

Annual Report and Accounts

2015-16

Civil Service Commission

Annual Report and Accounts 2015–16

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 2015-16

Foreword

Over the 160 years since the Civil Service Commission was founded, its structure, size and operations have changed, but its overall purpose has not. We regulate and oversee the appointment of the best candidates to the Civil Service, through fair and open processes; those who are appointed are then required to act with integrity, impartiality, honesty and objectivity to serve the Governments of the day in London, Edinburgh and Cardiff. This purpose spans our work on recruitment regulation and oversight, as well as our work on the promotion of the Civil Service Code and the handling of complaints from civil servants in relation to the Code.

In this work, the Commission shares with Government a focus on the need for talented, skilled civil servants who serve them impartially. We therefore work in partnership with the government of the day, in support of the development of the Civil Service. Recent events have underlined the importance of our shared objective: the need for able and impartial civil servants to undertake complex, urgent and important work regardless of their own individual views on the issues. The Civil Service Commission, in the regulation of recruitment and in the oversight of and support for the Civil Service Code, serves that need.

The Commission is, however, an independent regulator, outside both Government and the Civil Service. The model of an impartial and objective Civil Service, selected on merit, as set out in the legislation, underpins our work. Our legal responsibilities require us to scrutinise and report on the processes of recruitment on merit into the Civil Service and in accordance with our Recruitment Principles; we also do this on the operation of and support for the Civil Service Code within Departments. Sometimes, those responsibilities require us to stand up and speak plainly not as a partner, but as an independent regulator.

This report covers the year ending in March 2016, a year in which my predecessor, Sir David Normington served as First Commissioner. I write the foreword to this report as Interim First Commissioner, and although the report's focus is on the past year, the present context emphasises the importance of the work we have done. We report as independent regulator on the audit work and inspections which we have carried out, and on the breaches of the Recruitment Principles or of the Civil Service Code identified during the year.

Our regulatory work is accompanied by a focus on improvement, so that we not only identify problems or breaches of the Recruitment Principles or Civil Service Code, but also help to define – and encourage the implementation of – improvements to processes, as well as developing the skills of those who carry them out. In this report, we also record the range of additional activities we have undertaken in support of Departmental HR teams, and Nominated Officers.

In recruiting the most able civil servants through fair and open processes, we work with Departments to modernise and professionalise recruitment processes, both as regulator and in support of their work. This year, we have introduced quarterly regulation which increases our ability to help departments to improve rapidly, rather than waiting for a single annual scrutiny process. Although we have seen an increase in self-reported breaches from Departments against the Recruitment Principles, we also see once again that the majority of Civil Service recruitment is being carried out in Departments where we assess their risk as amber-red. This raises serious concerns about capability levels within the HR teams and recruiting managers as well as the associated risks of failure to comply with the Recruitment Principles. For this reason, our regulatory work is accompanied by work in support of HR teams in every Department and in helping to transfer good practice across Government. For example, we offer training and development as well as support in redesigning processes. Commissioners continually review the way in which various selection methods are used, such as media-testing, or staff engagement exercises, and work with Departments to make more effective use of search consultants.

We strongly believe in the need for greater diversity within the Civil Service and my colleagues and I work with Departments to ensure fair and open recruitment processes, which avoid discrimination of any kind, whether on the basis of gender, race, ethnicity, physical abilities, educational or social background, or sexual orientation. In competitions which we oversee directly, we focus scrupulously on selection processes which are fair and open as a means of finding the best candidate for the job.

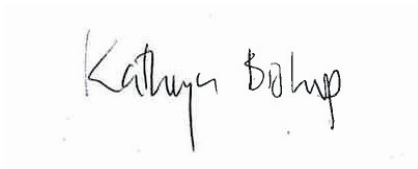
During the year, we have continued to gather data on the diversity of applications for posts at every level. This does not form any part of the selection process and is kept entirely separate from it. However, monitoring data can be useful in understanding both what is happening as well as suggesting why it is happening. For example, this report contains some analysis of applications from women which show that – although female applicants were in the minority in competitions at all of the three most senior grades during 2015-16 – having applied, women were significantly more likely to be shortlisted for interview and once interviewed, were just as likely as other interviewees to be appointed. This analysis suggests that a twin focus on development and encouraging women to apply may be more productive than alterations in the selection process itself. There is much to do in increasing the diversity of the Civil Service and analysis of the data helps to ensure that the problems are clearly understood, and therefore that right and appropriate action is taken.

The Civil Service Commission's Board consists of a diverse group of Commissioners who bring both wide experience and enormous commitment to their work. Commissioners are selected through fair and open competitions to these publicly-advertised and part-time roles, and during the year we welcomed four new Commissioners, who have all now completed their induction and initial training. I am grateful to all my Commissioner colleagues for the work they do so effectively, and for their wise advice on so many occasions.

We are also particularly grateful for the support of the Secretariat, who bring both experience and careful scrutiny to their work, and to the Chief Executive, Clare

Salters, in particular, whose integrity, deep knowledge and incisive judgement have contributed so much to the work we do.

It is of course hard to predict what lies ahead in terms of our work on recruitment and in support of the Civil Service Code. We know that the Civil Service will wish to do more on diversity, and that the demand for skilled and impartial civil servants is unlikely to reduce in the year ahead. The Board of the Commission particularly values the opportunity to work with the newly-appointed Chief People Officer, Rupert McNeil, as he plans for the future development of the Civil Service. We look forward to working with him to recruit the best talent to a Civil Service founded on the principles of impartiality, objectivity, honesty and integrity, and able rise to the challenges ahead.



Kathryn Bishop

Interim First Civil Service Commissioner

Introduction

I am pleased to present the Civil Service Commission's Annual Report and Accounts for 2015-16.

The year's biggest achievement has, perhaps, been the move to quarterly monitoring of how Departments comply with our Recruitment Principles, enabling us to report in almost real-time on compliance and capability within Departments. As we explain on page 26, up until last year the compliance assessments we had available for annual reports related to recruitment undertaken in the year prior to the reporting period. This is something we have wanted for some time to improve on and have finally achieved this year.

So, for the first time ever, our 2015-16 Annual Report contains up-to-date compliance assessments based on 2015-16 recruitment data. This seemingly simple achievement has required a lot of work behind the scenes – by our auditor, KPMG; by Departments; and by the secretariat team in the Commission – getting to grips with new systems and, crucially, carrying out audit visits for two years' worth of data (2014-15 and 2015-16) to bring us fully up to speed. I am grateful to everyone who has contributed. It is an important development for the Commission and one that we hope will be of benefit both to those who take an interest in our compliance assessments and to those who have to complete the monitoring returns.

Another important milestone was the workshop we organised for Nominated Officers, the people within Departments who are often the first points of contact for staff concerned about a possible breach of the Code. These individuals are often operating in isolation, with limited guidance from the centre of the Civil Service about how they should be going about their tasks. Our event provided an opportunity for them to come together to share experience and ideas about how to promote the Code within their Departments and how to handle difficult cases. We hope this will be the start of ongoing dialogue and further networking among Nominated Officers.

These highlights have taken place against a continuing increase in core workload across the board. Our Commissioners have been involved in recruitment competitions for twice as many senior posts as last year, and the staff have dealt with record numbers of requests for approval to make appointments without a competition and complaints, either about recruitment or about possible breaches of the fundamental Civil Service Code.

This year saw the retirement of two of the longest-serving members of the secretariat team: Val Iceton, personal secretary to successive First Civil Service Commissioners and to me as Chief Executive; and Leroy Cargill, who provided business support to the office. And, looking ahead, we will shortly be saying farewell to Sandra Campbell and Ekpe Attah, two members of my senior management team whose secondments come to an end early in 2016-17. All four of them have made a significant contribution to the work of the Commission during their time here. They are (or will be) greatly missed.

I am proud of, and extremely grateful to, all the staff in the secretariat for their hard work, enthusiasm and dedication throughout the past year. They have risen to the many challenges that have been thrown at them and I am confident they will continue to do so in 2016-17.

A handwritten signature in dark ink that reads "Clare Salters".

Clare Salters
Chief Executive
Civil Service Commission

Date: 11 July 2016

Performance Report

The Commission

The principle of a Civil Service appointed on merit and not through personal or political patronage has been a central part of the UK's constitutional settlement for the past 160 years. Throughout this period, the Civil Service Commission has been an important part of this settlement, a role reaffirmed by Parliament, with all-party support, in 2010. Our purpose is to safeguard an effective Civil Service¹ 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 2010² 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" – 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 33);
- monitoring Departmental compliance with the Recruitment Principles - this is currently done, in large part, through regular audits (see page 26) but the Commission is directly involved in chairing the most senior recruitment panels (see page 16); and
- hearing complaints that Civil Service recruitment has not been in accordance with the requirement for merit, fairness and openness in the 2010 Act (see page 36).

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.

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:

- 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 16).
- We currently have an additional role in supporting Departments in promoting the Civil Service Code (see page 46).
- The Commission provides secretariat support to the Advisory Committee on Business Appointments³ (ACOPA), the House of Lords Appointments Commission⁴ (HOLAC) and to the Commissioner for Public Appointments⁵ (OCPA), including OCPA’s responsibilities under the Royal Charter on press self-regulation.

The Commission is made up of a group of Commissioners and a Secretariat, 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 Sir David Normington throughout the reporting period. The Chief Executive and Accounting Officer is Clare Salters, who 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 2015-16 related to budget and workload - for more details, see page 56.

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.

³ www.gov.uk/government/organisations/advisory-committee-on-business-appointments

⁴ <http://lordsappointments.independent.gov.uk/>

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

The Commission's accounts have been prepared on the assumption that the Civil Service Commission is a going concern on the grounds that where the Commission has outstanding current liabilities at the end of the year these will be funded in the next year by annual Grant-in-Aid. The Cabinet Office has agreed our budget and business plan for 2016-17 and our four-year corporate strategy for 2012-16. These can be viewed on our website.⁶

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

Having successfully recruited four new Commissioners in October 2015, three of our current Commissioners will reach the end of their five-year terms on 31 March 2017. We will therefore launch a recruitment competition to appoint new Commissioners during the next reporting year.

We also expect to have a new First Civil Service Commissioner appointed during 2016. As explained above, David Normington's term of office ended on 31 March 2016. The Government ran a competition to recruit his successor but has not yet made an appointment. Kathryn Bishop, one of our existing Commissioners, has been authorised by the Prime Minister, under paragraph 3(10) of Schedule 1 to the 2010 Act, to carry out the functions of First Civil Service Commissioner until the vacancy is filled.

Sustainability, environmental, social and community initiatives

The Commission has adopted the Cabinet Office's policy on volunteering which aims to encourage staff to participate in volunteering activity in the community and to enable staff to build their skills through practical experience. Staff are eligible for up to five days paid leave per year for volunteering activity as part of their personal development.

Commission staff have supported various charities during the year, specifically Macmillan Cancer Support and Children in Need.

We are committed to improving the work/life balance for 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.

⁶ <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2016/05/CSC-Business-Plan-201617.pdf>

The Commission contributes to the Cabinet Office's commitment to making a continuing contribution to the goals, priorities and principles of the UK Government's Sustainable Development Strategy, Securing the Future. Details of the initiatives to reduce energy consumption in Cabinet Office can be found on the Government's website.⁷

Performance Analysis: Review of 2015-16

Appointments to the Civil Service

The 2010 Act makes it a statutory requirement that selection for appointment to the Civil Service must be on merit on the basis of fair and open competition, or under an Exception outlined in the Civil Service 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 Commission takes a principles-based approach to its role relating to Civil Service recruitment; 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, but leave it to recruiting departments to devise recruitment policies and procedures that best suit their individual business needs.

The last major revision of the Recruitment Principles was in April 2014 following an extensive public consultation. There were two further smaller scale revisions in 2014-15, as noted in last year's Annual Report and Accounts. One of these related to the arrangement regarding selections at Permanent Secretary level.

Permanent Secretary appointments

As reported in last year's Annual Report and Accounts, the Commission decided, partially in light of an emerging cross-party consensus on the issue, that in future the final merit decision in Permanent Secretary competitions only would be made by the Prime Minister (or First Minister) from those candidates assessed as appointable by an independent panel chaired by the First Civil Service Commissioner (or his/her nominee).

We reported last year that these new arrangements for Permanent Secretary competitions were working well, and this continued to be the case during 2015-16. However there was an incident just after the end of the reporting period where the

⁷ <https://www.gov.uk/government/organisations/cabinet-office/about/our-energy-use>

provisions in the Recruitment Principles were breached as the Prime Minister's office arranged for him to meet an appointable candidate without the First Civil Service Commissioner or her nominee being present.

There were seven Permanent Secretary competitions during the year: six within Whitehall, plus one in the Scottish Government. Of the Whitehall competitions, three were external competitions, open for non-civil servants to apply, and three were internal, open only to existing civil servants. (One was an 'internal plus' competition as applications were also accepted from the staff of a number of other relevant public sector bodies.) In three of these competitions the Prime Minister had a choice from two appointable candidates; in one competition he had a choice from three appointable candidates; in two competitions the panel only identified one appointable candidate. The competition in Scotland was open (externally advertised) and the First Minister had a choice from three appointable candidates.

Extended Ministerial Offices

We also reported last year on a new Exception to the merit requirement that had been introduced in October 2013 concerning Extended Ministerial Offices (EMOs). This followed a government initiative first outlined in *Civil Service Reform: One Year On* published in July 2013. The Commission undertook to review the operation of this new Exception after 12 months. As reported in last year's Annual Report and Accounts, no EMOs had been established by the end of March 2015, and so the review was carried forward until there was some evidence and experience to consider.

A number of EMOs were established in the months following the General Election in 2015. The Commission is aware of EMOs in the Department for Education, the Cabinet Office, the Department for Communities and Local Government, the Department for Food and Rural Affairs and the Scotland Office. The Commission will be reviewing the operation of this Exception during 2016-17, by which time the first EMOs will have been in place for 12 months.

Training for departments

During the course of the year we ran eleven training sessions on the Recruitment Principles and the merit requirement for HR teams. Some of these were open invitation sessions, and some specially delivered for individual departments and agencies.

Recruitment to the Civil Service 2015-16

Initial figures indicate that around 28,000 staff were recruited to the Civil Service in 2015-16 (2014-15: 39,000).⁸ The majority of these were recruited through open competition but some were appointed using one of the Exceptions provided for in the Recruitment Principles (see page 33).

⁸ Departmental data returns on 2015-16 recruitment.

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 in the Service: 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.

During 2015-16, we chaired 131 competitions, for 158 posts, which resulted in 124 appointments. As Table 1 shows there has been a 100% increase in the number of posts competed at SCS pay-band 2 and above. This is against a reported decline, noted above, in overall Civil Service external recruitment.

Part of this increase in senior external recruitment is driven by the Civil Service requiring enhanced digital and commercial capability. For example, during the course of the year, one Commissioner chaired a series of related competitions to select up to 25 senior commercial specialists at SCS pay-band 2 to play a major part in transforming the capability of the commercial function across government. In the event only 12 appointments were made from these competitions.

