

Presented pursuant to Care Standards Act 2000, c.14 Schedule 1, para 18(4)

General Social Care Council Account 2004-2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2005

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Foreword

The Chief Executive of the General Social Care Council (GSCC) presents her account for the year ended 31 March 2005, prepared in accordance with an accounts direction given by the Secretary of State for Health with the approval of the Treasury, in pursuance of Section 18(1) of Schedule 1 of the Care Standards Act 2000.

Background information

The GSCC was established under the Care Standards Act 2000, as an executive non-departmental public body sponsored by the Department of Health (DH). The GSCC is the regulatory body for the social care profession in England and has responsibility for setting up a comprehensive register of social care workers, regulating social work education and promoting high standards of conduct and practice in social care. The Care Standards Act 2000 empowers the Secretary of State under Section 67(4) (a) to “.. make grants and pay travelling and other allowances to persons resident in England and Wales in order to secure their training in the work of social care workers”. These grants are called bursaries. Under 67(4) (b) the Secretary of State is empowered to “..make grants to organisations providing training in the work of social care workers”. These two functions have been delegated to the GSCC.

As a non-departmental public body, the GSCC is classed as an arm’s length body (ALB) and was subject to the ALB review announced by the Secretary of State for Health. The ALB review, “Reconfiguring the Department of Health’s Arm’s Length Bodies”, concluded that the number of such bodies should be reduced from 42 to 20. The outcomes of the review for the GSCC were that it would continue its operations as a regulator and would transfer its bursary function to the NHS Pensions Agency. The transfer has been agreed in principle by the Executive Management Team of GSCC and the Board of the NHS Pensions Agency. The two bodies are working towards the transfer taking place with effect from January 2006, subject to the passing of the appropriate legislation.

Mission

The GSCC exists to promote the highest standards of social care in England for the benefit and protection of people who use services and the wider public by

- acting as a guardian of standards in social care practice and as a champion of a committed workforce;
- requiring the highest standards of conduct from social care workers, and compliance with a code of practice;
- promoting the highest standards of training for social care workers;
- always keeping the best interests of service users and the wider public at the heart of the organisation; and
- working in an open, accessible and inclusive way.

Aims

The Secretary of State of the Department of Health has approved the following overall aims for the GSCC

- to establish and operate a new regulatory framework for social care workers in England;
- to develop and promote new standards of conduct for social care workers and their employers in England; and
- to contribute to and promote a new education and training framework for social care workers.

Objectives

The Public Service Agreement (PSA) of the sponsor department provides the framework within which the objectives and targets for the GSCC are set. Within this framework the Department of Health has approved the following objectives for the GSCC

- to establish and maintain a comprehensive and up-to-date register of qualifying social care workers;
- to establish transparent and fair rules for achieving and retaining registration;
- to develop and enforce professional standards of conduct and practice;
- to ensure high quality training for social workers;
- to promote awareness of and respect for social care workers; and
- to be a forward-looking and pro-active public sector body with committed staff, responsive management, sound corporate governance and effective delivery of remit.

The Council

The GSCC has a majority of lay members. By law, the Chair of the Council must also be lay. Many members are service users and carers who, along with people from across the social care sector, bring a broad range of experience and expertise to the Council.

Baroness Jill Pitkeathley was the interim Chair of the GSCC from 1 September 2001 to 28 February 2002. Rodney Brooke CBE DL was appointed the first Chair of the GSCC on 1 March 2002. He was reappointed on 1 March 2005 for a further three years.

Other members of Council serving during 2004-2005 are listed below, with their respective dates and periods of appointment. Lay members are indicated with an asterisk.

Tanzeem Ahmed *	(1 September 2001- four years)
Helen Baker	(1 September 2001- two years; reappointed 1 September 2003 – four years)
Terry Bamford OBE	(1 September 2001- four years)
Christine Barton MBE *	(1 September 2001- four years)
Malcolm Clarke *	(1 September 2001- two years; reappointed 1 September 2003 – four years)
Lynda Deacon	(1 September 2001- 31 August 2004)
Susanna Hancock *	(1 September 2001- 31 August 2004)
Melanie Henwood *	(1 May 2002- four years)
Ann James CBE *	(1 September 2001- two years; reappointed 1 September 2003 – four years)
Malcolm Jordan	(1 May 2002- 30 April 2004)
Arthur Keefe	(1 September 2001- two years; reappointed 1 September 2003 – four years)
Harry Marsh *	(1 September 2001- four years)
Bill McClimont	(1 September 2001- four years)
Beverley Prevatt-Goldstein	(1 September 2001- 31 August 2004)
June Thoburn CBE	(1 September 2001- four years)
Judy Weleminsky *	(1 September 2001- 31 August 2004)

Executive Management Team

Lynne Berry was appointed Chief Executive on 1 September 2001.

Mike Wardle was Director of Standards and Regulation from 1 March 2002 to 30 April 2004.

Mike Wardle was appointed Deputy Chief Executive and Director of Strategy on 1 May 2004

Mark Oakes was appointed Director of Corporate Communication on 1 April 2002.

Chris Pottinger was appointed Director of Corporate Resources on 1 April 2002.

Jane Held was appointed interim Director of Regulation from 19 July 2004 to 3 October 2004.

Heather Wing was appointed Director of Regulation on 4 October 2004.

Review of activities

The drive to register England's social workers was a key feature of 2004-2005. By the time the Government introduced legal protection of title on 1 April 2005, the GSCC had registered more than 40,000 social workers and received almost 63,000 applications. The GSCC had achieved its registration targets and was continuing to work with the Government, employers and others to make regulation of the workforce a success that would benefit service users, the public and the sector.

Jointly with its sister Councils in Scotland, Wales and Northern Ireland, the GSCC continues to work towards the procurement of revised ICT and business systems for registration and conduct work, with a procurement decision due to be taken in summer 2005 and implementation planned for spring 2006.

During 2004-2005, the GSCC also carried out a review of the post-qualifying (PQ) social work education framework as part of its role in regulating social work education and training. Following a lengthy, comprehensive consultation involving a wide range of people and interests, the GSCC launched the revised framework in January 2005. The new framework will be a key feature of making sure that social work education and training reflects the changing environment in which social workers operate and is fit for the future and will be fully implemented in 2007.

The GSCC also awards and administers bursaries for students studying an approved social work qualification. Before September 2003, the bursary scheme was a fairly small operation, with only a means-tested bursary available, and with approximately 2,000 students receiving a bursary at any one time. However, following a review of education and training within social care, which resulted in some 66 education and training establishments being accredited to offer degree-level qualifications in social work, the bursary scheme was expanded to offer the non-means-tested bursary which is in place today. This has led to a significant increase in students receiving a bursary from 2,000 in the 2002-2003 academic year to 8,900 in the 2004-2005 academic year. The GSCC also makes grants to education and training providers to support approved courses.

