



Independent
Living Fund

Independent Living Fund (2006)

Annual Report and Accounts

2012-2013

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Annual Report and Accounts 2012-13

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About us

The Independent Living Fund (ILF) is an Executive Non-Departmental Public Body of the Department for Work and Pensions (DWP). Our role is to provide a high quality service to over 18,000 disabled people across the United Kingdom (UK), supporting them to achieve positive independent living outcomes, and to have greater choice and control over their lives.

The Independent Living Fund was established in 1988 and since then we have supported over 46,000 disabled people. Since 1993 we have worked in partnership with over 200 local authorities across the UK by jointly funding individually tailored care and support packages.

Operating from our central office in Nottingham we currently employ 117 dedicated people and also engage 79 self-employed social care professionals across the UK. These independent assessors visit our users in their own homes every two years to identify their needs in conjunction with local authority social services departments.

On the 18 December 2012, following public consultation on the future of the ILF, the Minister for Disabled People announced that the ILF will close on 31 March 2015. The announcement stated that from that point local authorities in England, in line with their statutory responsibilities, will have sole responsibility for meeting the eligible care and support needs of current ILF users. The devolved administrations in Scotland, Wales and Northern Ireland will determine how ILF users in each of these parts of the UK are supported within their distinct care and support systems. Funding will be devolved to each local authority and to the devolved administrations on the bases of the pattern of expenditure in 2014-15.

The ILF will maintain support to users, delivering the same high quality service, during the period of transition.

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Supporting our users

During this year we maintained a strong focus on the delivery of a high quality service for our users.

We continued to meet our performance targets, clearing reviews of users' support packages in less than 9 weeks against a target of 11 weeks, and achieving overall user outcome satisfaction of 97%. Through efficiencies and seeking greater value for money we ensured that the organisation delivered a cost effective service with our operating costs being just 1.8 pence for every pound of grant funded.

The summer of 2012 saw the Government's consultation on the future of the ILF and, alongside the Department for Work and Pensions, we delivered 18 events across the UK to gather our users' views. Our dedicated response team also supported users, their carers, families and representatives to respond to the consultation.

On 18 December 2012 the Minister for Disabled people announced that the ILF will close on 31 March 2015. Support for our users beyond this point will be the responsibility of local authorities in England and the devolved administrations in Scotland, Wales and Northern Ireland. We are pleased with the commitment given to the organisation to enable us to continue to support our users until 2015 and for the clarity on the future of support beyond this point.

In March we wrote to our users with details of a comprehensive Transfer Review Programme (TRP) designed to facilitate the transfer of their support arrangements to local authorities. The programme was developed through an intensive period of engagement with our stakeholders to ensure that their feedback informed our plans. Our priority will be to support our users through this transition and to assist them and their local authorities in managing the integration of ILF packages into a single unified care and support system.

In July, Nick Danagher who had been a Trustee since 2004 and the Chair of our Advisory Group sadly passed away. His knowledge and experience combined with his intelligent insight, strong commitment, and determination to improve independent living support positively influenced and inspired all of us. We were privileged to have had him as a colleague and a friend and he is hugely missed.

We are proud of the influence we have on the delivery of independent living support; pleased with the way the organisation and its people performed over the last year; and committed to the successful management of the transfer of our users' support arrangements.

Thank you to everyone who has contributed towards the achievements of the ILF.

Stephen Jack and James Sanderson
Chairman Chief Executive

Continuing to deliver our service

The ILF has established performance standards agreed with the DWP. Throughout 2012-13 we continued to meet these standards. We delivered them by setting challenging internal performance indicators, which we were able to achieve throughout the business.

We continued to improve management information systems through the development of the Performance Review Board (PRB). The information from the PRB has enabled our Trustees, our Executive Board and the DWP to be assured that our performance targets are being met.

During 2012-13 we continued to deliver the biennial review programme meeting all the relevant performance targets. The results from the user outcome satisfaction survey provided assurance that our existing system of two-yearly reviews represented an effective process by which to evaluate the care packages for our users. A comprehensive system for independent assessor quality assurance has been developed providing confidence in our processes and improvement to our service to ILF users.

As we reached the end of the year we closed the existing review process in order to prepare for the TRP due to begin on 2 April 2013. During January we allocated the final reviews of the existing programme and completed these in March.

We continued to work alongside initiatives such as the Right to Control (RtC) trailblazers and were able to trial new ways to operate reviews that should enable our users to fully realise the potential of a personalised approach to care.

Our independent assessors continued to work closely with our users and in partnership with local authorities to structure care packages which should further our users' individual independent living aims and outcomes. We have always been acutely aware of the value our users place on their relationships with our assessors and staff, not only for their professionalism and support, but also for the consistency in contact, which often runs to many years.

The customer service team continued to work across all departments to ensure that our users are always considered in the development of policies and procedures.

Measure	Target 2012-13	Actual 2012-13
Clearance times of reviews	11 weeks	9 weeks
Award accuracy	98%	99%
User outcome satisfaction	92%	97%

Developing solutions for the future

A UK wide public consultation on the future of the ILF ran from 12 July to 12 October 2012. Working closely with our DWP sponsor team, we supported the consultation process with the objective of assisting people to respond to the questions posed.

We wrote to all our users and their representatives with information about the consultation and how to respond. We set up a dedicated response team to help users with their queries and organised 18 consultation events across the UK. We were able to capture comments from ILF users and user led organisations, local authorities and other stakeholders. In response to demand we increased numbers at events to accommodate as many people as possible. We were able to deal with requests for information in a range of accessible formats and also developed a guide for disabled peoples' organisations and other stakeholder groups to assist them in facilitating their own events. Our independent assessors were also able to support users to respond while visiting them in their homes. In total, Government received over 2000 responses.

The extension of the seven RtC trailblazers in England until December 2013 enabled us to continue to test new ways of working and offer our users greater flexibility in arranging their support. We also developed a single agency review programme with a partner local authority to test further different ways of operating in partnership.

We continue to provide comprehensive training to assessors and staff to ensure they are up to date with expectations of the organisation in a rapidly changing environment.

Following the decision to close the ILF at the end of March 2015, we reviewed all our policies to ensure that they were able to support the transition to future arrangements. We have also worked with colleagues at the DWP to identify necessary changes to the ILF trust deed to support this transition.

Engaging with others

We continued to keep our users informed about the strategic position of the organisation during the year. We wrote to users with details of how the transfer review programme will work for them, providing a comprehensive guide on each stage of the process. To complement this we also sent out a revised single accessible user guide that we developed by streamlining and combining our suite of ten information booklets. All of our letters and literature have been made available on request in different formats and languages.

The communication of important developments and policy changes to our users and stakeholders was supported by updates to our corporate website and directgov pages. Information about the ILF was also transferred to the new Government website GOV.UK.

We contributed to discussions about delivering improvements to adult social care through our continued involvement with Think Local Act Personal, the Association of Directors of Social Work in Scotland and the Association of Directors of Adult Social Services Disabilities group in England.

Regular meetings have been held with the ILF advisory group to obtain feedback and develop proposals around, in particular, operational support to the Government's consultation on the future of the ILF and the processes and products developed to manage the TRP.

To support the implementation of our TRP we delivered a total of 30 engagement meetings and full day training sessions across the whole of the UK between 14 January and 14 March 2013. Meetings included individual discussions with officials in each of the devolved administrations, a conference with the larger local authorities in England, and a series of events with stakeholders from user-led and disability organisations to ensure that the programme was the product of co-production.

In total we engaged with over 500 delegates representing over 80% of local authorities across the UK. We believe that this work puts us in a really strong position in preparing the ground for reviewing our current users, approximately 18,500 over the next two years, all of whom have high and complex support needs.

Supporting our people

The Independent Living Fund maintained a positive working environment over the last year confirmed by the Investors in People Silver Standard it achieved in November 2012. This reflected the staff survey undertaken in January 2012 which showed that we have 92% engagement levels. We believe that open, two-way communication between managers and employees contributed to this success.

We continued to hold fortnightly management exchange briefings and (at least) quarterly full staff exchange briefings to keep employees informed of significant changes and enable feedback and questions. The Chief Executive maintained a blog which updated people on senior management activity as it happened. In addition to this management met regularly with representatives in the Public and Commercial Services Union (PCS).

Our learning and development plan demonstrated our clear commitment to invest in our staff. In May 2012 a three day Learning at Work event took place to encourage employees to take part in extra development activities. In addition to in-house learning events, four employees completed further education qualifications and six are currently studying for a qualification. Four employees completed NVQs in customer service and/or business administration and a further nine employees are currently completing NVQs in these subjects.

Twice yearly calibration meetings were held to ensure that we applied a consistent set of measures against which all employees' performance are reviewed.

We retained the Positive about Disabled People two-tick symbol for the sixth year in succession in recognition of our positive commitments towards employing disabled people.

We also achieved the Committed to Equality gold standard which confirms that the equality and diversity practices within the ILF meet current equality legislation.

Sickness absence levels increased to 9.9 days per person per year compared to 5.9 days in 2011/12. The increase was affected by a small number of long-term absences which accounted for 42% of the overall absence whilst short-term absence was 5.7 days per person per year. We continued to support health and wellbeing by providing health checks and counselling sessions.

Delivering sound governance

Our governance and control systems provide a framework that supports and underpins our high quality, reliable and timely service. We monitored the organisation's performance against its targets, key performance indicators and control checks and provided progress reports and management information to the Board of Trustees, and the Audit Committee, who have routinely and independently reviewed and challenged these to obtain comfort and assurance.

To strengthen our governance framework we reviewed our founding documents and policies and where necessary proposed changes and updates.

To support the Minister's decision we initiated a fully managed governance framework to support our TRP and the Closure Programme. This framework identifies and tracks key responsibilities, reporting milestones and seeks to deliver clear aims and objectives, tasks and processes.

Our strategic risk register was presented quarterly to Trustees and to the Audit Committee, as a standing agenda item, and is also reviewed monthly by the Senior Management Board (SMB). This ensured early identification of potential significant risk or emerging issues. We have further strengthened this area with the introduction of a quarterly Risks & Controls Board, attended by SMB.