Table 1: Post competed and resulting appointments made at SCS pay-band 2 and above 2012-13 to 2015-16

	Posts Competed			Appointments made			No Appointment made
	Open	Internal	Total	Open	Internal	Total	
2015-16	154	4	158	120	4	124	34
2014-15	77	2	79	71	2	73	6
2013-14	100	16	116	83	15	98	18
2012-13	96	8	104	85	8	93	11

The Government has indicated that the usual practice will be to advertise SCS vacancies below Permanent Secretary externally. The Commission chaired only one internal competition at DG level and this was what is known as an 'internal plus

competition': the vacancy was also opened up to a number of relevant public sector groups outside the Civil Service Commission-regulated Civil Service.⁹

The names of appointees from competitions chaired by Commissioners are published on our website.

Strength of field

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

It is difficult to apply a truly objective measure to the strength of applicant fields. There is great interest in this assessment but 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 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. We report below on these.

Selection panels chaired by Commissioners will usually adopt the Commission's standard marking frame that has four categories for candidates judged appointable to the role ('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 104 appointments made this year from competitions chaired by Commissioners where the standard marking frame was used 82% of appointed candidates were judged as 'outstanding' or 'very good'. The equivalent figure was 69% in 2014-15. Only 6% of appointed candidates this year were considered to be only 'acceptable' (2014-15: 9%).

Another measure of the strength of candidate fields is the number of competitions that fail to identify any appointable candidates. In 2015-16 Commissioners chaired competitions for 158 posts, of which 34 posts (22%) were not filled as the selection panel did not find a sufficient number of appointable candidates. This looks high, especially compared to last year when the equivalent figure was 8%. However, as noted above, this year's figures include an ambitious recruitment drive by the commercial function to recruit up to 25 commercial directors. This was always seen to be an ambitious target and in the event 12 commercial directors were recruited through this campaign. However, even with this competition excluded, 16% of the 133 roles advertised (other than the 25 commercial directors) were not filled. Many, but not all, of these jobs required specialist commercial or digital skills, and there continues to be a challenge to recruit to these kinds of roles in the Civil Service.

⁹ The Northern Ireland Civil Service and the intelligence agencies (part of the Civil Service, but not regulated by the Commission); and the police and the Armed Forces (outside the Civil Service altogether).

Another possible measure of the strength of candidate fields is the number of competitions that identified only one appointable candidate and there was therefore no reserve candidate who could be appointed if the most meritorious candidate turned the post down. This year, in the 113 competitions where appointments were made, there were 43 (38%) instances where there was only one appointable candidate. In 2014-15 the equivalent figure was 29%, as it had been in the preceding year also.

Taken together these two measures do suggest that there has been a decline in the ability of Departments to attract sufficient good candidates for some of their vacancies. Anecdotal evidence suggests that this is in part 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. The commercial director recruitment campaign is an example of this, where despite an unusual degree of flexibility being agreed for the remuneration package, only 12 of a possible 25 vacancies were filled.

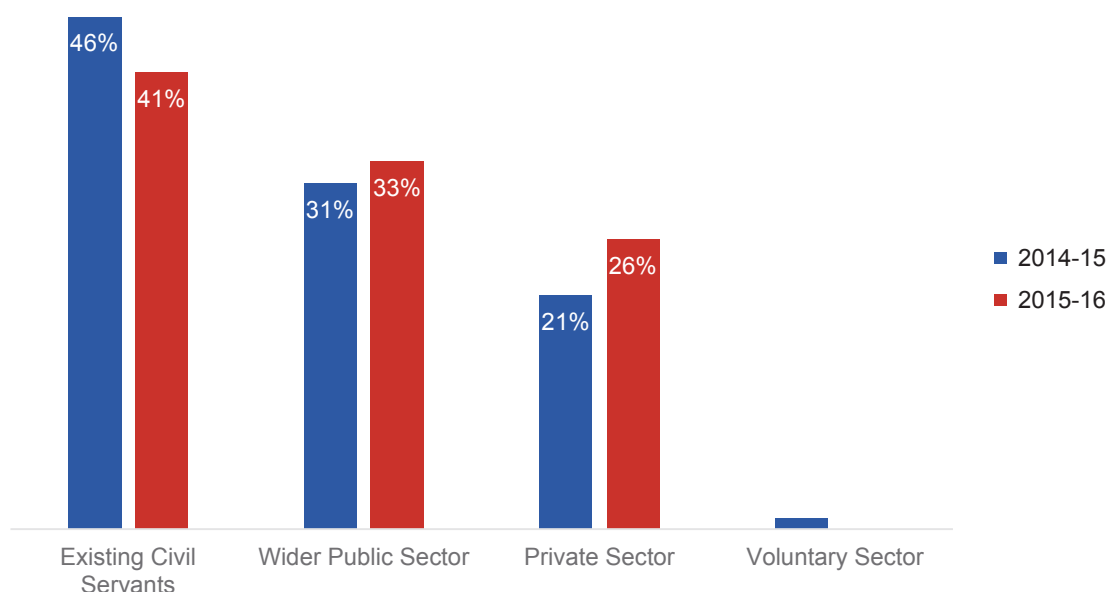
Sector background of senior appointees

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. The percentages of successful candidates from the Civil Service, public sector and private sector have fluctuated over the years. There are only occasionally successful candidates from the voluntary sector; and there were none this year.

This information does have to be taken with a degree of caution since, 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. From the Commission's perspective, the Civil Service appears to be a much more porous body than is sometimes acknowledged and people do move in and out of it at all stages of their career: it is by no means made up solely of those who have spent all, or most, of their career in government.

This year, overall for Commissioner-chaired competitions, 41% of successful candidates were already civil servants, 33% were from the wider public sector, and 26% were from the private sector (see Figure 1).

Figure 1: Sector background of successful candidates in Commissioner-chaired competitions, 2014-15 and 2015-16



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

- All Permanent Secretary appointees were existing civil servants (last year two out of three Permanent Secretary appointments were existing civil servants, but one of these was a very recent recruit from the private sector).
- At Director General level, 48% were civil servants (44% last year), 19% were from the wider public sector (31% last year), and 33% (25% last year) were from the private sector.
- At Director level, 35% were civil servants (46% last year), 39% were from the public sector (31% last year), and 26% were from the private sector (21% last year plus 2% from the voluntary sector).

Diversity in senior appointments

The Commission has been concerned for some time about the incomplete nature of the information on diversity of applicants at all stage of selection competitions chaired by Commissioners. The Commission believes that selection on merit can best be demonstrated if the selection is made from a strong and diverse candidate pool. However, in the absence of comprehensive, reliable information on the diversity of applicants for particular roles, it has been difficult for the Commission to lift its comments above the level of anecdote.

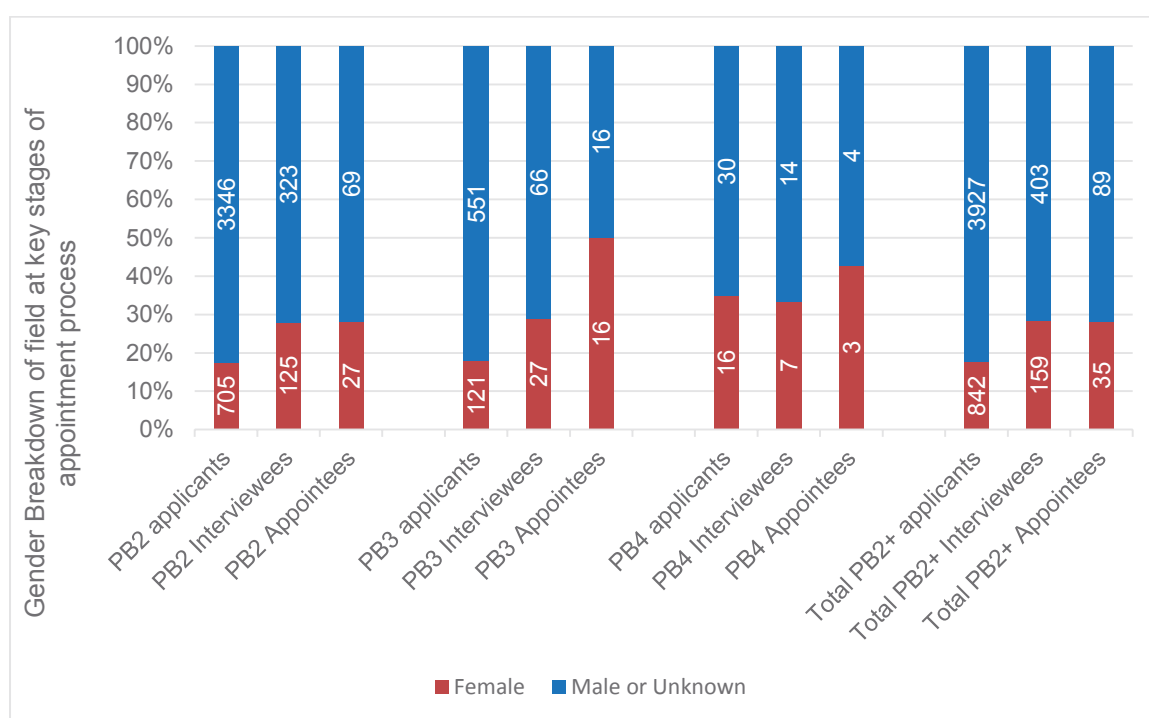
To address this, the Board of the Commission decided that for competitions chaired by Commissioners it would be mandatory for candidates to complete diversity monitoring forms. For all questions on the form there would be a 'prefer not to say

option' so that no applicants would be forced to reveal any information that they would rather not provide. Diversity monitoring was specifically discussed by the Commission's Board in April, October and December 2015. The Board was pleased to note in December that the diversity return rate had increased across this period and by the end of 2015 the overall rate was just above 90% and an appreciable number of competitions were achieving 100%. This should provide a platform from which the Commission can in future draw some more robust conclusions.

Data will of course always be incomplete where candidates decide not to provide the information requested. However some observations can be made from the data we have.

As Figure 2 shows, female applicants were in the minority in competitions at all of the three most senior grades during 2015-16.¹⁰ However, women made up a higher proportion of those on shortlists¹¹ and of those eventually appointed.¹² These differences were statistically significant.

Figure 2: Gender breakdown of each stage of senior competitions, 2015-16



Another way of looking at the same information is the relative success rates of female candidates compared to others¹³ at various stages of competitions (see

¹⁰ 18% overall, 17% at Director (PB2) level, 18% at Director General (PB3) level, and 35% at Permanent Secretary (PB4) level.

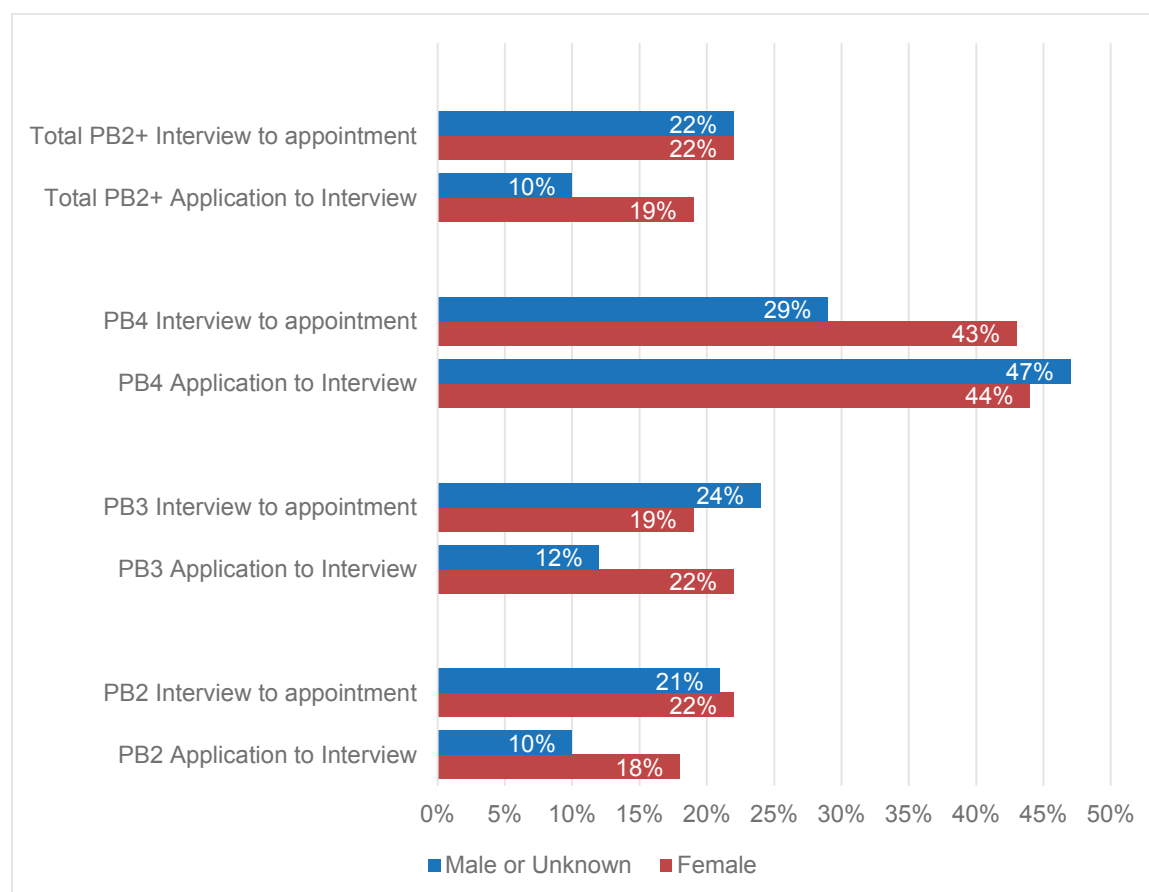
¹¹ 28% overall and at Director (PB2 level), 29% at Director General (PB3) level and 33% at Permanent Secretary (PB4) level.

¹² 28% overall and at Director (PB2) level, 24% at Director General (PB3) level and 43% at Permanent Secretary (PB4) level.

¹³ Male or gender unknown/undeclared.

figure 3). Female applicants were significantly more likely to be shortlisted for interview than others (19% compared to 10%) and female interviewees were just as likely as other interviewees to be appointed (22%).

