outstanding.



**Ian Watmore**  
First Civil Service Commissioner

**Part 1: Annual Report 2016-17**

**1854-55**

Following the publication of the Northcote Trevelyan Report in 1854 the Civil Service Commission was established in 1855.

CIVIL SERVICE COMMISSIONERS.  
writing from dictation and in copying the...  
The cases thus analysed constitute more than a third of  
whole number of rejections and it has not been deemed necessary  
to undertake the same laborious task with regard to the remainder.  
It must be added that every doubtful case has been  
excluded from the catalogue of errors, and that had writing been  
probably in a good many instances sheltered bad spelling. The  
to be enumerated under this head are 41 for deficiencies  
in both spelling and orthographic, and 72 for  
communications received from  
has been laid on the  
we shall y

Women first employed in civil service – only as telegraphists in General Post Office

**1869**



**1914-1918**

WW1 – Sir Stanley Leathes as First Civil Service Commissioner saw women employed in much larger numbers – nearly 170,000 by 1919. After 1918 all civil service jobs were opened to women



Constitutional Reform and Governance Act passed. Commission put onto a statutory footing

**2010**



**2008**

Apprenticeships scheme introduced

First BAME Perm Secretary appointed Suma Chakrabarti

**2002**



Government Digital Service

**2011**

Government Digital Service established to transform the provision of government digital services.

Launch of Talent Action Plan introduced Permanent Secretary diversity champions with a commitment to implement by March 2016.

**2014**



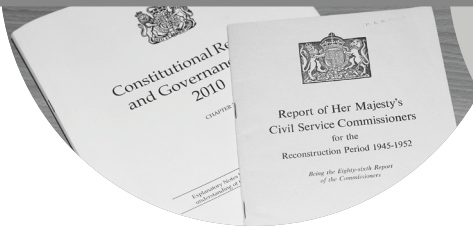
**2014**

Revised Recruitment Principles are published



WW2 – In 1946 the Marriage Ban was abolished in the home civil service, and women were allowed to remain after marriage.

1939-1945



1955

First female Permanent Secretary, Dame Evelyn Sharp – Ministry of Housing and Local Govt

Fulton report on skills and pay structure

1968



1996

Civil Service Code – Commission first started hearing appeals under the Code

First female First Commissioner, Ann Bowtell

1993



1978

Commission given access to computers in Norwich. Report on demand for computers across Government – GDS forerunner

Prime Minister given choice from appointable candidates for Permanent Secretary posts

2015



2016

Referendum on exiting the EU–BREXIT – Commission announces new protocol for BREXIT specific recruitment

4 new women Permanent Secretaries recruited

2016-17



## Chief Executive's Introduction

I am delighted to introduce the Annual Report and Accounts for 2016-17. Having only been Chief Executive of the Civil Service Commission since mid-November 2016 much of the success reported here results from the leadership of Clare Salters and Ekpe Attah as previous and interim Chief Executive respectively.



It has, not unusually, been a period punctuated by change both externally and within the Commission resulting in various challenges and pressures. For example: separating the roles of First Civil Service Commissioner and Public Appointments Commissioner; outcome of the EU referendum; change of government; machinery of government changes; and, leadership and staff changes within the secretariat. The secretariat supports the Civil Service Commission but also: Commissioner for Public Appointments; Advisory Committee on Business Appointments; and, House of Lords Appointments Commission.

The report contains greater detail of the Civil Service Commission's year which has included:

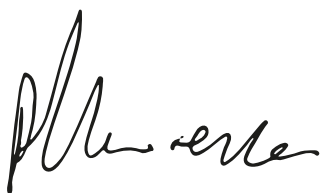
- Regulating almost 40,000 appointments to the Civil Service;
- Commissioners chairing 162 panels for SCS 2 and above recruitment competitions, including 4 at Permanent Secretary level;
- Use of exceptions to the Commission's Recruitment Principles reducing to 9.4% meaning over 90% of appointments were made following fair and open competition;
- A doubling of audit visits resulting in 180% increase of Recruitment Principles breaches being identified;
- 83 Recruitment Principles complaints were considered (2015-16 there were 62 complaints);
- Over 200 civil service recruitment staff were trained on Recruitment Principles;
- 34 Code appeals received by the Commission and an increasing awareness of how to raise concerns was reported in the Civil Service People Survey;
- Whilst only 18% of applicants for posts at SCS 2 or above were female, female applicants were more successful – 37% of appointees to these posts were female;
- 75% of Permanent Secretary appointments this year were female;
- 47% of appointees below SCS 2 were female compared to 45% male, 8% were unknown;

- 15% of appointees below SCS 2 identified as BAME, 1% up on last year, most successful at EO and HEO level;
- 4.2% of appointees below SCS 2 declared a disability up from 3.5% in 2015-16.

There are some underlying areas of concern as well as successes outlined in our report. Whilst almost all of the 162 Commissioner chaired competitions appointed a candidate ranked as 'strong' by the panel there was often insufficient choice for panels at the end of the process. Search consultants employed on these senior competitions regularly reported difficulties in securing external applications because of the relatively low salary levels compared to other organisations. Although the proportion of appointees across the Civil Service identifying as BAME or having a disability has increased and is welcomed, in competitions at the most senior levels it remains the case that they are less likely to reach the interview stage and this should be investigated to understand why.

My ambition for the coming year will be to develop further the capabilities within the secretariat to support the Commission's four strategic priorities and our other objectives by: establishing a strategic thinking function to ensure we can respond effectively and with deeper analysis to the concerns above as well as other new challenges; enhancing relationships with Departments to improve performance and reduce breaches of the Recruitment Principles through reinvigorating our audit and training approach; reviewing internal governance structures to better use the experience of Commissioners and staff.

The secretariat has risen well to the challenges this year delivering the business professionally and in a timely manner, for which I thank them all. We continue to aspire to be experts in our field, providing high quality services to our stakeholders enabling them to act in a way that safeguards public confidence and integrity in our public services.



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

Date: 11 July 2017

## Key Facts 2016-17

- 40,000 people recruited to the Civil Service, up 41% from 28,000 in 2015-16 (Gross recruitment not Net change in Civil Service numbers);
- 9.4% of recruitment was by exception (down from 17% in 2015-16) so higher proportion of appointments made through fair and open competition on merit;
- 162 recruitment competitions at SCS 2 and above chaired by Commissioners (double 2014-15 levels);
- In Commissioner chaired competitions:
  - Females made up 18% of applicants but they were more successful at each stage; 30% of shortlists; and 37% of appointments;
  - Candidates self-declaring as BAME made up 11% of applicants but only 3.5% of shortlists, this needs investigating to understand why;
  - Candidates self-declaring as having a disability made up 4.3% of applicants but only 2.7% of shortlists;
  - 60% of appointments were made to existing civil servants\* (46% 2015-16; 41% 2014-15) who succeeded in a more competitive testing environment (\*this trend includes people recruited externally previously who have now changed roles\been promoted);
  - 70% of first choice candidates rated Outstanding or Very Good by panels, but very often there was a lack of other strong candidates.
- In recruitment below SCS 2:
  - 47% of appointees were Female and 45% Male (similar to last year) (8% unknown);
  - 15% of all appointees self-declared as BAME up from 14% 2015-16 (20% unknown);
  - BAME candidates were most successful at EO (20% up 6.5%) and HEO (17% up 4.5%) levels a positive 1 grade shift from AO and EO levels last year;
  - 4.2% of appointees declared a disability up from 3.5% 2015-16;
  - The proportion of appointees declaring a disability has increased for all grades, except HEO, with SCS1 increasing by more than 2%
- 107% increase in audit and compliance visits. The Secretariat undertook 31 in 2016-17 compared to only 7 in 2015-16 and KPMG undertook 7 and 8 respectively;

- 240 breaches of Recruitment Principles identified through more Commission led audit activity, increase of 180% compared 2015-16 due to more compliance visits being conducted by the secretariat and more departments self-reporting;
- 140 people trained on Recruitment Principles through open events;
- 7 bespoke Recruitment Principles training events for single Departments or functions such as CSR;
- 34 Civil Service Code Appeals considered in the year, of which:
  - 27 referred to Departments for investigation and initial decision;
  - 1 escalated to Cabinet Office fraud investigation team
  - 1 escalated to NAO as more appropriate body to consider
  - 5 considered by Commission – 4 concluded in year (3 upheld in full or in part, 1 not upheld);
- Civil Service Code related People Survey responses in 2016 were:
  - 91% were aware of the Civil Service Code, same as 2015;
  - 67% aware how to raise a concern, up from 66% in 2015 and steadily rising from 59% in 2011;
  - 67% confident concerns would be investigated properly, has fluctuated between 64% and 69% since 2011.

# Performance Report

## The Commission

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

The Commission's main functions remain unchanged so we continue to adopt the going concern basis.

The Constitutional Reform and Governance Act 2010<sup>2</sup> put into primary legislation the Commission's two main functions, against which we have reported in the rest of this report.

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

- Publishing a set of principles – called the "Recruitment Principles"<sup>3</sup> – setting out how the requirements of merit, fairness and openness are to be satisfied and defining when Exceptions can be allowed to meet the needs of the Civil Service (see page 31);
- monitoring Departmental compliance with the Recruitment Principles – this is currently done, in large part, through regular audits (see page 27);
- hearing complaints that Civil Service recruitment has not been in accordance with the requirement for merit, fairness and openness in the 2010 Act (see page 34)

The second function in the 2010 Act is to hear complaints from civil servants about actions that may conflict with the Civil Service Code, which defines the Civil Service values of impartiality, objectivity, honesty and integrity (see page 42).

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

---

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

2 Referred to as the 2010 Act throughout this report.

3 [civilservicecommission.independent.gov.uk/wp-content/uploads/2017/01/RECRUITMENT-PRINCIPLES-April-2015-as-of-January-2017.pdf](http://civilservicecommission.independent.gov.uk/wp-content/uploads/2017/01/RECRUITMENT-PRINCIPLES-April-2015-as-of-January-2017.pdf)

- Under an agreement with the Head of the Civil Service, known as the “Senior Appointments Protocol”, Commissioners also chair internal competitions at Director General and Permanent Secretary level (see page 17).
- We currently have an additional role in supporting Departments in promoting the Civil Service Code (see page 44).
- The Commission provides secretariat support to the Advisory Committee on Business Appointments<sup>4</sup> (ACOPA), the House of Lords Appointments Commission<sup>5</sup> (HOLAC) and to the Commissioner for Public Appointments<sup>6</sup> (OCPA).

The Commission is made up of a group of Commissioners and a secretariat, details of which are published on our website and at Annex A. Commissioners are appointed by the Queen on the recommendation of the Prime Minister, following open competition. They bring a mixture of senior level experience in the private, public and non profit sectors to their work.

The Commission Board is chaired by the First Civil Service Commissioner, a role filled by Kathryn Bishop on an interim basis from April 2016 to September 2016 and then on a permanent basis by Ian Watmore. The Chief Executive and Accounting Officer was Clare Salters until the end of July 2016, Ekpe Attah on an interim basis until November 2016 and then Peter Lawrence. The Chief Executive is head of the secretariat and principal policy adviser to the Commission Board.

### ***Statutory Disclosures***

#### *Risk*

The main risks to the Commission’s operations during 2016-17 related to budget and workload – for more details, see page 53.

#### *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 2017-18. These can be viewed on our website.<sup>7</sup>

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4 <https://www.gov.uk/government/organisations/advisory-committee-on-business-appointments/about>

5 <http://lordsappointments.independent.gov.uk>

6 <https://publicappointmentscommissioner.independent.gov.uk>

7 [civilservicecommission.independent.gov.uk/about-us/corporate-and-financial-information/](http://civilservicecommission.independent.gov.uk/about-us/corporate-and-financial-information/)

## Part 1: Annual Report 2016-17

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*

Following a successful recruitment competition to recruit new Commissioners we have been successful in recruiting six new Commissioners, to replace the Commissioners who reached, or will reach, the end of their five-year terms on 31 March 2017 and over the next year. An additional Commissioner has been recruited to cope with a possible increase in competitions as a result of Brexit and will start their term later in 2017 and early 2018.

A new Strategic Framework has been agreed for the period April 2017 to March 2020, setting out how the Commission will undertake and discharge its responsibilities. The plan establishes strategic priorities and key performance indicators for the Commission under the leadership of a new First Civil Service Commissioner and new Chief Executive.

The strategic priorities are focused on:

- Demographic diversity of the Civil Service
- Diversity of skills
- Supporting the delivery of government business
- Supporting employment initiatives

We will continue to enhance the skills base of the secretariat to support better data analysis, strategic thinking and horizon scanning. These skills will be vital in maximising our success as much of our leverage will be through influencing the Civil Service to act differently based on evidence.

We will also review our governance structures over the next year to ensure that the skills and experiences of all our Commissioners and staff are brought to bear effectively in pursuing our strategic priorities.

### *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 members 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.<sup>8</sup>

## Performance Analysis: Review of 2016-17

### Appointments to the Civil Service

The 2010 Act makes it a statutory requirement that selection for appointment to the Civil Service is made on merit on the basis of fair and open competition, or under an Exception provided for in the Commission's Recruitment Principles.

#### *The Recruitment Principles*

The 2010 Act requires the Commission to publish its Recruitment Principles, which departments and agencies must follow in ensuring that selection for appointment to the Civil Service is on merit on the basis of fair and open competition. The Recruitment Principles also describe what Exceptions are permitted to the statutory requirement, and the delegated levels at which departments may apply these Exceptions without reference to the Commission.

The Recruitment Principles give clear guidance on the approach that departments must take to meet the statutory requirement to select on merit, and the small number of specific process requirements from the Commission. Beyond these it is for recruiting departments to devise recruitment policies and procedures that best suit their individual business needs.

#### *Extended Ministerial Offices*

The last major revision of the Recruitment Principles was in April 2014 following an extensive public consultation. The only change to the Recruitment Principles in 2016-17 was the suspension of Exception 5 that relates to Extended Ministerial Offices (EMOs).

The Government decided in late 2016 to disband the existing EMOs and to create no more. The provisions of Exception 5 became non-operative from January 2017. The Commission worked with the small number of departments that had created EMOs to ensure that they were disbanded in an orderly way.

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<sup>8</sup> <https://www.gov.uk/government/organisations/cabinet-office/about/our-energy-use>

## **Part 1: Annual Report 2016-17**

### *Permanent Secretary Appointments*

Since 2014-15, Permanent Secretary appointments have been subject to unique provisions in the Recruitment Principles, which give the final choice of appointee to the Prime Minister. The selection panel, chaired by the First Civil Service Commissioner, identifies those candidates it judges appointable to the role against the advertised job description and essential criteria. If the panel judges more than one candidate to be appointable, the Prime Minister makes the final selection on merit.

There were four Permanent Secretary competitions during this financial year. Two of these were designated 'Second Permanent Secretaries'. Three of these were external competitions, open for non-civil servants to apply; one was an internal competition, open only to existing civil servants. In three cases the Prime Minister had the choice from two or more appointable candidates. In one case the panel identified only one appointable candidate.

### *Training for Departments*

The Commission has continued to put increased emphasis on working with departments to increase their understanding and capability. We have for some time run a number of 'open invitation' training sessions each year for recruitment professionals across the Civil Service. We ran seven of these sessions this year and they were over-subscribed. We received very positive feedback from attendees who felt it helped to raise their awareness, and also bust some of the myths about the restraints on innovative recruitment in the Civil Service.