We are proud that our costs for the year were within our financial budget. Our target of holding administration costs within 2.0% of total expenditure was achieved and, through active management, the final result was 1.8%. In addition, there are a number of comprehensive internal control checks that support effective operational and financial stewardship that we managed and maintained throughout the year.

We continued to review our contracted services to ensure that we are receiving good value for money and also made good savings in this area. Through our reviews and tendering exercises we reduced costs on the majority of contract extensions and new contracts.

During the year our internal auditors PricewaterhouseCoopers, began working on year one of our three-year audit plan. They have presented and risk assessed their reports and findings and made recommendations that have been actioned by the Accounting Officer and the Executive team and reviewed by the ILF Audit Committee.

The organisation's on-going effectiveness, and key aspects of the TRP, are reliant on the continued development of our IT capability. During the year we installed the Government Secure Intranet (GSI) that enables us to directly and securely communicate and exchange information and data with similarly equipped partners across central and local Government.

Introducing the people behind the ILF

The ILF Trustees

Stephen Jack, Chairman

Stephen is a Chartered Accountant who has held senior management positions in a number of international financial services organisations. He is currently a Non-Executive Director of Anchor Trust, England's largest provider of care and housing for older people where he is also Chair of the Audit & Risk Committee. Stephen is also the Interim Chair and the Treasurer of the Greater London Fund for the Blind.

Professor Peter Cooke, Vice Chairman, member of the Audit Committee and the User Personal Cases Committee

Peter is a Professor and Head of the Centre for Automotive Management at the University of Buckingham Business School. He is a consultant, speaker, writer and broadcaster on automotive and disability issues and was appointed a Winston Churchill Memorial Fellow in 2002. He is a governor of Motability, the charity which oversees provision of cars for disabled people. Peter was a Non-Executive Director of Remploy for seven years.

Mike Boyall, Treasurer and Chairman of the Audit Committee

Mike is an ombudsman at the Financial Ombudsman Service and a qualified accountant. He was formerly a Deputy Director in the DTI and Official Receiver in the Insolvency Service, managing and investigating public interest insolvencies. He is also a Magistrate.

Sally Sparrow, Trustee, Chairman of the Remuneration Committee and Chairman of the User Personal Cases Committee

Sally was Director of Social Care at Witham Braintree and Halstead Care Trust until March 2007. She is a qualified social worker and previously worked in social care and the voluntary sector in a variety of posts with older people and those with physical and sensory impairments.

Yogi Amin, Trustee and member of the Audit Committee, User Personal Cases Committee and Remuneration Committee from 19 September 2012

Yogi is a solicitor with specialism in Public Law and Human Rights. He is a partner at Irwin Mitchell Solicitors and practises in a range of health, social care and other public sector areas.

Susan Winterburn, Trustee, member of the Audit Committee, Remuneration Committee and the User Personal Cases Committee

Susan was a senior lecturer in Health and Social Care, at York College of Further and Higher Education and is a qualified social worker. She is a retired Director of Family Services at Family Fund Trust (a UK wide grant-making organisation) and has experience of grant-making criteria and developing/managing a dispersed self-employed social care workforce.

Introducing the people behind the ILF

Marie Martin, Trustee, member of the Remuneration Committee and the User Personal Cases Committee

Marie is currently a care manager for the British Nursing Association and Linden Hall Day Centre, lead for social care on Richmond Link, as well as a Trustee of the Hampton Fuel Trust. She has previously been a social services manager for Hounslow & Kingston upon Thames, Chairman of the Shooting Star Children's Hospice and has also worked in the private sector.

Nick Danagher, was a member of the User Personal Cases Committee and Chair of the Advisory Group, and a Trustee from 2004 until July 2012 when he sadly passed away. He was a freelance consultant in disability equality and a member of Equality 2025 – the UK advisory network on disability equality.

Introducing the people behind the ILF

The Executive team (ET)

The ET is responsible for the strategic management of the ILF.

James Sanderson, Chief Executive and Accounting Officer

James reports to the Board of Trustees and is accountable for the performance and direction of the ILF. As Accounting Officer James reports on governance to DWP through senior officials and the sponsor team.

Steve Jarratt, Finance & Resources Director and Deputy Chief Executive

Steve is responsible for all aspects of financial management and control within the ILF, including close liaison with internal and external audit. The role incorporates oversight of the organisation's key resources of staff and the delivery of the ILF's key performance targets.

Jesse Harris, Strategy & Social Work Director

Jesse is responsible for stakeholder relationships with local authorities and users. The role also includes responsibility for user appeals and management of the social work team and 79 assessors and the ILF approach to social work and independent living practices.

John Denore, Head of Operations

John is responsible for all aspects of service delivery. This includes the administration of user services, ongoing casework, the biennial review programme, payments to users and ongoing customer service. John is also responsible for payment security incorporating fraud, compliance and overpayment teams.

Gillian Smith, Head of Human Resources

Gillian is responsible for developing and leading the HR strategy within the ILF. This includes employment policy, employee relations, learning and development and recruitment. Gillian ensures that HR policies are legally compliant and provides professional HR guidance and support to Trustees and ET. Gillian is also responsible for estates and facility management

Roland Knell, Head of Information and Governance & ILF Senior Information Risk Owner (SIRO)

Roland is responsible for corporate governance, risk management, the internal audit programme and transfer programme management. His role also includes contract management and procurement, business continuity planning, records management and business planning. As the ILF's SIRO Roland has key responsibility for information technology, data and information security.

Management Commentary

Principal activity and historical context

The role of the Independent Living Fund (2006) ('the ILF') is to deliver discretionary cash payments to disabled people, allowing them the choice and control to purchase personal support and live independent lives in their communities. The ILF is an Executive Non-Departmental Public Body of the Department for Work and Pensions (DWP) and receives funding in the form of Grant in Aid from DWP for Great Britain and from the Department for Social Development (DSD) for Northern Ireland. The formal governance documents owned by DWP consist of a Management Statement, the Trust Deed and the Conditions of Grant Agreement.

The original Independent Living Fund was established in 1988 and ran for five years to March 1993. In April 1993 the Independent Living (Extension) Fund was established to continue payments to the beneficiaries of the original Independent Living Fund, and the Independent Living (1993) Fund was established to take new applications. The current ILF commenced operations from October 2007, continuing payments to beneficiaries of the predecessor Funds and receiving the closing assets and liabilities of those Funds. The ILF closed to applications in 2010-11 and continues to operate to support existing beneficiaries. Our strategic aims are set out on pages 6 to 10.

External auditor

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

Internal auditor

PricewaterhouseCoopers LLP
1 East Parade
Sheffield
South Yorkshire
S1 2ET

Fees paid to the National Audit Office were £47,250 for external audit work (2011-12: £50,250) there was no non-audit work undertaken.

Solicitor

Shakespeare
20 New Walk
Leicester
LE1 6TX

Bankers

Lloyds TSB Corporate
125 Colmore Row
Birmingham
B3 3SF

Trustees' appointments, training and remuneration

Following public advertisement and recruitment procedures in line with Government guidance for Non-Departmental Public Bodies, the Secretary of State appoints between three and nine Trustees for a period of five years. At such time as the current chair's term of appointment ends or he resigns the Secretary of State under such guidance will also appoint the Chair. Trustees' appointments can be extended for one further five-year term. The term of the current Chair has been extended, with the approval of the Secretary of State, beyond the end of his second term until 31 March 2015. Trustees may elect individual board members to serve on sub-committees.

Appropriate training is provided to appointed Trustees on an individual basis, following discussion with the Chairman. This includes amongst other items; an induction pack, briefings from ILF staff, observing Trustees' meetings and visiting the ILF's office in Nottingham.

The Trustees receive remuneration under arrangements agreed with the Secretary of State and are reimbursed for their out-of-pocket expenses in line with the ILF's travel and subsistence policy.

Trustees for 2012-13 were Stephen Jack (Chairman), Peter Cooke (Vice Chairman), Mike Boyall (Treasurer), Yogi Amin, Nick Danagher, Marie Martin, Sally Sparrow and Susan Winterburn. Sub-committees operating in the year were the Audit Committee (Mike Boyall as Chairman, Yogi Amin, Peter Cooke and Susan Winterburn), the Remuneration Committee (Sally Sparrow as Chairman, Marie Martin and Susan Winterburn and Yogi Amin from 19 September 2012) and the User Personal Cases Committee (Sally Sparrow as Chairman, Yogi Amin, Nick Danagher, Peter Cooke, Susan Winterburn and Marie Martin). Background details of Trustees are given on pages 11 and 12 .

Relationships and related parties

Trustees are appointed by the Secretary of State for Work and Pensions to administer the ILF. Related parties are Trustees, the DWP (representing the Secretary of State) and the Department for Social Development (DSD) in Northern Ireland which also provides funding. We received Grant in Aid from DWP of £302,000,000 (2011-12: £328,000,000) and DSD £9,100,088 (2011-12: £10,300,000). The DWP make a joint transfer on behalf of DSD to the ILF on a monthly basis. The Trustees are the controlling party.

The Chief Executive is formally nominated as the Accounting Officer for the ILF and as the Consolidation Officer for the purpose of Whole of Government Accounts. His responsibilities are set out in the Trust Deed and Management Statement. There is a Scheme of Delegated Authority approved by Trustees and the Chief Executive for day-to-day operations and responsibilities of the ILF's staff.

One Trustee was a beneficiary of the ILF until July 2012 and received payments under the terms of the Fund. During the year no other related parties, including Trustees and key management staff, have undertaken any material transactions with the ILF.

Management Commentary

Operating and performance review

ILF funding is designated within the four-year Departmental Expenditure Limit for DWP and DSD.

The key performance targets for the ILF have been reviewed by DWP and agreement has been reached on the main performance measures going forward.