Government reviews were also a feature of 2004-2005. The GSCC, with the Department of Health and the Department for Education and Skills, worked to address the challenges of the review of arm's length bodies, the Lyons review of location and Gershon review on delivering efficiencies. The GSCC put in place plans to handle the reviews. The reviews by the Government confirmed its commitment to the work of the GSCC and its mission to help improve standards of social care and public protection through appropriate, modern regulation.

Financial position

GSCC's total net income in 2004-2005 was £66.8 million. Of that, £61.1 million was received as grant funding from our sponsoring department of which £51.4 million related to student bursary payments and education and support grants; £2.5 million was from the Care Council for Wales and Scottish Social Care Council for reimbursement of bursary payments; £1.5 million was income from registrants on the Social Care Register; £0.49 million was income from Diploma in Social Work and post-qualifying course registration fees; and £0.40 million related to accommodation recharges. The GSCC also received £0.11m as contributions from the other UK Care Councils towards the development of the social care regulation programme.

GSCC's expenditure in 2004-2005 was £59.9 million, of which £46.3 million related to student bursaries and education and support grants. £13.6 million related to management and administration expenditure, including staff costs and cost of capital charge. Agency staff costs (£1.9 million) and numbers employed (104) were high compared to previous years. This was necessary to support timely processing of applications for the Social Care Register (see review of activities) and to support general business objectives, after a recruitment freeze on permanent staff was announced in January 2005 by the Department of Health.

The third term bursary payments are usually made at the start of the following financial year. But, due to Easter falling earlier than usual and after gaining approval from the DH (sponsor), GSCC decided to bring forward the payments. GSCC did not draw down its full potential funding from its sponsor. The value of the summer term bursary payments made before 1 April 2005 are reflected in the accounts as prepayments, as the term to which the grant gives entitlement, predominantly occurs in financial year 2005-2006. The DH had given approval to the GSCC to carry forward cash balances, following an under spend in 2003-2004, primarily in respect of Bursaries funding. This carry forward of cash balances was utilised during 2004-2005 to meet the cost of the summer term 2005 bursary payments. These transactions have been a significant factor in the account showing a net surplus of £7.1m.

Fixed assets

During the year the Council spent £1.04 million on fixed asset purchases. Of this, £0.63 million was spent on development of the social care regulation system. A change in accounting treatment accounted for a further £0.3 million of additions to the social care regulation system. This capitalised contributions towards the system from the other UK Councils in 2003-2004 and 2004-2005. £0.22 million was spent on computer hardware and software licences. A total of £0.11 million was spent on furniture and fittings and £0.08 million was spent on building improvements.

Auditors

The GSCC is audited by the Comptroller and Auditor General.

The GSCC employed South and West Audit to provide internal audit services until September 2004 following re-tendering of the service. AHL limited were appointed with effect from 1 October 2004.

Payment of creditors

The GSCC complies with the Confederation of British Industry's (CBI's) Better Payment Practice Code. Unless the amounts charged are considered to be wrong, the GSCC's policy is to settle invoices within contractual periods, and in the absence of contractual provisions, within 30 days of the date of receipt of goods and services or receipt of a valid invoice, whichever is later.

For invoices received between 1 April 2004 and 31 March 2005, 89 per cent (81 per cent in 2003-2004) of invoices by number were paid in accordance with these terms. No claims were received from suppliers for statutory interest under the Late Payment of Commercial Debts (Interest) Act 1998.

Employee policies

The GSCC has adopted principles of openness and participation in its organisation and places a high level of importance on both informing and consulting staff. It does so by providing access to Council papers and management minutes, through oral and written briefings and by staff meetings. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party, in accordance with the Data Protection Act. The Council has a formal recognition agreement with the Amicus trade union, through which staff are informed and consulted about all aspects of their employment.

Equality in employment practices

The GSCC implements fully the requirements of the Disability Discrimination Act. A comprehensive workforce survey was carried out in June 2002, at which time five per cent of the total workforce considered themselves as disabled under the terms of the Act. The GSCC also complies with the requirements of the Race Relations Amendments Act and has planned an equal pay audit to take place in 2005-2006 following completion of the pay and grading review.

Lynne Berry
Chief Executive

12 July 2005

Statement of the GSCC's and Chief Executive's responsibilities

Under Section 18 of Schedule 1 to the Care Standards Act 2000, the General Social Care Council is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State for Health, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the GSCC's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the GSCC is required to

- observe the accounts direction issued by the Secretary of State with the consent of the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and to disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Council will continue in operation.

The Accounting Officer for the Department of Health has appointed the Chief Executive as the Accounting Officer for the GSCC. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which they are answerable and for the keeping of proper records, are set out in the non-departmental public bodies' Accounting Officer Memorandum issued by the Treasury and published in 'Government Accounting'.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of GSCC's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The GSCC is established under Part IV of the Care Standards Act 2000. The constitution, general powers and duty of the GSCC are set out in this part, in Schedule 1 to the Act and the GSCC (Appointments and Procedure) Regulations 2001.

The GSCC Management Statement and Financial Memorandum was agreed in September 2002 by Parliamentary Under Secretary of State for Community Care. This Management Statement and Financial Memorandum sets out the broad framework within which the GSCC will operate, including how the GSCC is to be held to account for its performance. The document covers responsibilities and accountability; planning, budgeting and control; and external accountability.

Ministers are involved in the management of risk through the approval process for the annual Business Plan and the three-year Corporate Plan, in accordance with the agreed Management Statement. The Corporate Plan includes a section on strategic risk and a sensitivity analysis. The section explains what components the GSCC has in place to deliver a robust risk management framework that allows early identification of risks and appropriate risk control measures to be put in place.

The Chair and the Chief Executive (Accounting Officer) meet annually with Ministers in order to agree these plans, to discuss the risks to the plans and the resources needed. In addition, further formal meetings (usually two a year) are held in order to discuss progress and highlight any new risks and their mitigation.

The Management Statement also sets out the arrangements for sponsorship by the Department of Health (DH). Formal quarterly meetings are held with officials as part of the planning and monitoring processes. In addition, there is frequent contact with officials from both the DH and other Departments with which the GSCC works closely in order to ensure that the GSCC's operations reflect changed priorities and objectives in relation to the social care workforce. Officials from the Department of Health and the Department for Education and Skills attend Council meetings and receive papers for the Audit, Risk Management and Quality Assurance Committee of Council.