As we report below, the Commission receives returns from departments on their recruitment on a quarterly basis. We moved from annual reporting to quarterly reporting in 2015 and this has meant a more regular dialogue with departments about their recruiting activity, and earlier identification of potential capability gaps. As a result we have supplemented our open invitation training sessions with more bespoke sessions run for particular departments or professions. This year we ran seven of these targeted sessions.

## **Recruitment to the Civil Service 2016-17**

Initial figures from departments indicate that 39,792 staff were recruited to the Civil Service in 2016-17. This is an increase of 42% from the 2015-16 figure of 28,000 recruits. It is a return to the recruitment levels of 2014-15, when approximately 39,000 staff were recruited.

The majority of these 39,792 (36,070) were recruited on merit on the basis of fair and open competition, 3,721 (9.4%) were recruited using one of the Exceptions provided for in the Recruitment Principles (see page 31). (In 2015-16, 23,301 (83%) were recruited on merit, 4,699 (17%) recruited by Exception).

### Senior Recruitment Competitions

The 2010 Act allows the Commission to decide which Civil Service appointments require the Commission's specific approval. It further allows the Commission to decide how it will participate in those selections that require its approval.

It has been the long-standing practice that Civil Service Commissioners chair 'open competitions' (in which both existing civil servants and non-civil servants can apply) for the most senior roles: Director (Senior Civil Service pay-band 2), Director General (SCS pay-band 3) and Permanent Secretary. In addition, under the terms of the Senior Appointments Protocol, Commissioners also chair internal competitions (in which only existing civil servants can apply) for vacancies at Director General and Permanent Secretary. On occasion, Commissioners will chair other competitions, usually at the request of a department.

We report each year on the number of competitions that were completed in the financial year. In 2016-17 we chaired competitions for 162 posts, which resulted in 153 appointments. There were competitions for another 21 posts which were cancelled prior to final interview. The stages at which these competitions were cancelled, and the reason for their cancellation, varied greatly; there is no particular pattern to these cancellations.

As indicated in the table below, this is a small increase on the number of roles and the number of appointments from last year. 2015-16 had seen a major increase in Commissioner-chaired competitions from the preceding years.

**Table 1: Posts competed and resulting appointments made at SCS pay-band 2 and above 2012-13 to 2016-17**

	Posts competed			Appointments made			No appointment made
	Open	Internal	<b>Total</b>	Open	Internal	<b>Total</b>	
2016-17	158	4	<b>162</b>	149	4	<b>153</b>	9
2015-16	154	4	<b>158</b>	120	4	<b>124</b>	34
2014-15	77	2	<b>79</b>	71	2	<b>73</b>	6
2013-14	100	16	<b>116</b>	83	15	<b>98</b>	18
2012-13	96	8	<b>104</b>	85	8	<b>93</b>	11

The Government has moved to a presumption of external recruitment as the default position for Senior Civil Service recruitment, so those outside the Civil Service can apply. Posts in the SCS are only advertised internally when the nature of the post indicates that the likelihood of finding a successful candidate outside the Civil Service is remote.

As indicated in Table 1, only four of the 162 posts competed for in Commissioner-chaired competitions were restricted to Civil Service candidates. One of these was at Permanent Secretary level, two at DG level (SCS 3), and one at Director level (SCS 2). This is similar to 2015-16.

### Strength of fields

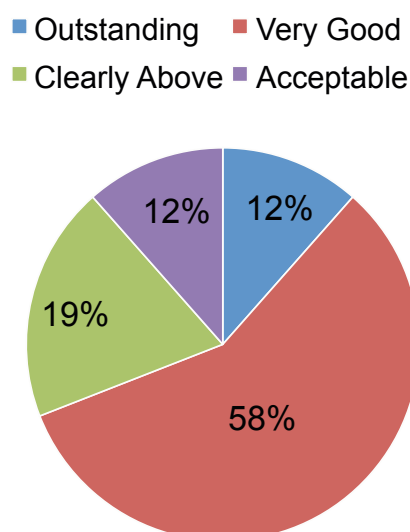
The Commission encourages departments to think creatively about the best way to attract strong diverse pools of applicants for each vacancy. This is a particular focus of the planning meeting that a Commissioner will chair in advance of the launch of a recruitment competition. If search consultants are used, the Commissioner will ensure that they understand that actively seeking out strong, diverse applications is an important part of their role. The diversity outcomes for Commissioner-chaired competitions are discussed in the *Diversity in senior appointments* section on page 21.

It is difficult to apply a truly objective measure to the strength of applicant fields. There is no set of acceptable objective measures for this in the recruitment industry, either in the private or public sectors. The Commission recognises this difficulty and has considered some possible relevant indicators: the assessed strength of the recommended candidates; the number of competitions that fail to identify an appointable candidate; the number of competitions where there are no reserve appointable candidates.

Selection panels chaired by a Commissioner will usually adopt the Commission's standard marking frame. The marking frame has four categories for candidates judged appointable to the role ('outstanding', 'very good', 'clearly above the minimum acceptable level' and 'acceptable'); and two categories for non-appointable candidates ('near miss' and 'clearly not appointable').

Of 139 appointments made this year from competitions chaired by a Commissioner where the standard marking frame was used, 16 selected candidates (12%) were marked 'outstanding'; 80 (58%) were marked 'very good'; 27 (19%) were marked 'clearly above the minimum acceptable level'; 16 (12%) were marked 'acceptable'.

**Figure 1: Markings received by most-meritorious candidates in Commissioner-chaired competitions 2016-17**



Another measure of the strength of candidate fields is the number of competitions that fail to identify any appointable candidates. In 2016-17 Commissioners chaired competitions for 162 posts, of which 9 posts (6%) were not filled, as the selection panel did not find an appointable candidate for the role.

The equivalent figure for unfilled posts for 2015-16 was 22%, so there appears to have been a significant improvement this year. However, the 2015-16 figure was skewed by one campaign by the commercial function to recruit up to 25 commercial directors; this was an ambitious target and in the event 12 high quality appointments were made. In 2014-15, the figure for unfilled posts had been 8%.

Another possible measure of the strength of candidate fields is the number of competitions that identified only one appointable candidate: there was no reserve candidate who could be appointed if the most meritorious candidate turned the post down. This year, of the 153 appointments made, there were 64 (42%) instances where there was only one appointable candidate. In 2015-16 the equivalent figure was 38%.

Taken together these measures suggest that while the Civil Service has usually managed to fill its senior vacancies this year, it remains vulnerable in many competitions, as there is no reserve appointable candidate.

Last year there were more failed competitions and the Commission's Annual Report suggested that in part this could be explained by a greater number of senior digital and commercial roles being advertised. These are skills that are in particular demand in the marketplace, and Civil Service remuneration is at the lower end of what is on offer. However during the past year there have been new approaches to the pay offer for these professional areas. This may to some degree explain why fewer competitions failed to find appointable candidates, though the number of competitions where only one appointable candidate was found do remain high.

### *Sector backgrounds of senior appointees*

The Commission has for many years reported on the sector backgrounds of successful candidates in Commissioner-chaired competitions. Successful candidates are categorised as coming from the Civil Service (i.e. they are existing civil servants), from the wider public sector outside the Civil Service, from the private sector, and from the voluntary sector (successful candidates from the voluntary sector at these grades is rare and there were none in 2016-17, or in 2015-6).

This information does have to be treated with a degree of caution, since it only reflects the sector the candidate is in at the point of application, not where he or she has spent the majority of their working lives. So, for example, a civil servant could be someone who has spent all of their working life in the Civil Service, or it could be somebody who is a recent recruit to the Civil Service, having had a long career in the private sector.

One of the Commission's strategic priorities is to help the Civil Service attract the skills it needs to meet the needs of the country's citizens. Selection for the Civil Service must be on merit, but there should be no artificial barriers for

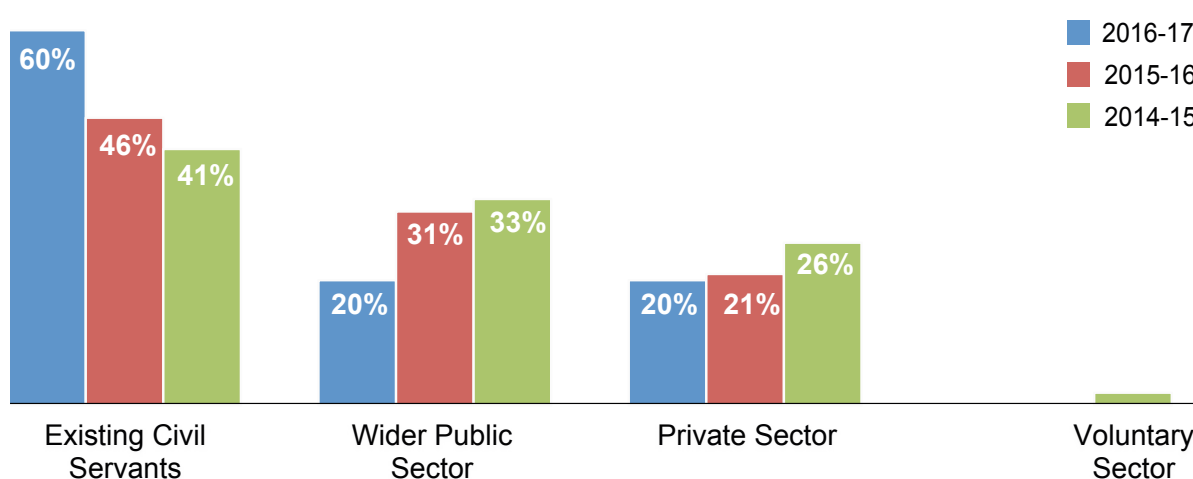
talented individuals joining the Civil Service from other sectors and backgrounds. Commentators often suggest that the Civil Service is a closed world, populated only by those who have made it their whole career. From the Commission's perspective, the Civil Service appears to be a much more porous body than is often acknowledged, and people do move in and out of it at all stages of their career.

Having said that, this year has seen an increase in the number of successful candidates in senior competitions who were existing civil servants.

In 2016-17, overall for Commissioner-chaired competitions, 60% of successful candidates were already civil servants, 20% were from the wider public sector, and 20% were from the private sector (see Figure 2).

Last year the figures were 46% civil servants, 31% wider public sector and 21% private sector. So while the percentage of successful applicants from the private sector is very close to last year, there has been a decline in the number of senior appointments from the wider public sector. The percentages of successful candidates from the Civil Service, public sector and private sector have fluctuated over the years, and caution should be applied to interpretation of these figures given the small numbers involved.

**Figure 2: Sector background of successful candidates in Commissioner-chaired competitions, 2014-15, 2015-16 and 2016-17**



The figures for the three most senior grades show interesting variations:

- 75% of Permanent Secretary appointees were existing civil servants and female (last year all Permanent Secretary appointments were existing civil servants).
- At Director General level, 69% were civil servants (48% last year), 14% were from the wider public sector (19% last year), and 17% were from the private sector (33% last year).
- At Director level, 55% were civil servants (35% last year), 23% were from the public sector (39% last year) and 22% from the private sector (26% last year).

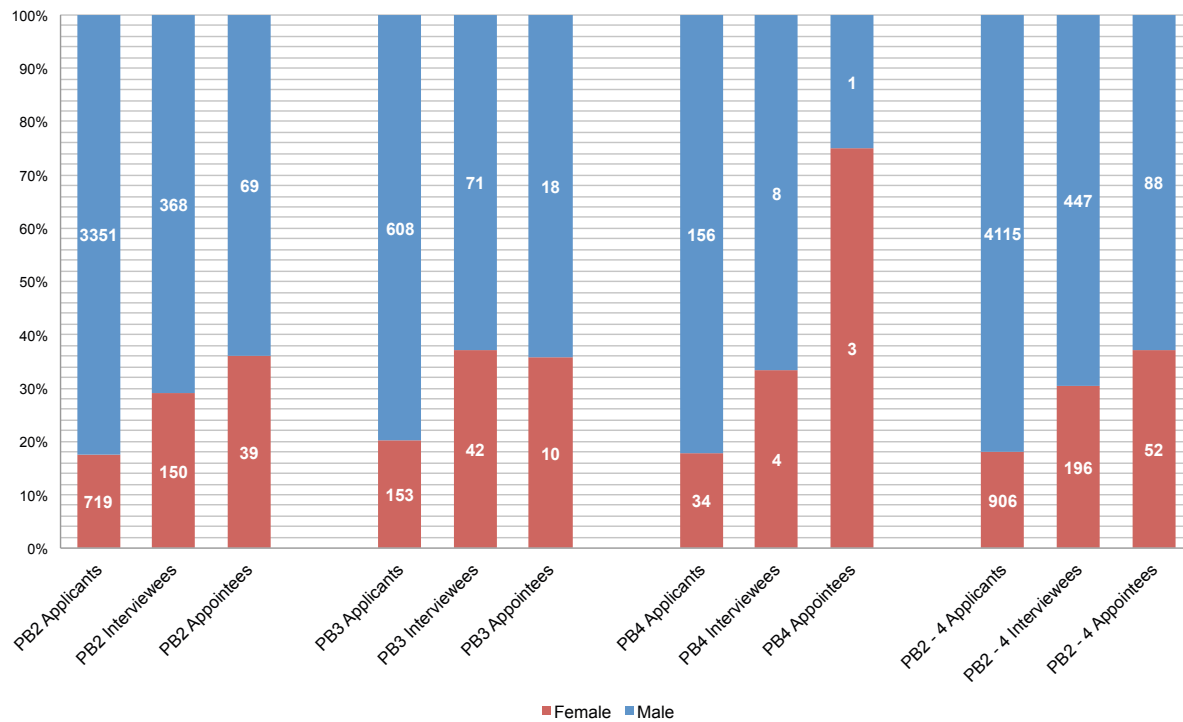
*Diversity in senior appointments*

Helping to increase the diversity of the Civil Service, to reflect the nation it serves, is one of the four key strategic priorities for the Commission.

In last year’s report, the Commission commented that it had been concerned for some time about the incomplete nature of the information on diversity of applicants at all stages of selection competitions chaired by Commissioners. To address this, the Board of the Commission decided that for competitions chaired by Commissioners it would be mandatory for candidates to complete diversity monitoring forms. This has led to more robust data; but it is still not complete, as for all questions on the form, there is a ‘prefer not to say’ option, so applicants are not forced to reveal any information that they would rather not provide.