These measures were in existence as ILF targets during 2012-13 and the results for the year were:

- Clearance times of review visits on average 8.9 weeks, against an 11.0 week target (2011-12: 9.2 weeks).
- Award processing 99.5% accuracy in all respects, amount and process – against a 98% target (2011-12: 99.5%).
- Administration expenditure 1.9% of total ILF expenditure for the year, against a 2.0% target (2011-12: 2.0%).
- Users rating their satisfaction with the outcomes they experience as ‘good’ or ‘excellent’ at a level of 96.9%, against a 92% target (2011-12: 96.4%).

An average of 106 staff (full time equivalents) were employed during the year. Staff receive salaries on the ILF scale and are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS) – full details are provided in the Remuneration Report on pages 22 to 30. In addition, 79 self-employed assessors were engaged under contract to carry out visits to existing beneficiaries under the ILF’s user administration policies.

The ILF has supported Government in delivering the consultation on the future of the ILF and engaged widely with stakeholders on the practical implementations of the decision.

Governance and social responsibility

The ILF is committed to good employee relations and recognises the PCS as the trade union acting on behalf of staff. In recognition of the continued quality of Human Resources (HR) policies, staff information and consultation, the ILF has retained and improved the Investors in People accreditation attaining the silver standard and retained the Positive about Disabled People two-ticks symbol for the sixth year in succession. HR policies are regularly reviewed to ensure full compliance with employment legislation, all policies are reviewed by the Equality Impact Assessment Board. We also achieved the Committed to Equality gold standard which recognises that the equality and diversity practices within the Independent Living Fund meet current equality legislation.

The ILF seeks to actively manage sickness absences and has return to work meetings with staff to improve support on resumption of duties and discuss absence patterns and causes.

The ILF's procurement policy ensures fair competition and value for money, with specific arrangements to encourage tenders from employers of disabled people in procurement exercises. The ILF is committed to prompt payment of bills for goods and services received. Payments are normally made within the period specified in the contract. Where there is no contractual or other understanding, we endeavour to pay within 14 days of the receipt of the goods or services, or the presentation of a valid invoice or similar demand, whichever is later. In 2012-13 the ILF paid 96% of invoices within 14 days of receipt (2011-12: 90%). The number of creditor days outstanding at the end of 2012-13 was 14 days (2011-12: 18 days).

The ILF has Corporate and Social Responsibility and Sustainable Development policies and has been committed to providing staff with opportunities to volunteer in the local community.

Financial review

The ILF is financed out of money voted by Parliament as Grant in Aid from DWP and DSD for the purpose of making regular grants to individuals. Grant in Aid of £311 million in addition to cash reserves brought forward of £9.6 million, were utilised to meet the needs of users and related administration costs.

Assets are held only for the purpose of managing the ILF. The Trust Deed provides that the Trustees: (i) can borrow only with the specific agreement of the Secretary of State; (ii) cannot lend; (iii) cannot issue guarantees or indemnities; (iv) can only invest monies in interest-bearing accounts.

The ILF requests and receives Grant in Aid on a monthly basis to meet its immediate cash needs. Procurement policies are designed to secure goods and services for immediate consumption during the year with best value for money at current cost, and without setting up complex financial instruments. The ILF's exposure to financial instrument risk is therefore low compared with non-public sector organisations. The policies on financial instruments are provided in the Notes to the Accounts, and appropriate disclosures are included.

Management Commentary

The accounts have been prepared in accordance with the Trust Deed and directions made by the Secretary of State for Work and Pensions thereunder. The Accounts have been prepared in compliance with International Financial Reporting Standards as adapted or interpreted for the public sector context.

All financial and other matters necessary for an effective external audit have been disclosed to the auditors. As far as the Chief Executive and Trustees are aware there is no relevant audit information of which the auditors are unaware; the Chief Executive and Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to ensure that the auditors are aware of that information.

The Accounts are prepared on a 'going concern' basis. Grant in Aid is received on a cash basis to meet immediate need, and is not accrued to match liabilities. Grants to individuals are paid in arrears and the Statement of Financial Position at 31 March 2013 shows a net deficit. DWP has provided a letter of comfort to Trustees to confirm that Grant in Aid will be made available to cover the financial obligations of the ILF related to DWP-funded activity and to continue the ILF's activities up to March 2014. On 18 December 2012 the Minister for Disabled people announced that the ILF will close on 31 March 2015 and reiterated the commitment given to the organisation in December 2011 to continue to support the organisation and our users until March 2015. Government also announced that from that date funding would be devolved to local authorities in England and the devolved administrations of Scotland and Wales in order to meet the eligible care and support needs of current ILF users. It is proposed to distribute funding from that date in line with current expenditure patterns. As the expectation is that the local authorities in England and the devolved administrations will continue to support ILF users after 31 March 2015, we consider that the ILF continues to meet the criteria set out in *Managing Public Money* to prepare its accounts as a going concern.

There were no events after the end of the financial year that have any material effect on these Reports and Accounts.

Sustainable development

We are committed to act in the capacity of a “good citizen” that means we will:

- Manage our resources in a responsible manner by raising awareness of environmental issues amongst our staff.
- Review travel plans to encourage our staff to use the most effective modes of transport.
- Where possible we will reduce consumption of utilities and reduce waste.
- Where disposal is the only option we will consult with relevant experts and do this in an environmentally friendly manner.

We already have contracts in place to provide paper for our publications, envelopes and copier paper which is sourced from 100% recycled paper or from sustainable managed forests. All printer and copier toner cartridges are either refilled or at the end of their useable life recycled.

Our consumption statistics are as follows:

	Area	2012-13 Non-financial indicators	2012-13 Financial information	2011-12 Non-financial indicators	2011-12 Financial information
Greenhouse Gas Emissions	Scope 1 (Direct) GHG Emissions tCO2e	8	£1,855	11	£2,960
	Scope 2 (Energy Direct) Emissions tCO2e	154	£35,648	213	£45,315
	Scope 3 Official Business Travel Emissions	15	£46,691	20	£56,098
	Total Emissions	177	£84,194	244	£104,373
Energy Consumption	Scope 1 (Direct)	44,552		45,445	
	Scope 2 (Energy indirect)	296,195		406,910	
	Total Energy	340,748		452,355	
	Water Consumption (m3)	252		545	
	Water Consumption		£3,187		£2,373
	General Waste (tonnes)	12		22	

Management Commentary

Future developments and organisational risks

The ILF provides estimates of expenditure to support the requests of Grant in Aid. Trustees are required to take reasonable steps to ensure expenditure does not exceed available funding.

The ILF operates a robust risk management programme, identifying major risks against business objectives and implementing appropriate risk management measures. The SMB reviews risks and reports to the Audit Committee and Board of Trustees on a quarterly basis. Appropriate controls and action plans for risk management are put in place and these are reviewed at the risk management meetings. A separate Governance Statement is provided in this document.

We are pleased that the Minister for Disabled People has reaffirmed her commitment to support our existing users through to the end of the current Comprehensive Spending Review (CSR) period (2011-15).

We will continue to play a role in developing independent living by maintaining our involvement in RtC Trailblazers where we add our users lived experience and our professional insights and expertise.

Signed by the Accounting Officer and on behalf of the Trustees on 5 June 2013.

James Sanderson, Chief Executive and Accounting Officer

Stephen Jack, Chairman

Peter Cooke, Vice Chairman

Mike Boyall, Treasurer

Statement of Accounting Officer's and Trustees' Responsibilities

The Accounting Officer is responsible for preparing the accounts in accordance with the Trust Deed and directions made by the Secretary of State thereunder. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the ILF and of its comprehensive net expenditure, financial position, cash flows and changes in taxpayers' equity for the financial year. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Comply with relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgments and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts.
- Prepare the accounts on a 'going concern' basis.

The Principal Accounting Officer of DWP has appointed James Sanderson as Accounting Officer of the Independent Living Fund. The Accounting Officer has 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 ILF's assets, are set out in the Management Statement for the ILF issued by DWP.

The Trustees are responsible for the Management Statement that ensures the ILF fulfils its aims, objectives and key targets, and prepares a statement of accounts for each financial year.

Signed by the Accounting Officer and on behalf of the Trustees on 5 June 2013.

James Sanderson, Chief Executive and Accounting Officer

Stephen Jack, Chairman

Peter Cooke, Vice Chairman

Mike Boyall, Treasurer

Remuneration Report

for the year ended 31 March 2013

This report for the year ended 31 March 2013 deals with the remuneration of the Chief Executive, ET members and Trustees of the Independent Living Fund (2006) ('the ILF').

The ILF is managed by a Board of Trustees appointed by the Secretary of State for Work and Pensions. The Trustees receive remuneration as post-holders and are reimbursed for out-of-pocket expenses in line with the ILF's travel and subsistence policy. They do not receive any other benefit. There are no unpaid persons or volunteers upon whose services the ILF is dependent.

The Remuneration Committee

The Remuneration Committee is appointed by the Board of Trustees and is established to independently review the salary of the Chief Executive. The Chief Executive informs the Committee of any annual pay negotiations with the PCS to agree the salary levels for employees and ET which will be set in accordance with the requirements of the Trust Deed and the Conditions of Grant Agreement.

Members of the Committee for the period of this report were:

Sally Sparrow, Chairman

Marie Martin, Member

Susan Winterburn, Member

Yogi Amin, Member¹

The terms of reference of the Remuneration Committee in relation to salary, rewards and conditions of service are:

- To ensure that the ET members and staff are fairly, but responsibly rewarded for their joint and individual contributions to the ILF's management and overall performance.
- To agree the Chief Executive's remuneration in discussion with the ILF Chair of Trustees and ensure that it is managed under the terms and conditions agreed with the ILF. As a result of these discussions the Chair of Trustees in conjunction with the Head of Human Resources will make recommendations to the Remuneration Committee.
- To review and where appropriate, approve the Chief Executive's proposals for the remuneration of the ET members. This will include approval of the annual Treasury pay remit, setting pay bands and individual bonuses.
- To review and where appropriate approve the ET's remuneration proposals for all ILF staff below ET level. This will include approval of the annual Treasury pay remit and setting pay bands and bonuses.

¹ Yogi Amin joined the Remuneration Committee on 19 September 2012.