As the Chief Executive (Accounting Officer) I am fully responsible for the day-to-day management of the GSCC and am accountable to Parliament and to the Principal Accounting Officer of the Department of Health for the efficient management and overall performance of the GSCC.

The internal audit strategy and annual audit plan is sent each year to the Head of Internal Audit at the Department of Health.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of GSCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the GSCC for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

I provide leadership on risk management at the strategic level with the presentation each year of a draft three-year Corporate Plan to the Council for agreement and submission to Government. The Corporate Plan includes a section on strategic risk and a sensitivity analysis.

I provide leadership on risk management at the organisational level by chairing the GSCC's Executive Management Team at which all major strategic and resource decisions are taken. I personally appoint the GSCC's internal audit providers. I attend Audit, Risk Management and Quality Assurance Committee and Council meetings, and have ultimate responsibility for all reports that are submitted to them. I have ensured that the Council has in place a risk management policy and procedures; and that projects undertaken by the GSCC include both an assessment of initial risk and ongoing risk management.

The GSCC has a Council consisting of a chair and up to 24 members, the majority of which shall be lay persons. Council members are appointed by the Secretary of State for a period not exceeding four years, the appointment may be extended by, or the member re-appointed for, up to four years. The number of actual Members has reduced from 17 at the beginning of the year to 12 at the end of the year. Council members have corporate responsibility for ensuring that the GSCC complies with any statutory or administrative requirements for the use of public funds. The principal responsibilities of Council members include ensuring that high standards of corporate governance are observed at all times. Council members have access to reports to the Audit, Risk Management and Quality Assurance Committee. The Council receives minutes of all committee meetings, and receives a copy of the Annual Risk Statement at their meeting in May.

The Chair of the GSCC is appointed by the Secretary of State for a period not exceeding three years. The appointment may be extended by, or the Chair re-appointed for, up to three years. Under the Act, the Chair is required to be a lay person. The Chair has a special responsibility for providing effective strategic leadership including encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout the GSCC. The Chair is an ex-officio member of all committees with the exception of the Audit, Risk Management and Quality Assurance Committee.

The Audit, Risk Management and Quality Assurance Committee's terms of reference include

"to advise the Council, its Chair and Chief Executive as the Accounting Officer on issues relating to corporate governance, internal control and quality control, risk management and financial audit".

In particular, the Audit, Risk Management and Quality Assurance Committee provides advice on

- the adequacy of GSCC's arrangements for internal control;
- the content of and compliance with the Council's risk management strategy;
- the appointment of the internal audit provider;
- the planned activity of the internal audit provider or the National Audit Office;
- results of internal audit and national audit activity;
- the financial content of the Annual Report and Accounts;
- the systems of budgetary control and financial management and reporting; and
- allegations of serious fraud, corruption and error.

I have appointed the Director of Corporate Resources as the designated Risk Management Co-ordinator for the GSCC with responsibility for leadership on the effective delivery of risk management and internal control. He has established and chairs the Risk Management Working Group (RMWG), comprising managers from each of the directorates. The seniority of the membership was set at a level to ensure that any actions and deliverables assigned as a result of the RMWG meetings can be carried out without further negotiation or delay.

Members of the RMWG act as advocates of risk management to the organisation. This role has been supported in the year by a series of communication activities and workshops to train and equip management to manage risk in a way appropriate to their authority and duties. These are then cascaded down through their teams to the rest of the organisation.

The risk and control framework

HM Treasury – Management of Risk (The Orange Book) issued December 2004, discusses the need to review the risks and review the risk management process.

“Review of risks and review of the risk management process are distinct from each other and neither is a substitute for the other. The review process should

- i ensure that all aspects of the risk management process are reviewed at least once a year” - compliance by the GSCC is delivered through the Executive Management Team (EMT) holding an annual risk management meeting at which they receive the Annual Risk Statement from the Director of Corporate Resources. The statement is reported to Council in May and is subject to further detailed scrutiny by the Audit, Risk Management and Quality Assurance Committee;
- ii ensure that risks themselves are subjected to review with appropriate frequency (with appropriate provision for management’s own review of risks and for independent review/audit)” – compliance by the GSCC is delivered through the RMWG receiving risk management reports at their meetings, continuous scrutiny during the year by the Internal Controls Officer and the control of project risk through risk logs maintained throughout the lifetime of projects and programmes; and
- iii make provision for alerting the appropriate level of management to new risks or to changes in already identified risks so that the change can be appropriately addressed” – compliance by the GSCC is delivered through the establishment in the year of the Internal Controls Officer who has put in place the necessary resources; and by project and programme risk reporting to relevant project and programme boards and to their senior sponsors.

Risks are formally identified through a number of mechanisms. First, as part of the annual business planning process, managers are required to identify any risks to the achievement of their business plan objectives. Second, as part of all programme and project management, managers are required to identify risks to the delivery of the programme or project as part of the initial business case which is submitted to EMT for approval. Projects are managed through an internal framework, based on PRINCE 2. Programmes are managed in accordance with ‘Managing Successful Programmes’, an Office of Government Commerce publication. The Internal Control Officer meets with each senior manager throughout the organisation on a regular basis to discuss identified and potential risks.

Risks are recorded and evaluated by consultation with the relevant managers and are recorded on the Corporate Risk Register (CRR). Risks are monitored by the Internal Controls Officer, who updates the CRR on the control mechanisms and countermeasures in place. Programme risk logs including risk control mechanisms and countermeasures are reported to that programme’s board, which includes a member of EMT.

The organisation’s risk appetite is assessed individually for each risk taking into account the nature of the organisation’s objective that it relates to. Each risk is given a severity score on the basis of its likelihood and its impact. As a general rule, if a risk scores low (one to three) then it is deemed acceptable in terms of the organisation’s risk appetite. If it scores medium (four), then it is deemed acceptable but must have regular review for any change in circumstances. If the risk scores high (six to nine) then it is deemed to be outside of the organisation’s tolerance zones and requires further mitigating actions and/or countermeasures.

Council and the Audit, Risk Management and Quality Assurance Committee play a key role in monitoring, reviewing and assuring that the GSCC’s risk appetite is being accurately judged and reflected in the construction and maintenance of the risk register. Reports to Council and, from 2005, reports to Committees will include a section on risk assessment as a mandatory element.

The organisation's risk appetite is also influenced by its risk priorities at a given point in time. In the last Statement on Internal Control for the accounting period 2003-2004, I outlined my plans for the coming year

- to undertake a capacity planning exercise for the registration service;
- to commission a review of Corporate Governance; and
- to review implications and minimise risks to services arising from the various Government reviews of Arm's Length Bodies.