Figure 3: Success rates by gender in senior competitions, 2015-16



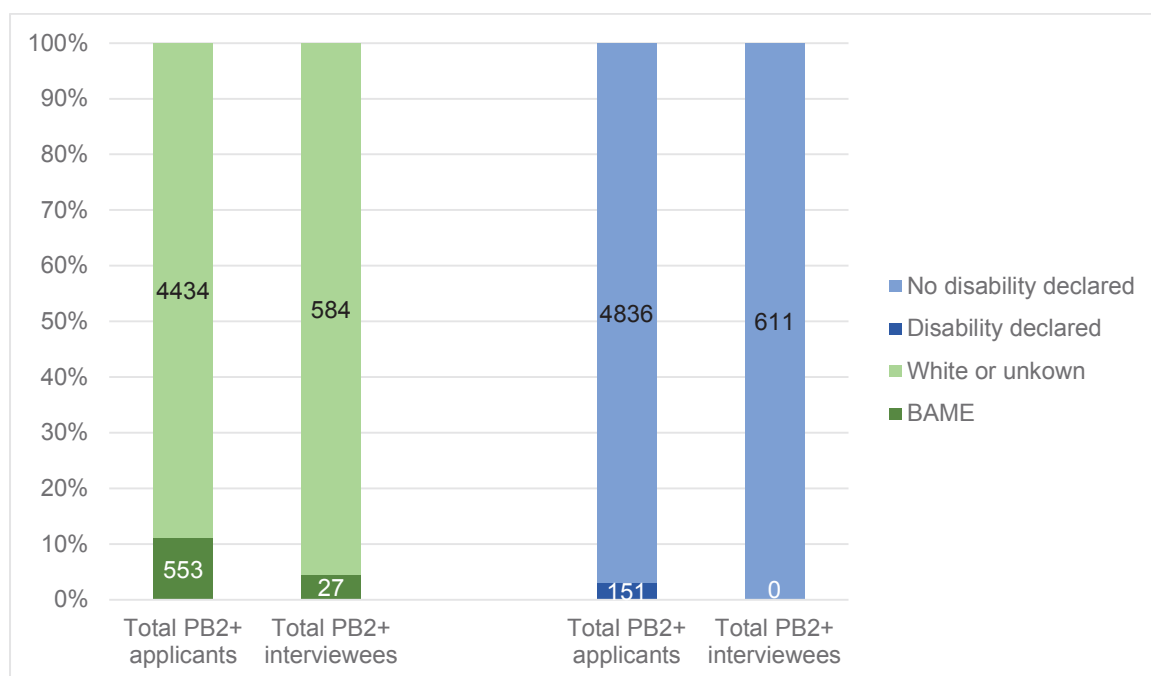
The Commission recognises the legitimate public interest in the gender balance in Permanent Secretary competitions and notes that there have been recent calls to see the shortlists published. We do not believe that that would be in the interests of the individuals, whose privacy would be inappropriately affected, nor of the Civil Service is more generally, since compromising applicants' privacy likely to have a deterrent effect on potential future applicants. However, we believe that it is helpful to show, as we have done here, the gender breakdown, in numerical terms, at each stage of the process.

Overall, those figures are encouraging. There remains some way to go before the senior ranks of the Civil Service truly reflect the wider community they serve but, in gender terms at least, there is some positive progress.

The picture is not so positive in terms of ethnicity and disability (Figure 4). The numbers in these cases are considerably smaller and therefore it is unfortunately not possible to do such detailed analysis in those areas. 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 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 is still a serious matter of concern.

Figure 4: Ethnicity and disability breakdown of key stages of senior competitions, 2015-16

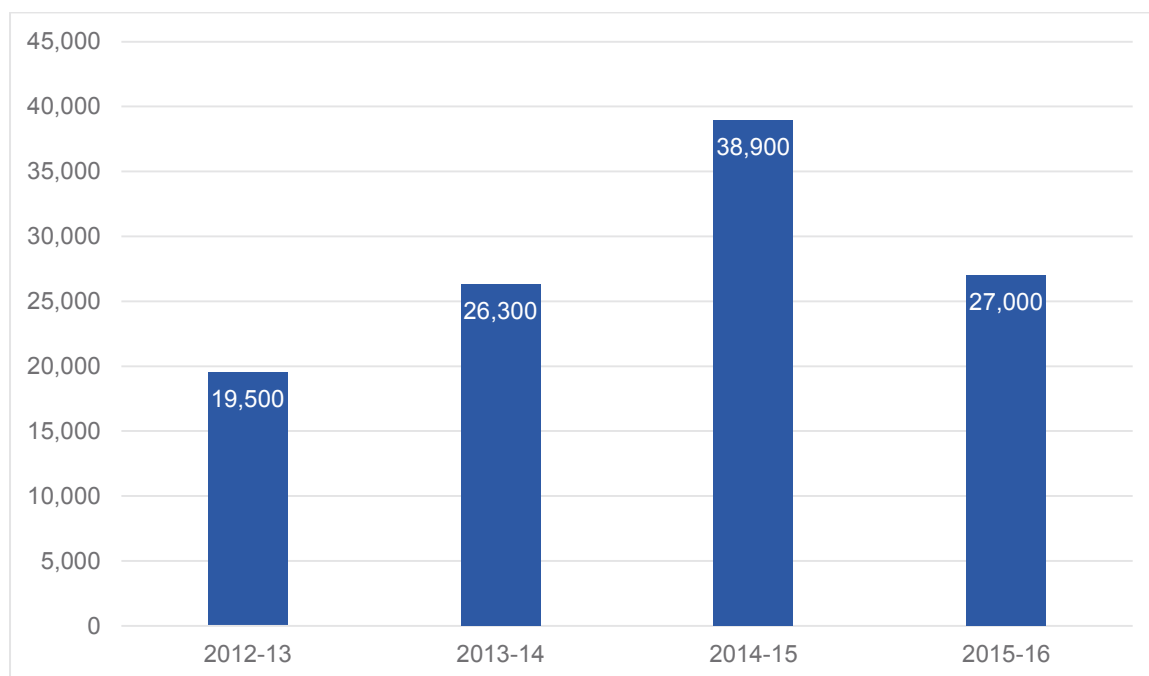


Overall, there were seven competitions (5% of the total) which attracted no female, BAME or disabled applicants at all (or, at least, no applicants who declared this on their diversity form). The figures were higher when each of these aspects of diversity were considered separately (eight competitions (6%) with no female applicants, including the seven referred to above; 28 (21%) with no BAME applicants; and 57 (44%) with no disabled applicants). At shortlist stage, the position was even worse. There were 35 competitions (27%) where the shortlist contained no-one who had declared themselves to be female, BAME or disabled: nearly a third of all the senior competitions appear to have had non-diverse shortlists. The Commission is very concerned about this.

Recruitment below SCS pay-band 2

The vast majority of recruitment to the Civil Service takes place below SCS pay-band 2. This reporting period saw a dramatic reduction in recruitment at these levels: around 27,000 people were recruited below SCS pay-band 2 (2014-15: 38,900) - see Figure 5.¹⁴

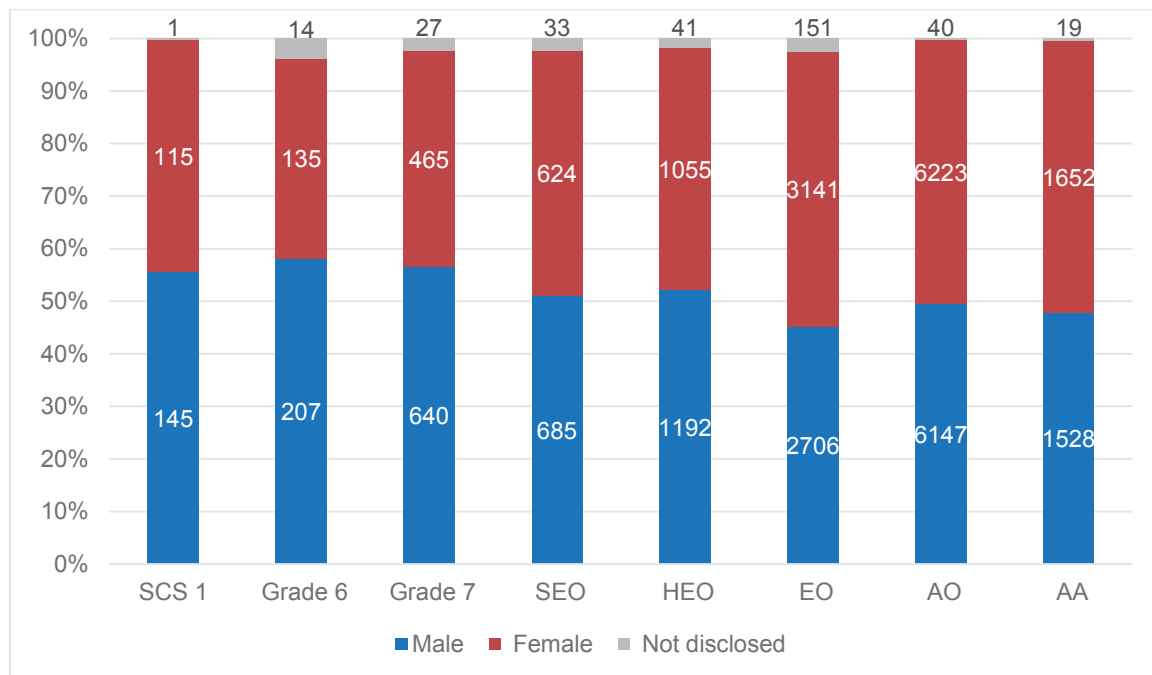
Figure 5: Recruitment below SCS pay-band 2, 2012 to 2016



According to the most recent data supplied by Departments (see Figure 6), the number of female and male staff appointed following open competition was almost identical (49% each) with a very small percentage where gender is unknown, usually because data was not collected in the hiring Department. There are no marked variations by grade, although the proportion of women appointed at SCS pay-band 1 (45%) is very slightly lower than the overall figure.

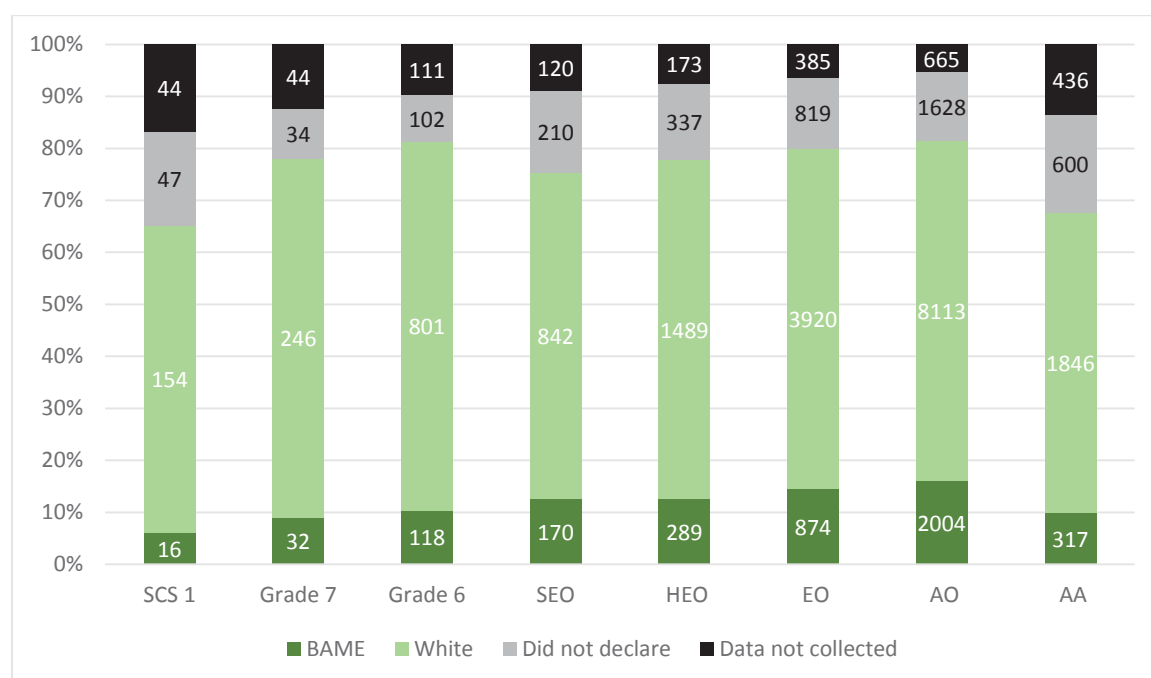
¹⁴ Source: departmental data returns on 2015-16 recruitment.

Figure 6: Gender diversity of successful candidates following recruitment competitions, 2015-16, by grade



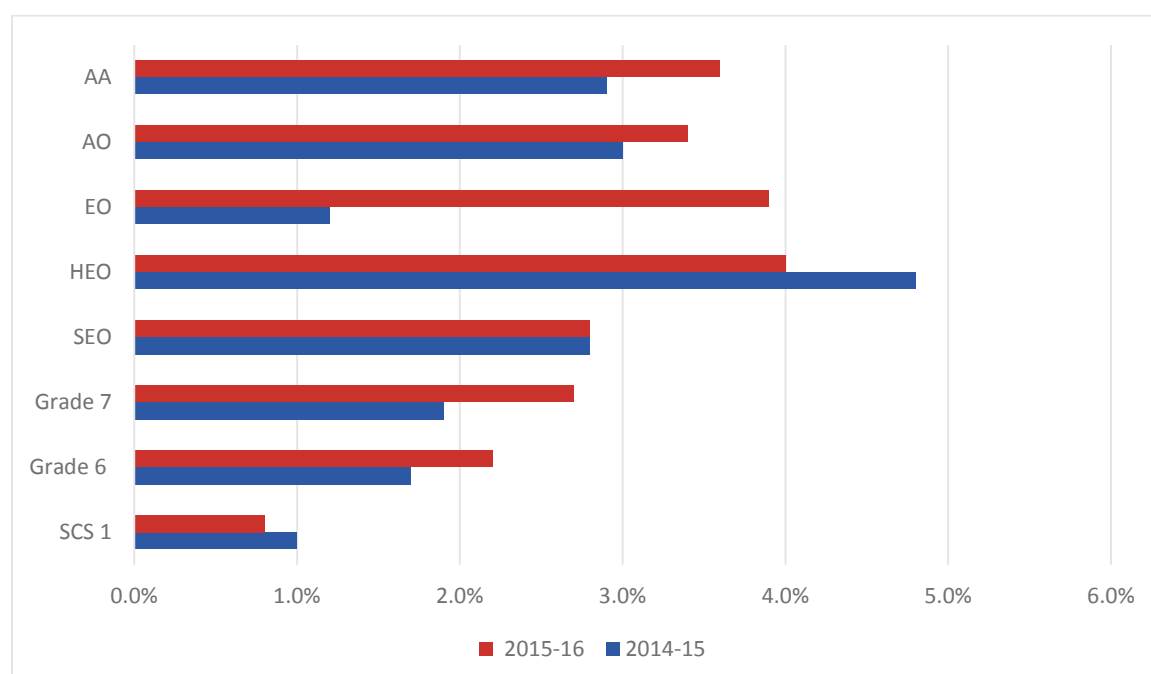
In terms of ethnicity (Figure 7) 64% of all those appointed following open competition were white, compared to only 14% from a BAME (Black, Asian or Minority Ethnic) background, with the proportion of BAME recruits being higher in the lower grades compared to more senior ones. It remains hard to draw any meaningful conclusions due to the gaps in the data - over 21% 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 is a cause for concern and the Commission welcomes the Government's efforts to tackle this through its Talent Action Plan.

Figure 7: Ethnic diversity of successful candidates following recruitment competitions, 2015-16, by grade



The data relating to disability for 2015-16 (Figure 8) show marginal variation at most grades in the proportion of recruits declaring a disability, although there was quite a marked increase at EO level (the first line management grade), the level at which a very substantial proportion of Civil Service recruitment takes place.