Remuneration policy

Trustees

For the year ended 31 March 2013 the total remuneration paid to Trustees, by monthly instalments in arrears, as agreed in the Conditions of Grant Agreement were:

Name	2012-13 ²	2011-12 ²
	£	£
Stephen Jack (Chairman) ³	14,673	-
Peter Cooke (Vice chairman)	11,137	9916
Mike Boyall (Treasurer)	12,226	10,921
Sally Sparrow	12,226	10,921
Yogi Amin	11,137	9,916
Nick Danagher ⁴	2,639	9,916
Marie Martin	11,137	9,916
Susan Winterburn	11,137	9,916
Margaret McGlade ⁵	-	4,958

Trustee salaries have remained unchanged since 2007 nevertheless Trustees have waived some of their salary as noted below

In line with the ILF's travel and subsistence policy a Trustee may also be reimbursed all reasonable and proper expenses incurred in carrying out their duties as a Trustee⁶.

The Chief Executive and Executive Team

The Chief Executive and the ET are employed on ILF terms

All senior managers including the Chief Executive and ET Members receive a salary and are members of the PCSPS.

² The Trustees volunteered to waive 33% of their remuneration with effect from 1 April 2011 and re-instated full salary with effect from 1 January 2013.

³ Chairman waived his remuneration with effect from December 2010. Remuneration was re-instated at 1 April 2012 with 33% waived until 1 January 2013 when full salary was re-instated.

⁴ Nick Danagher died on 6 July 2012. In 2012-13 remuneration was paid from 1 April to 6 July 2012.

⁵ Margaret McGlade resigned in September 2011.

⁶ Further details in Notes to the Accounts, note 16.

Remuneration Report for the year ended 31 March 2013

The Trustees have a policy regarding the senior management remuneration as follows:

- To create a fair and transparent pay structure offering salaries in line with the roles and demands on the personnel in those posts.
- To offer competitive salaries to enable the ILF to attract personnel of the required calibre to fill its senior management posts.
- To align decisions in accordance with the key features and parameters of the DWP's pay policy so as to:
 - Align reward with the business objectives to encourage high performance and improve the focus on the delivery of service.
 - Create an opportunity to earn bonuses.
 - Ensure reward arrangements are affordable.
 - Create a level of salary progression which is subject to performance expectations (performance below the expectation would mean no progression and management action would be necessary for less than adequate performance).
 - Establish a relativity of Executive Directors' salaries at about 65% of that of the Chief Executive.

At the beginning of the financial year the Chief Executive and the ET Members have agreed objectives which are set by the Chairman of the Board of Trustees and the Chief Executive respectively.

The Chief Executive's and ET Members' performance are reviewed annually with the ET Members' overall assessment informed by monthly one-to-one meetings.

All employees must have a minimum of twelve months' service to be eligible for an annual salary review.

In the event of early severance, compensation would be payable in accordance with ILF terms and conditions, and paid in accordance with the relevant provisions of the Civil Service Compensation Scheme.

Remuneration Report for the year ended 31 March 2013

Remuneration of Chief Executive and ET Members

This table represents the part of the Remuneration Report to be audited as referred to in the Audit Certificate.

	2012-13			2011-12		
	Salary	Bonus payments	Benefits in kind (to nearest £100)	Salary	Bonus payments	Benefits in kind (to nearest £100)
	£000	£000	£	£000	£000	£
James Sanderson ⁷ , Chief Executive	90-95	Nil ⁸	Nil	20-25 (90-95 full year equivalent)	Nil	Nil
John Denore, Head of Operations	50-55	0-5	Nil	40-45	0-5	Nil
Jesse Harris, Social Work Director	50-55	0-5	Nil	45-50	0-5	Nil
Steve Jarratt, Finance and Resources Director	75-80	0-5	Nil	75-80	5-10	Nil
Roland Knell, Head of Information and Governance	50-55	0-5	Nil	45-50	0-5	Nil
James Sanderson, Chief Operating Officer	N/A	-	Nil	55-60 (75-80 full year equivalent)	5-10	Nil
Gillian Smith, Head of HR	45-50	0-5	Nil	40-45	0-5	Nil
John Fuller ⁹ , Strategic Policy Director	N/A	-	Nil	25-30 (35-40 full year equivalent)	Nil	Nil
Patrick Boyle ¹⁰ , Chief Executive	N/A	-	Nil	75-80 (100-105 full year equivalent)	Nil	29,900

⁷ James Sanderson became Chief Executive on 1 January 2012. He had previously been the Chief Operating Officer.

⁸ The Chief Executive has volunteered to waive his bonus for 2012-13.

⁹ John Fuller left the ILF on 31 December 2011.

¹⁰ Patrick Boyle left the ILF on 31 December 2011.

Remuneration Report for the year ended 31 March 2013

	2012-13	2011-12
	Salary	Salary
	£000	£000
Band of highest paid director's total remuneration	90-95	140-145
Median total remuneration	20,741	20,974
Ratio	4.7	6.8

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the ILF in 2012-13 was £90-95k (2011-12: £140-145k). This was 4.7 times (2011-12: 6.8 times) the median remuneration of the workforce, which was £21k (2011-12: £21k). The reduction in the median remuneration ratio to 4.7 times is due to the change in the Chief Executive with a smaller overall remuneration package.

In 2012-13 no employees received remuneration in excess of the highest paid director (2012-13: none). Remuneration ranged from £15k to £93k (2011-12: £14k to £98k).

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

Benefits in kind

There were no benefits in kind provided in 2012-13 (2011-12: £29,900).

Bonus payments

Bonus payments for the Chief Executive and ET Members are non-consolidated and are not pensionable. The ET Members' bonuses can be up to 5%¹¹ of salary based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to that in which they become payable to the individual. The bonuses reported in 2012-13 relate to performance in 2011-2012 and the comparative bonuses reported for 2011-12 relate to the performance in 2010-11.

¹¹ On 19 September 2012 Remuneration Committee agreed to reduce ET member's bonuses from a maximum of 10% to 5% to enable revised pay scales to be introduced from 1 April 2012.

Remuneration Report for the year ended 31 March 2013

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition and ILF policy reflects this.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work in the Civil Service Commission can be found at www.civilservicecommission.org.uk

The Chairman of the Board of Trustees appraises the Chief Executive's performance and the Chief Executive appraises the ET Members' performance. Any issue arising in connection with individual performance, including termination of appointment, would be dealt with within this context.

All members of the ET are employed under permanent employment contracts. Roland Knell, Head of Information and Governance had been on loan from DWP from 1 February 2009. He became a permanent ILF employee on 11 January 2013.

The Chief Executive, Chief Operating Officer, Finance and Resources Director, Social Work Director, Head of Governance and Head of Operations work 37 hours per week (full time). The Head of Human Resources works on a part-time basis of 34 hours.

The minimum notice period to be given and received is six months for the Chief Executive and three months for all ET Members irrespective of length of service.

Pension benefits

The Chief Executive and all ET Members are members of the Principal Civil Service Pension Scheme (PCSPS).

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year.

Pensions payable under **classic**, **premium**, **classicplus** and **nuvos** are increased annually in line with changes in the Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are salary related and range between 1.5% and 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2013. 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' 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

Remuneration Report for the year ended 31 March 2013

no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated 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. In all cases members may opt to give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at www.civilservice.gov.uk/pensions

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 that the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated 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.

Remuneration Report for the year ended 31 March 2013

Real increase in CETV

This reflects the increase in CETV effectively 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 year.

The CETV as at 1 April 2012 and 31 March 2013 were:

Chief Executive and Directors	Accrued pension at pension age as at 31 March 2013 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 1 April 2012	Real increase in CETV
To nearest	£000	£000	£000	£000	£000
John Denore Head of Operations	5-10	0-2.5	102	85	11
John Denore Preserved award service to 26.8.05	0-5 plus lump sum of 10-15	0-2.5	53	49	2
John Denore Preserved award service to 30.4.95	0-5 plus lump sum of 0-5	0-2.5	10	10	-
Jesse Harris Strategy and Social Work Director	5-10	0-2.5	93	70	17
Steve Jarratt Finance and Resources Director	10-15	0-2.5	243	203	25
Roland Knell Head of Information and Governance	0-5	0-2.5	43	27	10

Remuneration Report
for the year ended 31 March 2013

Chief Executive and Directors	Accrued pension at pension age as at 31 March 2013 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 1 April 2012	Real increase in CETV
To nearest	£000	£000	£000	£000	£000
Roland Knell Preserved award	0-5 plus lump sum of 5-10	0-2.5	34	31	1
James Sanderson Chief Executive	10-15	2.5-5	134	97	26
Gillian Smith Head of HR	20-25	0-2.5	357	318	19

All tables included as part of the Remuneration Report to be audited as referred to in the Audit Certificate.

Non-cash remuneration

There was no non-cash remuneration during the year (2011-12: none).

Compensation for loss of office

There has been no compensation for loss of office in 2012-13. (In 2011-12 John Fuller, Strategic Policy Director, left under voluntary exit terms receiving compensation of £19,529).

James Sanderson, Chief Executive and Accounting Officer

Sally Sparrow, Remuneration Committee Chairman

Signed by the above on 5 June 2013

ILF Annual Governance Statement for the year ended 31 March 2013

Scope of responsibility

As Accounting Officer for the Independent Living Fund (2006) (the ILF), I have responsibility for maintaining sound corporate governance systems that support the achievement of our policies, aims and objectives and safeguarding the public funds and assets for which I am personally responsible.

My responsibilities for managing public money, the duties assigned to me under the ILF's founding documents (the ILF Trust Deed and the Conditions of Grant Agreement (COGA), the Management Statement) and those further responsibilities delegated from the Principal Accounting Officer for the Department for Work and Pensions (DWP) have been exercised with due diligence and the appropriate professional care.

The role of the Independent Living Fund (2006) ("the ILF") is to deliver discretionary cash payments directly to disabled people, allowing them the choice and control to purchase personal support and live independent lives in their communities.