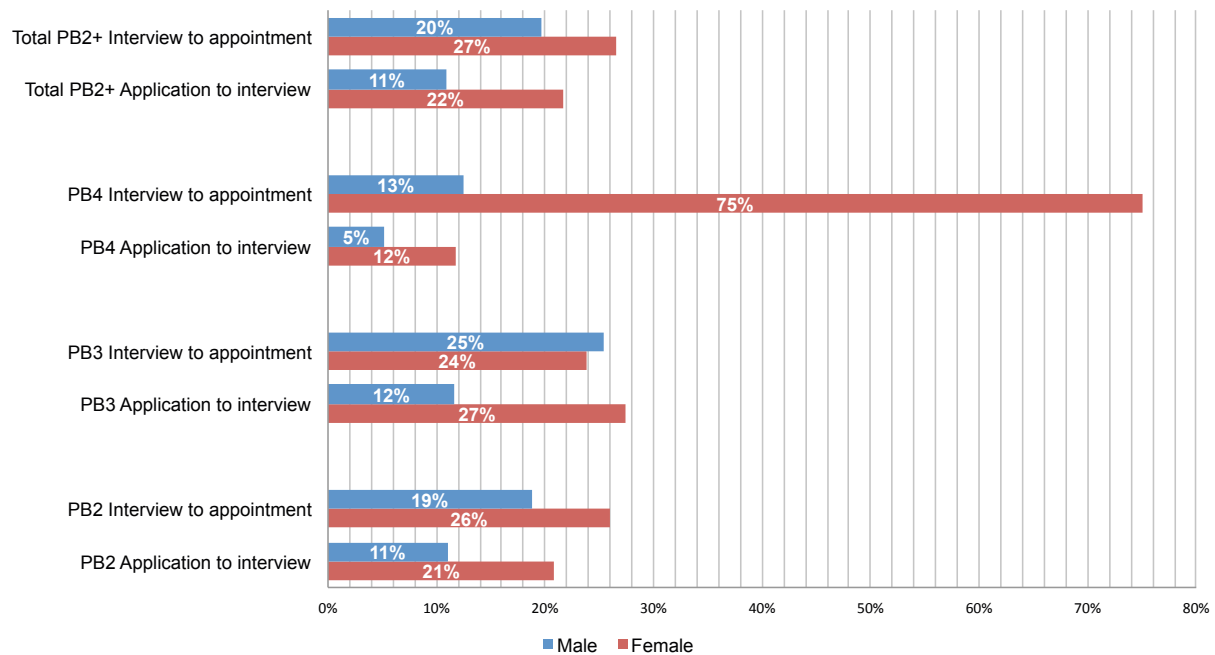
As Figure 3 shows, female applicants were in the minority in competitions at all of the three most senior grades during 2016-17. However, women made up a higher proportion of those on shortlists and those eventually appointed. These differences were significant.

**Figure 3: Gender Breakdown of each stage of Commissioner-chaired competitions, 2016-17**



Another way of looking at the same information is the relative success rates of female candidates compared to others at various stages of competitions (see figure 4). Female applicants were significantly more likely to be shortlisted for interviews than others (22% compared to 11%) and female interviewees were 7% more likely than others to be appointed for senior competitions.

Figure 4: Success rates by gender in senior competitions, 2016-17



For gender, the figures are encouraging. Although there may be more to do to get women to apply for senior roles in the Civil Service, the evidence shows that where they do apply they have a high rate of success.

The position for BME candidates and those who declare disabilities is less positive. The numbers are smaller so detailed analysis is unfortunately not possible. However, it is possible to compare the ethnic and disability mix of the overall applicant pool – aggregated across all the senior competitions – with the mix at interview stage. That reveals what appears to be a statistically-significant difference, with those declaring a BAME background or a disability being significantly less likely to reach the interview stage. Even if part of this phenomenon is explained by higher levels of under-reporting in relation to these matters than in relation to gender, and even allowing for the fact that this is aggregate data relating to a number of different competitions among which there may have been considerable variation, this remains a matter of concern.



Figure 5: Breakdown of candidates in Commissioner-chaired competitions, 2016-17

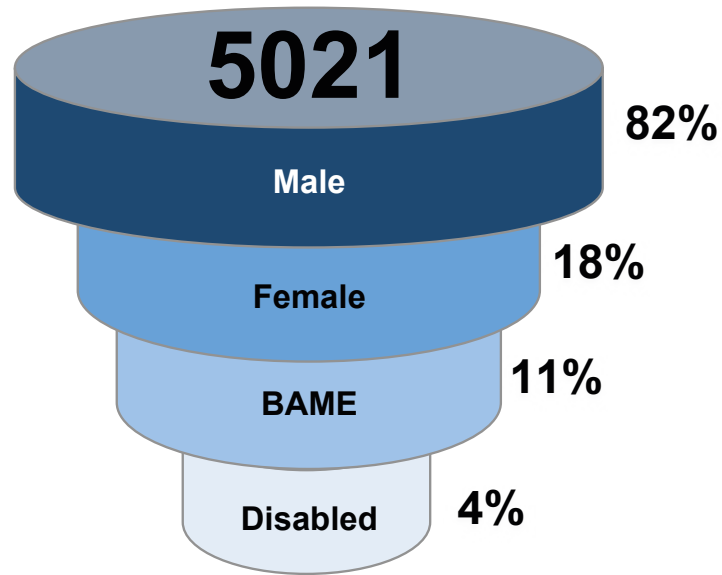
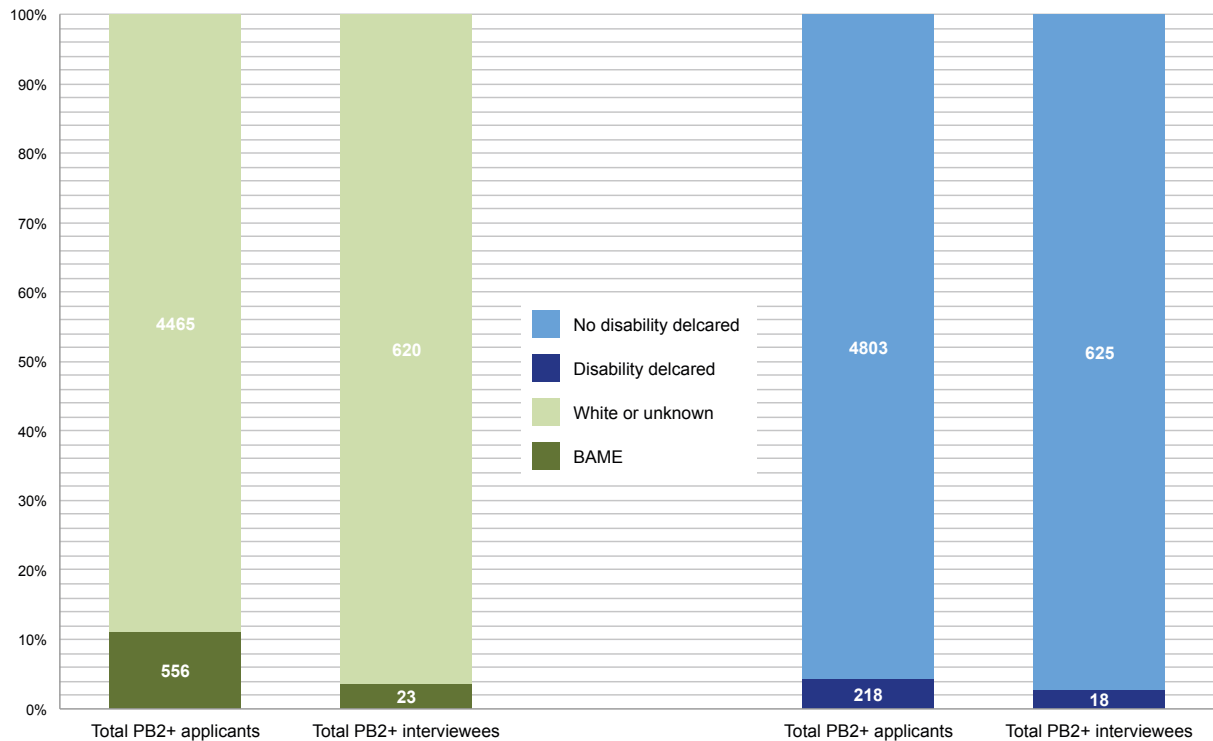


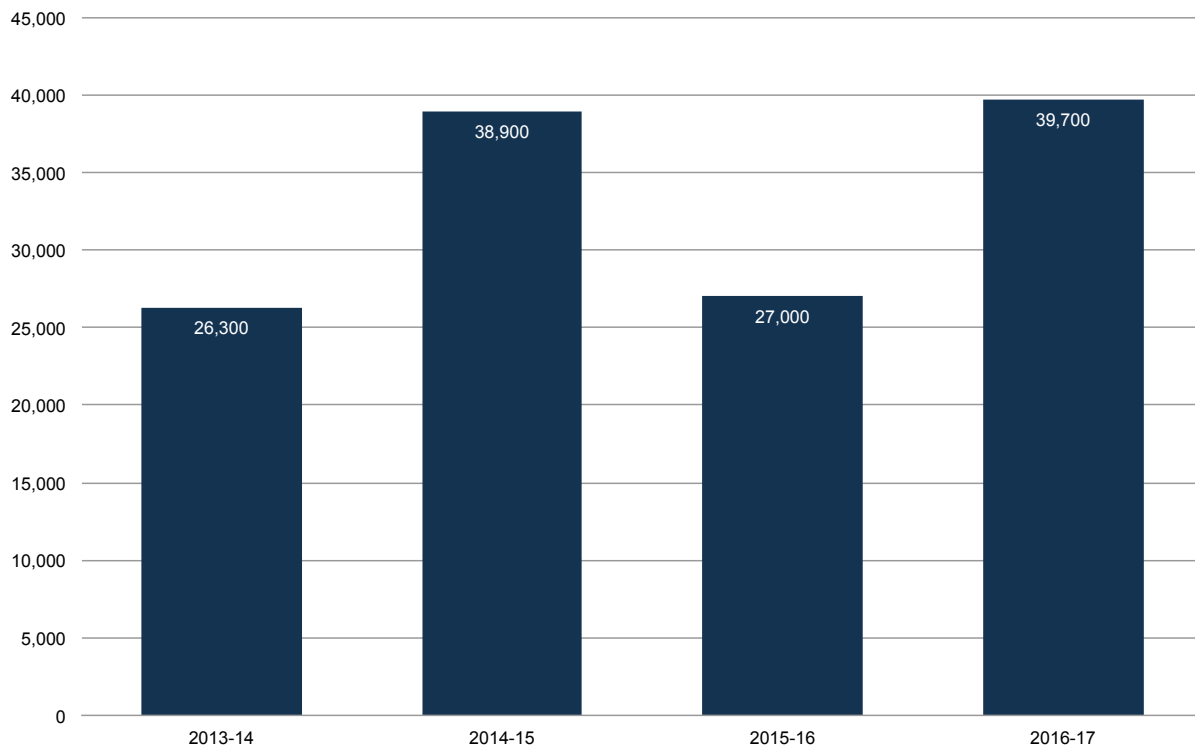
Figure 6: Ethnicity and disability breakdown of key stages of senior competitions, 2016-17



*Recruitment below SCS2*

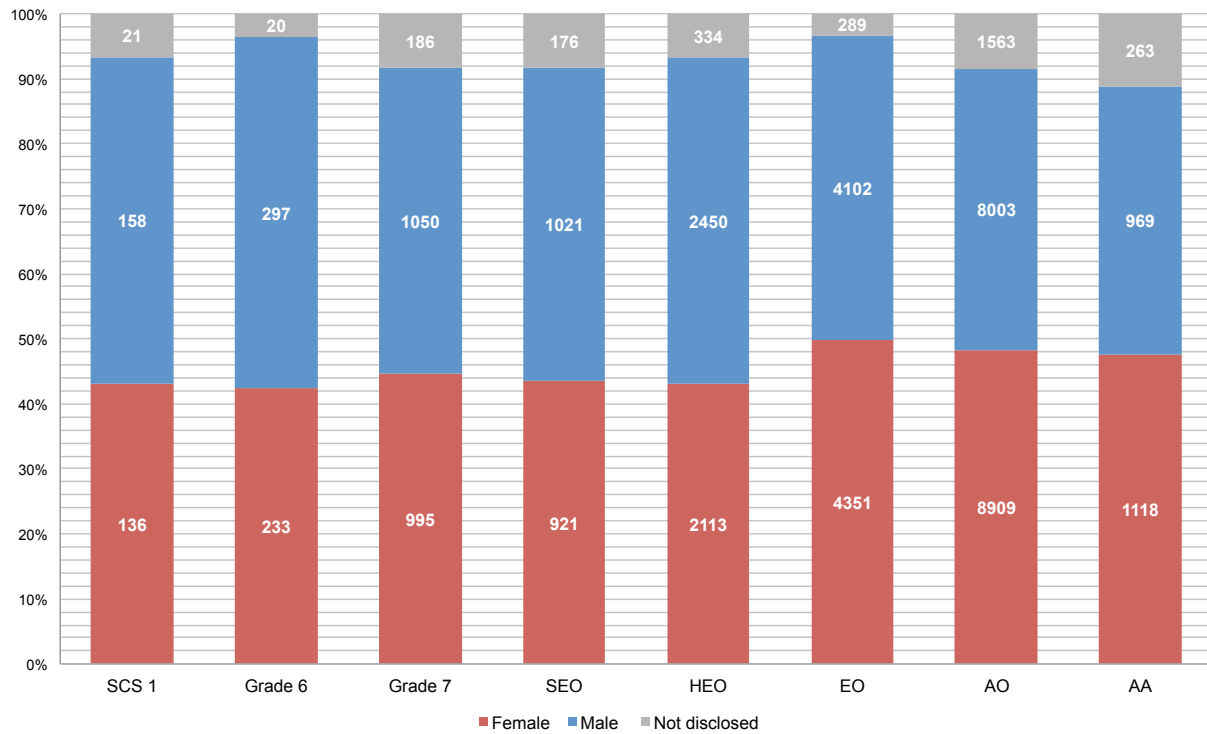
The vast majority of recruitment to the Civil Service takes place below SCS pay-band 2. This reporting period saw a sharp increase in recruitment at these levels: around 39,700 people were recruited below SCS pay-band 2 (2015-16: 27,000) – See Figure 7.