Figure 8: Proportion of successful candidates declaring a disability, 2015-16, 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 through quarterly compliance monitoring audits.

Since 1995, the data collection and much of the analysis for this compliance monitoring work has been contracted out, most recently (since April 2013) to KPMG. As well as fulfilling the Commission's legal duty, the compliance monitoring work enables the Commission to pick up systematic developments in recruitment practice across the Civil Service, to note, identify and spread good practice; and mitigate risks of future non-compliance.

On the basis of a range of quantitative and qualitative data that was supplied by Departments on their recruitment, all organisations received an indicative risk rating, from which we determined a programme of follow-up visits. A full recruitment review is undertaken at a sample of Departments, focusing on those where indicators suggest significant (amber-red) or major (red) risk of non-compliance with the Recruitment Principles but also including other Departments that have not received a compliance monitoring visit for several years. The Commission's in house compliance team is now responsible for many of these on-site reviews. A final risk rating is then determined, based on the original recruitment data and additional information collected during the visits. Details of the risk ratings for all organisations are published on our website.¹⁵ 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

¹⁵ <http://civilservicecommission.independent.gov.uk/civil-service-recruitment/compliance/>

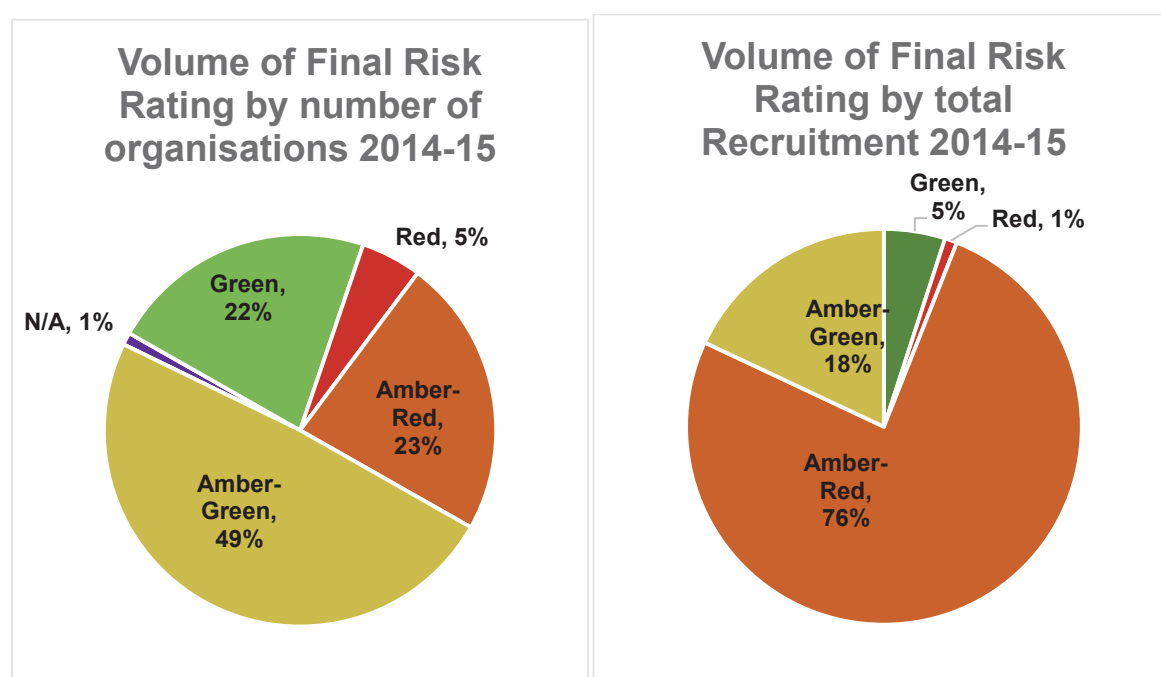
We have, historically, carried out our compliance monitoring retrospectively and this meant that by the time the findings were reported in the Annual Report the data was already a year out of date. A pilot exercise during 2014-15 tested the ease with which Departments could report their recruitment on a quarterly basis and concluded that this was, in fact, easier for Departments than the traditional end-of-year return. This process was therefore implemented in all Departments from 1 April 2015.

Although we initially received a small number of queries and requests to extend the submission deadline to manage individual business priorities, these diminished in the second half of the year with 100% of returns from the 73 regulated organisations being received on time. This is very encouraging and has enabled the Commission to engage with Departments on issues in a much timelier - and therefore effective - manner. So this year, for the first time we are able to report on compliance monitoring data for recruitment that took place during the reporting period (2015-16), in addition to data relating to recruitment that took place in 2014-15.

Compliance in 2014-15

As reported in last year's Annual Report, the total number of people recruited to the Civil Service in 2014-15 was around 39,000. The graphs in Figure 9 show 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 9: Risk ratings by the number of organisations and by the proportion of total recruitment¹⁶



¹⁶ No rating was awarded to the Government Commercial Function because it has been absorbed into the Crown Commercial Service.

As the pie chart on the left shows, most organisations were assessed as either amber-green (39 of the 79 organisations or 18% of total Civil Service recruitment) or green (17, representing 5% of total recruitment). This provides strong 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, however, as the pie chart on the right shows, the remaining organisations represent the majority of Civil Service recruitment. Of these, 18 organisations (representing 76% of total recruitment) were assessed as having significant risks (amber-red).¹⁷

The Commission is concerned that the majority of Civil Service recruitment is being carried out in Departments rated amber-red. This raises serious concerns about capability levels and the associated risks of non-compliance with the Recruitment Principles. Many of these departments include front line operational departments who have a much greater turnover of staff than smaller organisations. Their high levels of recruitment will, perhaps inevitably, increase the risk of non-compliant recruitment.

For 2014-15, only four organisations (representing 1% of total recruitment) were red rated: the Government Actuary's Department (GAD), the Government Legal Department (GLD), the Medicines and the Healthcare products Regulatory Agency (MHRA) and The Insolvency Service (INSS). We have highlighted below some of the key problems we found in these Departments.

At the Government Legal Department (GLD) there was missing documentation on one campaign. Another campaign had no record of how sift decisions had been made and so GLD was unable to show that decisions had been taken fairly and on merit. There was a further instance of poor practice where a wrongly-transposed email address resulted in the candidate receiving substantially less notice of interview than others. Although this was an administrative error, the impact was that that candidate was treated unfairly compared to other applicants and there was no evidence of GLD trying to rectify this to ensure that the candidate had the same preparation time as the other interviewees.

We found similar problems at the Insolvency Service (INSS). In one case, the successful candidate's interview records were not available and, with no panel report to record the outcome, INSS could not show that the selection had been on merit or that the process had been fair. In the same campaign, two panel members' prior knowledge of one candidate (already an INSS member of staff) was not recorded. In an apprentice recruitment, there were no sift scores recorded as insufficient records were kept by the training provider and the HR department did not have oversight of the campaign to prevent this.

¹⁷ Animal and Plant Health Agency, Department for Business, Innovation and Skills, Companies and Markets Authority, Crown Office and Procurator Fiscal Service, Ministry of Defence, Ministry of Justice, Charity Commission, Crown Commercial Service, Department of Health, Department of Work and Pensions, HM Revenue and Customs, Home Office - UK BA, Office of Rail and Road, Scottish Government, Scottish Prison Service, Welsh Government, Department for Environment, Food and Rural Affairs, Department for Education

At the Medical and Healthcare products Regulatory Agency (MHRA) there was insufficient documentation to be able to show compliance with the Recruitment Principles. There were records missing on all the recruitment files inspected, so there was no evidence of appointment on merit or that the process was fair. High staff turnover had resulted in a lack of knowledge of the requirements of the Recruitment Principles.

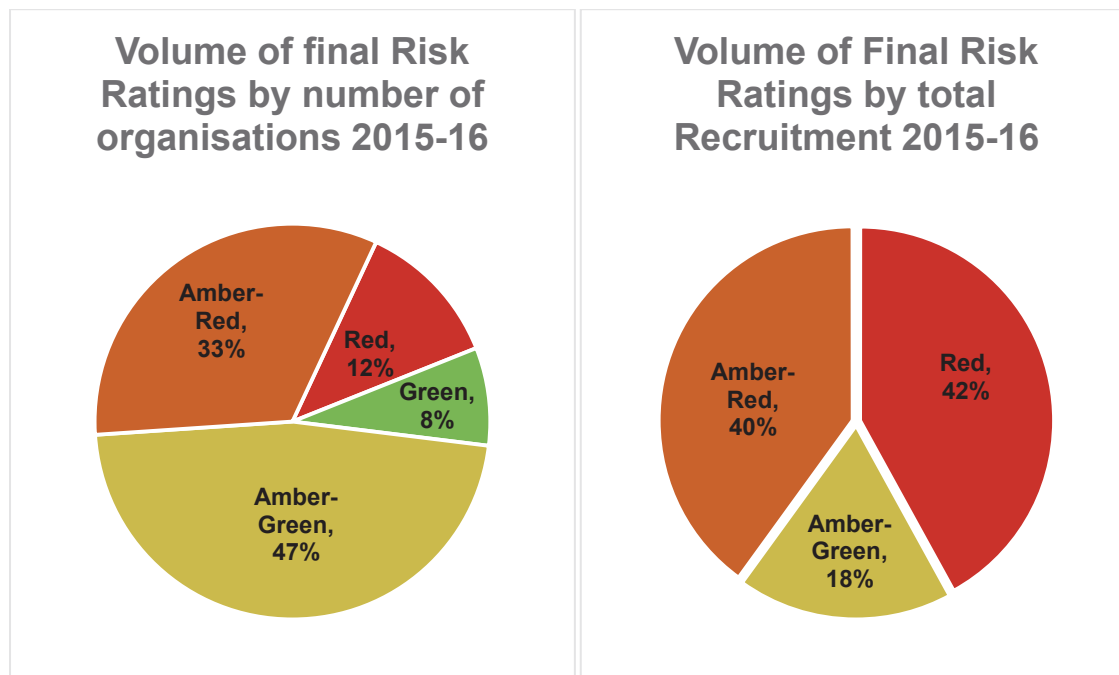
At the Government Actuary's Department (GAD) there was, again, insufficient documentation to show appointment on merit in two campaigns. The Department also failed to seek Commission approval for an appointment made using an Exception. High staff turnover in the HR team and lack of awareness of the Recruitment Principles with some hiring managers appear to be the cause of the high levels of non-compliance.

The Commission offered all four organisations further Recruitment Principles training and this has been delivered to INSS, GLD, MHRA and GAD. In addition GAD, GLD and MHRA have received follow up visits.

Compliance in 2015-16

The total number of people recruited to the Civil Service in 2015-16 was around 28,000. The graphs in Figure 10 show the proportion of Departments falling into each of the Commission's compliance risk categories and the proportion of recruitment being carried out by organisations in each risk category.

Figure 10: Risk ratings by the number of organisations and by the proportion of total recruitment¹⁸



The pie chart on the left shows, the organisations that were assessed as either amber-green (34 of the 73 organisations or 18% of total Civil Service recruitment) or green (6, representing less than 1% 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, however, as the pie chart on the right shows, the remaining organisations represent the majority of Civil Service recruitment. Of these, 24 organisations (representing 40% of total recruitment) were assessed as having significant risks (amber-red).¹⁹ Nine organisations (representing 42% of total recruitment) were assessed as requiring major improvement (red).

The Commission is concerned that there has been an increase in the amount of Service recruitment that is being carried out in Departments rated amber-red or red. However, the Commission also realises that a much wider breadth of compliance review coverage was carried out in 2015-16, by its own staff and KPMG, to move to

¹⁸ Historic Scotland has not been included in the analysis as the organisation moved to an NDPB status during 2015-16

¹⁹ Cabinet Office, Charity Commission, Companies House, Crown Prosecution Service, Defence, Equipment and Support, Department for Business, Innovation and Skills, Department for Education, Department for Environment, Food and Rural Affairs, Department for Transport, Department for Work and Pensions, Department of Health, Foreign and Commonwealth Office, Forestry Commission, Government Legal Department, Health and Safety Executive, Home Office, Land Registry, National Savings and Investments, Office for Standards in Education, Office of Qualifications and Examinations Regulation, Registers of Scotland, The Insolvency Service, Scottish Government, Welsh Government.

a position of real time reporting, so there was always a likelihood of more regulatory issues being found than in previous years.

For 2015-16, nine organisations were assessed as having the highest compliance risk (red): the Competitions and Markets Authority (CMA), the Department for Culture, Media & Sport (DCMS), the Medicines and Healthcare products Regulatory Agency (MHRA), Public Health England (PHE), the Government Actuary's Department (GAD), HM Revenue & Customs (HMRC), the Ministry of Justice (MOJ), the National Crime Agency (NCA) and the Planning Inspectorate. We have highlighted below some of the key problems we found in these Departments.

At the Competition and Markets Authority (CMA), the Commission found several breaches of the Recruitment Principles, following investigation of a Recruitment Principles complaint about fairness during one campaign. The CMA had failed to progress an application under the Guaranteed Interview Scheme, adequately record potential conflict of interest issues between a panel member and a candidate, and retain adequate documentation to show that appointment was made on merit after fair and open competition.

At the Medicines and Healthcare products Regulatory Agency (MHRA), there was a lack of documentation available to show appointment on merit after a fair and open competition, in addition new and inexperienced HR staff did not have sufficient knowledge of the requirements of the Recruitment Principles to ensure compliant recruitment campaigns.

At the Department for Culture, Media & Sport (DCMS), following a compliance visit, the Commission found several breaches in relation to one appointment made using an Exception. The member of staff had transferred from another Department to DCMS to carry out an identical role and as there had not been a fair and open competition the appointment required the approval from the Commission but it was not sought.

At Public Health England (PHE), two breaches were identified. One, relating to an appointment made using an Exception when approval for an appointment over two years was sought retrospectively from the Commission and the other, identified at a compliance visit, related to a lack of documentation to show appointment on merit after a fair and open competition.

At the Government Actuary's Department (GAD), the Commission found that new and inexperienced HR staff did not have sufficient knowledge of the Recruitment Principles to support fair and open competition and, consequently, three breaches were identified.

The Commission received many complaints about HM Revenue & Customs (HMRC) volume campaigns. The process that HMRC followed for allocating roles to those candidates who achieved tied scores after interview was not compliant with the Recruitment Principles and this resulted in a number of breaches of fairness and appointment on merit. These will be reported on in our next annual report.

The Commission investigated three complaints arising from competitions run by the Ministry of Justice. All these cases related to matters of fairness and insufficient document retention to support appointment on merit. Breaches of the Recruitment Principles were found in all three cases.

At the National Crime Agency, there had been a high turnover of HR staff, leading to a lack of corporate knowledge and experience of recruitment within the Civil Service. The result was one breach relating to an appointment made using an Exception, because approval for an extension to a two year term was not sought from the Commission until after the term had expired.