The Minister for Disabled People announced on the 18 December 2012, the Government's decision to close the ILF on 31 March 2015 and transfer responsibility for supporting ILF users to local authorities in England and the devolved administrations in Scotland, Wales and Northern Ireland. The Minister also announced that funding would be transferred based on the pattern of ILF expenditure in 2014-15.

In-line with the Minister's ongoing commitment, we are pleased with the support from Government to continue funding through the ILF so that we can maintain users' support packages until transfer in 2015.

I continue to be focused on the delivery of high quality service to our users; it is essential that we continue to deliver this along with an efficient and person-centred service that is flexible to individual need. It will also be important that we build on our recent successful engagement and maintain an open dialogue and effective working relationship with all of our transfer partners to ensure our users are supported through these changes in a coherent and consistent manner.

Following on from the Ministers decision, I have worked closely, collaboratively and in partnership with the devolved administrations, local authorities, our users and with other organisations, in the preparation of a transfer plan that provides an effective transfer of our users in 2015.

In preparing my Annual Governance Statement (AGS) for 2012-13 I have incorporated the advice and guidance from HM Treasury DAO (GEN) 02/12, Managing Public Money annex 3.1 and have applied the principles set out in Corporate Governance Code so far as they are applicable to the ILF.

ILF Annual Governance Statement for the year ended 31 March 2013

Sound Corporate Governance

Our corporate governance systems are drawn from central government good practice guidance and have been strengthened through legislative and process compliance and through collaborative working with both internal and external auditors.

Our governance systems address individual and corporate accountabilities, the roles and effectiveness of our boards and our capacity to identify and effectively manage and report risk. I have referenced the NAO publication; Corporate governance in central government departments: Code of good practice (2011) and reviewed the compliance checklist. I have applied this and other appropriate measures to the ILF for my Annual Governance Statement 2012-13.

The ILF's strategic aims and objectives are agreed with the ILF Trustees and with our sponsor department the DWP. Along with the Chair of Trustees, I attend a twice yearly meeting with the DWP Senior Accounting Officer (the SAO) with responsibility for the ILF, to discuss issues and address any significant risks. These meetings are supported by regular operational keep in touch (KIT) meetings with our sponsor team and other DWP colleagues to ensure clarity of purpose, sound communication and effective reporting.

The Trustees Board meets no less than six times a year; all meetings have a pre-agreed agenda, are minuted and produce clear actions and matters arising. The meetings are attended by Trustees, appropriate members of the ET and representatives from DWP are invited to attend.

The Board of Trustees have a responsibility for maintaining sound systems of control to address key financial and other risks, ensuring that the requirements of the ILF's founding documents are met, that high standards of corporate governance are demonstrated, and for reviewing the effectiveness of the systems of internal control.

Capacity to handle risk

As Accounting Officer, I act as the Risk Champion for the ILF, whilst lead responsibility for ensuring that appropriate mechanisms are in place for identifying, monitoring and controlling risk, and advising SMB on the actions needed in order to comply with our corporate governance requirements rests with the Head of Information and Governance, who also acts in the capacity of the ILF Senior Information Risk Owner (SIRO).

Our systems and processes are designed to manage risk to a reasonable and appropriate level rather than to eliminate all risk; therefore it can only provide reasonable and not absolute assurance of effectiveness.

The Trustees consider risks at the strategic level and review the strategic risk register (SRR) at least quarterly or as often as required, the SRR is also a standing item for the ILF Audit Committee to review.

ILF Annual Governance Statement for the year ended 31 March 2013

We also ensure that Trustees regularly review our risks and issues as part of our business planning process, where risks, issues and general business concerns form part of the content of our board effectiveness day, hosted by our internal auditors.

The SMB review risks monthly with particular emphasis on emerging trends and issues that may start to gain traction or increased importance; the outcome of these discussions are captured, reported and depending on status assigned to a member of the SMB.

To further enhance this responsibility and to examine the ILF risk portfolio in greater detail, we have set-up a new formal reporting board, the Risk & Controls Board. This board meets quarterly to review risks and provide additional background, clarity and focus on key issues and activities.

Whilst every member of staff has a responsibility to ensure that exposure to risk is minimised, overall leadership of the ILF risk management processes rests with members of the SMB.

Managing risks

The ILF Risk Management Framework (RMF) sets out the organisation's attitude to risk and provides a consistent basis to capture, monitor and report risks and to progress strategies to mitigate these. In assigning lead risk owners at SMB level and in the management control processes, we identify clear lines of responsibility throughout the organisation.

Our overall risk appetite is risk averse. This does not mean that we avoid opportunities to improve and modernise, however, it does mean that we are rightly cautious when challenges may hinder or put at risk our core business and service provision to our users.

Our risk management processes enable us to identify operational, business and financial risks, customer focus and delivery risks as well as identifying and assessing potential reputational risks and other contingent issues.

As an Executive Non-Departmental Public Body (ENDPB) of DWP, our Risk Strategy and performance is reported to the DWP sponsorship team and we provide information, at the mid-year and end of year, to DWP's Information Assurance Team regarding data security, data management of our ICT systems and compliance with DWP and Cabinet Office mandated requirements.

Our emerging risks in 2012-13 were around several key areas; the clarity of strategy and the direction of policy on the future of the organisation, the practical application and implementation of change, potential staff turnover, maintaining the right skills, the prospect of significant change, the perception and reputational risk associated with an underspend, the risks of dependency on key suppliers and contractors, the introduction of new technologies, the risk of challenge and managing public relations and communications risks with key stakeholders and the media.

ILF Annual Governance Statement for the year ended 31 March 2013

These risks have been discussed at the Trustee Board, the Audit Committee, the SMB and the Risk & Controls Board. We have also attached a specific manager to these with defined responsibilities for managing and reporting from the most effective position within the ILF. Although these risks hold a high inherent value after controls and measures have been taken, they all hold a medium or low residual value.

In line with reporting requirements prior to year-end the ILF SIRO provides an annual assurance review on the effective management and governance of data security and compliance with the Data Protection Act and Freedom of Information Act. The report is discussed pending approval at the ILF Audit Committee and subsequently signed by the Chair of the Audit Committee and the ILF SIRO.

The Cabinet Office designates requirements for public bodies to provide information on personal data related incidents. During 2012-13 and up to the date of signing of these Accounts, no incidents have occurred for the ILF that would require reporting under these provisions (2011-12: none).

In terms of data and information security breaches we have had five minor internally reported instances or potential breaches in 2012-13, which were all reported and discussed at Audit Committee within the quarterly Information Security Management Systems (ISMS) report. None of the issues discussed constitute a significant breach of sensitive data nor are they significant enough to warrant informing neither the Information Commissioners Office (ICO) nor the Cabinet Office.

In a related data and information security matter, we assisted one of our local authority partners to investigate a data breach; this involved a limited amount of ILF information. In discussion with the authority we are satisfied and accept their assurances that all necessary and appropriate actions have been taken, in consultation with the appropriate enforcement bodies.

We have continued to provide both our staff and our independent assessors with information security training, and to support this we have compiled an Information Security Handbook to act as a guide to all staff in issues of data protection and day to day management and responsibilities.

I also seek further assurance in this area through the ILF internal audit programme and also with the mid-year and end of year DWP Information Assurance Reviews, which look at the broader aspects of Data Protection Act compliance, Cabinet Office Mandated guidance, Departmental conformity and improvements in general access control, security and in information technology.

ILF Annual Governance Statement for the year ended 31 March 2013

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of corporate governance, including systems of internal control. My review is informed by the work of the Senior Management Board (SMB) who has responsibility for development and maintenance of the internal control framework, and guided by advice from internal and external auditors.

I have been advised on the implications of my review of the effectiveness of the system of internal control by the SMB and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As Accounting Officer I am confident that the Board of Trustees and Audit Committee can draw significant assurance from the activity and reporting from SMB.

The internal control systems SMB have put in place include:

- Regular reports to SMB, Trustees and DWP on progress against the ILF's key targets and business objectives.
- An appropriate delegated budget management framework.
- A system of mid-year (Quarter 2) and year-end (Quarter 4) Stewardship Reports; these are supplemented by Quarter 1 and Quarter 3, internal progress reports from each Directorate and Team.
- A risk management strategy and risk management framework which comply with best practice; a SRR which is reviewed by Trustees at least quarterly, a standing item with Audit Committee and reviewed monthly by SMB.
- The creation of an internal Risk & Controls Board that meets quarterly and reviews risks and emerging trends in detail to provide additional background, clarity and focus on key issues and activities.
- A fully managed governance framework, including the establishment of the Transfer Delivery Board, to support both the ILF TRP and the internal DWP 'Gateway Review' and the ILF Lights-out Programme. This framework manages the responsibilities, reporting and milestones and seeks to manage the clear aims and objectives, tasks and processes.
- The adoption of formal project management arrangements based on PRINCE 2 principles for all key programme and projects, includes the development and maintenance of programme and project risk registers.
- The ILF becoming Government Secure internet compliant in February 2013 enables us to securely communicate and exchange information and data securely with similarly equipped partners across central and local government. It is an important tool which will be extensively used within the transfer programme.

ILF Annual Governance Statement for the year ended 31 March 2013

Board effectiveness and structures that support decisions

At the start of the financial year the Trustee Board re-confirmed its commitment to uphold the seven principles of public life, our Trustees also sign a declaration of interest and the organisation's standing orders are reviewed and agreed. This process includes reviews of the terms of reference for all boards and committees and the membership and lead Trustee for each committee and working group.

The Chair of Trustees held appraisal meetings with each Trustee and there was an Annual Board Effectiveness workshop facilitated by our internal auditors. In addition to this the Trustees and SMB attended a business planning day to ensure that the scope, responsibility and focus for the organisation going forward was discussed and agreed.

As a consequence of the effectiveness meetings the Trustees have identified and undertaken specific tasks to support the ILF. These have involved meeting with the Minister and DWP Officials, attendance at public events and supporting the staff at times of change. Within the transfer programme they will attend meetings and provide insights and expertise to the individual work stream meetings required.