These pieces of work have been the risk priorities for the organisation. As such they have influenced the determination of whether certain risks relevant to them have been acceptable. All three pieces of work have been completed successfully.

Risk management is embedded in the activities of the organisation by involving managers in identification and management of risk and embedding this responsibility into their daily activities. By ensuring that regular reviews are carried out and findings reported to a suitable party on an ongoing basis, risk management has become part of managers' normal thinking when looking at current work pressures and priorities, as well as when looking ahead to the future.

Senior managers, the Leadership and Management Forum, had a risk management workshop during the year, at which they explored their roles in the management of risk for the organisation. In addition there have been articles in the GSCC's internal newsletter 'In Contact' about risk management, its development and impact on staff. This communication has ensured staff across the GSCC understand what is happening and how risk and risk management affects their work and duties.

For the coming year 2005-2006 I plan to

- review and update the Risk Management Policy and Strategy;
- undertake a series of activities to further embed risk management throughout the organisation;
- undertake a capacity planning exercise for the conduct service to meet the expected increase in demand; and
- continue to review the implications and minimise risks to services arising from the Arm's Length Bodies reviews.

I made arrangements for a Council workshop to be held 18 April 2005 on 'GSCC's governance arrangements as a workforce regulator' and there will be another session on governance at the Council awayday in June, this time looking at the roles and responsibilities of Council committees.

The GSCC has an approved audit protocol whereby the GSCC receives regular reports from internal audit, to standards defined in the Government Internal Audit Standards (GIAS). The Head of Internal Audit provides an independent opinion on the adequacy of GSCC's risk management, control and governance processes each year. Internal audit recommendations are agreed with management and are implemented. EMT oversee this process.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the GSCC who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit, Risk Management and Quality Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Council 16 May 2005 received the Director of Corporate Resources' Annual Risk Statement for the year 2004-2005. It covered external relations, committees and working groups, high-risk service objectives and programmes, ongoing deliverables and next steps. Council endorsed the conclusion in the report that,

"A measure of the effectiveness of risk management is the critical delivery of an organisation's objectives, especially when facing substantial uncertainty and change. In this context, the Council's Key Strategic Objectives have been delivered on target, to the agreed standard and within budget".

In addition to the Annual Risk Statement, the Council maintains and reviews the effectiveness of the system of internal control during the year by receiving the minutes of the Audit, Risk Management and Quality Assurance Committee meetings. Reports to Council include a section on Issues. Reports also identify risks and mitigating action, where appropriate.

The Audit, Risk Management and Quality Assurance Committee has met on three occasions during the year 2004-2005. At its meeting on 28 June 2003 the Audit, Risk Management and Quality Assurance Committee agreed a work plan for the year October 2003 to September 2004. At its meeting on 4 November 2004 the Audit, Risk Management and Quality Assurance Committee agreed a work plan for the year December 2004 to November 2005. These work plans were constructed to ensure that all the responsibilities in the terms of reference on which the committee was to provide advice were covered during the year. At its November 2004 meeting the Audit, Risk Management and Quality Assurance Committee also reviewed actual delivery against its plan for the previous year October 2003 to September 2004.

The Audit, Risk Management and Quality Assurance Committee fulfils its responsibilities by receiving progress reports from the GSCC's internal audit providers on completed audits at each of its meetings, and an annual review at its first meeting in the financial year. The Audit, Risk Management and Quality Assurance Committee receives the audited accounts for the year together with the National Audit Office's Memorandum of Audit Findings on the Final Accounts. The Audit, Risk Management and Quality Assurance Committee also receives reports on any ad hoc audits undertaken in the year.

As indicated in the title of the committee, its terms of reference are broad and are not confined to 'audit'. Each meeting has an agenda item on risk management, updating the committee on progress and plans in relation to this. All areas of responsibility had been reported on in 2004-2005, as planned.

The terms of reference of the Audit, Risk Management and Quality Assurance Committee require it to meet regularly and not less than three times per year. Audit, Risk Management and Quality Assurance Committee meetings are timetabled to take place approximately two weeks before a Council meeting. This timing is to enable prompt reporting by the Chair and/or Chief Executive on any matters raised or of concern. All meetings took place as planned.

The National Audit Office and the internal audit provider may request that the Audit, Risk Management and Quality Assurance Committee meets additionally, if they consider that to be necessary. No additional meetings were requested.

The RMWG has met on three occasions during the year. The meetings are timetabled to take place four weeks before each Audit, Risk Management and Quality Assurance Committee. This allows time for any recommendations or reports coming out of the RMWG to be prepared in time for the Audit, Risk Management and Quality Assurance Committee. The RMWG's primary concern is to review the current status of risk management throughout the organisation and to make an assessment on whether or not the group feels that what is in place is adequate.

The contract for the provision of internal audit services came up for renewal in 2004-2005. Following competitive tendering, I appointed AHL Limited with effect from 1 October 2004. AHL Limited operate to the standards defined in the GIAS and produce an annual risk based audit strategy that is referred by me to the Audit, Risk Management and Quality Assurance Committee.

The Department of Health assesses the effectiveness of the GSCC's internal audit arrangements by scrutiny of the audit plans and reports prepared by the GSCC's internal audit contractor on future and past activity. Once these plans and reports have been approved by me, as the Accounting Officer, they are forwarded to the Head of Internal Audit at the Department of Health in compliance with the Management Statement.

Internal Audit conduct reviews spanning the entire organisation, reviewing the effectiveness of internal control mechanisms for managing risk. During the last year, audits were conducted on

- key financial controls;
- management accounting and reporting;
- payroll;
- information technology security;
- information systems strategy;
- Social Care Register;
- project management framework;
- decision making process;
- risk management; and
- communications.

I have appointed the Director of Corporate Resources as the designated lead officer for the Audit, Risk Management and Quality Assurance Committee and also as the Risk Management Co-ordinator. During 2004-2005 I created a new post of Internal Controls Officer to provide the Director of Corporate Resources with specialist support to continually review the effectiveness of internal control and, in particular, risk management.

The Risk Management Working Group provides additional high level cross-Directorate assurance. The RMWG receives copies of all completed internal audit reports. The remit of the RMWG is from overarching strategic controls to day-to-day operational systems.

Significant internal control problems

Of the final and agreed internal audits in 2004-2005, the auditors concluded the audit on Information Technology Security was classified as having no assurance at the time of the audit. In order to address these issues a number of recommendations have been agreed upon, either in full or in principle. These remedial actions and counter-measures are being delivered to a timescale that is considered appropriate to the internal auditors and will deliver a reasonable level of assurance.