Following a compliance visit at the Planning Inspectorate, the Commission identified breaches relating to the recording of appointments made on merit after fair and open competition during a volume recruitment campaign.

Some of the breaches set out above were formally adjudicated on by the Commission in the early part of 2016-17, although they were all reported to the Commission in 2015-16. As such, we will report on these next year. However, these breaches have informed the 2015-16 risk ratings for the relevant Departments and will not, in isolation, inform 2016-17 ratings.

The First Civil Service Commissioner, on behalf of the Commission Board, has written to the heads of all red-rated organisations requiring plans to correct the deficiencies and asking them to report back on progress. The Commission has offered all nine organisations further Recruitment Principles training and will also be carrying out follow up visits in the next reporting year as part of the quarterly assessment of compliance.

Capability within Departments

Many organisations have good policies and procedures to enable them to carry out recruitment in line with the legal requirement for selection on merit on the basis of fair and open competition. However, our compliance monitoring and complaints work has indicated that, as specialist HR teams continue to decrease and the use of Civil Service Resourcing (CSR – a Civil Service wide recruitment system) or other shared service providers becomes more widespread, there is a greater risk of non-compliant recruitment.

The use of CSR, in particular, has led to a declining corporate capability within the Departments that take this service, especially where they choose to outsource all aspects of their external recruitment to CSR. There can be a blurring of the lines of responsibility unless the contract is managed appropriately, and Departmental staff need greater training in how to do this effectively. Adverts shown on CS jobs do not offer any direct telephone contact for applicants, which has led to a large increase in candidates contacting the Commission with problems (both technical and requirement based) that they are unable to discuss with CSR or the Department in a timely fashion.

It is for Departments ultimately to manage their contracts with CSR in such a way that their recruitment is compliant with the Recruitment Principles. In many case

they do this well: for example, records kept by CSR for compliance purposes and reviewed by the Commission have generally been of a good standard and we have seen good examples of CSR providing expert advice to ensure retention of documentation to show compliance with the Recruitment Principles. The areas identified for improvement are in overall complaint handling. We have seen some examples of poor communication with candidates and also a lack of understanding of the requirements of the Recruitment Principles when candidates have a complaint that challenges CSR to consider the legality behind its actions or those of the hiring Department.

Unrealistic recruitment timetable pressure, increased recruitment numbers and budgetary restraints on HR staff all add to the risk of non-compliant recruitment processes. Following our compliance visits this year, and as part of the quarterly data capture, we have offered and delivered Recruitment Principles training to a number of departments in an effort to improve skill levels across organisations.

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 permitted Exceptions are set out in Annex A of the Recruitment Principles. 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.

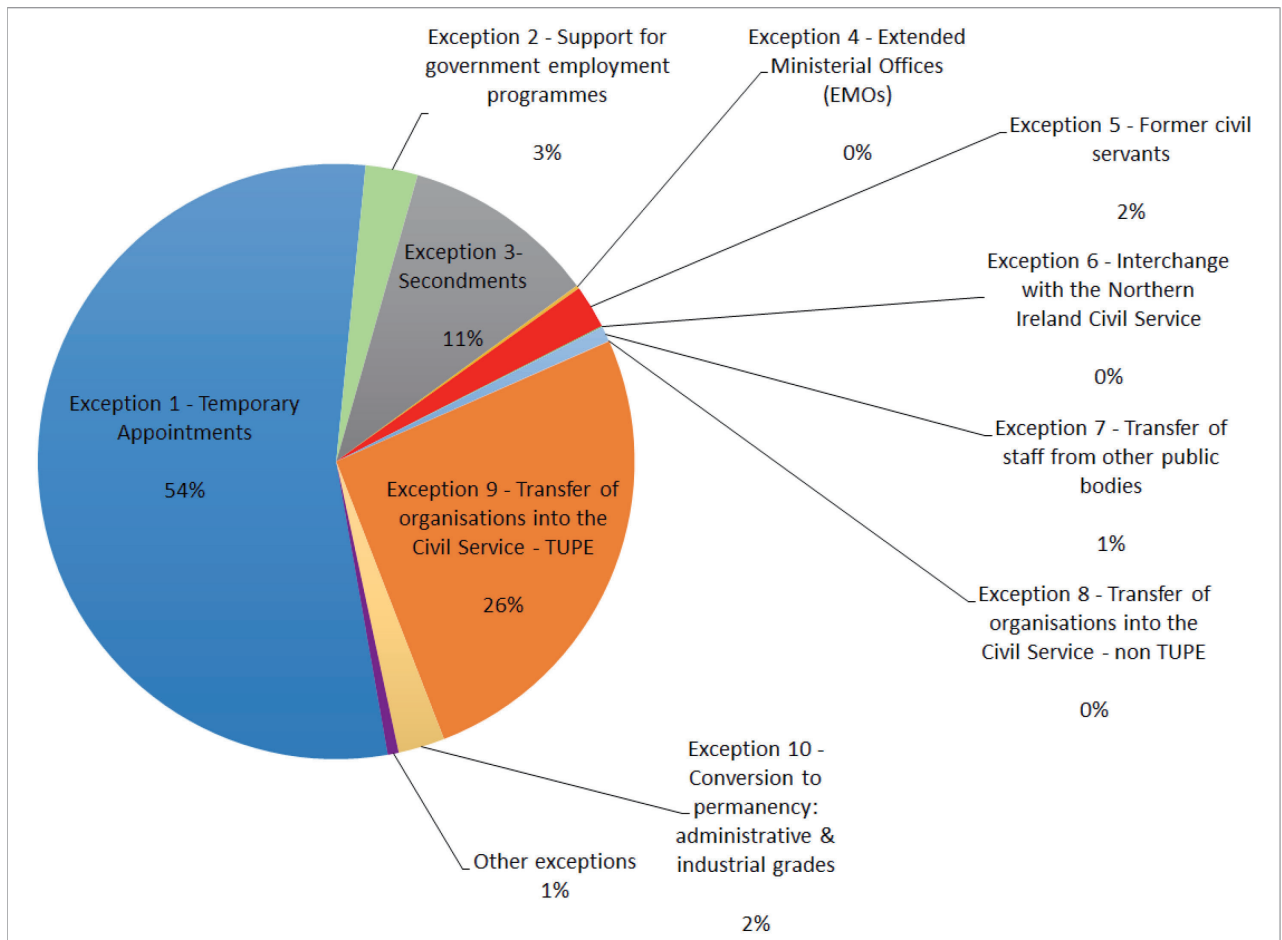
Data supplied by departments indicate that there has been an overall increase in the proportion of recruitment to the Civil Service being carried out using Exceptions: excluding mandatory transfers²⁰, 13% of recruitment in 2015-16 was made using Exceptions, compared with 9% in 2014-15. The actual numbers, however, have fallen slightly: 3,500, compared with 3,700 in 2014-15.

As shown in Figure 11, the most commonly used Exception covers 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 over 50% of all Exceptions during the year. The second most frequently used Exception covers mandatory TUPE transfers, which accounted for about 26% of all Exceptions. Although these TUPE transfers are, technically, Exceptions to the legal requirement

²⁰ 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 4,700 (17%) in 2015-16, compared with 4,400 (11%).

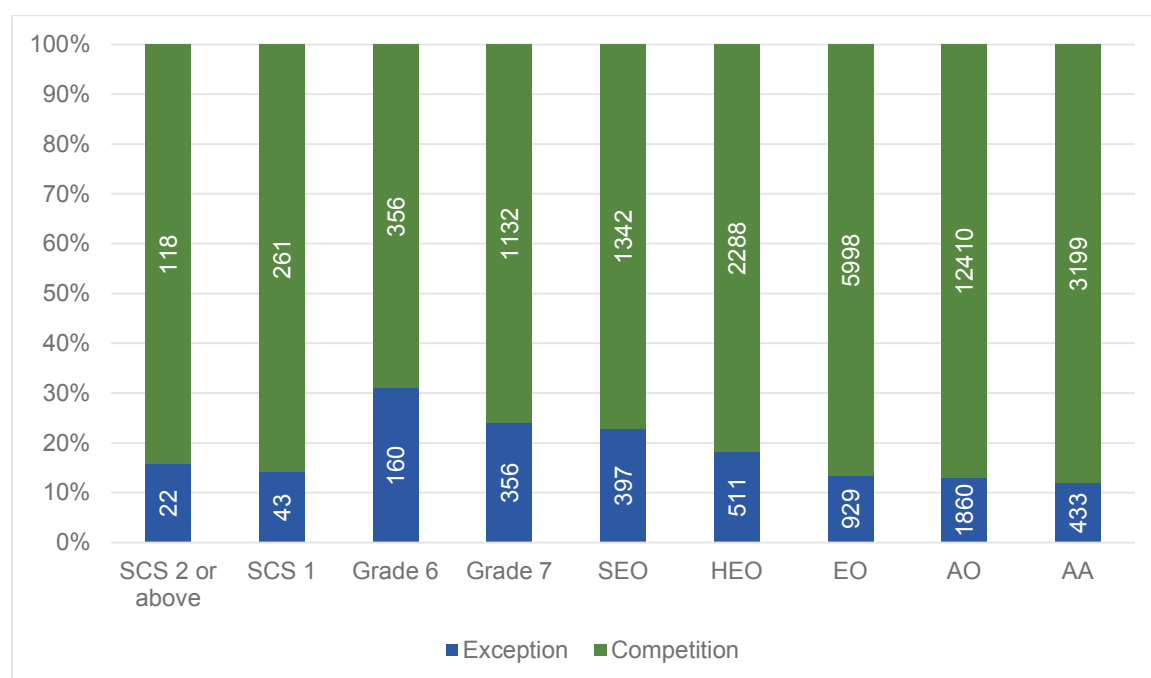
for selection on merit following a fair and open competition, they do not reflect a deviation from the overall principle of merit but, rather, properly facilitate the transfer of work and organisations into the Civil Service.

Figure 11: Exception appointments by category, 2015-16



Although there has been an overall increase in the proportion of recruitment made using Exceptions, there are variations by grade. This year has seen a reduction in the proportion of the most senior recruitment being made using Exceptions - last year over 20% of Senior Civil Service recruitment was made using Exceptions, but this year it was only 17% (see Figure 12). The Commission welcomes this. Across the Civil Service, the proportion of recruitment being made using Exceptions is highest in the grades just below the Senior Civil Service. Perhaps surprisingly, the proportion of recruitment by Exception is lowest in the lowest grades – EO, AO and AA – even despite the majority of seasonal appointments being at these grades.

Figure 12: Recruitment by Exception as a proportion of total recruitment, by grade, 2015-16



Review of the use of Exceptions

The management of Exceptions has been a particular focus of the Commission's compliance monitoring work in the past few years, since this appeared to be an area of weakness for many organisations. During the year the Commission conducted a review on the use of Exceptions across the Civil Service in order to gain clearer insight into the drivers behind Departments' use of Exceptions. A breakdown of the use of Exceptions across departments and agencies reveals, for example, that some made no use of Exceptions in a 12-month period, while others used Exceptions for all of their external recruitment.

The review was based partly on an analysis of the data available to the Commission through its compliance monitoring work, and information obtained through our regular interactions with departments. These were supplemented by a series of departmental case studies based on a programme of guided conversations between the Commission's staff and the HR teams of selected Civil Service organisations.

A report of the Exceptions review is available on the Commission's website.²¹ The review indicated that the understanding and proper management of Exceptions has improved in recent years. Generally speaking, the major Civil Service departments and agencies show good understanding of the use of Exceptions and have developed effective systems for tracking and managing them. However in some smaller organisations, and those more distant from the Civil Service mainstream,

²¹ <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2016/07/2016-07-01-EXCEPTIONS-REVIEW.pdf>

understanding and capability is sometimes not so good, which risks the possibility of unlawful appointment to the Civil Service.

This review has informed the Commission's compliance monitoring work as well as the programme of training sessions we run for departments and agencies on the merit requirement and the Commission's Recruitment Principles. The Board of the Commission has decided to continue with the approach trialled in the review: targeted discussions with organisations based on an analysis of their use of Exceptions, and this is reflected in the Commission's Business Plan for 2016-17.

Exceptions approved by the Commission during 2015-16

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 (£86,000 during the reporting period).

In 2015-16 the Commission approved 22 Exception requests at SCS pay band 2 and above; last year the figure was 26. The most commonly used Exception at these grades relates to temporary appointments, followed by the Exception relating to secondments. 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 138 Exception requests at grades below SCS 2 in 2015-16. Last year the figure was 144.

This was the first year that the Commission has had requests for departments to appoint staff using Exception 4 relating to Extended Ministerial Offices (see page 15). The Commission agreed to seven requests. These came to the Commission either because of the seniority of the role or because the individual had worked for the Minister, a party colleague, or the Minister's party within the past five years. One request was for a business adviser at grade 7 to work in the Cabinet Office. There were two requests from DCLG: for a policy adviser at grade 6 and a specialist policy adviser at SCS pay-band 2. There were two requests from DfE both at grade 7: one for a policy adviser, and one for a speechwriter. There was one request from DEFRA for a grade 7 economic adviser; and one from the Scotland Office for an SEO adviser on devolution policy.

We set ourselves a target for responding to 95% of Exception requests within five working days. In 2015-16 we responded to 97% of Exception requests within this target (2014-15: 96%).

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.

We received 62 complaints about recruitment during 2015-16, compared with 42 in 2014-15. Twelve of the 62 were about one volume campaign in HMRC. Some of these complaints were referred back to HMRC as the initial investigation had not been undertaken by HMRC and some are still under investigation by the Commission. We will report fully on this on our website in the normal way, and will pick up key points in next year's Annual Report.

Of the other 50 complaints received, 20 were referred back to the Department of origin since they had not yet been considered by the Department (2014-15: 17). Twelve cases were identified as being outside our remit, including several that related to internal competitions over which the Commission has no authority (2014-15: 15). One case was closed because we had no further contact from the complainant.

Of the remaining cases, 13 were investigated and concluded within the reporting period. The outcomes are published on our website.²² We found breaches of the Recruitment Principles in four of these cases (summaries below); we found no breach in the other nine cases. We concluded our investigation into the four remaining cases after the end of the reporting period; we will report on these cases in our 2016-17 Annual Report and they will also be published on our website.

Case 1: the Insolvency Service - breach of 'openness'

The first complaint where we found a breach concerned incorrect advice sent in writing during the course of a restructuring programme at INSS. This programme involved both internal and external recruitment campaigns. The complainant, an employee at INSS who had been declared surplus²³, was informed in an email that he would not be able to apply for vacancies within a particular part of INSS. The complainant contacted the Commission to say that it appeared that he was being prevented from applying for roles within INSS that had been advertised to the external market.

When questioned, INSS explained that the email should have made clear that it was referring only to internal competitions, and only to internal competitions in a particular area of INSS for which the complainant had previously failed to meet the minimum criteria on necessary core competencies for the roles. If he wanted to apply for

²² <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2016/05/Recruitment-Complaints-2015-2016.pdf>

²³ The term "surplus" is used to refer to a situation where there are employees whose posts are no longer a requirement of the organisation. Civil Service organisations have a selection of measures that can be taken to help find other suitable posts, one of those is to give application priority to any surplus employees before a vacancy is advertised more widely either within the Civil Service or to the external market.

these roles he would need to wait until the vacancies were advertised externally. Although the Commission did not believe that this was a deliberate attempt to prevent the complainant from applying for externally-advertised roles, the lack of clarity in the wording had this effect. The Commission concluded that INSS had breached the Recruitment Principles, and in particular the principle of openness.