Within our business planning process we take soundings from our Advisory Group and we also involve our staff within a range of planning activities to inform our discussions and capture insights and innovation.

Our governance processes and mechanisms to manage our boards are consistently applied to capture discussions, actions, risks and progress. These provide a basis for consistent reporting and ease of read-across to inform recommendations, actions and outcomes, our boards include;

- The SMB, meets at least ten times a year, is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross-functional issues are considered, and that risk management receives a high profile in planning and delivery of our plans.
- An Audit Committee, meets at least three times a year and is responsible for ensuring, as far as possible, that appropriate systems are in place within the ILF for the assessment and management of risk and advising the Accounting Officer on the effectiveness of the systems of governance and control, leading to signing off the Annual Governance Statement (AGS).
- A Remuneration Committee oversees and reports to the Trustees on the salaries, rewards and conditions of service in place at the ILF. It also makes sure that the ILF conducts its employee relations fairly, efficiently and effectively. For more information, see the Remuneration Report on page 22.
- The User Personal Cases Committee (UPCC) is a sub-committee of the Trustee Board which is established to independently review appeals made by users or their representatives.

ILF Annual Governance Statement for the year ended 31 March 2013

Trustee Board Attendance 2012-13

Additional board meetings include signing of the annual report and accounts, board effectiveness, a board strategy day and a telekit meeting.

Name	Trustee Board	Additional Board Meetings	Audit Committee	Remuneration Committee	UPCC
Stephen Jack	7/7	4/4	**	**	**
Peter Cooke	7/7	4/4	3/4	**	7/7
Mike Boyall	7/7	4/4	4/4	**	**
Sally Sparrow	6/7	3/4	**	2/2	6/7
Yogi Amin	7/7	3/4	3/4	1/1	7/7
Marie Martin	6/7	3/4	**	1/2	6/7
Susan Winterburn	5/7	3/4	4/4	2/2	5/7
Nick Danagher*	1/1	1/1	**	**	1/1

*Nick Danagher passed away July 2012

** Individual Trustees do not sit on committee shown

The senior boards are supported by a number of sub-boards and committees including:

- Electronic Business Board (EBB)
- Equality Impact Assessment Board (EIAB)
- Joint Negotiating Committee (JNC)
- Operation Policy Board (OPB)
- Organisation Culture & Leadership Board (OCLB)
- Payment Security Board (PSB)
- Performance Review Board (PRB)
- Senior Management Panel
- Transfer Delivery Board
- Working Environment Management Board (WEMB)

Additionally the transfer review programme is also provided with information and specific technical support drawn from these boards and individual workstreams.

ILF Annual Governance Statement for the year ended 31 March 2013

The success and effectiveness of our internal boards and structures can be measured within the success against all areas of our business; our success with achieving our internal and external targets, the high 96.9% user satisfaction ratings, the positive 92% engagement rating for our staff, effectively managing our budget within allocation and the relatively low (1.9%) cost of administration.

Significant internal control issues

This year there have been no significant control weaknesses reported within the ILF, nor has any report be made externally, independently nor via the ILF Whistleblower policy.

Our audit and internal management reporting remains vigilant to ensure early identification of issues within normal day-to-day business and no significant issues have emerged.

We have managed our risks and highlighted issues with foresight and taken decisions as required; we have forecast and reported our financial position in a timely accurate manner and maintained our budget within expected parameters.

James Sanderson

Chief Executive and Accounting Officer

5 June 2013

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

I certify that I have audited the financial statements of the Independent Living Fund (2006) for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, Chief Executive and auditor

As explained more fully in the Statement of Accounting Officer's and Trustees' Responsibilities, the Board of Trustees and the Chief Executive, as 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 Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Independent Living Fund (2006)'s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Independent Living Fund (2006); and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report and Annual Governance Statement to identify material inconsistencies with the audited financial statements. 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 Independent Living Fund (2006)'s affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Trust Deed and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Trust Deed and directions issued by the Secretary of State thereunder; and
- the information given in "Introducing the People behind the ILF" and the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse **5 June 2013**
Comptroller and Auditor General

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Notes	2012-13	2011-12
		£000	£000
Expenditure			
Grants to individuals	3	304,016	325,978
Staff costs	4	3,531	4,001
Depreciation/amortisation	5	335	311
Other expenditure	5	3,317	3,497
Total expenditure		311,199	333,787
Interest receivable	6	(99)	(57)
Net expenditure		311,100	333,730
Other comprehensive expenditure		-	-
Total comprehensive net Expenditure for the year		311,100	333,730

The notes on pages 46 to 66 form part of these accounts.
All expenditure relates to continuing operations.

Statement of Financial Position

as at 31 March 2013

	Notes	31 March 2013	31 March 2012
		£000	£000
Non-current assets			
Property, plant and equipment	8	52	205
Intangible assets	9	348	467
Trade and other receivables	11	870	915
Total non-current assets		1,270	1,587
Current assets			
Trade and other receivables	11	384	464
Cash and cash equivalents	12	3,645	9,626
Total current assets		4,029	10,090
Total assets		5,299	11,677
Current liabilities			
Trade and other payables	13	522	722
Other liabilities – grant liabilities	13	8,681	14,859
Total current liabilities		9,203	15,581
Non-current assets less net current liabilities		(3,904)	(3,904)
Assets less liabilities		(3,904)	(3,904)

(continued over the page)

	31 March 2013	31 March 2012
	£000	£000
Taxpayers' equity:		
General reserve	(3,904)	(3,904)
	<hr/>	<hr/>
Total taxpayers' equity	(3,904)	(3,904)
	<hr/> <hr/>	<hr/> <hr/>

The Statement of Financial Position is in deficit because the ILF accrues for future liabilities but HMT guidance does not allow the accrual of Government grants.

The notes on pages 46 to 66 form part of these accounts.

These accounts were approved and authorised for issue by the Trustees on 5 June 2013.

James Sanderson, Chief Executive and Accounting Officer

Stephen Jack, Chairman

Peter Cooke, Vice Chairman

Mike Boyall, Treasurer

Statement of Cash Flows

for the year ended 31 March 2013

	Notes	2012-13	2011-12
		£000	£000
Cash flows from operating activities			
Net expenditure after interest		(311,100)	(333,730)
Depreciation/amortisation	5	335	311
Loss on disposal of assets		-	2
Non cash adjustment		-	4
Decrease/(increase) in trade and other receivables	11	125	(138)
(Decrease)/increase in trade and other payables, grant liabilities and provisions	13	(6,378)	753
		<u>(317,018)</u>	<u>(332,798)</u>
Net cash outflow from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(9)	(34)
Purchase of intangible assets	9	(54)	(227)
		<u>(63)</u>	<u>(261)</u>
Net cash outflow from investing activities			
Cash flows from financing activities			
Grant in Aid		311,100	338,300
		<u>311,100</u>	<u>338,300</u>
Net financing			
		<u>311,100</u>	<u>338,300</u>
Net (decrease)/increase in cash and cash equivalents in the year		(5,981)	5,241
Cash and cash equivalents at the beginning of the year		9,626	4,385
		<u>9,626</u>	<u>4,385</u>
Cash and cash equivalents at the end of the year	12	<u>3,645</u>	<u>9,626</u>

The notes on pages 46 to 66 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	General reserve	Total reserves
	£000	£000
Balance at 1 April 2011	<u>(8,474)</u>	<u>(8,474)</u>
Changes in Taxpayers' Equity 2011-12		
Grant in Aid from departments	338,300	338,300
	-----	-----
Net expenditure	<u>(333,730)</u>	<u>(333,730)</u>
Balance at 31 March 2012	<u>(3,904)</u>	<u>(3,904)</u>
Changes in Taxpayers' equity 2012-13		
Grant in Aid from departments	311,100	311,100
	-----	-----
Net Expenditure	<u>(311,100)</u>	<u>(311,099)</u>
Balance at 31 March 2013	<u>(3,904)</u>	<u>(3,904)</u>

General Reserve – relates to the ongoing operation of regular payments to individuals and the associated administration costs, financed by Grant in Aid. Grant in Aid are not drawn in full in advance but requested each calendar month to meet estimated cash payments during the year. The ILF does not hold strategic reserves as it is dependent on public funding and seeks to minimise the cost of borrowing. The net deficit will be met by Grant in Aid for the following year. A letter of comfort is provided by the DWP to confirm that future funding relating to Great Britain will be sufficient to meet liabilities at the end of the financial year plus the forecast net expenditure for the following year.

The notes on pages 46 to 66 form part of these accounts.

Notes to the Accounts

for the year ended 31 March 2013

1 Nature and purpose of the Independent Living Fund (2006)

The Independent Living Fund (2006) (the ILF) was established on 10 April 2006 with an initial endowment of £100 from the Secretary of State for Work and Pensions. This money is held in perpetuity with any interest earned being added to the original sum. At the end of the specified period of operation of the ILF, all assets after payment of liabilities will be disposed of as directed by the Secretary of State.

The predecessor Funds consisted of the Independent Living (Extension) Fund and the Independent Living (1993) Fund. The ILF commenced operations and took over the users of the predecessor Funds on 1 October 2007. Non-current assets of the Independent Living (1993) Fund were transferred to the ILF on 1 October 2007, and other closing assets of the predecessor Funds were transferred to the ILF on 31 December 2007.

The ILF is financed by Grant in Aid from the Department for Work and Pensions (Great Britain) and the Department for Social Development (Northern Ireland) in order to provide assistance with the cost of qualifying support and services to disabled applicants meeting the terms of the Trust Deed and to meet the operating costs of the ILF. Funding forms part of Departmental four-year expenditure limits for the respective Departments – these limits are agreed by Parliament in the annual Appropriation Act which authorises Departments to use resources up to the amounts agreed. The Grant in Aid amount is approved annually and confirmed in a letter of delegation.