Lynne Berry
Chief Executive

12 July 2005

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

I certify that I have audited the financial statements on pages 15 to 34 under the Care Standards Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 19 to 21.

Respective responsibilities of the General Social Care Council, the Chief Executive and Auditor

As described on page 6, the General Social Care Council and Chief Executive are responsible for the preparation of the financial statements in accordance with the Care Standards Act 2000 and directions made thereunder by the Secretary of State with the consent of Treasury and for ensuring the regularity of financial transactions. The General Social Care Council and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Care Standards Act 2000 and directions made thereunder by the Secretary of State with the consent of Treasury, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Council has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 7 to 12 reflects the Council's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by HM Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the General Social Care Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the General Social Care Council at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Care Standards Act 2000 and directions made thereunder by the Secretary of State with the consent of Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

13 July 2005

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

Income and Expenditure Account for the year ended 31 March 2005

	Notes	Year ended 31 March 2005 total £000	Year ended 31 March 2004 restated* total £000
Income			
Grant in aid	2	61,076	49,850
Income from devolved social care authorities	2	2,579	3,867
Transfer from deferred government grant reserve	12	551	390
Other income	3	2,555	1,460
Total income		66,761	55,567
Expenditure			
Training support grants	4	10,459	10,503
Student bursaries	5	35,798	32,590
<i>Other expenditure</i>			
Management and administration	6	13,315	9,877
Cost of capital	8	305	104
Total expenditure		59,877	53,074
Operating surplus		6,884	2,493
Return on pension scheme assets	17	(39)	(35)
Reversal of notional costs		305	104
Retained surplus	14	7,150	2,562

All operations are continuing.

The notes on pages 19 to 34 form part of these accounts.

* The 2003-2004 figures have been restated so that they are in accordance with FRS17 accounting and disclosure requirements.

Statement of Total Recognised Gains and Losses for the year ended 31 March 2005

	Notes	Year ended 31 March 2005 £000	Year ended 31 March 2004 restated* £000
Net surplus from operations		7,150	2,562
Unrealised surplus on revaluation of fixed assets	12	58	0
Prior year adjustment		0	(1,756)
Actuarial (losses)/gains	17	(378)	22
Total recognised gains relating to the accounting period		<u>6,830</u>	<u>828</u>

* The 2003-2004 figures have been restated so that they are in accordance with FRS17 accounting and disclosure requirements.

Balance Sheet as at 31 March 2005

	Notes	31 March 2005 £000	£000	31 March 2004 £000	£000
Fixed assets					
Tangible fixed assets	9	1,278		1,350	
Intangible fixed assets	9	2,898		1,975	
			4,176		3,325
Current assets					
Debtors	10	12,410		6,277	
Cash at bank and in hand	16	2,653		2,707	
			15,063		8,984
Liabilities - amounts due within one year					
Creditors and accruals	11		(4,299)		(5,564)
Net current assets			10,764		3,420
Total assets less current liabilities					
			14,940		6,745
Net assets excluding pensions liability					
Pensions liability	17		(2,425)		(1,853)
Net assets including pensions liability			12,515		4,892
Financed by					
General reserve	13		8,339		1,567
Deferred government grant reserve	12		4,176		3,301
Transferred assets reserve	12		0		24
Capital and reserves			12,515		4,892

The notes on pages 19 to 34 form part of these accounts.

Lynne Berry
Chief Executive

12 July 2005

Cash Flow Statement for the year ended 31 March 2005

	Notes	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Net cash inflow from operating activities	15	136	964
Capital expenditure and financial investment			
Payments to acquire fixed assets - tangible		(320)	(375)
Payments to acquire fixed assets - intangible		(1,024)	(1,183)
Proceeds from sale of fixed assets		0	(1)
		(1,344)	(1,559)
Financing of capital expenditure			
Grant used for capital expenditure		1,154	1,632
		1,154	1,632
(Decrease)/increase in cash	16	(54)	1,037

The notes on pages 19 to 34 form part of these accounts.

Notes to Financial Statements

1 Accounting policies

1.1 Accounting basis

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. Without limiting the information given, the statements meet the accounting and disclosure requirements of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate. They have also been prepared in accordance with the GSCC's Financial Memorandum and Accounts Direction.

The financial statements have been prepared on a going concern basis.

1.2 Format of accounts

The GSCC is required to draw up its accounts in a form determined by the Secretary of State with the approval of the Treasury. The GSCC is required to prepare its accounts on an accruals basis and to present its published financial statements in a format as set out in the Accounts Direction.

1.3 Fixed assets

1.3.1 Tangible fixed assets

Tangible fixed assets include building improvements, office equipment and furniture, computer equipment and the costs of acquiring computer software systems (including cost of implementation). All assets falling into these categories with a value of £5,000 or more have been capitalised. Also assets of similar types have been capitalised where the value of individual assets is less than £5,000, provided that the total value of all assets of that type exceeds £5,000. Fixed assets are valued at cost less depreciation.

1.3.2 Intangible fixed assets

Intangible fixed assets comprise purchased licences to use third party software systems (including cost of implementation). All assets falling into this category with a value of £5,000 or more have been capitalised.

Intangible assets are valued at cost less amortisation.

1.3.3 Development costs

Development expenditure is capitalised if it meets the criteria specified in the non-departmental public body and accounts guidance, which are adapted from SSAP13 to take account of the not-for-profit context. The GSCC is in the process of developing a social care regulation computer application. This is due to be operational by April 2006.

1.4.1 Depreciation

Depreciation is provided on all tangible fixed assets held at the year end on a straight line basis, at rates calculated to write off the cost over their estimated useful economic lives as follows

Building improvements	10 years
Office equipment and furniture	10 years
Computer equipment	4 years
Computer software	5 - 10 years

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

1.4.2 Amortisation of intangible fixed assets

Amortisation is provided on software licences held at the year end on a straight line basis, at rates calculated to write off the cost over the shorter of the period of the licence or their estimated useful economic life as follows

Computer software licences	2 - 10 years
----------------------------	--------------

No amortisation has been provided on the social care regulation programme as this is under development.

1.5 Income

The majority of the GSCC's income is grant-in-aid provided by the Department of Health. The funds may be used to meet the general objectives of the GSCC at the discretion of the GSCC's Council, subject to total cash payments in each year not exceeding several cash limits imposed by the department. These cash limits cover payments in respect of operating costs, training support grants, student bursaries and capital. Government grant of a revenue nature is credited to income in the year in which it is received.

Grant relating to capital expenditure on depreciable assets is shown in the balance sheet in fixed asset reserves. A proportion is transferred every year to the Income and Expenditure Account to offset the depreciation charge on those assets. Contributions are received from the other UK Care Councils towards the development of the social care regulation programme. Such contributions are received as operating income but transferred to fixed asset reserves as expenditure on the programme is capitalised. All other income is credited to income in the year in which it is earned.