Case 2: HM Courts & Tribunals Service - poor record keeping

In the second case, HMCTS (an executive agency of the Ministry of Justice) ran an external campaign for a court clerk. The complainant, an existing civil servant, applied for the role. She was interviewed for this post, but then informed that she had scored the same as an internal candidate who was at risk of being made redundant by HMCTS. This candidate had been offered the post which had now been withdrawn from external competition. The complainant was concerned that the appointment was not made on merit following a fair and open competition.

In fact, the candidate who had been offered the post had neither applied for the role nor been interviewed for it, so the information provided by HMCTS to the complainant was inaccurate. It is a matter for HMCTS whether it withdraws a role and appoints a candidate at risk of being made redundant, so this is not a breach of the Recruitment Principles. However, it was reasonable for the complainant to have expected that by the time the external campaign was launched all “at risk” candidates would have been considered. Whilst poor practice, this is not a breach of the Recruitment Principles.

Although the issue at the heart of this complaint did not turn out to be a breach of the Recruitment Principles, the investigation did uncover another problem. On requesting the interview documentation to consider this case, HMCTS confirmed that it had not retained any information. This is a breach of the Recruitment Principles in the context of the investigation of complaints. Such records should be retained for two years to enable compliance audits and the investigations of complaints, such as this one, to take place.

Case 3: Government Legal Department - breach of ‘merit’ and ‘openness’

In the third case, the complainant applied to the GLD for a post. Having been unsuccessful, he requested - and received - feedback on his scores. He felt that the score he was given for one competence did not reflect the performance he gave at interview, the interview notes or the feedback he was given; it also appeared that an additional requirement had been introduced to this competence that was not in the published material. He therefore believed that the selection process was not objective, impartial nor applied consistently.

The Commission concluded that the competition breached the principle of merit because the panel gave particular emphasis to this additional requirement which was not in either the published essential criteria for the role or the specific performance indicators in the Civil Service Competency Framework. The principle of fairness was also breached because the standard applied to the complainant was not applied consistently to the other candidates.

Case 4: Ministry of Defence - breach of 'merit' and 'fairness'

In the fourth case, which related to a senior competition, we found a series of errors that, collectively, compromised the fairness of the competition and provided no evidence that selection had been on merit. First, the email address given in the candidate pack was inaccurate, so the complainant's application was not initially received. Then the complainant (whose application had, after subsequent consideration, been rejected by the MoD panel and had therefore asked for feedback) was mistaken for another candidate who had been successful. Then when he was eventually offered feedback, the explanation given was that other candidates had greater experience in an area that had not even been listed as a requirement in the advert and candidate pack.

Our investigation confirmed that other candidates' seniority and experience were considered in a different way to that of the complainant, breaching the principle of fairness. We also uncovered a serious problem with record-keeping more generally, to the extent that it was not possible for the Department to demonstrate that the panel's selection had been on merit.

Case 5: Ministry of Defence - breach of 'merit'

At the time of our last Annual Report, there was one recruitment complaint still under investigation. This concerned a volume recruitment campaign undertaken by the Ministry of Defence, with interviews being carried out at various locations by a number of different panels. A separate, central moderating panel was put in place to ensure consistency of marking. At the moderating stage, marks were weighted to prioritise particular criteria, but the weightings were not shared with the interview panels. One member of an interview panel found out about the weightings to be used by the moderating panel (it was shared with him in error by the team organising the competition) and increased one of their candidates' scores to ensure progression to appointment stage.

The panel member himself complained to the Commission that the competition was not fair because other panels did not have access to the same information about the weightings and were therefore unable to ensure that they marked candidates accordingly.

The Commission did not agree that other candidates were treated less fairly because of an additional weighted scoring mechanism but did conclude that the competition breached the principle of merit because a less meritorious candidate (the one who had received an increased score) was selected for an appointment as a result of the score being changed.

Complaint-handling targets

In line with our business plan we aim to acknowledge complaints within three working days. We also aim to complete an initial assessment as to whether a case is 'in scope' within 15 days; we met this target for 98% of recruitment complaints during 2015-16.

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 other regular contacts with Departments to identify other situations where Departments may have failed correctly to apply the Recruitment Principles.

The Commission identified 27 cases in 2015-16 (2014-15: 14) where the Recruitment Principles had not been properly applied (summary below), in addition to the four breaches uncovered following our investigation of complaints (see previous section). Although this is an increase in the number of breaches identified compared to the previous year, this may not necessarily reflect a deterioration of standards. The Commission has stepped up its scrutiny through an increased number of visits and more detailed analysis of data provided at regular intervals so it is possible that the increase may simply reflect improved detection rates.

The Recruitment Principles require that, when a Minister meets shortlisted candidates, a representative of the Commission is in attendance. The Department for Work and Pensions held a ministerial meeting with a candidate without a representative from the Commission being present. The Department has been reminded that this is a requirement of the Recruitment Principles.

In certain circumstances, the Commission requires Departments to obtain its approval to make appointments by Exception to the legal requirement of appointment on merit following a fair and open competition or to extend such appointments beyond the initial period. This is to ensure that proper consideration has been given to holding a fair and open competition and that setting aside that requirement in relation to the appointment is in the interests of the Civil Service. Details of Departments that have failed to get this approval are set out below:

- The Department for Education, Public Health England, the Ministry of Justice, the National Crime Agency, the Scottish Government and the Ministry of Defence failed to obtain the Commission's approval for extending beyond two years an appointment made by Exception.
- The Cabinet Office, the Department for Environment, Food and Rural Affairs and the Department for Culture, Media & Sport failed to obtain the Commission's approval to appoint individuals on a further temporary appointment within 12 months of an earlier appointment by Exception.
- The Ministry of Defence, the Department for Culture, Media & Sport, the Department of Energy & Climate Change, the Medicines and Healthcare products Regulatory Agency and the Charity Commission failed to obtain the Commission's approval to appoint individuals on a salary above the SCS Pay Band 2 minimum.
- Ofsted failed to obtain the Commission's approval for an appointment by Exception at SCS Pay Band 2 grade.

The remaining breaches relate to misclassification of appointments by Exception and a lack of sufficient documentation to show appointment on merit following a fair and open competition:

- The Welsh Government believed that its 2013 Apprenticeship Scheme cohort had been appointed following a fair and open competition. However, as an age restriction had been specified, this was not the case. The apprentices should have been classified as appointments by Exception and then converted to permanency using Exception 10. This had not happened, but the Commission gave its retrospective approval to the appointment by Exception and subsequent conversion to permanency of the apprentices.
- The Home Office misclassified 18 Executive Officers, recruited through a process that was not open, as having been recruited through fair and open competition. These appointments should have been classified as Exceptions.
- In 8 cases, compliance visits identified a lack of documentation to show that an appointment had been made on merit after fair and open competition. The Departments involved were: Public Health England, the Planning Inspectorate, the Office of Rail and Road, the Insolvency Service, Crown Commercial Service, Department of Health (two breaches) and the Ministry of Defence. The Foreign and Commonwealth Office informed us that it had failed to keep sufficient documentation to show appointment on merit.

It is a matter for concern that out of all the breaches (including those found following complaint investigations), eleven of the cases related to the appointment of Senior Civil Servants; this is an increase on the five cases identified in 2014-15. This year, eight of these related to appointments made using Exceptions without the Commission's prior approval (which is required for the most senior appointments), one related to a failure to keep sufficient documentation to show appointment on merit and one related to a Minister meeting candidates without a representative of the Commission being present. The final case was identified following a recruitment complaint (Case 4 on page 39).

It is possible that further breaches of the Recruitment Principles may come to light as part of the compliance monitoring audit of the 2015-16 recruitment data that we will conclude in the year ahead. If so, we will report on these in the 2016-17 Annual Report.

NDPB Accreditation

The Commission has, since 2006, participated 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, the Cabinet Office,

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.

The Commission has a continuing programme of reaccreditation of NDPBs as their accreditation reaches the end of the three-year period. This work has had particular focus during 2015-16 with the aim of clearing a backlog of reaccreditation applications. The Commission has engaged with the Civil Service Resourcing team that maintains the Civil Service Jobs website to ensure that information on accreditation is up-to-date, and accreditation processes are as effective as they can be.

The Commission has for some time believed that there should be a fundamental review of the policy intention behind this scheme and the degree of scrutiny required for accreditation. The number, governance arrangements and the classification of arm's-length bodies have changed considerably during the last ten years. We will continue to urge the Cabinet Office to undertake a thorough review of the scheme, looking both at the policy behind it, and how that policy intent is being delivered. In any event, the Commission will consider its own participation in the scheme during the year ahead; with a particular emphasis on how our participation is resourced to provide robust assurance that any individual able to apply for internal Civil Service vacancies has been selected on merit on the basis of fair and open competition.

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 complaints from civil servants where it has not been possible to resolve these at Departmental level. This provides an independent avenue of appeal for staff who feel that they or their colleagues have been asked to do something that contravenes the core values, and forms an important part of the wider whistle-blowing arrangements for civil servants. The Commission publishes its decision notices in relation to Code complaints 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.

Content of the Code

We noted in our 2014-15 Report that the Government had been consulting the Civil Service trade unions and the devolved administrations on possible changes to the Code. The Commission had not been formally consulted, but had fed in its views, including supporting the recommendation of the House of Commons Public Administration Select Committee that the text relating to political impartiality and political parties should be extended also to relate to the different sides of a referendum debate.

In the event, the Government has not made any further changes to the Code beyond the one made in March 2015 to the version of the Code governing the staff (other than members of the Diplomatic Service) serving in UK Government Departments.²⁴

The Code and whistleblowing

This year, Code issues have been discussed more widely following the Public Administration and Constitutional Affairs Committee's focus on whistleblowing.²⁵ The Code is the framework in which civil servants can blow the whistle freely but provides a wider ethical framework that governs public service at the centre of government.

The Commission welcomed John Manzoni's statement that data on whistleblowing was being collected by Departments; that whistleblowing policies and guidance had been revised; and that for the first time Departments will include a section on the status of whistleblowing in their 2015-16 Annual Reports.

Data published by the Cabinet Office for the period April to September 2015 records 68 reported cases, with over half the complaints being made anonymously. Fourteen out of thirty-two Departments reported cases over this period. Cabinet Office data also provides a breakdown of the reasons for complaints, with twelve out of sixty-eight in the category of 'deceiving/misleading ministers, the public and others', six in the category of 'misuse of a public position' and four in the category of 'danger to environment/health and safety'.

We will look at this data in more detail in the year ahead to ensure that the way Departments collect this data continues to reinforce the link between whistleblowing and the Civil Service Code. We look forward to working with Departments to support them in their efforts to ensure that the important standards in the Code are upheld.

²⁴ The versions of the Code governing the Diplomatic Service and civil servants working for the Scottish and Welsh devolved Governments remain unchanged since 2010.

²⁵ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news-parliament-2015/making-a-whistleblowing-policy-work-progress-update-report-published-15-16/>

The referendum on membership of the EU

Last year, we commented on the impact of the 2014 referendum on Scottish independence. This year, the focus has been on the build-up to the referendum on the UK's membership of the EU, which took place shortly after the end of the reporting period. Although there was considerable debate in the media about potential politicisation of the Civil Service, the Commission did not receive any complaints under the Civil Service Code relating to the referendum during the reporting period. In the interests of full transparency, we can confirm that this remains the case at the point that this Report was finalised.

Code Complaints and investigations, 2015-16

During 2015-16, the Commission received 21 new cases (20 in 2014-15), in addition to the three that were still underway at the time of the last annual report.

Of these 21 cases nine, or 43%, were outwith the Commission's remit. This is a smaller proportion of 'out of scope' cases compared with previous years (80% in 2014-15). Three of these nine 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 six 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 eight cases were referred back to the relevant Department, usually because the concerns had not yet been properly investigated under the Code by the Department concerned – a condition of the Commission accepting a case for investigation.

We concluded investigations into four cases this year, including three that were originally received in 2014-15 but which remained under investigation at the time of our last annual report. The outcome of all of these investigations is published on our website and summarised below.²⁶

Case 1 - CAFCASS Cymru

In this case the complaint was that the CAFCASS Cymru (the Children and Family Court Advisory and Support Service for Wales, part of the Welsh Government) should have declared to the court that it had concerns about a report that had been prepared by one of its own Family Court Advisers. The Commission did not uphold the complaint since it found that CAFCASS Cymru officials had acted properly in relying on the advice that they had received from their legal advisers about what information to provide to the court.

²⁶ <http://civilservicecommission.independent.gov.uk/2015-16-civil-service-code-complaints/>

Case 2 - Department for Work and Pensions (DWP)

This case concerned the way decision makers at DWP were instructed to record Employment and Support Allowance entitlement decisions on Incapacity Benefit Reassessment cases. The complainant said that decision makers were asked to follow a reassessment process which was contrary to DWP policy and guidance, and to sign false statements when making decisions on cases.

The Commission noted that the Department had upheld this complaint when it investigated it, and that the practice that was the subject of the complaint had ceased. However we recognised that the initial investigation of the concerns by DWP fell short of best practice. We recommended that DWP review its handling of Civil Service Code complaints to ensure that complainants are given proper feedback and are also advised of their rights to take their complaint to the Civil Service Commission if they are dissatisfied with the Department's handling of their concerns.

Case 3 - Home Office

This case concerned advice provided to a Home Office Minister on plans to modernise and rationalise Border Force maritime capability. The complainant alleged that a submission sent to the Minister contained statements that were untrue. The Commission did not find evidence of an intention to deceive or mislead Ministers however and concluded that the Civil Service Code requirements for civil servants to act with honesty and objectivity had not been breached in this case. Although no breach of the Code was identified, the Commission noted that the case illustrated the importance of officials having – and using – the time to proof-read submissions to Ministers to ensure there were no ambiguities and that statements of fact are not open to misinterpretation on account of lack of completeness or poor drafting.

Case 4 - Met Office

In the final case the complainant made an allegation of financial irregularities in relation to an item shown on the organisation's finance reports and an attempt by her line manager to cover this up. The complainant's view was that this was contrary to the Code. The complainant made several attempts to have the matter investigated both before and after she was dismissed from the Met Office in apparently unrelated circumstances. The Met Office internal audit team eventually investigated and concluded that there had been a breach of the Code.

The Commission accepted the Met Office's own conclusion of a breach of the Code. In addition, the Commission concluded that the Met Office had breached the Code by failing to ensure that the complainant was not penalised for having raised a concern. The Commission did not, however, find that the complainant's dismissal was a result of having raised the concerns.

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 Public Health England and the Food Standards Agency. In another case we have asked the Department to conduct a further investigation under the Code and are awaiting their decision.