**Figure 7: Recruitment below SCS pay-band 2, 2013-2017**



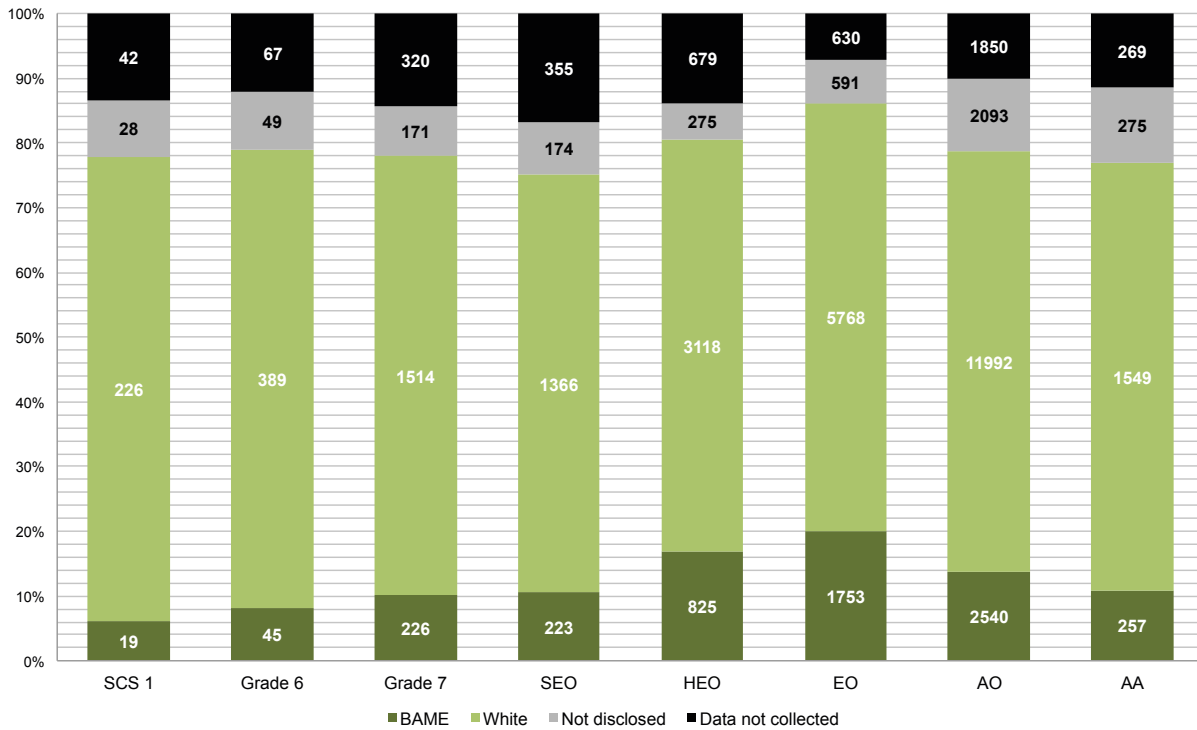
According to the most recent data supplied by Departments (see Figure 8), the number of female and male staff appointed following open competition was almost identical (45% male and 47% female) with a small percentage where gender is unknown, usually because data was not collected in the hiring Department. At the first line management level (EO), and at each of the lower grades, there was an increase in the proportion of women appointed during 2016-17 compared to last year.

**Figure 8: Gender diversity of successful candidates following recruitment competitions, 2016-17, by grade**



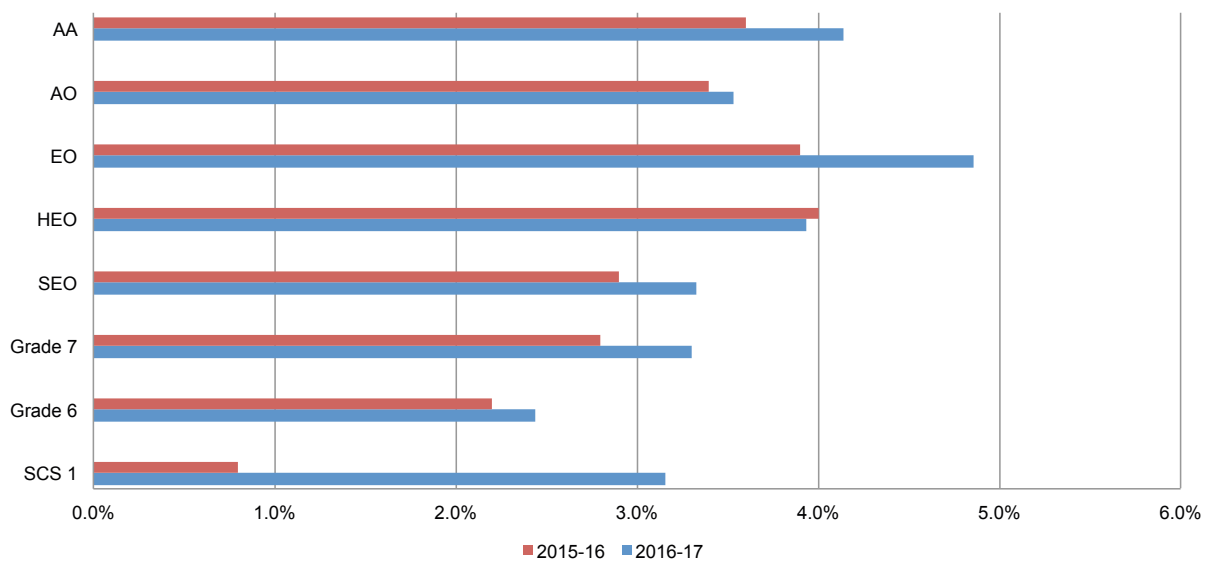
In terms of ethnicity there has been no improvement during this reporting period from last year (see Figure 9); 65% (64% 2015-16) of all those appointed following open competitions were white, compared to only 15% (14% 2015-16) from a BAME (Black, Asian or Minority Ethnic) background, with the proportion of BAME recruits being higher in the lower grades compared to more senior ones. It remains hard to draw any meaningful conclusions due to the gaps in data – 20% of those appointed either chose not to declare their ethnicity or the hiring Department did not collect the diversity data – but the lower proportion of BAME recruits to the SCS remains a concern.

**Figure 9: Ethnic diversity of successful candidates following recruitment competitions, 2016-17, by grade**



The data relating to disability for 2016-17 (Figure 10) show marginal variations at most grades in the proportion of recruits declaring a disability, although there was a greater than 2% increase at SCS 1 level (the deputy director grade). There was also a marked increase (over 1%) at EO level (the first line management grade), the level at which a populous proportion of Civil Service recruitment takes place.

**Figure 10: Proportion of successful candidates declaring a disability, 2016-17, by grade**



*Compliance monitoring*

Below SCS pay band 2, the Commission fulfils its statutory duty – of providing assurance that selection is on merit following fair and open competition – primarily by the collection and analysis of quarterly recruitment data provided by Departments and by carrying out compliance monitoring audits.

The data collection and much of the analysis for this compliance monitoring work is contracted out, most recently (since April 2013) to KPMG. As well as fulfilling the Commission’s legal duty, the compliance monitoring work enables the Commission to pick up systematic developments in recruitment practice across the Civil Service, to note, identify and spread good practice and mitigate the risks of future non-compliance.

The Commission uses a system of risk ratings which are based on the quarterly recruitment data and the additional data collected on our compliance monitoring visits. Details of the risk ratings for all organisations are published on our website<sup>9</sup>. We use the following risk ratings:

Green	Indicators suggest minor or no compliance risk to the organisation and minor or no concerns with the capability to achieve successful recruitment
Amber-Green	Indicators suggest moderate compliance risk to the organisation and/or moderate concerns with capability to achieve successful recruitment
Amber-Red	Indicators suggest moderate compliance risk to the organisation and/or significant concerns with capability to achieve successful recruitment
Red	Indicators suggest significant compliance risk to the organisation or actual breach of the Principles and/or major concerns with capability

All Departments who were red rated and amber-red rated for 2015-16 received inspections of their records. We also use the data supplied by Departments on their recruitment on a quarterly basis, to consider whether records should be inspected. We included five lower risk organisations in our programme this year and will continue to include such organisations, particularly those who have not recently been visited, in our programme for 2017-18. KPMG carried out some inspections on our behalf (7), but the majority (31) were carried out by the Commission’s in-house team. This year we trialled a mix of on site and electronic inspections. This has proven to be an efficient and effective process and we will carry out a similar programme of visits and electronic inspections in the coming year.

At the end of the year, a risk rating is given to every Department, based on the quarterly recruitment data supplied over the year and the further data obtained, if applicable, from compliance monitoring visits and electronic inspections.

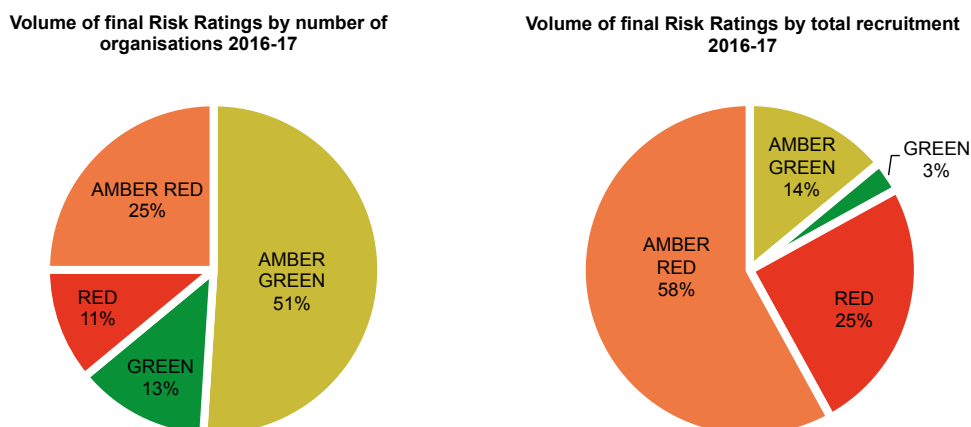
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<sup>9</sup> [civilservicecommission.independent.gov.uk/civil-service-recruitment/compliance/](http://civilservicecommission.independent.gov.uk/civil-service-recruitment/compliance/)

*Compliance in 2016-17*

The total number of people recruited to the Civil Service in 2016-17 was 39,792. Figure 11 below shows the proportion of Departments falling into each of the Commission’s compliance risk categories and the proportion of recruitment being done by organisations in each risk category.

**Figure 11: Risk ratings by the number of organisations and by the proportion of total recruitment**



The pie charts above show the organisations that were assessed as either amber-green (38 organisations or 14% of total Civil Service recruitment) or green (10, representing 3% of total recruitment). This provides assurance that the majority of Departments are conducting their recruitment in line with the Recruitment Principles and the legal requirement of the 2010 Act.

Unfortunately, the remaining organisations (19, representing 58% of total recruitment) were assessed as having significant risks (amber-red)<sup>10</sup>. Eight organisations (representing 25% of total recruitment) were assessed as requiring major improvement (red).

Whilst the Commission is concerned at the increase in the amount of Civil Service recruitment that is being carried out in Departments rated red or amber-red, we recognise that a proportion of the increase is because more compliance visits have been undertaken in 2016-17.

For 2016-17, the eight organisations assessed as having the highest compliance risk (red) were: the Cabinet Office, Competitions and Markets Authority, the Department for Education, the Home Office, the Ministry of Justice, National Crime Agency, Public

<sup>10</sup> Animal and Plant Health Agency, Defence, Equipment and Support, Department for Business, Energy & Industrial Strategy (quarter 4), Department for Culture, Media & Sport, Department for Environment, Food and Rural Affairs, Department for International Development, Department for Transport, Department of Work and Pensions, Department of Energy and Climate (quarters 1-3), Foreign and Commonwealth Office, Government Actuary’s Department, Government Commercial Function, HM Revenue & Customs, HM Treasury, Office for National Statistics, Planning Inspectorate, Registers of Scotland, The Insolvency Service, United Kingdom Hydrographic Office.

Health England and the Scottish Government. We have highlighted below some of the key problems we found in these Departments.

At the Cabinet Office the Commission found 4 breaches of the Recruitment Principles for 2016-17. These relate to two Exception breaches, one a Pay Band 2 appointment made without the Commission's approval and the second a further Exception 1 appointment made for a previous employee in an Extended Ministerial Office. The third breach was identified following the Government Digital Service complaint investigation described in the Complaints section later in this report (see page 39). The fourth breach occurred when the former Prime Minister's office arranged for him to meet an appointable candidate for a Permanent Secretary competition without a member of the Commission being present.

At the Competitions and Markets Authority (CMA), following two compliance visits, the Commission found four breaches of the Recruitment Principles. These were two Exception appointment breaches and two instances of candidates erroneously not being invited to interview (one a Guaranteed Interview Scheme (GIS) candidate). A fifth breach was identified by CMA, following a review of its Exception appointments.

At the Department for Education the Commission found four breaches of the Recruitment Principles in 2016-17. One Exception breach was identified following a request to extend an appointment. The other three breaches were identified at a compliance visit. One was an Exception breach and in one case a GIS candidate was erroneously not invited to interview. The final breach related to a failure to keep records for a Senior Civil Service campaign; all the records had apparently been destroyed or deleted when an office was disbanded.

At the Home Office we identified 6 cases involving breaches of the Recruitment Principles in 2016-17. At a compliance visit we identified that, at the end of a Senior Civil Service campaign, the final appointment had been made out of merit order. The Commission found five Exception breach cases, of which 4 were reported by the Home Office. Two of these were volume breaches and they affected two cohorts. A further breach that was identified in the first days of 2017-18 has been taken into account for this year's rating but will be reported on next year.

At the Ministry of Justice compliance visit the majority of the documentation inspected was insufficient and we found breaches in 12 cases where MOJ was not able to evidence appointment on merit following a fair and open competition. Another breach was identified after a complaint investigation (see Complaints section on page 38 – Case 6) relating to part-time working. It became clear some months later that the required changes had not been fully embedded when a similar issue, but not a breach, was identified.

At the National Crime Agency, 29 breaches were identified. Twenty-six Exception breaches were identified, most of these by NCA following a review of their Exception appointments. Two breaches relating to insufficient documentation and a merit order issue related to location were identified at a compliance visit. A further breach was identified by NCA as the recruitment of a candidate was a result of undue influence through a family connection.

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At Public Health England 16 breaches were identified. These are 15 Exception breaches and one breach identified at a compliance visit where insufficient information was available to show appointment on merit. Many of these breaches were identified by PHE following a review of their Exception appointments.

The Scottish Government carries out a high proportion of its recruitment by appointing using Exceptions. However the Commission has identified 7 breaches relating to Exception appointments for 2016-17.

Although many breaches have been identified at these 8 organisations, the Commission is encouraged by those organisations who have recognised that they have breached the Recruitment Principles and have self-reported these breaches to the Commission. The Chief Executive or the First Civil Service Commissioner, on behalf of the Commission Board, will write to the heads of all red-rated organisations requiring plans to correct the deficiencies and asking them to report back on progress. The Commission will offer all eight organisations Recruitment Principles training. We will carry out follow up visits in the next reporting year and continue to offer support and advice to all the organisations.

### *Capability within Departments*

Many departments have chosen to use the Civil Service Resourcing (CSR) recruitment tool for external recruitment. Experience from compliance visits this year has shown that the requirements of the CSR electronic system usually promote retention of the required documentation for recruitment at roles below the Senior Civil Service grade. We have seen examples of CSR staff reinforcing the need for compliant records and challenging departments on this. However, the quality of the information recorded is, inevitably, only as good as the person inputting the data. Complaint handling has also improved at CSR, with a dedicated team dealing with this, and with the Commission, in an engaged and efficient way.

However, the Commission continues to be concerned about the fast turnover of Human Resources staff which means that many organisations lose knowledgeable members of staff who are replaced with staff inexperienced in Civil Service recruitment. To assist and to spread best practice, we provide regular Recruitment Principles training sessions and we encourage Departments to attend.

### *Risk ratings for 2017-18*

The Commission Board has agreed that, with effect from 2017-18, we will consider the current risk indicators which contribute to Departments' final risk ratings and we may make some changes. We aim to provide a more tailored and informed risk rating for all Departments. The increased number of compliance visits and online inspections will assist in this. For example, a breach of the Recruitment Principles will not necessarily, depending on the nature of the breach, mean that the organisation is rated amber-red. The Commission will consider matters such as the volume of recruitment undertaken and the seriousness of any breach in reaching a decision on the appropriate risk rating in each case. We will report on this in our 2017-18 annual report.



***Exceptions to selection on merit, following a fair and open competition***

The 2010 Act gives the Commission the power to include in 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 a government employment initiative.