1.6 Expenditure

1.6.1 Management and administration

Management and administration costs relate to expenditure incurred in the management of the GSCC's activities, including quality-assurance work to ensure training is delivered to the appropriate standard, organisational administration and compliance with statutory requirements.

1.6.2 Education and support grants

Education and support grants comprise expenditure on DipSW grants and practice learning/practice teaching grants. Grants payable are recorded as expenditure in the period that the underlying activity giving entitlement to the grant occurs.

1.6.3 Student bursaries

Student bursaries comprise expenditure on maintenance grants, registration fees, tuition fees and travel and other expenses. Grants payable are recorded as expenditure in the period that the course giving entitlement to the grant occurs.

1.7 Pensions

The majority of the GSCC's employees are eligible for membership of the Local Government Pension Scheme (LGPS) via an admission agreement with Essex County Council Pension Fund. The scheme is a multi-employer defined benefit scheme.

The assets of the LGPS are held and managed by the constituent administering authorities and therefore entirely independent of the GSCC's finances.

The GSCC has implemented financial reporting standard, FRS 17, Retirement benefits in full. Note 17 provides full details.

1.8 Leases

Operating lease rentals and related service charges are charged directly to the Income and Expenditure Account.

1.9 Value Added Tax

The GSCC is not registered for Value Added Tax (VAT). All figures reported in these statements therefore include VAT.

1.10 Capital charge

A charge, reflecting the cost of capital utilised by the GSCC, is included in operating costs. The charge is calculated at the Government's standard rate of 3.5 per cent on average net assets (total assets less liabilities).

2 Government income

Sponsoring department	Year ended 31 March 2005					Capital £000	Total £000	Year ended
	Operating - pay £000	Operating - other £000	Training support £000	Student bursaries £000	31 March 2004			Total £000
Grant-in-aid								
Department of Health	5,500	3,808	13,172	38,250	1,500	62,230	51,482	
Transfer to fixed asset reserves (note 12)	0	0	0	0	(1,154)	(1,154)	(1,632)	
Total	5,500	3,808	13,172	38,250	346	61,076	49,850	
Devolved Social Care Authorities								
Scottish Social Services Council	0	53	0	433	0	486	1,897	
Northern Ireland Social Care Council	0	21	0	0	0	21	0	
Care Council for Wales	0	35	0	2,037	0	2,072	0	
National Assembly for Wales	0	0	0	0	0	0	1,970	
Transfer from revenue to capital grant	0	(109)	0	0	109	0	0	
Total	0	0	0	2,470	109	2,579	3,867	
Total Government income for the year	5,500	3,808	13,172	40,720	455	63,655	53,717	

3 Other income

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Other operating income		
Registration fees	486	563
Social care registration fees	1,531	40
Rentals from operating leases	400	559
Other income	138	298
Total	2,555	1,460

4 Training support grants

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
DipSW grants	1,333	2,158
New social work degree grants	3,915	1,777
Practice learning/teaching grants	5,211	6,568
Total	<u>10,459</u>	<u>10,503</u>

5 Student bursaries

	Year ended 31 March 2005			Year ended 31 March 2004	
	England £000	Wales £000	Scotland £000	Total £000	Total £000
Maintenance grants	24,648	934	323	25,905	22,903
Registration fees	6	8	0	14	91
Tuition fees	8,341	543	186	9,070	8,411
Travel and other expenses	662	142	5	809	1,185
Total	<u>33,657</u>	<u>1,627</u>	<u>514</u>	<u>35,798</u>	<u>32,590</u>

6 Management and administration

	Year ended 31 March 2005 Total £000	Year ended 31 March 2004 restated* Total £000
Staff costs (note 7b)	6,649	4,416
Staff travel and subsistence expenses	144	112
Staff development and training	204	176
Staff recruitment	480	401
Premises costs (excluding operating lease payments)	542	530
Rentals under operating leases		
Hire of plant and machinery	72	65
Other	1,092	1,182
Communications	466	327
Other office services	998	551
Assessors and verifiers costs	215	229
Publications and promotions	1,306	1,054
Courses and workshops	112	77
Cost of Council and committees	127	158
International recognition service	71	6
Conduct	61	29
Audit fees	53	61
Other fees and charges	152	127
Writeoffs and losses	18	0
Increase/(decrease) in provision for doubtful debts	2	(12)
Depreciation and amortisation	392	338
Permanent diminution in value of fixed assets	143	0
Loss on disposal of fixed assets	16	50
Total management and administration	<u>13,315</u>	<u>9,877</u>

Note on audit fee – The audit fee represents the cost for the audit of the financial statements carried out by the Comptroller and Auditor General. This account does not include fees in respect of non-audit work. No such work was undertaken.

* The 2003-2004 figures have been restated so that they are in accordance with FRS 17 accounting and disclosure requirements.

7 Remuneration of staff and GSCC Council members

7a Number of staff

The average number of whole-time equivalent employees, including the Chief Executive during the year ended 31 March 2005 was as follows

	Year ended 31 March 2005 No.	Year ended 31 March 2004 No.
Permanent	148	115
Agency	104	31
Total	252	146

7b Staff costs

The total cost of employing staff in 2004-2005 was

	Year ended 31 March 2005 £000	Year ended 31 March 2004 restated* £000
Pay		
Salaries and wages	3,887	3,112
National Insurance employers' contributions	329	272
Occupational pension scheme, employers' contributions	339	267
Current and past service costs*	155	84
Amounts payable in respect of agency/temporary staff	1,939	681
Total	6,649	4,416

* The 2003-2004 figures have been restated so that they are in accordance with FRS 17 accounting and disclosure requirements.

7c Chief Executive's remuneration

The Chief Executive received a total salary of £115,822 for 2004-2005 (2003-2004: £104,760). A performance bonus of £862 was awarded in 2004-2005 (2003-2004: nil). Performance for the purpose of calculating the performance related bonus is measured by appraisal against objectives. The Chief Executive is an ordinary member of the Local Government Superannuation scheme, to which the GSCC is an admitted body.

7d

The Treasury DAO letter DAO (GEN) 3/00 dated 6 March 2000 requires the GSCC to provide information on the salary and pension rights of named individuals who are the 'most senior managers' of the Council, and the Council members, subject to the individuals concerned consenting to disclosure.