Recommendations from previous investigations

Following the investigation of case involving the MOD reported in last year's Annual Report and our recommendations, the Commission worked closely with the Department on its new Code and Whistleblowing policy, which was launched in July 2015.

Promoting the values

The seventh Civil Service People Survey took place in October 2015, and again included three questions on the Civil Service Code (Table 2). We have, for the past few years, set ourselves an objective in our business plan of seeing an increase in the proportion of respondents who were aware of the Code and how to raise concerns under it. We were pleased to note that awareness has continued to grow across the Civil Service but disappointed that confidence that Code complaints would be properly investigated has dropped slightly.

Table 2: Awareness of the Civil Service Code²⁷

Question Text (from the Civil Service People Survey)	2011	2012	2013	2014	2015
Are you aware of the Civil Service Code? (% answering yes)	86%	88%	89%	90%	91%
Are you aware of how to raise a concern under the Civil Service Code? (% answering yes)	59%	63%	64%	64%	66%
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%

Since 2010 when these three Code questions were first included in the Survey, there has been a steady improvement across the Civil Service as a whole on the reported scores to each of them, 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

²⁷https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/477336/csps2015_benchmarks_csv.csv/preview

these organisations, but rather that it can sometimes be harder to feel 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, David Normington and Clare Salters wrote to departments and agencies that had scored below the Civil Service average score for all three of the questions to offer help and advice. We have been encouraged by the response from many of those to whom we wrote: they have clearly already identified the need to address the results of the People Survey

Workshop for Nominated Officers

One of the ways in which the Civil Service has sought to promote the Code is to create a network of 'Nominated Officers' within Departments, who provide impartial advice to Civil Servants raising concerns under the Code. The Commission does not have a formal relationship with the Nominated Officers – they are appointed by their Department not the Commission – but we recognise the important role that they play, often in isolation, and have wanted to develop ways of improving the support available to them.

In November the Commission facilitated a workshop for 47 Nominated Officers across 43 government departments and agencies. The event involved speakers from the Cabinet Office's Propriety and Ethics Team (who lead on Code policy within Government) the Civil Service Employee Services Team (who provide support to Departments in handling Code complaints), and the Government Legal Service as well as from the Commission. The workshop covered the following themes:

- the role of the Propriety and Ethics team and nominated officers
- the role of HR
- case studies
- transparency
- whistleblowing legislation and the Code
- panel Q&A session

Feedback from the event was overwhelmingly positive, with the vast majority of delegates welcoming the opportunity to network further with colleagues. The Cabinet Office and Civil Service HR representatives present made a number of very constructive commitments to increasing their support for Departments and Nominated Officers and we look forward to seeing the momentum created by the workshop continuing.

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 the previous two years and held an online 'virtual Open Week' in December. This followed the successful Code-focused workshop event for Nominated Officers (see page 47), so we were particularly keen to continue the focus on the Code theme.

Not surprisingly, therefore, this year, most of the topics raised were about the Civil Service Code and included: questions on political impartiality, the recent revision to the Code, whether HR matters could ever give rise to a complaint under the Code and the relationship between whistleblowing and the Code.

There were also some questions on recruitment topics, including: the benefits of name-blind recruitment (where applicants' names and personally-identifying information is withheld from the panel at sift stage) and what documents should be retained from a competition for compliance purposes.

International briefings

The Commission is pleased each year to be able to welcome a number of visitors from overseas governments and international organisations, when this is possible. There was a large number of requests for visits this year and we cannot accommodate every request, but during the year the First Civil Service Commissioner, Chief Executive and staff from the secretariat gave briefings to senior officials from France, Belgium, China and Japan.

This year a number of visitors were particularly interested in the Civil Service Code, in the context of standards of behaviour and accountability.

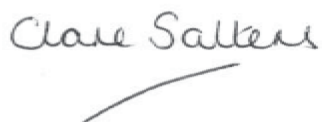
Information requests

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 2015-16, we received 25 requests under the Freedom of Information Act (27 in 2014-15) and two requests under the Data Protection Act 1998 (two in 2014-15). The majority of the Freedom of Information requests (23, or 92%) and one of the

Data Protection Act requests was responded to within the statutory deadlines.²⁸
Where information is released by the Commission in response to a Freedom of Information request, this information is usually published on our website.



Clare Salters
Chief Executive
Civil Service Commission

Date: 11 July 2016

²⁸ 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

As a result of the delay in recruiting new Commissioners to replace those whose five-year non-renewable term of appointment came to an end on 31 March 2015 (referred to in last year's Annual Report), we had fewer Commissioners than usual for much of 2015-16. We were therefore particularly pleased to welcome Isabel Doverty, Jan Cameron, Kevin Woods and Sarah Laessig to the Board, when they started their terms as Commissioners in October 2015. Their term of office will run until 2020.

Wanda Goldwag, Angela Sarkis, Kathryn Bishop and Jonathan Baume remain as Commissioners until 2017; Andrew Flanagan remains until 2018.

Other changes to the Board during 2015-16 were the departures of Moira Gibb, who resigned from the Commission in December 2015 to focus on other roles, and David Normington, whose five-year term of appointment as First Civil Service Commissioner came to an end on 31 March 2015.

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.²⁹

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.

The Commission's registration with the Information Commissioner's Office during the reporting period included responsibility for data held by the office of the Commissioner for Public Appointments (David Normington, who was appointed as the dual post-holder to that office in addition to the office of First Civil Service Commissioner). Following the Government's decision to separate these roles, our registration has been updated and now only relates to data held in relation to the Commission's core functions.

²⁹ <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2016/04/Register-of-Interests-APRIL-2016.pdf>

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 2015-16 (two in 2014-15) 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 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 48)

Statement of Accounting Officer's Responsibilities

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

The responsibilities of an Accounting Officer – including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Civil Service Commission's assets – are set out in *Managing Public Money*, published by HM Treasury.

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

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

- observe the Accounts Direction issued by the Cabinet Office, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going-concern basis.

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

As far as the Accounting Officer is aware:

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

Governance Statement

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

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

Governance Framework

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

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

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

The Commission has established the following standing committees, to advise the Board on specific areas or to exercise functions on behalf of the Board. During 2015-16 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 2015-16 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 Cabinet Office agreed to start the review process in February 2016 and the Commission is committed to working closely with them to have a revised Memorandum during 2016-17.

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.³⁰

The Commission is registered on the Information Commissioner's register of data controllers.³¹ 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 2015-16 (except in May, August, November and January). Minutes and agendas of Board meetings are published on our website.³²

The Audit and Risk Committee met in June, September, December and March. It 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.

³⁰ <http://civilservicecommission.independent.gov.uk/about-us/how-we-work/>

³¹ <https://ico.org.uk/about-the-ico/what-we-do/register-of-data-controllers>

³² <https://civilservicecommission.independent.gov.uk/about-us/board-papers>

The Remuneration Committee met in December and February to consider an extension to the Chief Executive's secondment at the Commission and the process for performance and talent assessment.

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

- Andrew Flanagan was unable to attend the December Board meeting;
- Angela Sarkis was unable to attend the December Board meeting;
- Jan Cameron was unable to attend the March Board meeting;
- Jonathan Baume was unable to attend the September Board meeting and the September and December ARC meetings;
- Kathryn Bishop was unable to attend the September Board meeting;
- Moira Gibb was unable to attend the October Board meeting;
- Wanda Goldwag was unable to attend the February Board meeting.

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

Data quality

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

In providing assurance that selection for appointment to the Civil Service is on merit, following a fair and open competition, the Commission obtains most of its data through compliance monitoring audits of departmental recruitment (see page 26). 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 33) and complaints (see pages 36) Dealt with by the Commission. For the four Quarterly Board Reports

during 2015-16 (presented in April, July, October and February), the quality of the data and the analysis in the Quarterly Board Report has been good, and the Board has been satisfied with it.

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. An internal audit review from the end of 2013-14 recommended some changes to the Commission's spreadsheet; changes were made and included building workbook formulae, linking cells and restricting access. GIAA agreed to review the changes made, were satisfied and the recommendation was completed in December 2015. In addition there has been an improvement in the quality of the data provided by the Cabinet Office team, though we are keeping this under review with the new Cabinet Office finance managers.

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 2015-16 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 for the majority of 2015-16 related to resource issues including any proposed reduction in the budget by the Cabinet Office following the 2015 Spending Review and subsequent pressure to reduce costs with increased Commissioner competition workloads.

The Commission sought to mitigate that risk by drawing up a revised budget to take account of the 8% required reduction for 2015-16 and by engaging constructively with the Spending Review. Our corporate services team also closely monitor the number of Commissioner-chaired competitions allowing for early identification of any potential overspend.

Moving below the strategic level, the Commission's main business risk during 2015-16 was the risk of secretariat workloads increasing beyond planned capacity following any restructuring of the independent offices.

We sought to mitigate this risk by restructuring the secretariat into functional teams, moving away from the integrated model, allowing for a degree of specialisation. Management have also ensured that the previous flexibilities of the integrated model are retained by staff being capable of covering for each other across disciplines.

The other main business risk during 2015-16 was the loss of key personnel, the Chief Executive and other key secretariat staff. We sought to mitigate these risks by involving the Remuneration Committee in early discussions with the Chief Executive, staggering secondments, successfully recruiting new staff and early succession planning.

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 remuneration for this work in 2015-16 was £8,352 (2014-15: £7,560).

The external audit of the Commission's accounts is undertaken by the Comptroller and Auditor General, as required by the 2010 Act. The remuneration for this work was £10,000 for 2015-16 (2014-15: £8,000), see note 4 to the attached Accounts. No other non-audit work was undertaken by the National Audit Office during the year 2015-16 (2014-15: nil).

Review of effectiveness

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

I have engaged an internal audit team (from HM Treasury, now part of the Government Internal Audit Agency) and have consulted them and the National Audit

Office regularly on matters of internal control. Both sets of auditors attend all Audit and Risk Committee meetings.

We had two internal audit reviews during 2015-16, one on the Commission's Business Continuity Plan and one on our Complaints Handling systems. Both of these reviews were given a 'yellow' assurance rating (which is defined as meaning that, in the opinion of the auditor, "some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control"). There were 18 recommendations in total (some outstanding from 2014-15) all of which were accepted by management, of which 6 have now been implemented and 12 are not yet due for implementation.

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 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

Commissioners	Period 1 April 2015 to 31 March 2016	Period 1 April 2014 to 31 March 2015
	Pay band (£000)	Pay band (£000)
David Normington	85-90	85-90
Andrew Flanagan	Board fees 5-10	Board fees 5-10
	Competition fees 25-30	Competition fees 15-20
Angela Sarkis	Board fees 5-10	Board fees 5-10
	Competition fees 35-40	Competition fees 15-20
Isabel Doverty Joined 01/10/2015	Board fees 0-5	N/A
	Competition fees NIL	
Jan Cameron Joined 01/10/2015	Board fees 0-5	N/A
	Competition fees NIL	
Jonathan Baume	Board fees 5-10	Board fees 5-10
	Competition fees 40-45	Competition fees 15-20
Kathryn Bishop	Board fees 5-10	Board fees 5-10
	Competition fees 5-10	Competition fees 5-10
Kevin Woods Joined 01/10/2015	Board fees 0-5	N/A
	Competition fees NIL	
Sarah Laessig Joined 01/10/2015	Board fees 0-5	N/A
	Competition fees NIL	
Wanda Goldwag	Board fees 5-10	Board fees 5-10
	Competition fees 50-55	Competition fees 25-30
Adele Biss Left 31/03/2015	Board fees NIL	Board fees 5-10
	Competition fees 0-5	Competition fees 5-10
Eliza Hermann Left 31/03/2015	Board fees NIL	Board fees 5-10
	Competition fees 15-20	Competition fees 20-25
Moir Gibb Left 31/12/2015	Board fees 5-10	Board fees 5-10
	Competition fees 0-5	Competition fees 5-10
Peter Blausten Left 31/03/2015	Board fees NIL	Board fees 5-10
	Competition fees 5-10	Competition fees 10-15

Notes to Table 3

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

(2) Adele Biss, Eliza Hermann and Peter Blausten ended their terms as Commissioners on 31 March 2015. They continued to be paid competition fees for chairing a small number of competitions on the Commission's behalf, under paragraphs 13(1) and (3) and 14(1)(c) of Schedule 1 to the 2010 Act. Under the same provisions, Margaret Scott, a Public Appointments Assessor, chaired one competition on the Commission's behalf during the year.

(3) Commissioners other than David Normington receive two forms of payment: competition fees that reflect the volume of competition work they are involved in and Board fees that cover the other work they do for the Commission. For Commissioners appointed before 2015 (Adele Biss, Andrew Flanagan, Angela Sarkis, Eliza Hermann, Jonathan Baume, Kathryn Bishop, Moira Gibb, Peter Blausten and Wanda Goldwag), the Board fee is a flat fee of £8,000; Commissioners appointed from 2015 onwards (Isabel Doherty, Jan Cameron, Kevin Woods and Sarah Laessig) are paid a daily rate of £400 for their Board work.

(4) The total fees payable for chairing competitions (to Commissioners and to the Public Appointments Assessor who chaired a single competition on the Commission's behalf) was £207k for 2015-16 (£146k in 2014-15).

(5) No bonuses or benefits in kind were received in year.

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. She was appointed by the First Commissioner, with the approval of the Cabinet Office, in December 2012 following a Civil Service wide competition. Her remuneration, at year end, is shown in Table 4. The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

Table 4: Senior Staff Remuneration (salary, benefits in kind and pensions)

	Salary (£000)		Bonus Payments (£000)		Benefits in Kind (to the nearest £100)		Pension Benefits (£000)		Total (£000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Clare Salters	70-75	65-70	5-10	0	0	0	37	13	110-115	80-85

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.

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 2015-16 relate to

performance in 2015-16 and the comparative bonuses reported for 2014-15 relate to the performance in 2014-15.

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 2015-16 was £70-75k FYE (2014-15: £65-70K). This was 2.01 times the median remuneration of the workforce (2014-15: 2.17 times), which was £35,163 (2014-15: £31,041).

In 2015-16 no employees (2014-15: 0) received remuneration in excess of the highest-paid director.

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 2015 to 31 March 2016	Period 1 April 2014 to 31 March 2015
Band of Highest Paid Employee's remuneration (to nearest £5000 band)	70-75	65-70
Median Total Remuneration	£35,163	£31,041
Ratio	2.01	2.17

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

Table 6: Chief Executive's pension

	Accrued pension at pension age and related lump sum (£000)			Cash Equivalent Transfer Value (CETV) (£000)		
	At start of reporting period	At end of reporting period	Real increase in value during reporting period	At start of reporting period	At end of reporting period	Real increase during reporting period
Clare Salters	20 (plus lump sum of 60-65)	21 (plus lump sum of 60-65)	0-2.5 pension 0-2.5 lump sum	314	366	20

Compensation for loss of office [SUBJECT TO AUDIT]

0 staff left under Voluntary Exit terms during 2015-16.

0 staff left under Compulsory Early Retirement terms during 2015-16.