The use of most Exceptions is delegated to departments, but they must seek the agreement of the Commission in certain circumstances, including extending appointments by Exception, repeat use of Exceptions, use of Exceptions at the most senior grades and above a salary threshold.

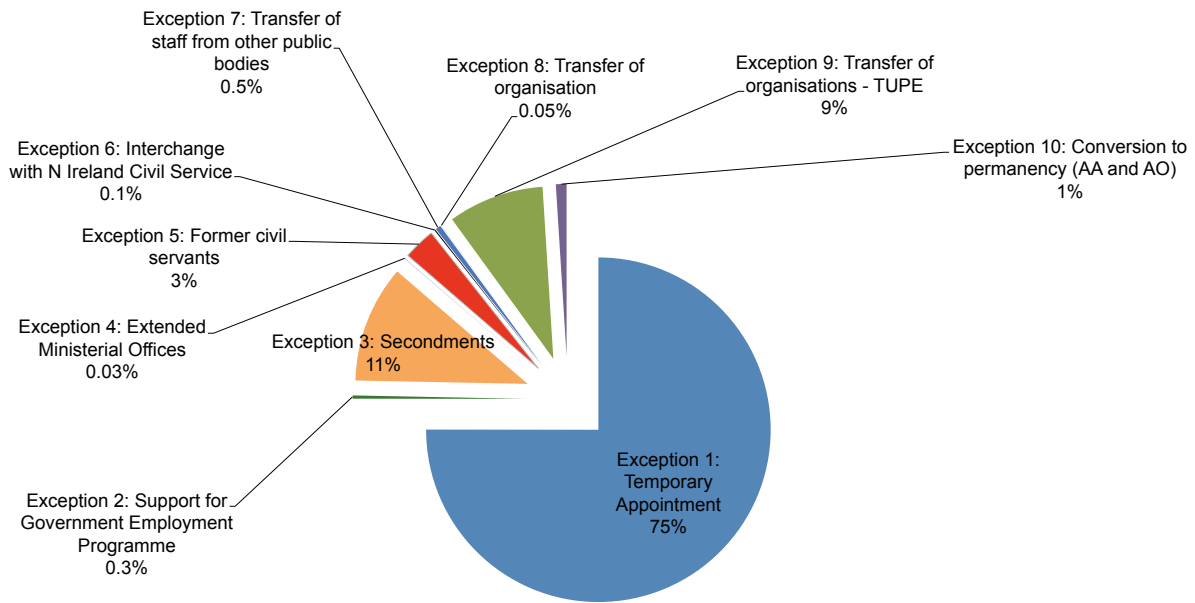
Data supplied by departments indicate that there has been an overall decrease in the proportion of recruitment to the Civil Service being carried out using Exceptions (excluding mandatory transfers<sup>11</sup>): 8.5% of recruitment in 2016-17 was made using Exceptions (3389 appointments), compared with 13% in 2015-16 (3500 appointments).

As shown in Figure 12, and as in previous years, the most commonly used Exception relates to temporary appointments, where either the urgency of the need or the short duration of the role makes a full competition impracticable or disproportionate. This accounted for 75% of all Exceptions during the year. The second most frequently used Exception relates to secondments from outside the Civil Service, which accounted for about 11% all Exceptions.

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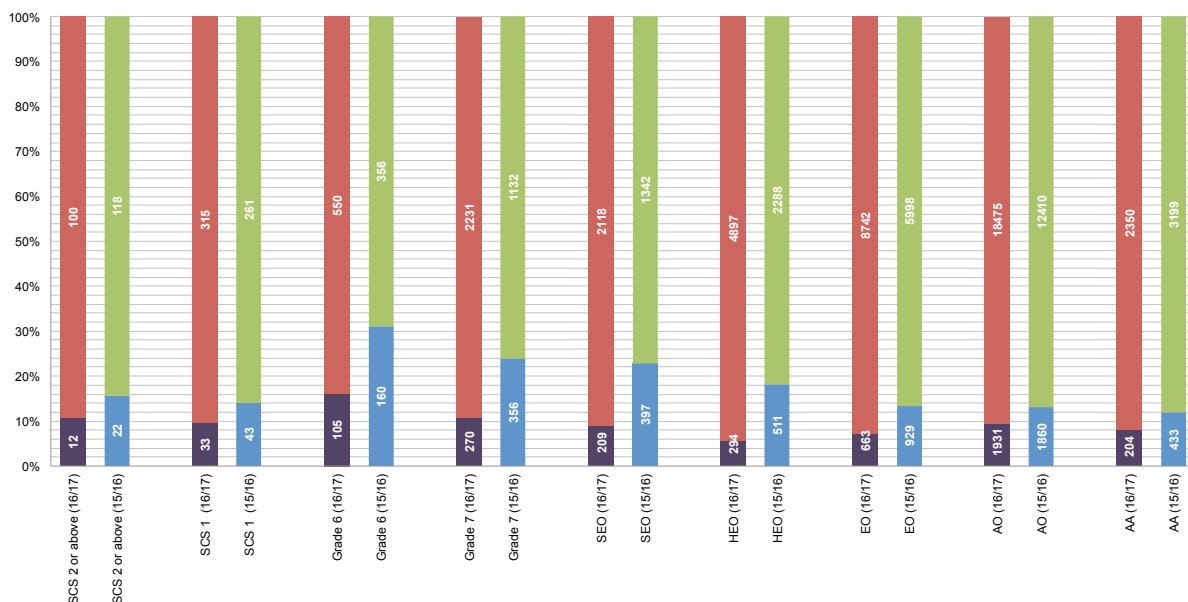
11 Appointments made in line with the Transfer of Undertakings (Protection of Employment) Regulations (“TUPE”), which give an automatic right of transfer in certain circumstances where roles are being transferred into another organisation. The Cabinet Office Statement of Practice (“COSOP”) operates in a similar way, in effect making the use of an Exception non-discretionary. When TUPE and COSOP transfers are included in the figures, the numbers and proportions rise to 3721 (9.4%) in 2016-17, compared with 4,700 (17%) in 2015-16.

Figure 12: Exception appointments by category 2016-17



In last year's report, the Commission noted a decline in the percentage of senior appointments made using Exceptions. This trend has continued this year with lower percentages of SCS grades recruited using Exceptions. The same decline is seen in Grades 6 and 7 – the grades immediately below the SCS, although the percentage of recruitment by Exception at these grades is still higher than at the more junior grades. The absolute numbers are of course much smaller.

Figure 13: Recruitment by Exception as a proportion of total recruitment by grade 2016-17



Grade	Recruitment by Exception	Total Recruitment	% Recruitment by Exception
AA	204	2350	9%
AO	1931	18475	10.5%
EO	663	8742	7.6%
HEO	294	4897	6%
SEO	209	2118	9.9%
Grade 7	270	2231	12.1%
Grade 6	105	550	19.1%
SCS1	33	315	10.5%
SCS2 and above	12	100	12%

### *Exiting the European Union – special arrangements*

One of the Commission's four strategic priorities is to help the Civil Service to meet the specific and immediate policy and operational challenges it faces; predominantly for the next few years these will be related to the decision to leave the European Union.

Following consultation with the Civil Service and the Minister for the Cabinet Office, the Civil Service Commission put forward proposals how best it could help to meet the needs of the Civil Service in staffing up to deliver the Government's commitment to exit the European Union by 2019, whilst complying with the requirements of the 2010 Act.

The peak demand for additional staff to work on BREXIT-related activities is likely to be in the months leading up to the triggering of Article 50, the two years of negotiation allowed under Article 50, and the immediate period after the UK has exited the European Union.

To allow departments the certainty that they could move swiftly to fill senior Brexit-related roles the Commission agreed a special process for Brexit-specific recruitment in bulk that will allow departments to recruit staff for periods of engagement up to three years by Exception, and engage staff at salaries up to the HMT reference point without requiring the specific approval of the Commission (currently £142,500).

To take advantage of these adjustments to the usual delegated authorities for Exceptions, a department must submit a business case to the Commission explaining the nature of their Brexit-specific recruitment and detailing the numbers, grades and pay scales of the staff they wish to recruit by Exception outside their current delegated authority. Based on the business case and subsequent discussions with the department, the Commission will agree the envelope within which the department may recruit by Exception outside of the normal delegated limits.

### *Exceptions approved by the Commission during 2016-17*

The Commission's prior approval is required for appointments made by Exception at SCS pay-band 2 or above (Director, Director General and Permanent Secretary), or where the salary is above the pay-band 2 minimum (£87,000 during the reporting period).

In 2016-17 the Commission approved 5 Exception requests at SCS pay band 2 and above; last year the figure was 22. All of these appointments were made under Exception 1 in the Recruitment Principles relating to temporary appointments. The details of those brought into the Civil Service by Exception at these senior grades are published on the Commission's website.

Departments and agencies have the delegated authority to agree most Exceptions below SCS pay-band 2. However there are circumstances where they do need the Commission's prior approval at these grades, most commonly because they wish to extend an Exception beyond the two-year period allowed in the Recruitment Principles. The Commission approved 84 Exception requests at grades below SCS 2 in 2016. In 2015-16 the figure was 138.

### ***Recruitment Principles complaints and investigations***

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

We received 83 complaints about recruitment during 2016-17, compared with 62 in 2015-16. 42 of the 83 were referred back to the Department of origin since they had not yet been considered by the Department (2015-16: 25<sup>12</sup>). 17 cases were identified as being outside our remit (2015-16: 12). One case was closed because we did not have sufficient information from the complainant to investigate the complaint.

Of the remaining cases, 18 were investigated and concluded within the reporting period. Seven of the cases were concluded without the need for a full investigation and we found breaches in 3 of these cases (Cases 6,7,8 below). We found a breach of the Recruitment Principles in one of the cases for which we carried out a full investigation (Case 5 below). We found no breach in the other 10 cases. Complaint outcomes are published on our website<sup>13</sup>. We concluded our investigation into the 5 remaining cases after the end of the reporting period; we will report on these cases in our 2017-18 Annual Report and they will also be published on our website.

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12 The figure of 20 in 2015-16 did not include the complaints arising from the HMRC campaign Ref: 2066/15 of which 5 were referred back to HMRC.

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

We noted in last year's Annual Report that in 2015-16 we had received twelve complaints about a volume campaign run by Civil Service Resourcing (CSR) for HM Revenue & Customs (HMRC). This campaign, 2066/15, was to appoint to approximately 227 Higher Officer and Officer roles.

Five of the complaints received were referred back to HMRC as the initial investigation had not yet been undertaken by HMRC. We found breaches of the Recruitment Principles in three cases that did not require a full investigation. Two cases, also not requiring full investigations, did not involve any breaches. The remaining two cases were fully investigated by the Commission. A breach was found in one case (see Case 1 below) but not in the other.

The basis of the complaints received varied from use of the Guaranteed Interview Scheme (GIS), slow or no response from the HMRC complaints team, use of an electronic "randomiser" for those with identical scores to make appointment selection, discrepancies in the time allocated to candidates for interview, data transposing errors within CSR and contractual issues. We were in close contact with the HMRC HR team and CSR about the complaints received. Once made aware of the potential breaches of the Recruitment Principles and unlawful appointments, both organisations worked closely with the Commission to rectify the immediate problems and improve future campaigns.

The breaches arising from this campaign were reflected in the red risk rating that HMRC was given for 2015-16; they have not been considered again for the 2016-17 risk rating. The breaches that we identified from this campaign as a result of direct complaints to the Commission were mainly reported on in our last annual report. Any complaints or breaches that were dealt with this year appear in those sections of this report. It is likely that there were many other breaches that HMRC and CSR dealt with directly that did not come to the Commission as complaints.

Of the other four cases received in 2015-16 that were still under investigation at year end, in one case we did not find a breach of the Recruitment Principles. The other three cases are set out below (Cases 2,3 and 4). The breaches found in these three cases were reflected in the red risk ratings given to CMA and MOJ for 2015-16; they have not been considered again for the 2016-17 risk ratings for these organisations.

#### *Case 1: HM Revenue & Customs (HMRC) – breach of fairness*

The complainant, an existing civil servant, applied for a role at HMRC as part of campaign number 2066/15. The advert required the production of identity and educational certificates before interview. The complainant had brought his certificates to interview, but the ink from one of his certificates had transferred onto the plastic sheet of his record of achievement. Staff suggested copying the plastic sheet, but it appears that this was discounted and another member of staff deemed the quality of the document to be unacceptable. Consequently, the complainant was not put forward for interview at that time, although he was subsequently interviewed in a different location. Other candidates who had forgotten their documentation were given a further 48 hours to produce them but the complainant was not given this extra time. This was found to be breach of the fairness requirement.

*Case 2: Competition and Markets Authority (CMA) – 3 breaches – of fairness, openness and merit*

The complainant applied for a Senior Civil Service post at CMA; the campaign was managed by a search consultancy firm. He was not invited for interview. He believed that the legal requirements of fairness and merit were not met in the campaign and that his application was disqualified on the grounds of his disability. CMA was using the Guaranteed Interview Scheme, which guarantees an interview if candidates meet the minimum requirements for the job, but there was no specific place for candidates to confirm participation as application was by CV, covering letter and Equal Opportunities Monitoring Form. The search firm did not highlight that the complainant had declared a disability in his Equal Opportunities Monitoring Form. This was found to be a breach of the Recruitment Principles in relation to fairness and openness.

The complainant also believed that a panel member, who was known to him, may have spoken to the search firm about him. One candidate with the same score as the complainant was invited for interview. There is no note of the discussion between the panel and the search firm and no note of why candidates were/not put through for interview. This is a breach of the Recruitment Principles in relation to merit. CMA admitted that it had breached the Recruitment Principles by not recording the conflict of interest declaration by the panel member known to the complainant. CMA stated that it was decided that the panel member should not discuss that application, but this was not recorded. There was no evidence of the panel member contacting the search firm without the panel Chair's knowledge to discredit the complainant's application.

*Case 3: HM Prison and Probation Service (formerly National Offender Management Service (NOMS, Ministry Of Justice)) – breach of openness*

The complainant applied for four different vacancies at HMPPS. All were advertised with this working pattern: "flexible working, full-time, part-time, job share". The complainant wanted to work part-time, but, in each case, it transpired that the vacancies were only suitable for full-time working. The complainant withdrew from 3 of the 4 campaigns when she was offered an interview, having ascertained that the roles were only suitable for full-time working.

The complainant did attend interview for one campaign and mentioned that she wanted to work part-time. This is noted in her interview record. She was informed that the post was not suitable for part-time working. She was unsuccessful at interview.

The complainant scored 73 at interview; the pass mark for this campaign was 80. She complained to HMPPS who admitted its errors (hiring managers had not specified that the role was not suitable for part-time working) and apologised to her. The complainant asked the Commission to carry out a further investigation.

We found that there was no evidence to suggest that the complainant's application was assessed differently from the other candidates. However, the Recruitment Principles state that "candidates must be given reasonable access to information about the job". This includes information about the working patterns available. The fact that the information about the job was not accurate in this case is a breach of the openness requirement in the Recruitment Principles.

*Case 4: HM Prison and Probation Service (formerly National Offender Management Service (NOMS, Ministry Of Justice)) – breach relating to recording of conflict of interest*

The complainant applied for a role at HM Prison Isle of Wight. She was not successful at interview, but she was told that she had been put on a reserve list, so that, had another similar role come available within 12 months, she could have been appointed to it without the need for a further assessment of merit.