Staff name	Remuneration year ended 31 March 2005	Real increase in accrued pension and lump sum over year	Total accrued pension at 31 March 2005 and related lump sum	CETV* at 31 March 2004 (nearest £000s)	CETV at 31 March 2005 (nearest £000s)	Real increase in transfer value over year net of adjustment for market conditions (nearest £000s)
	£000	£000s	£000	£000	£000	£000
Lynne Berry	115-120	2.5 - 5 plus 7.5 - 10 lump sum	30 - 35 plus 90 - 95 lump sum	428	508	53
Mike Wardle	85-90	0 - 2.5 plus 2.5 - 5 lump sum	20 - 25 plus 70 - 75 lump sum	251	279	11
Chris Pottinger	85-90	5 - 7.5 plus 17.5 - 20 lump sum	35 - 40 plus 115 - 120 lump sum	560	700	115
Mark Oakes	75 - 80	0 - 2.5 plus 2.5 - 5 lump sum	15 - 20 plus 45 - 50 lump sum	194	217	11
Heather Wing+	35-40					

+ Appointed on 4 October 2005 and not a member of the Essex pension scheme.

Jane Held was appointed interim Director of Regulation from 19 July 2004 to 3 October 2004. Costs incurred by the GSCC via an agency were £67,000.

None of the above received benefits in kind.

* CETV – cash equivalent transfer values.

7e Remuneration of GSCC Council members

The remuneration of Council members is determined by the Department of Health and paid by the GSCC. Members of the Council do not receive a pension.

	Remuneration 2004-2005 £000	Remuneration 2003-2004 £000
Council Chairman, Vice-Chair and chairs of committees		
T Ahmed	5-10	5-10
HM Baker	5-10	5-10
TD Bamford	5-10	5-10
C Barton	5-10	5-10
RG Brooke	20-25	20-25
MJ Clarke	5-10	5-10
LA Deacon *	0-5	5-10
BP Goldstein *	0-5	5-10
S Hancock *	0-5	5-10
M Henwood	5-10	5-10
A James	5-10	5-10
M Jordan **	0-5	5-10
A Keefe	5-10	5-10
H Marsh	5-10	5-10
W McClimont	5-10	5-10
J Thoburn	5-10	5-10
J Weleminsky *	0-5	5-10

* contract ended on 31 August 2004

** contract ended on 30 April 2004

8 Notional costs

Notional cost of capital has been calculated in accordance with HM Treasury requirements at a rate of 3.5 per cent on the average value of the net assets during the year. The notional cost for 2004-2005 is £304,648 (2003-2004: £104,264).

The GSCC has adopted the requirements of FRS 12 and made no allowance for insurance costs.

9 Fixed assets**Tangible assets**

	Building improvements £000	Furniture and fittings £000	Information technology £000	Total £000
Cost or revaluation				
At 1 April 2004	1,015	524	559	2,098
Additions	82	111	128	321
Revaluation	36	28	(153)	(89)
Disposals	0	(6)	(60)	(66)
At 31 March 2005	1,133	657	474	2,264

Depreciation

At 1 April 2004	278	133	337	748
Provided during the year	103	69	146	318
Revaluation	4	3	(37)	(30)
Disposals	0	(2)	(48)	(50)
At 31 March 2005	385	203	398	986

Net book value

At 31 March 2005	748	454	76	1,278
At 31 March 2004	737	391	222	1,350

Intangible assets

	Computer software licences £000	Development cost £000	Total £000
Cost or revaluation			
At 1 April 2004	237	1,827	2,064
Additions	95	929	1,024
Revaluation	(58)	0	(58)
Disposals	0	0	0
At 31 March 2005	274	2,756	3,030

Amortisation

At 1 April 2004	89	0	89
Provided during the year	74	0	74
Revaluation	(31)	0	(31)
Disposals	0	0	0
At 31 March 2005	132	0	132

Net book value

At 31 March 2005	142	2,756	2,898
At 31 March 2004	148	1,827	1,975

10 Debtors

	31 March 2005 £000	31 March 2004 £000
General debtors	304	2,393
Student bursaries	133	137
Prepayments *	11,973	3,524
Accrued income	0	223
Total	<u>12,410</u>	<u>6,277</u>

* £6.61 million relates to third term maintenance bursary grants paid in March 2005 but relate to courses, which take place in financial year 2005-2006.

	31 March 2005 £000	31 March 2004 £000
Intra-government balances		
Balances with central government bodies	130	2,179
Balances with bodies external to government	12,280	4,098
Total	<u>12,410</u>	<u>6,277</u>

11 Creditors: amounts falling due within one year

	31 March 2005 £000	31 March 2004 £000
General creditors	1,313	3,303
Tax and social security	112	88
Accrued expenditure and deferred income	2,874	2,173
Total	<u>4,299</u>	<u>5,564</u>

	31 March 2005 £000	31 March 2004 £000
Intra-government balances		
Balances with central government bodies	109	0
Balances with bodies external to government	4,190	5,564
Total	<u>4,299</u>	<u>5,564</u>

12 Movement in fixed asset reserves

	Year ended 31 March 2005		Year ended 31 March 2004	
	Government grant reserve	Assets transferred from CCETSW reserve	Total	Total
	£000	£000	£000	£000
At 1 April 2004	3,301	24	3,325	2,083
Prior year additions	190	0	190	0
Received in period - capital grant (Note 2)	1,154	0	1,154	1,632
Revaluation of fixed assets	58	0	58	0
	<u>4,703</u>	<u>24</u>	<u>4,727</u>	<u>3,715</u>
Transferred to income and expenditure account				
Depreciation	(296)	(22)	(318)	(289)
Amortisation	(74)	0	(74)	(49)
Permanent diminution of fixed assets	(143)	0	(143)	0
Disposals	(14)	(2)	(16)	(52)
	<u>(527)</u>	<u>(24)</u>	<u>(551)</u>	<u>(390)</u>
Balance at 31 March 2005	<u>4,176</u>	<u>0</u>	<u>4,176</u>	<u>3,325</u>

13 General reserve

	Year ended 31 March 2005	Year ended 31 March 2004 restated*
	£000	£000
General reserve at 1 April 2004	1,567	(1,017)
Retained surplus in year	7,150	2,562
Actuarial (loss)/gain	(378)	22
Balance at end of year	<u>8,339</u>	<u>1,567</u>
Balance excl pension liability	10,764	3,420
Pension liability	(2,425)	(1,853)
Balance at end of year	<u>8,339</u>	<u>1,567</u>

* The 2003-2004 figures have been restated so that they are in accordance with FRS 17 accounting and disclosure requirements.