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 59) and the office holders in the other independent institutions (ACOPA, HOLAC and OCPA) that are supported by the joint secretariat.

Table 7: Staff and Commissioner costs

£000	2015-16				2014-15
	Total	Staff	Commissioners	Office Holders	Total
Wages and salaries	1145	732	350	63	1087
Social security costs	94	55	39	-	90
Other pensions costs	134	134	-	-	136
Total	1373	921	389	63	1313

Notes to Table 7

The cost of staff represents 100% of the staff costs for the period 1 April 2015 to 31 March 2016. As explained in Note 2 (Operating Segments) to the Accounts, staff costs were calculated at 52% for the Civil Service Commission's 'core' regulatory responsibilities, 18% for OCPA, 11% for HOLAC and 19% for ACOBA.

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

Commissioners other than the First Civil Service Commissioner/Commissioner for Public Appointments receive two different types of fees: 'Board fees' and 'Competition fees', which are paid for each day that a Commissioner chairs a recruitment competition. Both types of fees are included in the costs in Table 7.

'Office Holders' includes the Chair and Members of HOLAC and the Chair and Members of ACOBA. It includes the OCPA Public Appointments Assessors and the proportion of their costs that is met by OCPA (the majority of their costs are paid directly by Departments). It does not include the Commissioner for Public Appointments, who is included under 'Commissioners' because, during this reporting period, it was a joint appointment with that of the First Civil Service Commissioner.

Pensions: the Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. For 2015-16, employer's pension contributions of £134k (2014-15: £136k) were payable to PCSPS at one of four rates in the range 20.0% to 24.5% (2014-15: 16.7% to 24.3%) of pensionable pay based on salary bands.

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

	2015-16				2014-15
	Total	Staff (FTE)	Commissioners	Office Holders	Total
Directly employed	0	0	0	0	0
Inward secondments	18.5	18.5	0	0	18.4
Office holders	36.75	0	8.75	28	38.0
Total	55.25	18.5	8.75	28	56.4

Note to Table 8

The numbers of staff, Commissioners and Office Holders reflect the monthly average throughout 2015-16. The number in post on 31 March 2016 were 10 Commissioners, 28 Office Holders and 17.6 (full time equivalent) staff.

We have had a number of changes of staff this year due to staff returning to their home departments, retirement and the end of fixed term appointments. However we have been able to recruit able successors to most of these vacant posts, with only one vacancy remaining at 31 March 2016, which has since been filled. All our staff are currently seconded from government departments.

Attendance information

The level of sickness absence within the Secretariat in 2015-16 was 4.7 average working days lost per staff year³³ (4.4 days in 2014-15) equating to an average of 3.7 days per person, below the Civil Service average

The figure for the Commission staff sickness absence includes the extended absence of one member of staff following major surgery, which in a small organisation like ours can have a disproportionate impact. When that individual's absence is excluded from the calculation, the average working days lost per staff year is 2.4 (equivalent to 1.8 per person). This compares with 1.6 lost per staff year in 2014-15 when the long term absence of a different member of staff is excluded from the calculation.

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. This year, the Commission Board has extended KPMG's contract to the end of March 2018.

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

During the reporting period, the Commission also had a contract with Gatenby Sanderson to support the recruitment of four new Commissioners.

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

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.

³³ 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.

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.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in

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

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

Real increase in CETV

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

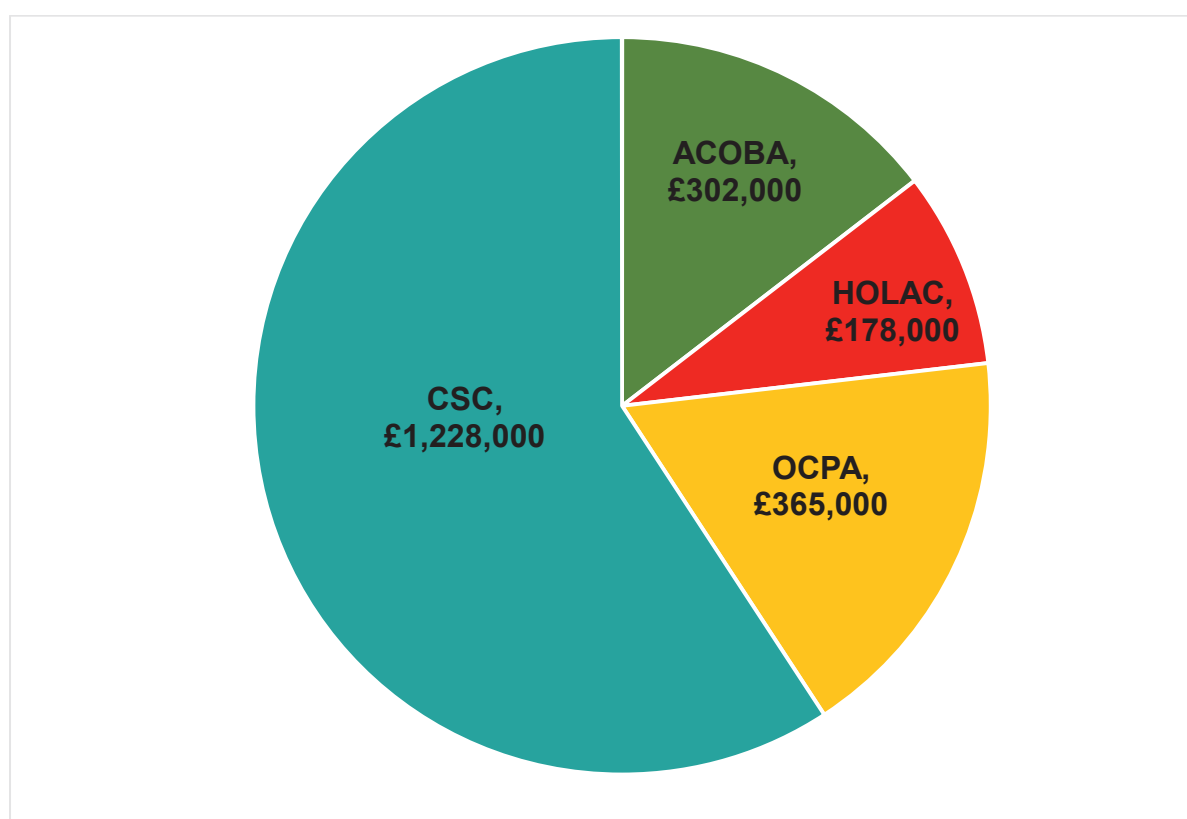
Parliamentary Accountability and Audit Report

Finance summary

The Commission's Accounts for 2015-16 are presented at Part 2.

As we have explained on page 12, 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 13.

Figure 13: Expenditure by institution, 2015-16



Including the Commission's work for the other Independent Offices, the Commission had a budget of £2.18m (£2.496m in 2014-15). The Commission's net expenditure was £2.07m (£2.209m in 2014-15), an underspend of £109k against the budget (£287k in 2014-15).

Our main items of expenditure during 2015-16 were:

- Secretariat staff costs: £921k compared with £912k in 2014-15. The increase primarily reflects the additional staff that the Commission was funded (referred to in the 2014-15 Annual Report, page 54) to support the post-election

workload peaks in ACOBA and HOLAC. Of the £921k, approximately £479k (52%) relates to 'core' Civil Service Commission work and £442k (48%) relates to supporting the other three independent bodies for whom we provide secretariat support.

- Compliance monitoring audit contract: £234k, the same amount as last year. Of the £234K figure, £140k (60%) relates to 'core' Civil Service Commission work of monitoring compliance with the Recruitment Principles. The remainder (£94k or 40%) relates to monitoring compliance with the Code of Practice on Public Appointments on behalf of the Commissioner for Public Appointments.³⁴
- Competition fees: £207k compared with £149K in 2014-15.³⁵ 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.

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 and no contingent liabilities disclosed under IAS 37.



Clare Salters
Chief Executive
Civil Service Commission

Date: 11 July 2016

³⁴ Previously the split of the KPMG costs were estimated on the relative percentage of staff effort for each of the institutions. It became apparent that this was not reflective of KPMG's input due to the relative volume of regulated organisations, and a management decision was made to make a manual adjustment. This will be under review in 2016-17 because of the political changes being made in the regulated coverage of OCPA and the breakdown of costs will be reflected accordingly.

³⁵ Competition fees are paid in addition to the Commissioners' Board fees and the First Commissioner's salary; all three types of fee (Commissioners' Board fees, Commissioners' Competition fees and the First Commissioner's salary) amount to £350k for 2015-16. This figure excludes National Insurance contributions.

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 2016 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 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 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Cabinet Office's directions made under 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.

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 2016

Annex A:

Commissioners and Secretariat

Commissioners during 2015-16

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

David Normington, First Civil Service Commissioner, 1 April 2011 to 31 March 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

Moira Gibb, Commissioner 1 April 2012 to 31 December 2015

Wanda Goldwag, Commissioner since 1 April 2012

Isabel Doverty, 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

Of the 10 Commissioners in post on 31 March 2016, four were male and six were female.

Secretariat during 2015-16

The Secretariat supports the Board of the Civil Service Commission. The staff in the Secretariat during 2015-16 are listed below. Of the 19 staff in post on 31 March 2016 (17.6 full time equivalent), 9 were male and 10 were female.

Chief Executive

Clare Salters

Recruitment Policy Team

Bill Brooke

Isabel Fraser

Jennifer Smith

Michaela Greener (*from January 2016*)

Compliance and Complaints Team

Sandra Campbell
Carrie Aitken
Dean Ponder

Code investigations and Corporate Services Team

Heidi Ferguson
Sean Edwards-Playne
Michaela Greener (*to December 2015*)
Val Iceton (*to November 2015*)
Deborah de Beukelaer (*to September 2015*)
Alex Newton (*from January 2016*)
Alex Young (*from January 2016*)
Nicola Carpenter
Leroy Cargill

Staff directly supporting ACOBA, HOLAC and OCPA

Ekpe Attah
Clive Barbour
Catherine Millington
Alex Morrow
Nicola Richardson (*from January 2016*)
Alex Newton (*June to December 2015*)
Alex Young (*June to December 2015*)
Vicky Ramsden (*June to September 2015*)

Annex B: Standing Committee membership

Audit and Risk Committee

Wanda Goldwag (chair)

Andrew Flanagan

Jonathan Baume

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

Remuneration Committee

David Normington (chair)

Wanda Goldwag

Kathryn Bishop from April 2015 (previously Eliza Hermann)

Part 2: Annual Accounts 2015-16

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

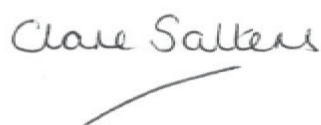
	Note	2015-16 £000	2014-15 £000
Expenditure			
Staff and Commissioner costs	3	1373	1313
Other Expenditure	4	699	896
Net Expenditure		2072	2209
Interest Payable/Receivable		-	-
Net Expenditure after Interest		2072	2209
Total Comprehensive Net Expenditure for the period ended 31 March 2015		2072	2209

The notes on pages 83 to 86 form part of these accounts.

Statement of Financial Position as at 31 March 2016

		2015-16	2014-15
	Note	£000	£000
Current assets			
Pre-payments and accrued income		5	-
Total current assets		5	-
Current liabilities			
Trade and other payables	5	(192)	(141)
Total current liabilities		(192)	(141)
Total assets less current liabilities		(187)	(141)
Assets less liabilities		(187)	(141)
Taxpayers' equity			
General Fund		(187)	(141)
Total taxpayers' equity		(187)	(141)

The notes on pages 83 to 86 form part of these accounts.



Clare Salters
Chief Executive
Civil Service Commission

Date: 11 July 2016

Statement of Cash Flows for the year ended 31 March 2016

	Note	2015-16 £000	2014-15 £000
<u>Cash flows from operating activities</u>			
Net Deficit		(2072)	(2209)
(Increase)/Decrease in trade receivables		(5)	-
Increase/(Decrease) in trade payables		51	(84)
Net cash outflow from operating activities		(2026)	(2293)
<u>Cash flows from investing activities</u>			
Net cash outflow from investing activities		-	-
<u>Cash flows from financing activities</u>			
Grants from parent Department		2026	2293
Non-cash adjustments for restatements			-
Net financing		2026	2293
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 83 to 86 form part of these accounts.

Statement of changes in Taxpayers' Equity

	I & E Reserve	Total Reserves
Note	£000	£000
Balance at 1 April 2014	(225)	(225)
Transfer of Function	-	-
Grants from Parent Department	2293	2293
Comprehensive Net Expenditure for the year	(2209)	(2209)
Balance at 31 March 2015	(141)	(141)
Balance at 1 April 2015	(141)	(141)
Grants from Parent Department	2026	2026
Comprehensive Net Expenditure for the year	(2072)	(2072)
Balance at 31 March 2016	(187)	(187)

The notes on pages 83 to 86 form part of these accounts.

Notes to the accounts for the year ended 31 March 2016

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

Going concern

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

1.1 Accounting convention

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

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

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

1.2 Cash and cash equivalents

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

1.3 Grant-in-Aid

As the Commission is an 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.³⁶ 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.

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.

	2015-16					2014-15				
£000	CSC	OCPA	HOLAC	ACOBA	Total	CSC	OCPA	HOLAC	ACOBA	Total
Commissioner or Committee Member Fees	351	46	26	29	452	272	45	26	28	371
Other Gross Expenditure	877	319	152	273	1621	976	473	193	196	1838
Income	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Net Expenditure	1228	365	178	302	2073	1248	518	219	224	2209

³⁶ 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).

3. Staff, Commissioner and Office Holders costs

	2015-16	2014-15
£000	Total	Total
Wages and salaries	1155	1087
Social security costs	84	90
Other pensions costs	134	136
Total	1373	1313

4. Other expenditure

	2015-16	2014-15
Note	£000	£000
Other Expenditure		
Accommodation, utilities and IT costs	349	445
Consultancy	261	342
Supplies and services	48	69
Other staff related costs	4	5
Travel, subsistence and hospitality	27	27
Audit Fee	10	8
Total	699	896

Notes

Of the 261k Consultancy figure, £140k relates to the audit of Departments' compliance with the recruitment principles; £94k relates to the audit of their compliance with the Code of Practice on Ministerial Appointments; £8k relates to the audit work carried out by the Government Internal Audit Agency (GIAA).

Supplies and services includes reimbursement of legal costs to value of £24k.

In 2015-16, Commissioner expenses, which previously fell under 'other staff related costs', have been re-classified as 'travel, subsistence and hospitality' because this was seen as a more appropriate classification. Commissioner expenses totalled £18k in 2015-16 and £22k in 2014-15.

5. Trade Payables and Other Liabilities

	2015-16	2014-15
	£000	£000
Current		
Accruals and deferred income	192	141
Total	192	141

6. 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 secondments³⁷ 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 £17,468.45, a total of £349,369 for the period ending 31 March 2016.

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 59).

7. 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. The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event with no direct financial impact on the Civil Service Commission. There are no other events to report. The Accounting Officer authorised these financial statements for issue on 12 July 2016.

³⁷ 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.

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