The complainant believed that a successful candidate in this campaign had been appointed because her father was known to a member of the interview panel. The Commission found that there was poor practice as alterations in the interview record had not been initialled. But there was no evidence to support the complainant's view that a successful candidate was appointed because her father was known to a panel member. However, the Commission did find a breach of the Recruitment Principles because the fact that the candidate's father was known to the panel member represents a conflict of interest which should be declared on the interview record. This had not been declared on the interview record as required by the Recruitment Principles.

*Case 5: Government Digital Service (GDS) – breach of the merit principle*

The complainant applied for a Senior Civil Service role at GDS. He was unsuccessful following interview. He raised concerns about the conduct of the interview and the fact that the incumbent post holder was successful in the competition.

The complainant had been concerned that the successful candidate had access to the hiring manager. Although meetings were offered for candidates with the hiring manager, it was not possible for the complainant to meet him. However, it was confirmed that no other candidates, including the successful candidate, met the hiring manager between the date of the advert closing and the interviews. No breach was found.

The complainant was also unhappy about a question he was asked at interview. The Commission does not prescribe questions for interviews and could not assess the context in which the question was asked. Consequently no breach was found.

However, it became apparent that documents had been lost. The only interview documentation available for review was the Chair's pack. Although the Chair had made notes on all candidates and the final merit order was presumably agreed, this is not entirely clear from the record or subsequent emails. There is nothing on this from the other panel members. The Commission found that the lack of comprehensive interview records, particularly any scoring, was a breach of the Recruitment Principles.

We received three other complaints in 2016-17 where a full investigation was not necessary, but breaches of the Recruitment Principles were identified. These cases were:

## **Part 1: Annual Report 2016-17**

### *Case 6: HM Prison and Probation Service (formerly National Offender Management Service (NOMS, Ministry Of Justice)) – material change to the advertised terms and conditions*

The complainant was successful in her application for a role at HMPPS. The role had been advertised as suitable for full-time, part-time or job share. However when the complainant stated that she wished to work part-time, she was told that the role was only suitable for full-time working. This is a breach of the Recruitment Principles as it is a material change to the advertised terms and conditions.

### *Case 7: Office of National Statistics (ONS) – 2 breaches – of openness and in relation to the selection panel*

We began an investigation into a complaint, subsequently withdrawn by the complainant, which identified that ONS had breached the openness requirement in the Recruitment Principles by having a location restriction that required candidates to live in a particular area. There was a further breach as the selection panel was only made up of one person instead of the minimum two panel members.

### *Case 8: Department for Business, Energy & Industrial Strategy – breach as Commission approval for Exception not obtained*

We found a breach in relation to an appointment by Exception which had been made without the Commission's prior approval. Approval was required, as set out in the Recruitment Principles, because the appointment was to a temporary role at Senior Civil Servant Pay Band 2. The Commission granted retrospective approval for this appointment.

### *Complaint-handling targets*

In line with our business plan we aim to acknowledge complaints within 3 working days. We met this target in all cases. We also aim to complete an initial assessment as to whether a case is 'in scope' for our consideration within 14 working days. We changed this target from 15 working days to 14 working days in January 2017. We met both the former and the new target for 2016-17.

### **Breaches**

In addition to the breaches of the Recruitment Principles that are brought to the Commission's attention through our complaints investigation work, we also use our compliance monitoring audits and our regular contact with Departments to identify other situations where Departments may have failed correctly to apply the Recruitment Principles.

The Commission identified 108 cases in 2016-17 (2015-16: 27) where the Recruitment Principles have not been properly applied (summary below), in addition to the breaches uncovered following our investigation of complaints. Exception breaches have been counted as individual cases, except where volume Exception breaches related to particular cohorts were identified; these have been counted as one case. The actual number of breaches for these volume cases is outlined below.



The large rise in breaches this year reflects the fact that we have carried out a much larger number of compliance visits, which has led to an increase in breaches identified. In addition, the cases reported include large numbers identified by Departments and reported to the Commission, some following compliance visits or Commission-run training sessions. Home Office, National Crime Agency and Public Health England reported large numbers of breaches to us. Whilst it is disappointing that such large numbers of breaches were identified, it is encouraging that Departments have identified and self-reported these breaches and have worked closely with the Commission afterwards to improve procedures.

Some of the breaches reported on below for 2016-17 were taken into account for the 2015-16 risk ratings for the relevant departments because the breaches were identified very early in 2016-17. They have not been taken into account again for 2016-17 departmental risk ratings.

The breaches identified for 2016-17 are set out here:

We have explained in the Exceptions section of this report when Departments have delegation to appoint by Exception. These breaches relate to circumstances when the Commission's approval is required but was not obtained by the relevant Departments.

*Organisations who extended Exceptions beyond 2 years without Commission approval*

Department for Culture, Media & Sport, Department for Education, Foreign & Commonwealth Office, Home Office (2 breaches), National Crime Agency (26 breaches), the Scottish Government (2 breaches).

*Organisations who appointed at Pay Band 2 grade without Commission approval*

Cabinet Office

*Organisations who appointed at a salary above the Pay Band 2 minimum without Commission approval*

Department for Business, Innovation & Skills (2 breaches), Competition and Markets Authority (3 breaches), Department for Culture, Media & Sport, Department for Education, Department for Transport, Foreign & Commonwealth Office, Government Actuary's Department, the Scottish Government (3 breaches).

*Organisations who made further appointments within 12 months of a previous Exception appointment*

Home Office (125 breaches, 124 of which related to 2 cohorts), Public Health England (15 breaches), Registers of Scotland, the Scottish Government (2 breaches).

*Organisations who had other breaches identified at compliance visits*

Competition and Markets Authority (2 breaches), Department for Environment, Food & Rural Affairs (2 breaches), Defence Equipment and Support, Department for Education (2 breaches), Government Actuary's Department (2 breaches),

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Government Legal Department, Government Commercial Function, Home Office, Ministry of Justice (12 breaches), National Crime Agency (2 breaches), Public Health England, Planning Inspectorate, Registers of Scotland.

### *Exception 5 breaches (reappointment of former civil servants)*

The Planning Inspectorate (2 breaches).

### *Other breaches*

The Cabinet Office oversaw a competition where the former Prime Minister's office arranged a meeting with an appointable candidate without the required Commission representation.

The Cabinet Office appointed a former employee of an Extended Ministerial Office to a temporary appointment under Exception 1 without Commission approval.

The Department for Culture, Media & Sport offered the Secretary of State a choice of appointable candidates.

The Department for International Development began an external Pay Band 2 competition without the required Civil Service Commissioner chairing the competition.

The Department for Work and Pensions ran four competitions that were not Chaired by a Civil Servant.

Government Commercial Function missed an application form which was consequently not considered.

HM Treasury appointed at a salary over 20% of that advertised salary without the required Commission approval.

The Insolvency Service had a breach in a volume campaign.

National Crime Agency reported that the recruitment of a candidate was a result of undue influence through a family connection.

The total number of breaches (excluding complaint breaches) identified is: 230.

It is a matter for concern that of all the breaches, including those found following complaint investigations, approximately 10% related to appointments to the Senior Civil Service. We will continue to monitor recruitment to the Senior Civil Service at our compliance visits over the next year.

### ***NDPB Accreditation***

The Commission participates in a scheme that allows staff from accredited NDPBs (Non-Departmental Public Bodies), and a small number of other public sector bodies, to apply for internally-advertised Civil Service vacancies. (The staff employed by most NDPBs are not civil servants).

The accreditation of NDPBs takes place under a Cabinet Office policy to enable the movement of staff between certain parts of the public sector. It is an additional function for the Commission agreed with our sponsor department under section 17 of the 2010 Act.

The Commission's agreed role is to examine the recruitment policies of NDPBs who wish to become, or remain, accredited, to provide assurance that these policies are consistent with the Commission's Recruitment Principles i.e. that staff are selected for appointment on merit on the basis of fair and open competition. If the Commission is satisfied that the NDPB's recruitment policies are consistent with the Recruitment Principles, the organisation is granted accreditation for three years. If staff from an accredited NDPB are successful in an internal Civil Service competition they can enter the Civil Service under Exception 7 of the Commission's Recruitment Principles.

During 2016-17 we accredited 5 organisations for the first time and reaccredited 21 organisations. 46 organisations were removed from the list of accredited organisations. Organisations are removed from the list for a number of reasons: sometimes because they no longer wish to be accredited; or because they are not prepared to bring their recruitment practices sufficiently into line with Civil Service practice. The large number of removals this year was partially explained by the conversion of probation trusts into community rehabilitation companies. These new bodies are not part of the public sector and accreditation was therefore no longer appropriate.

The Cabinet Office has indicated its willingness to work with the Commission this year on a review of the NDPB scheme and the policy intention behind it.

## Civil Service Code

The Civil Service Code is the ethical code of the Civil Service. It 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 Commission has a role, under the 2010 Act, in 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 been asked to do something that contravenes the core values, and forms an important part of the wider whistle-blowing arrangements for civil servants. The Commission publishes its decision notices in relation to Code appeals on its website.

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

### ***Code Complaints and investigations, 2016-17***

During 2016-17, the Commission received 47 new cases (21 in 2015-16), in addition to the three that were still underway at the time of the last annual report. This large increase on the previous year was mainly due to standardising how we record and report incoming cases

Of these 47 cases, fourteen were outwith the Commission's remit (9 in 2015-16). Three of these fourteen were outside our remit because they dealt with Human Resource issues: HR issues are explicitly excluded from the Code because there are alternative avenues for such decision appeals. The remaining eleven cases were outside our remit because they were made by individuals who were not civil servants. Our legal powers only allow us to investigate cases brought by civil servants; there are other bodies – for example the Parliamentary and Health Services Ombudsman – who are able to look at complaints of maladministration brought by members of the public.

A further twenty-seven cases were referred back to the relevant Department (8 in 2015-16), 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.

One case concerned serious allegations of fraud against the Department concerned and was passed to the Cabinet Office fraud investigation team.

One case that was being considered at the time of the last annual report was referred to the National Audit Office, as a body more suited to consider the matter.

Five new cases were accepted for investigation on appeal. Two of those new cases have now concluded.

In total we concluded investigations into four cases this year, including two that were originally received in 2015-16 but which remained under investigation at the time of the last annual report.

The outcomes of the four investigations concluded in the current year have been published on our website and are summarised below.

#### ***Case 1 – Food Standards Agency (FSA)***

This appeal was brought by a meat hygiene inspector working at the Food Standards Agency (FSA) and concerned the way a whistleblowing disclosure he made was handled, its investigation and outcome. The disclosure concerned a contractor working for the FSA, who the complainant believed was falsifying official records to cover up poor hygiene practice at a food business operator premises. The complainant believed that his concerns were badly handled, were not properly acted upon, and that he suffered a detriment for raising them.

This was a complex case and there were a number of allegations of breaches of the Code made by the complainant against staff at the FSA. Because of some of the technical issues involved, that the Commission had difficulty in assessing, it asked

the FSA to instruct an independent peer review of the case and this was carried out by Food Standards Scotland.

The Commission upheld most of the complainant's allegations and found that the FSA did not take the appropriate steps in response to him raising his concerns and that this had resulted in a potential indirect risk to public health. The Commission also found that the FSA did not handle the investigation into the complainant's concerns in an appropriate manner and the complainant was penalised and suffered a detriment as a result of raising these concerns.

As a result of this case and the recommendations made by the Commission, the FSA has reviewed and implemented a number of changes to its policies and procedures for staff who wish to raise concerns, and has reported back to the Commission on the work that it has done to raise awareness of these throughout the organisation.

As a follow-up to this case, the Commission will be reviewing the procedures that the FSA has in place for staff who wish to raise concerns under the Civil Service Code.

#### *Case 2 – Public Health England (PHE)*

In this case the complainant made allegations relating to the misuse of safety procedures at Public Health England (PHE) along with allegations of bullying and harassment and an allegation that an investigation carried out by PHE into the complainant's concerns was not carried out properly.

The Commission found one breach of the Code in relation to PHE's Code procedures – that they did not investigate the complainant's concerns under the Code as soon as they were raised. We recommended that PHE apologised to the complainant for the delay.

#### *Case 3 – HM Prison and Probation Service (formerly National Offender Management Service (MoJ))*

In this case, the complainant was a prison officer working for HM Prison Service. The case concerned security breaches as a result of the unauthorised removal of keys from the prison premises. The complainant's concerns were that the investigation into the breaches unfairly focused solely on junior staff and managerial staff escaped sanction for the breaches and that the investigation into these concerns was badly handled.

The Commission found that the complainant's concerns were reasonable and justified and that the investigations into the security breaches were not handled properly. No breaches of the Code were found, however, as it was not possible to show that there had been any collusion or unethical behaviour.

As a result of the Commission's involvement in this case, it was identified that the policies and arrangements that HM Prison and Probation Service (HMPPS) had in place to hear staff concerns under the Civil Service Code were inadequate. The Commission is addressing these matters with senior HMPPS staff with a view to them taking remedial action. The Commission will follow this up and ensure that any agreed actions have been implemented.

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### *Case 4 – Department for Work and Pensions (DWP)*

This appeal was submitted by a member of staff working at a DWP office and concerned allegations of bullying and harassment, manipulation of office performance statistics and breaches of data protection by a named individual, all of which, the appellant argued, amounted to breaches of the Civil Service Code.

Having made an initial assessment of the case based on the complaint and the response from the Department, the Commission determined that the only aspect of the case that was within remit for consideration under the Code was that relating to the alleged manipulation of data.

The panel considered the evidence and concluded that the Department's investigation of the complainant's concerns was proper and thorough and the Commission was satisfied that all possible steps had been taken to address the concerns raised. The Commission upheld the result of the Departmental investigation into the complainant's concerns, and no breach of the Civil Service Code was found.

### *Outstanding cases at year-end*

Two cases remain under investigation at the end of the reporting period: complaints about possible breaches of the Code at the Home Office, and the Department for Work and Pensions. A third case is still under consideration by the Commission as to whether it is in remit for investigation.

### *Promoting the values*

The eighth Civil Service People Survey took place in 2016, and again included three questions on the Civil Service Code. We have, for the past few years, set ourselves an objective in our business plan of seeing an increase in the proportion of respondents who were aware of the Code and how to raise concerns under it. Awareness of the Code itself remains high across the Civil Service but we were disappointed to see that awareness of how to raise concerns under it and confidence that Code complaints would be properly investigated remains stubbornly low.

*Awareness of the Civil Service Code***Table 2: Awareness of the Civil Service Code<sup>14</sup>**

Question Text (from the People Survey)	2011	2012	2013	2014	2015	2016
Are you aware of the Civil Service Code? (% answering yes)	86%	88%	89%	90%	91%	91%
Are you aware how to raise a concern under the Civil Service Code? (% answering yes)	59%	63%	64%	64%	66%	67%
Are you confident that if you raised a concern under the Civil Service Code (in the organisation) it would be investigated properly? (% answering yes)	64%	67%	67%	69%	68%	67%

Since 2010 when these three Code questions were first introduced into the Survey, there has been a steady improvement across the Civil Service as a whole on the reported scores, but 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, but rather that it can sometimes be harder to have the sense of corporate Civil Service identity in organisations that feel remote from the centre.