2 Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2012-13 (the FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

The Accounts are prepared on a ‘going concern’ basis. Grant in Aid is received on a cash basis to meet immediate need, and is not accrued to match liabilities. Grants to individuals are paid in arrears and the Statement of Financial Position at 31 March 2013 shows a net deficit. DWP has provided a letter of comfort to Trustees to confirm that Grant in Aid will be made available to cover the financial obligations of the ILF related to DWP-funded activity and to continue the ILF’s activities up to March 2014. On 18 December 2012 the Minister for Disabled people announced that the ILF will close on 31 March 2015 and reiterated the commitment given to the organisation in December 2011 to continue to support the organisation and our users until March 2015. Government also announced that from that date funding would be devolved to

local authorities in England and the devolved administrations of Scotland and Wales in order to meet the eligible care and support needs of current ILF users. It is proposed to distribute funding from that date in line with current expenditure patterns. As the expectation is that the local authorities in England and the devolved administrations will continue to support ILF users after 31 March 2015, we consider that the ILF continues to meet the criteria set out in *Managing Public Money* to prepare its accounts as a going concern.

International Financial Reporting Standards Amendments and Interpretations effective in 2013/14

No amendment or interpretations have been issued but are not yet effective, and that are available for early adoption, have been applied by the ILF in these financial statements. There are no amendments or interpretations issued, but not yet effective, which are expected to have a material effect on the financial statements in the future.

a) Accounting convention

These accounts have been prepared under the historical cost convention modified for the revaluation of non-current assets.

b) Property, plant and equipment

Property, plant and equipment consists of IT hardware and equipment held only for the purpose of managing the ILF. All property, plant and equipment should be carried at valuation in accordance with the FReM. The ILF does not have land or buildings, and has taken advantage of the option available under the FReM to adopt a depreciated historical cost basis as a proxy for fair value of its plant and equipment, as these are assets that have short useful economic lives or low values (or both). The ILF believes that the useful economic life is a realistic reflection of the life of its plant and equipment, and the depreciated historical cost method provides a realistic reflection of the consumption of those assets. The ILF therefore carries plant and equipment at cost less accumulated depreciation and any recognised impairment in value.

c) Depreciation

Depreciation on property, plant and equipment is charged on a straight-line basis to write off the cost less residual values over the useful life of the asset: incepting at the purchase date, or when the asset is available for use, whichever is the later. IT hardware and equipment purchased prior to 1 April 2012 are generally depreciated over a three to five year life span. Assets incepting after 1 April 2012 will be depreciated on a straight line basis ending either on the 31 March 2015 or 31 July 2015 dependent upon whether the assets will be in use by the closure team in existence between 1 April 2015 and 31 July 2015.

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Notes to the Accounts for the year ended 31 March 2013

d) Intangible assets

Intangible assets consist of bespoke software developed for the ILF and software licences held only for the purpose of managing the ILF. All intangible assets are carried at fair value in accordance with the FReM.

Bespoke software assets are capitalised in these accounts in the year of implementation. Amortisation is on a straight line basis over the estimated useful life of three years. Assets implemented after 1 April 2012 will be depreciated on a straight line basis ending either on the 31 March 2015 or 31 July 2015 dependent upon whether the assets will be in use by the closure team in existence between 1 April 2015 and 31 July 2015.

Software licences are capitalised in these accounts in the year of acquisition. Amortisation is on a straight line basis over the estimated useful life being the period of the software licences except where this period exceeds 31 March 2015. These licenses will be depreciated on a straight line basis ending either on the 31 March 2015 or 31 July 2015 dependent upon whether the assets will be in use by the closure team in existence between 1 April 2015 and 31 July 2015.

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

e) Financial instruments

The ILF's procurement policy is to enter into contracts and framework agreements for services and supplies at current agreed costs with annual price reviews, rather than create complex financial instruments.

Financial assets and financial liabilities are recognised in the ILF's Statement of Financial Position when the ILF becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised at fair value (the transaction price plus any directly attributable transaction costs, assessed for recoverability where relevant). Subsequent measurement is at amortised cost, although no adjustment for the time value of money is made where the settlement period is short so there would be no significant effect.

Financial assets comprise loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise cash at bank, accrued bank interest and other receivables. Financial liabilities comprise grant liabilities, trade payables and accruals.

f) Reserves policy

Grant in Aid are not drawn in full in advance but requested each calendar month to meet estimated cash outflow. The ILF does not hold strategic reserves as it is dependent on public funding and seeks to minimise the cost of borrowing.

Notes to the Accounts *for the year ended 31 March 2013*

g) Grant in Aid

Funding to cover grants to individuals and administrative expenditure is provided through Grant in Aid from the Department for Work and Pensions (for Great Britain) and the Department for Social Development (for Northern Ireland). Grant in Aid are received on the basis of the ILF's estimated cash payments during the financial year. Grant in Aid received form part of the Departmental Expenditure Limits for the respective Departments. Grant in Aid are treated as financing rather than income and are directly credited to reserves.

h) Bank interest

Money is held in current accounts and interest is received on credit balances. Bank interest due but not received is accrued in these accounts.

i) Grants to individuals

Grants to individuals are discretionary grants made within the terms of the Trust Deed. Grants are paid four weekly in arrears on the basis of authorised awards. Amounts due but unpaid at the end of the financial year are accrued in these accounts. The accrual is calculated from the awards made by the end of the financial year but not fully paid up to the end of the financial year. We have included an additional element to this accrual this financial year, reflecting the commitment owed to users who submit invoices for reimbursement and are paid outside the routine four weekly payment cycle.

Unused grants returned by individuals in the normal course of business are recognised on receipt and there is no accrual for potential future returns of unspent grants.

j) Formal recovery of grants to individuals

Although grants to individuals are discretionary payments, formal recovery is sought where the provision of incorrect information has led to incorrect payment or where the grants have not been used for the intended purpose. The ILF seeks to recover all amounts where it is cost-effective to do so unless it will cause hardship to the individual. Recovery procedures appropriate to the value and circumstances of the case are used, in accordance with the ILF's guidelines and procedures.

In accounting for recoveries we have adhered to the Conceptual Framework for Financial Reporting which gives guidance that an asset should not be recognised in the statement of financial position when the expenditure has been incurred for which it is considered improbable that economic benefits will flow. Therefore a receivable is only recognised in the accounts when it has been agreed with the individual and there is considered to be a reasonable prospect of recovery. For the recovery of sums over £4,000, the ILF obtains a signed settlement agreement from the individual to support the existence and valuation of the amount receivable.

Notes to the Accounts for the year ended 31 March 2013

The receivable recognised is disclosed as a reduction to expenditure in the year in which it is recognised. Receivables are assessed at the end of each accounting period and reduced to the estimated recoverable amount where there are circumstances that indicate full recovery is uncertain. The recoverable amount is discounted to present value where material, at the standard Treasury rate of 3.5% (2011-12: 3.5%).

k) Operating leases

Operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease. The main lease is for accommodation and managed facilities under a sub-lease with the Department for Work and Pensions. Charges are set in accordance with a head lease between the Department and the service provider and are subject to annual inflation using a specified index. The ILF has no direct control of these charges.

l) Pension costs

Pension benefits are provided through the PCSPS, which is an unfunded, multi-employer defined benefit scheme, and as such the ILF is unable to identify its share of the underlying assets and liabilities. Pension costs are charged to expenditure as payments fall due to be made.

m) Significant estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions in certain circumstances that affect reported amounts, and for this organisation such estimates are principally in assessing the recoverability of grants to individuals.

Where the estimated period of recovery of a grant is under 10 years, it is assumed that the full amount will be recovered. Where the period is over 10 years only the amount likely to be recovered within 10 years is included.

n) Reporting segments

IFRS 8 requires entities to provide information relating to the components of the entity that management uses to make decisions about operating matters. A segmental financial analysis is not considered necessary for the ILF, as no separate components are used for operating decisions made by the SMB.

o) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of an event that occurred in the past and the settlement of that obligation will result in an outflow of resources, but the timing or amount of the settlement is uncertain. The amount recognised as a provision is the best estimate of the consideration which will be required to settle the obligation.

*Notes to the Accounts
for the year ended 31 March 2013*

3 Grants to individuals

	2012-13	2011-12
	£000	£000
Payments made in year	320,247	335,141
Grant liabilities at start of year	(14,859)	(13,528)
Grant liabilities at end of year	8,681	14,859
Grant returns received in year	(10,155)	(10,396)
Grant receivables at start of year	1,209	1,111
Grant receivables at end of year	(1,107)	(1,209)
	<hr/>	<hr/>
Grants payable for year	304,016	325,978
	<hr/> <hr/>	<hr/> <hr/>
Number of individuals in receipt of payments	18,145	20,540

Grants to individuals are paid four-weekly in arrears. Grant liabilities consist of the accrued amounts from awards made by the end of the financial year but not fully paid up to the end of the financial year.

Returns received comprised £8,006,000 in respect of unused funds returned by individuals, and £2,149,000 received under formal recovery arrangements (2011-12: £7,946,000 and £2,450,000 respectively).

Grant receivables are other amounts in the process of formal recovery by lump sum, regular instalments or deductions from ongoing payments and are therefore recognised as income in the period. The value of expected refunds is discounted to present value. Further information on formal recovery is provided in note 11.

*Notes to the Accounts
for the year ended 31 March 2013*

4a Staff numbers and related costs

	2012-13	2011-12
	£000	£000
Directly employed staff:		
Wages and salaries	2,829	3,182
Social security costs	201	231
Other pension costs (see below)	492	517
	<hr/>	<hr/>
Total directly employed staff costs	3,522	3,930
Agency staff costs	9	71
	<hr/>	<hr/>
Total staff costs	3,531	4,001
	<hr/> <hr/>	<hr/> <hr/>
	2012-13	2011-12
	Number	Number
Average number of whole-time equivalent persons directly employed:		
on permanent contract	106	110
on loan from DWP	-	2
on fixed-term contract ¹²	-	1
	<hr/>	<hr/>
	106	113
	<hr/> <hr/>	<hr/> <hr/>

¹² One full-time fixed term contract for three months

Notes to the Accounts for the year ended 31 March 2013

4b Other pension costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme and as such the Independent Living Fund is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For 2012-13, employers' contributions of £466,000 were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2011-12 £490,000 in a range of 16.7% to 24.3%) From 2013-14, the rates will be in the range 16.7% to 24.3%. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £25,000 (£25,000 in 2011-12) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,600, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (£2,000 and 0.8% in 2011-12).