14 Reconciliation of net movement in funds

	Total £000
Total reserves at start of accounting period	4,892
Movement in fixed asset reserves	851
Surplus for the period	7,150
Actuarial loss 2004-2005	(378)
Total reserves at end of accounting period	<u>12,515</u>

15 Reconciliation of net surplus from operations to net cash inflow from operating activities

	Year ended 31 March 2005 £000	Year ended 31 March 2004 restated* £000
Net surplus from operations	7,150	2,562
Depreciation and amortisation charges	324	338
Loss on disposal of fixed assets	16	50
Permanent diminution in value of fixed assets	211	0
Assets acquired at nil cost	0	(71)
Transfer from asset reserves to income and expenditure account	(551)	(390)
Increase in debtors (note 10)	(6,133)	(4,003)
(Decrease)/increase in creditors and accruals (note 11)	(1,265)	2,359
Increase in pension liability	572	97
Adjustment to general reserve IRO actuarial loss 2004-2005	(378)	22
Adjustment to Government grant reserve prior year**	190	0
Net inflow from operating activities	136	964

Note on assets acquired at nil cost: refers to fixed assets that were purchased before 1 April 2003 but were not on GSCC's fixed assets register.

* The 2003-2004 figures have been restated so that they are in accordance with FRS 17 accounting and disclosure requirements.

** Relates to change in accounting treatment of contributions made to the social care regulation programme in 2003-2004 by the other UK Care Councils.

16 Analysis of changes in cash during the year

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Balance at start of year	2,707	1,670
Net cash (outflow)/inflow	(54)	1,037
Balance at end of year	2,653	2,707

17 Pension scheme

In line with Accounting Standards Board requirements, the GSCC has implemented Financial Reporting Standard 17 'Retirement Benefits' in full.

i Contribution rates

The majority of the GSCC's employees are eligible for membership of the Local Government Pension Scheme via an admission agreement with Essex County Council Pension Fund. The scheme is a multi-defined benefit scheme. Contributions are paid by employees at a fixed rate of 6 per cent of gross salary. Up to 31 March 2005, the GSCC contributed 172 per cent of employees' contributions. Following an actuarial revaluation of the Essex Fund, GSCC will contribute 131 per cent of employees' contributions with effect from 1 April 2005.

ii *Actuarial information*

Triennial valuations of the Essex fund are carried out by qualified actuaries. The latest calculation as at 31 March 2004 showed a deficit of £1.916 million. The GSCC will contribute deficit payments to the fund of £0.117 million per annum with effect from financial year 2005-2006.

Under accounting standard FRS 17, the principal financial assumptions made by the actuary will be

	At 31 March 2005	31 March 2004
	%	%
Rate of increase in salaries	4.4	4.6
Rate of increase in pensions in payment	2.9	2.8
Discount rate	5.4	5.5
Rate of inflation	2.9	2.8

iii *The assets in the scheme and the expected rate of return were (FRS 17 disclosure)*

	Long-term rate of return expected at 31 March 2005	Value at 31 March 2005	Long-term rate of return expected at 31 March 2004	Value at 31 March 2004
	%	£000s	%	£000s
Equities	7.5	4,477	7.5	3083
Government bonds	4.7	715	4.7	389
Other bonds	5.4	383	5.5	425
Property	6.5	741	6.5	483
Cash/liquidity	4.75	182	4.0	89
Market value of assets		6,498		4,469
Present value of scheme liabilities		(8,923)		(6,322)
Deficit in the scheme		(2,425)		(1,853)

iv *Movement in deficit during the year (FRS 17 disclosure)*

	2004-2005	2003-2004
	£000s	£000s
Deficit in scheme at beginning of year	(1,853)	(1,756)
Current service cost	(444)	(349)
Employer contributions	339	265
Past service costs	(50)	0
Other finance income	(39)	(35)
Actuarial gain	(378)	22
Deficit in scheme at end of year	(2,425)	(1,853)

v *Analysis of the amount charged to operating surplus (FRS 17 disclosure)*

	2005	2004
	£000	£000
Current service cost	444	349
Past service cost	50	0
Total operating charge	494	349

vi *Analysis of the amount credited to other finance costs*

	2005	2004
	£000	£000
Expected return on pension scheme assets	328	245
Interest on pension scheme liabilities	(367)	(280)
Net return	(39)	(35)

vii *Analysis of amount recognised in statement of total recognised gains and losses (STRGL) (FRS 17 disclosure)*

	2005	2004
	£000	£000
Actual return less expected return on pension scheme assets	242	483
Experience gains and losses arising on the scheme liabilities	271	(205)
Changes in assumptions underlying the present value of the scheme liabilities	(891)	(256)
Actuarial loss recognised in STRGL	(378)	22

viii *History of experience gains and losses (FRS 17 disclosure)*

	2005	2004
Difference between the expected and actual return on scheme assets (£000s)	242	483
Percentage of scheme assets (%)	3.7	10.8
Experience gains and losses on scheme liabilities		
Amount (£000s)	271	205
Percentage of the present value of the scheme liabilities (%)	3	3.2

18 Financial commitments – operating leases

The GSCC is committed to making the following operating lease payments during the next financial year as follows

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Land and buildings		
Leases which expire between 1 and 5 years	0	0
Leases which expire after 5 years	1,107	1,075
Subtotal	1,107	1,075
Other		
Leases which expire between 1 and 5 years	20	19
Leases which expire after 5 years	0	14
Sub-total	20	33
Total	1,127	1,108

The above figures exclude maintenance agreements for equipment and service charges for buildings. £326,930 of the buildings rent shown above is rechargeable.

19 Related party transactions

The GSCC is a non-departmental public body of the Department of Health.

The Department of Health is regarded as a related party. During the year, the GSCC has had a number of material transactions with other Departments and bodies for which the Department of Health is considered to be the parent department viz

National Assembly for Wales
Scottish Care Council
Care Council for Wales

None of the board members, key managerial staff, or other related parties, has undertaken any material transactions with the GSCC during the year.

20 Capital commitments

There were no capital commitments at 31 March 2005.

21 Contingent assets and liabilities

There were no known contingent assets or liabilities as at 31 March 2005

22 FRS 13 financial instruments

Financial reporting standard 13, 'derivatives and other financial instruments', requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the GSCC faces in undertaking its activities. As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from disclosures.

i Interest rate risk

The GSCC is not exposed to interest rate risk.

ii Liquidity risk

The GSCC is not exposed to interest rate risk.

iii Currency risk

The GSCC is not exposed to interest rate risk.

iv Credit risk

The GSCC is not exposed to significant credit risk.

23 Post balance sheet events

None.

24 Losses and special payments

During the year the GSCC wrote off 24 bursary debts deemed uncollectable with a value of £18,405.

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DG Ref: C24173 5722WC

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
09/05

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