As part of the Civil Service Commission's commitment to supporting Departments and Agencies in promoting the Code and an understanding of it, we visited the following Departments in the reporting year to run seminars on the Civil Service Code:

- Department for Transport (April 2016)
- Her Majesty's Revenue and Customs (September 2016)
- Planning Inspectorate (September 2016)
- FCO Services (October 2016)

*Visit to the Northern Ireland Civil Service Commissioners*

The Northern Ireland Civil Service Commissioners hear complaints under a Code of Ethics that is based on our Civil Service Code. In March 2017, at their request, we visited their offices at Stormont House, Belfast, to share our experiences of investigating appeals under the Civil Service Code.

14 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/568870/Civil\\_Service\\_People\\_Survey\\_2016\\_-\\_Benchmark\\_Report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/568870/Civil_Service_People_Survey_2016_-_Benchmark_Report.pdf)

### *Civil Service Employee Policy (CSEP) Nominated Officers Conference*

In October 2016, CSEP staged a one day 'Whistleblowing' themed conference for Nominated officers from across the Civil Service. Nominated officers' role is to advise civil servants on the Code. The London based event was very well attended and two Commissioners delivered a session on the work of the Commission and the Civil Service Code. There were speakers from Government Legal Department and the Institute for Business Ethics. The event concluded with a 'Question Time' panel. Panel Members included the Commission's Acting Chief Executive and the Chief Executive of the Civil Service.

Following on from the Conference, a Commissioner was invited to attend a meeting at the Cabinet Office, Chaired by the Permanent Secretary, bringing together their newly appointed Whistleblowing Champion and Nominated Officers.

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

In total we received twenty questions covering a variety of recruitment issues including: questions on the use of Exceptions, diversity in recruitment, and the advantages of name-blind recruitment.

There were also a number of questions about the Civil Service Code, including: the Commission's role in helping to promote the Code, how the Commission investigates Code complaints and the Code values themselves.

#### *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 this year and we cannot accommodate every request, but during the year staff from the secretariat gave briefings to senior officials from Australia and Japan.

#### *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 2016-17, we received 31 requests under the Freedom of Information Act (25 in 2015-16) and 2 requests under the Data Protection Act 1998 (2 in 2015-16). The majority of the Freedom of Information requests (29, or 94%) and 2 of the Data Protection Act requests were responded to within the statutory deadlines.<sup>15</sup> Where information is released by the Commission in response to a Freedom of Information request, this information is usually published on our website.



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

Date: 11 July 2017

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<sup>15</sup> 20 working days for requests under the Freedom of Information Act, 40 calendar days for requests under the Data Protection Act.

# Accountability Report

## Corporate Governance Report

### Director's Report

#### *Commissioners*

Commissioners serve for a five-year non-renewable term of appointment. Three of our Commissioners, Kathryn Bishop, Wanda Goldwag and Angela Sarkis came to the end of their term of office on 31 March 2017, with Jonathan Baume's term ending in October 2017, and Andrew Flanagan's in 2018 (please see Annex A page 69 for full list of Commissioners).

We began a recruitment competition to appoint six new Commissioners in December 2016, with a view to replacing those that are leaving and an additional two to cope with the expected increase in the number of senior competitions. Natalie Campbell, Rosie Glazebrook, June Milligan and Joe Montgomery will start their terms as Commissioners on 1 June 2017, Jane Burgess and Margaret Edwards will start their terms on 1 October 2017.

Another change to the Board during 2016-17 was the appointment of Kathryn Bishop as interim First Civil Service Commissioner from 1 April to 30 September 2016 before Ian Watmore was appointed and took up the role on 1 October 2016.

#### *Register of Board members' interests*

Commissioners record any interests such as company directorships and other significant interests in the Register of Interests, published on our website.<sup>16</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 own staff, contractors and Commissioners.

There was one personal data incident in 2016-17 (one in 2015-16) which involved unauthorised disclosure of data to unintended recipients. The incident was not deemed to fall within the criteria for reporting to the ICO. Section 7 of the Data

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<sup>16</sup> <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2017/06/Register-of-Interests-June-2017-1.pdf>

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 46).

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

I began my tenure as Chief Executive and Accounting Officer on 14 November 2016, taking over from Ekpe Attah as Interim Chief Executive, and Clare Salters before him.

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

### ***Governance Framework***

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

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

The Commission’s budget is set by the Cabinet Office; expenditure against it is reviewed quarterly by the 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 Board on specific areas or to exercise functions on behalf of the Board. During 2016-17 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.

Membership of the standing committees during 2016-17 is listed in Annex B.

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

- All Commissioners are non-executives. There are no additional non-executive members of the Board.

- The Chief Executive, as Accounting Officer, is responsible for writing the Governance Statement, rather than the Board. The statement is reviewed by the Audit and Risk Committee and cleared by the Board before publication.
- Our Memorandum of Understanding with the Cabinet Office is not automatically re-negotiated when key personnel leave (including when there is a change of Government). We have 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 2017-18.

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.<sup>17</sup> Day to day working practices of the Commission are decided by the Board 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>18</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.

### ***Board and Committee performance***

The Board met monthly during 2016-17 (except in May, August, November and January). Agendas of Board meetings are published on our website.<sup>19</sup>

The Audit and Risk Committee met quarterly during 2016-17, in September, December and March. Due to an unexpected absence a meeting of ARC in July which had been re-scheduled from June was not quorate. 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.

In 2016-17 the Remuneration Committee met in May and twice in July to discuss the Chief Executive's performance and talent assessment process and recruiting a new Chief Executive.

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17 [civilservicecommission.independent.gov.uk/about-us/how-we-work/](http://civilservicecommission.independent.gov.uk/about-us/how-we-work/)

18 <http://ico.org.uk/about-the-ico/what-we-do/register-of-data-controllers/>

19 [civilservicecommission.independent.gov.uk/2015-board-papers/](http://civilservicecommission.independent.gov.uk/2015-board-papers/)

## Part 1: Annual Report 2016-17

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

- Andrew Flanagan was unable to attend the July Board meeting and the July ARC meeting;
- Angela Sarkis was unable to attend the July Board meeting;
- Isabel Doverty was unable to attend the June Board meeting and the September ARC meeting;
- Jonathan Baume was unable to attend the July and October Board meetings and the December and March ARC meetings;
- Kathryn Bishop was unable to attend the December Board meeting;
- Kevin Woods was unable to attend the February Board meeting;
- Sarah Laessig was unable to attend the July Board meeting;
- Wanda Goldwag was unable to attend the February Board meeting and the July ARC meeting.

### *Data quality*

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

In providing assurance that selection for appointment to the Civil Service is on merit, following a fair and open competition, the Commission obtains most of its data through compliance monitoring audits of departmental recruitment (see page 27). These audits are currently carried out by KPMG on behalf of the Commission, and are based primarily on data provided by the Departments. The Board is satisfied that the quality of the analysis is high. The quality of the base data provided by Departments is more variable but sufficient to enable a proportionate assessment of the likely risk of non-compliance with the requirement and we believe that the move to quarterly data collection should, over time, help improve quality.

For a very small number of senior appointments, the Commission obtains its data to provide assurance about compliance with the requirement by directly chairing competitions. Data are collated on the Commission's casework database drawn from the Commissioner's panel report and the diversity monitoring return. This information is then analysed by the secretariat and presented to the Board in the Quarterly Board Report. The database and the Quarterly Board Report also deal with data about appointments by Exception (see page 31) and complaints (see pages 34 & 42) dealt with by the Commission.

The data used by the Board 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 the Board.

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 2016-17 and this Annual Report and Accounts accord with HM Treasury guidance.

The Audit and Risk Committee (ARC) meets quarterly and reports to the Board at the following Board meeting. ARC supports the Board by reviewing whether proportionate assurance for meeting the Board's and Accounting Officer's responsibilities are available and by testing the reliability and integrity of those assurances. This includes responsibility for the effective operation and impact of the Memorandum of Understanding with the Cabinet Office; the Commissioners' Code of Practice; the Staff Code of Practice; and the Commission's business planning process.

The Commission has a risk register in place that has been assessed and considered at senior management level and at Board level. The risk register is regularly scrutinised, discussed, updated and ratified at both ARC and the Board. It is considered at each ARC meeting and formally reviewed by the Board twice a year, or more frequently as required. It is maintained by the secretariat and is available to all staff and Commissioners.

The Commission's main strategic risk in 2016-17 related to the volume of senior competitions increasing beyond the Commissioners' capacity to chair selection panels (insufficient budget to pay Commissioners).

Whilst the number of senior competitions is outwith the Commission's control, we have now adopted a more accurate way of forecasting competition spend in order to alert ARC and Board on a regular basis, and in 2016-17, although our competition spend increased, underspend in other areas (namely staffing) meant we came in on budget.

The other main strategic risk is the eroded capacity of departmental HR teams, which reduces the compliance with the Recruitment Principles especially below PB2, to a level below which the Commission could not provide public assurance that the legal requirements are being met.

## **Part 1: Annual Report 2016-17**

Again, the resourcing of departmental HR teams is outwith the Commission's control, but the Commission provides regular training to HR teams, regular auditing and compliance and capability risk assessments which are published and follow up action taken with departments.

Moving below the strategic level, the Commission's main business risk during 2016-17 was the loss of continuity arising from the loss of key personnel from the Commission and the delay in appointments being made.

We sought to mitigate this risk by ensuring secondment end dates are discussed regularly at senior management meetings and in February 2017 the Government Internal Audit Agency at our request carried out an audit into succession planning. They made a number of recommendations to enable us to better identify skills gaps across the secretariat which we will implement in 2017-18.

### ***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 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 Board, the Audit and Risk Committee, and have systems in place to ensure improvements are implemented as required.

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

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

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



## Remuneration and Staff Report

The following information 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 3.

**Table 3: Fees paid to Commissioners**

	Period 1 April 2016 to 31 March 2017	Period 1 April 2015 to 31 March 2016
Commissioners	Pay band (£000)	Pay band (£000)
Ian Watmore Joined 1 October 2016	25-30	N/A
Jonathan Baume	Board Fees 5-10	Board Fees 5-10
	Competition Fees 20-25	Competition Fees 40-45
Kathryn Bishop	25-30 (as interim First Civil Service Commissioner, 1 April 2016- 30 September 2016)	N/A
	Board Fees 0-5	Board Fees 5-10
	Competition Fees 10-15	Competition Fees 5-10
Jan Cameron	Board Fees 0-5	Board Fees 0-5
	Competition Fees 20-25	Competition Fees NIL
Isabel Doverty	Board Fees 0-5	Board Fees 0-5
	Competition Fees 25-30	Competition Fees NIL

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	Period 1 April 2016 to 31 March 2017	Period 1 April 2015 to 31 March 2016
Commissioners	Pay band (£000)	Pay band (£000)
Andrew Flanagan	Board Fees 5-10	Board Fees 5-10
	Competition Fees 25-30	Competition Fees 25-30
Wanda Goldwag	Board Fees 5-10	Board Fees 5-10
	Competition Fees 35-40	Competition Fees 50-55
Sarah Laessig	Board Fees 0-5	Board Fees 0-5
	Competition Fees 25-30	Competition Fees NIL
Angela Sarkis	Board Fees 5-10	Board Fees 5-10
	Competition Fees 40-45	Competition Fees 35-40
Kevin Woods	Board Fees 0-5	Board Fees 0-5
	Competition Fees 20-25	Competition Fees NIL

**Note to Table 3**

Remuneration shown for Ian Watmore is for the period 1 October 2016 – 31 March 2017. Full year remuneration would be in the range £55k - £60k.

*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 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 4: 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)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Clare Salters (1 April to 31 July 2016)	35-40	70-75	5-10	5-10	0	0	21	37	60-65	110-115
Ekpe Attah (1 August to 31 December 2017)	35-40	-	0	-	0-5	-	19	-	50-55	-
Peter Lawrence (from 14 November 2016)	35-40	-	0	-	0	-	22	-	55-60	-

**Note to Table 4**

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (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.

Clare Salters remained as Chief Executive from 1 April until 31 July 2016, Ekpe Attah took over as interim Chief Executive on 1 August until 13 November 2016 although he continued to receive his temporary duties allowance until 31 December 2016. Peter Lawrence was appointed as Chief Executive on 14 November 2016. Remuneration shown is for the period during which they were in post.

Full year remuneration for Clare Salters would be in the range £75k-£80k, for Ekpe Attah would be in the range £60k-£65k, and for Peter Lawrence would be in the range £95k-£100k.

*Benefits in kind*

The monetary value of benefits in kind covers any benefits provided by the Commission and treated by HM Revenue and Customs as a taxable emolument. Ekpe Attah received child care vouchers. The value of the benefit in kind received by Ekpe Attah was calculated in accordance with the relevant instructions published by HM Revenue and Customs.

*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.

*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 2016-17 relate to performance in 2016-17 and the comparative bonuses reported for 2015-16 relate to the performance in 2015-16.

*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 5, the banded full year equivalent of the highest-paid employee in the Commission in 2016-17 was £95-100k (2015-16: £70-75k). This was 2.62 times the median remuneration of the workforce (2015-16: 2.01 times), which was £37,246 (2015-16: £35,163).

In 2016-17 no employees (2015-16: 0) received remuneration in excess of the highest-paid director. The remuneration of Commission staff ranged from £21,436 to £54,769 (FTE) (2015-16: £22,833 to £53,834 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 5: Hutton fair pay disclosure ratio**

	Period 1 April 2016 to 31 March 2017	Period 1 April 2015 to 31 March 2016
Band of Highest Paid Employee's remuneration (to nearest £5000 band)	95-100	70-75
Median Total Remuneration	£37,246	£35,163
Ratio	2.62	2.01

**Note to Table 5**

The remuneration ratio is higher in 2016-17 than it was in 2015-16 due to the higher salary paid to Peter Lawrence as Chief Executive.

*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 57). 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 6, has accrued in his role as a civil servant.

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

	Accrued pension at pension age and related lump sum (£000)			Cash Equivalent Transfer Value (CETV) (£000)		
	At start of reporting period	At end of reporting period	Real increase in value during reporting period	At start of reporting period	At end of reporting period	Real increase during reporting period
Clare Salters	20-25 (plus lump sum of 60-65)	20-25 (plus lump sum of 60-65)	0-2.5 pension 0-2.5 lump sum	366	381	13
Ekpe Attah	10-15 (plus lump sum of 30-35)	10-15 (plus lump sum of 30-35)	0-2.5 pension 0-2.5 lump sum	174	191	11
Peter Lawrence	40-45 (plus lump sum of 130-135)	40-45 (plus lump sum of 130-135)	0-2.5 pension 2.5-5 lump sum	925	976	21

**Note to Table 6**

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.

***Exit Packages [SUBJECT TO AUDIT]***

1 member of staff left under Voluntary Exit terms during 2016-17 (2015-16: 0). The member of staff was a permanent member of the Cabinet Office and had been seconded to the Commission. His exit terms and payment were therefore issued by the Cabinet Office and not paid from the Commission's budget.

0 staff left under Compulsory Early Retirement terms during 2016-17 (2015-16: 0)

**Staff Report**

***Numbers and costs [SUBJECT TO AUDIT]***

Staff and Commissioner costs and numbers are set out in tables 7 and 8 and a list of staff is at Annex A. These figures include the Commissioners and senior managers whose remuneration is detailed in the Remuneration report (page 55) and the office holders in the other independent institutions (Advisory Committee on Business Appointments, House of Lords Appointments Commission 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 (PB1).

**Table 7: Staff<sup>20</sup> and Commissioner<sup>21</sup> costs**

£000	2016-17				2015-16
	Total	Staff	Commissioners <sup>22</sup>	Office Holders <sup>23</sup>	Total
Wages and salaries	1144	697	396	51	1145
Social security costs	100	71	29	–	94
Other pensions costs <sup>24</sup>	136	136	–	–	134
<b>Total</b>	<b>1380</b>	<b>904</b>	<b>425</b>	<b>51</b>	<b>1373</b>

**Table 8: Staff (full-time equivalent) and Commissioner numbers**

	2016-17				2015-16
	Total	Staff (FTE)	Commissioners	Office Holders	Total
Directly employed	0	0	0	0	0
Inward secondments	15.3	15.3	0	0	18.5
Office holders	34.8	0	10.4	24	36.75
<b>Total</b>	<b>50.10</b>	<b>15.3</b>	<b>10.4</b>	<b>24</b>	<b>55.25</b>

**Note**

The numbers of staff, Commissioners and Office Holders reflect the monthly average throughout 2016-17. The number in post on 31 March 2017 were 11 Commissioners, 15 Office Holders and 13.8 (full time equivalent) staff.

'Office Holders' includes Public Appointment Assessors of which there were 12 in post until 1 January 2017.

20 This figure represents 100% of staff costs for the period 1 April 2016 to 31 March 2017. As explained in note 2 (Operating Segments), staff costs were calculated at 65% for the Civil Service Commission's 'core' regulatory responsibilities, 14% for OCPA, 2% for HOLAC, and 19% for ACOBA.

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

22 'Commissioners' includes the First Civil Service Commissioner and Commissioner for Public Appointments and all Civil Service Commissioners.

23 'Office Holders' includes the Chair and Members of HOLAC and the Chair and Members of ACOBA.

24 The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. For 2016-17 employer's pension contributions of £136k (2015-16: £134k) were payable to the PCSPS at one of four rates in the range 20% to 24.5% (2015-16: 20% to 24.5%) of pensionable pay based on salary bands.

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 2016 to 31 March 2017.

**Table 9: Analysis of staff by gender**

	Men		Women		Total	
Senior Civil Servants	2	66.67%	1	33.33%	3	100%
All staff	10	48%	11	52%	21	100%

### *Attendance information*

The level of sickness absence within the secretariat in 2016-17 was 1.9 average working days lost per staff year<sup>25</sup> (4.7 days in 2015-16) equating to 1.4 days per person. The most recently available equivalent figure for the Civil Service was 7.2 average days lost per staff year, equivalent to 6.1 days per person.<sup>26</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 2016-17 (2015-16: none).

### *Off-payroll engagements*

The Commission employed no staff off-payroll during 2016-17 (2015-16: none).

25 Average working days lost per staff year = the total number of working days lost across the year divided by the total number of potential staff years.

26 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/559903/20160912\\_CS\\_Absence\\_Update\\_Gov\\_UK.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/559903/20160912_CS_Absence_Update_Gov_UK.pdf)

### ***Contractual Relationships***

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

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

### ***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 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of 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 PCPS or alpha – as appropriate. Where the official has benefits in both the PCPS 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.)

### *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.

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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.

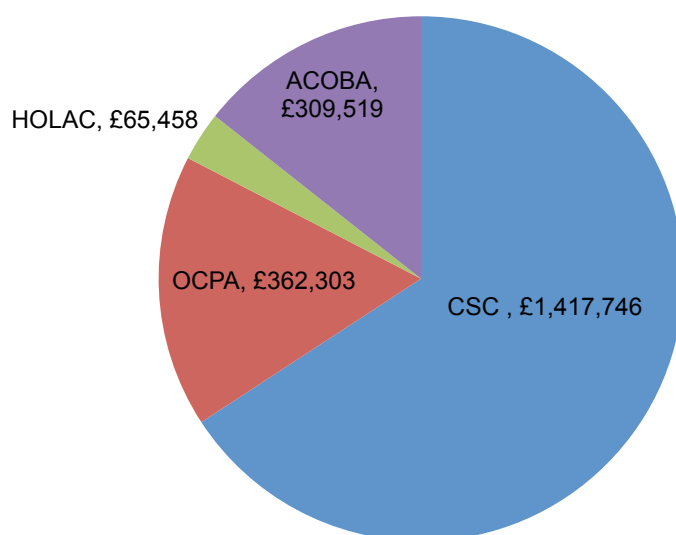
## Parliamentary Accountability and Audit Report

### *Finance summary*

The Commission's Accounts for 2016-7 are presented at Part 2.

As we have explained on page 13, the Commission provides secretariat support for three other independent institutions and the budgets and expenditure of those organisations are incorporated within the Commission's overall budget and expenditure for the purposes of our Accounts and this summary. The breakdown of expenditure between the four institutions supported by the Civil Service Commission Secretariat is shown in Figure 14.

**Figure 14: Expenditure by institution, 2016-17**



Including the Commission's work for the other Independent Offices, the Commission had a budget of £2.25m (£2.18m in 2015-16). The Commission's net expenditure was £2.16m (£2.07m in 2015-16), an underspend of approximately £90k against the budget (£109k in 2015-16).

Our main items of expenditure during 2016-17 were:

- Secretariat staff costs: £904k compared with £921k in 2015-16. This was due to the delay in recruiting to vacancies.
- Compliance monitoring audit contract: £188k compared with £234k in 2015-16. This was due to the secretariat undertaking the majority of audit visits rather than KPMG.
- Competition fees: £224k compared with £207k in 2015-16. 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.

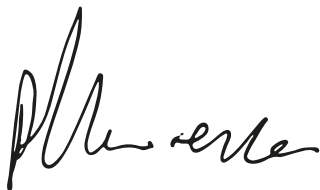
Of the total spend £166k related to accrued costs (£192k in 2015-16).

#### *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.

#### *Regularity of expenditure [SUBJECT TO AUDIT]*

There have been no losses or special payments this year, no remote contingent liabilities and no fees or charges.



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

Date: 11 July 2017

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

I certify that I have audited the financial statements of the Civil Service Commission for the year ended 31 March 2017 under the Constitutional Reform and Governance Act 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in that report as having been audited.

### *Respective responsibilities of the Commission, Accounting Officer and auditor*

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Civil Service Commission and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Constitutional Reform and Governance Act 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### *Scope of the audit of the financial statements*

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

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

*Opinion on regularity*

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

*Opinion on financial statements*

In my opinion:

- the financial statements give a true and fair view of the state of the Civil Service Commission's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Constitutional Reform and Governance Act 2010 and Cabinet Office's directions issued thereunder.

*Opinion on other matters*

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability Disclosures to be audited have been properly prepared in accordance with Cabinet Office directions made under the Constitutional Reform and Governance Act 2010; and
- 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 Remuneration and Staff Report and the Parliamentary Accountability Disclosures 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.

**Part 1: Annual Report 2016-17**

*Report*

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
Comptroller and Auditor General  
National Audit Office  
157 – 197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Date: 12 July 2017

## Annex A: Commissioners and Secretariat

### Commissioners during 2016-17

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

**Ian Watmore**, First Civil Service Commissioner since 1 October 2016

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

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

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

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

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

**Isabel Doverly**, Commissioner since 1 October 2015

**Jan Cameron**, Commissioner since 1 October 2015

**Kevin Woods**, Commissioner since 1 October 2015

**Sarah Laessig**, Commissioner since 1 October 2015

### Secretariat during 2016-17

The secretariat supports the Board of the Civil Service Commission. The staff in the secretariat during 2016-17 are listed below. Of the 15 staff in post on 31 March 2017 (13.8 full time equivalent), 7 were male and 8 were female.

#### *Chief Executive*

Clare Salters (to 31 July 2016)

Ekpe Attah (from 1 August to 13 November 2016)

Peter Lawrence (from 14 November 2016)

#### *Recruitment Policy Team*

Bill Brooke

Isabel Fraser

Jennifer Smith

Michaela Greener (to January 2017)

#### *Compliance and Complaints Team*

Sandra Campbell (to August 2016)

Carrie Aitken

Freddie Lupson (from September 2016)

Dean Ponder (to December 2016)

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***Code investigations and Corporate Services Team***

Heidi Ferguson  
Sean Edwards-Playne  
Daniella Emery (from May 2016)  
Alex Newton  
Alex Young (to October 2016)  
Nicola Carpenter  
Leroy Cargill (to May 2016)

***Staff directly supporting ACOBA, HOLAC and OCPA***

Ekpe Attah (to January 2017)  
Catriona Marshall (from September 2016)  
Clive Barbour  
Catherine Millington (to October 2016)  
Alex Morrow  
Nicola Richardson



## **Annex B: Standing Committee membership**

### **Audit and Risk Committee**

Wanda Goldwag (chair until August 2016)  
Andrew Flanagan (chair from August 2016)  
Jonathan Baume  
Sarah Laessig (from August 2016)  
Isabel Doverty (from August 2016)

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**

Wanda Goldwag (until August 2016)  
Kathryn Bishop (until October 2016)  
Ian Watmore (from October 2016)  
Jan Cameron

## Part 2: Annual Accounts 2016-17

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2017


		2016-17	2015-16
	Note	£000	£000
<b>Expenditure</b>			
Staff and Commissioner costs	3	1380	1373
Other Expenditure	4	775	699
Net Expenditure		2155	2072
Total Comprehensive Net Expenditure for the period ended 31 March 2017		2155	2072

The notes on pages 75 to 79 form part of these accounts.

## Statement of Financial Position as at 31 March 2017

	2016-17	2015-16
Note	£000	£000
<b>Current assets</b>		
Prepayments and accrued income	2	5
Total current assets	2	5
<b>Current liabilities</b>		
Accruals	(166)	(192)
Total current liabilities	(166)	(192)
Total assets less current liabilities	(164)	(187)
Assets less liabilities	(164)	(187)
<b>Taxpayers' equity</b>		
General Fund	(164)	(187)
Total taxpayers' equity	(164)	(187)

The notes on pages 75 to 79 form part of these accounts.



Peter J Lawrence OBE  
Chief Executive  
Civil Service Commission

11 July 2017

## Statement of Cash Flows for the year ended 31 March 2017

	2016-17	2015-16
Note	£000	£000
<b>Cash flows from operating activities</b>		
Net Deficit	(2155)	(2072)
(Increase)/Decrease in trade receivables	3	(5)
Increase/(Decrease) in trade payables	(26)	51
Net cash outflow from operating activities	(2178)	(2026)
<b>Cash flows from investing activities</b>		
Net cash outflow from investing activities	-	-
<b>Cash flows from financing activities</b>		
Grants from parent Department	2178	2026
Non-cash adjustments for restatements	-	-
Net financing	2178	2026
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 79 form part of these accounts.

## Statement of changes in Taxpayers' Equity

	I & E Reserve	Total Reserves
Note	£000	£000
Balance at 1 April 2015	(141)	(141)
Transfer of Function	-	-
Grants from Parent Department	2026	2026
Comprehensive Net Expenditure for the year	(2072)	(2072)
Balance at 31 March 2016	(187)	(187)
Balance at 1 April 2016	(187)	(187)
Grants from Parent Department	2178	2178
Comprehensive Net Expenditure for the year	(2155)	(2155)
Balance at 31 March 2017	(164)	(164)

The notes on pages 75 to 79 form part of these accounts.

## Notes to the accounts for the year ended 31 March 2017

### 1. Statement of Accounting Practices

#### *Basis of Preparation*

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

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

#### *Going concern*

The financial statements have been prepared on the basis that the Commission is a going concern. The Commission is a statutory body created by the Constitutional Reform and Governance Act 2010. The Commission's budget and business plan for 2016-17 and corporate framework have been agreed by the Cabinet Office.

#### *1.1 Accounting convention*

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

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

The Commission, with the exception of accruals, has not made any 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.

## **Part 2: Annual Report 2016-17**

### *1.3 Grant-in-Aid*

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

### *1.4 Operating Segments*

The Commission provides secretariat support for four separate institutions.<sup>27</sup> Further details are provided in Note 2. Our operating segments reflect these four functional areas. The Accounting Officer is accountable for the propriety and expenditure of all four institutions, and the Commission Board has a general oversight role for the totality of expenditure. The Board's primary role, however is to focus on the 'core' Civil Service Commission's functions, in particular those derived directly from the 2010 Act.

### *1.5 Future changes in Accounting Policy*

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

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<sup>27</sup> The Civil Service Commission itself, the Advisory Committee on Business Appointments (ACOBA), the House of Lords Appointments Commission (HOLAC) and the office of the Commissioner for Public Appointments (OCPA).

## 2. Operating segments

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

£000	2016-17					2015-16				
	CSC	OCPA	HOLAC	ACOBA	Total	CSC	OCPA	HOLAC	ACOBA	Total
Commissioner or Committee Member Fees	368	57	22	29	476	351	46	26	29	452
Other Gross Expenditure	1050	305	43	281	1679	877	319	152	273	1621
Income	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Net Expenditure	1418	362	65	310	2155	1228	365	178	302	2073

## 3. Staff, Commissioner and Office Holders costs

£000	2016-17	2015-16
	Total	Total
Wages and salaries	1144	1155
Social security costs	100	84
Other pensions costs	136	134
Total	1380	1373

### Notes

Please see page 60 for fuller analysis of staff costs

## 4. Other expenditure

	2016-17	2015-16
	£000	£000
Accommodation, utilities and IT costs	430	349
Consultancy	228	261
Supplies and services	79	48
Other staff related costs	6	4
Travel, subsistence and hospitality	22	27
Audit Fee	10	10
Total	775	699

### Notes

Of the £228k Consultancy figure, £113k relates to the audit of Departments' compliance with the recruitment principles; £75k relates to the audit of their compliance with the Code of Practice on Ministerial Appointments; £13k relates to the audit work carried out by the Government Internal Audit Agency (GIAA), £26k relates to new Commissioner recruitment costs, and £1k to Commissioners' payroll contract.

Travel, subsistence and hospitality includes Commissioners' expenses of £18k (unchanged from 2015/16).

## 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>28</sup> and the Department for Work and Pensions in relation to chairing a small number of more junior recruitment competitions. The amount charged was of immaterial value.

Back office services are provided to the Commission from the Cabinet Office under a Memorandum of Understanding for a per capita charge of £28,666.66, a total of £430,041 for the period ending 31 March 2017<sup>29</sup>.

No manager or other related party has undertaken any material transaction with the NDPB during the year. No compensation has been paid to management and Commissioners, except remuneration which has been reported in the Remuneration Report (See page 55).

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28 The Cabinet Office; the Crown Prosecution Service; the Department for Communities and Local Government; the Department for Work and Pensions; the Government Actuary's Department; the Home Office; and the Northern Ireland Office.

29 Per capita charge based on number of staff in post on 31 March 2017 (15).



## 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. A General Election was held on 8 June 2017. This is a non-adjusting event with no direct financial impact on the Civil Service Commission. The Accounting Officer authorised these financial statements for issue on 12 July 2017.





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