Contributions due to the pension providers were £49,000 at 31 March 2013 (£48,000 at 31 March 2012). Contributions prepaid were nil at 31 March 2013 (nil at 31 March 2012).

4c Reporting of Civil Service and other compensation schemes - exit packages

There were no compensation schemes or redundancies in 2012-13.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	- (2011-12: Nil)	- (2011-12: 10)	- (2011-12: 10)
£10,000 - £25,000	- (2011-12: Nil)	- (2011-12: 34)	- (2011-12: 34)
£25,000 - £50,000	- (2011-12: Nil)	- (2011-12: 1)	- (2011-12: 1)
	- (2011-12: Nil)	- (2011-12: 45)	- (2011-12: 45)
Total resource cost £	- (2011-12: Nil)	- (2011-12: 616,338)	- (2011-12: 616,338)

*Notes to the Accounts
for the year ended 31 March 2013*

5 Other expenditure and non-cash items

	2012-13	2011-12
	£000	£000
Running costs:		
Independent Assessor fees and expenses	1,168	1,040
IT and information security costs	343	356
Rates, utilities, and other estates costs	142	247
Legal and professional costs	116	226
Services, training, recruitment, travel and subsistence	223	147
Trustees' costs	97	91
Communication and engagement	121	89
Postage costs	128	60
Printing costs	87	39
Auditor's remuneration	47	50
Loss on disposal of plant and equipment	-	2
Total running costs	<u>2,472</u>	<u>2,347</u>
Rentals under operating leases	<u>845</u>	<u>1,150</u>
Total other expenditure	<u>3,317</u>	<u>3,497</u>
Non-cash items		
Depreciation	162	176
Amortisation	173	135
Total non-cash items	<u>335</u>	<u>311</u>

6 Interest receivable

	2012-13	2011-12
Bank interest	<u>99</u>	<u>57</u>

*Notes to the Accounts
for the year ended 31 March 2013*

7 Analysis of Net Expenditure by Programme and Administration budget

	Programme	Administration	Total	Programme	Administration	Total
			2012-13			2011-12
			£000			£000
Expenditure						
Grants to individuals	304,016	-	304,016	325,978	-	325,978
Staff costs	-	3,531	3,531	-	4,001	4,001
Running costs	-	2,149	2,149	-	2,455	2,455
Independent assessor costs	1,168	-	1,168	1,040	-	1,040
Non cash items:						
Depreciation	-	162	162	-	176	176
Amortisation	-	173	173	-	135	135
Profit/Loss on disposal of property, plant and equipment	-	-	-	-	2	2
Income						
Interest Receivable	-	(99)	(99)	-	(57)	(57)
Net Expenditure after Interest	305,184	5,916	311,100	327,018	6,712	333,730

Notes to the Accounts
for the year ended 31 March 2013

8 Property, plant and equipment

	Information Technology	Total
	£000	£000
Cost		
Balance at 1 April 2012	645	645
Additions in year	9	9
Disposals in year	(1)	(1)
	<hr/>	<hr/>
Balance at 31 March 2013	653	653
	<hr/>	<hr/>
Depreciation		
Balance at 1 April 2012	440	440
Charge for the year	162	162
Disposals in year	(1)	(1)
	<hr/>	<hr/>
Balance at 31 March 2013	601	601
	<hr/>	<hr/>
Net book value		
at 31 March 2013	52	52
at 31 March 2012	205	205
	<hr/> <hr/>	<hr/> <hr/>
	Information Technology	Total
	£000	£000
Cost		
Balance at 1 April 2011	718	718
Additions in year	34	34
Disposals in year	(107)	(107)
	<hr/>	<hr/>
Balance at 31 March 2012	645	645
	<hr/>	<hr/>

(continued over the page)

*Notes to the Accounts
for the year ended 31 March 2013*

	Information Technology	Total
	£000	£000
Depreciation		
Balance at 1 April 2011	368	368
Charge for the year	176	176
Disposals in year	(104)	(104)
	<hr/>	<hr/>
Balance at 31 March 2012	440	440
	<hr/>	<hr/>
Net book value		
at 31 March 2012	205	205
at 31 March 2011	350	350
	<hr/> <hr/>	<hr/> <hr/>

All assets are owned by the ILF.

*Notes to the Accounts
for the year ended 31 March 2013*

9 Intangible assets

	Information Technology	Assets under Construction	Total
	£000	£000	£000
Cost or valuation			
Balance at 1 April 2012	596	239	835
Reclassification	239	(239)	0
Additions in year	30	24	54
Reclassification of additions	24	(24)	0
Disposals in year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2013	889	-	889
	<hr/>	<hr/>	<hr/>
Amortisation			
Balance at 1 April 2012	368	-	368
Charge for the year	173	-	173
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2013	541	-	541
	<hr/>	<hr/>	<hr/>
Net book values			
At 31 March 2013	348	-	348
At 31 March 2012	228	239	467
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cost or valuation			
Balance at 1 April 2011	479	132	611
Additions in year	117	110	228
Disposals in a year	-	(3)	(3)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2012	596	239	835
	<hr/>	<hr/>	<hr/>
Amortisation			
Balance at 1 April 2011	233	-	233
Charge for the year	135	-	135
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2012	368	-	368
	<hr/>	<hr/>	<hr/>
Net book values			
At 31 March 2012	228	239	467
At 31 March 2011	246	132	378
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts for the year ended 31 March 2013

Assets under construction related to the introduction of the Government secure intranet. Intangible assets mainly comprise bespoke software and software licences.

There is no significant difference between historic cost and fair value.

10 Financial instruments and associated risks

As the majority of the ILF's cash requirements are met through Grant in Aid, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to purchase non-financial items in line with the ILF's expected usage requirements, so the ILF is exposed to little credit, liquidity or market risk.

Financial assets – loans and receivables

	31 March 2013	31 March 2012
	£000	£000
Grants under formal recovery	1,107	1,209
Cash and cash equivalents	3,645	9,626
Other receivables	6	7
	<u>4,758</u>	<u>10,842</u>

Grants under formal recovery: for individual amounts over £4,000, a signed settlement agreement is held to minimise the risk of non-recovery. Further details of the risks related to grants under formal recovery are provided in note 11.

Cash and cash equivalents: represents money with Lloyds TSB held in current accounts to minimise the risk.

Other receivables: represents moneys due in the short term and generally expected to be received within three to six months.

Receivables are used to offset the amount of Grant in Aid required for the following month. The ILF is therefore not exposed to risks related to non-receipt whilst there is sufficient funding to meet the expected cash requirements throughout the year. Forecast cash payments are monitored actively in year to ensure demand remains within the available funding.

*Notes to the Accounts
for the year ended 31 March 2013*

Financial liabilities

	31 March 2013	31 March 2012
	£000	£000
Grant liabilities	8,681	14,859
Trade payables and accruals	522	722
	<u>9,203</u>	<u>15,581</u>

Grant liabilities: Represents awards authorised but unpaid at the year end, which are due to be paid within one to two months out of the cash Grant in Aid provision in the following year; a letter of comfort is provided by the DWP to confirm that funding is available to meet payments due.

Trade payables and accruals: Represents amounts payable in the short term, to be met out of cash held at the year-end.

11 Trade and other receivables

	31 March 2013	31 March 2012
	£000	£000
Due within one year		
Grants under formal recovery	237	294
Prepayments	141	163
Other receivables - bank interest	6	7
	<u>384</u>	<u>464</u>
Due after more than one year		
Grants under formal recovery	870	915
Total due	<u>1,254</u>	<u>1,379</u>

Notes to the Accounts for the year ended 31 March 2013

Formal recovery is managed by a specialist team within the ILF and amounts with repayment arrangements in place are recorded for debt management purposes. Unspent monies are returned outside the formal recovery process. Unspent monies are not considered overpayments, these arise predominantly as a consequence of periods of time when care is not required or occasions when the award is not fully expended and are surrendered voluntarily in line with the ILF policy.

Grants under formal recovery comprise amounts originally paid to individuals, which are now under formal recovery, mostly by instalments or deductions from ongoing payments. Recoveries are profiled over the expected repayment period, and the amounts are discounted to present day value. Impairment is also considered, in particular where there is a probability that recovery arrangements may not be sustained for a prolonged period.

Of the recoveries due over one year, £553,000 is expected to be received within the next two to five years and £317,000 is expected to be received within the next five to ten years (£602,000 and £313,000 respectively at 31 March 2012).

Formal recovery includes a number of processes, such as factual investigation, identification of a presumed receivable, negotiation to achieve acknowledgement of a formal receivable, civil proceedings for recovery, and repayment in full or by agreed instalment schedule. A receivable is only recognised in the accounts when it is probable that economic benefits will flow to the ILF.

All receivables relate to bodies external to Government.

*Notes to the Accounts
for the year ended 31 March 2013*

12 Cash and cash equivalents

	2012-13	2011-12
	£000	£000
Balance at 1 April	9,626	4,385
Net cash inflow/(outflow)	(5,981)	5,241
Balance at 31 March	<u>3,645</u>	<u>9,626</u>

The following balances at 31 March were held:

	31 March 2013	31 March 2012
	£000	£000
Benefit account	3,186	9,202
Administration account	459	424
	<u>3,645</u>	<u>9,626</u>

Cash and cash equivalents comprise bank balances which are held in current accounts in a UK commercial bank.

13 Current liabilities

(a) Amounts falling due for payment within one year

	31 March 2013	31 March 2012
	£000	£000
Grant liabilities	8,681	14,859
Trade payables	156	182
Other taxation and social security	-	61
Accruals	366	479
	<u>9,203</u>	<u>15,581</u>

Other than tax payable and pension contributions, all payables relate to bodies external to Government.

(b) There were no amounts falling due for payment after one year (2011-12: none).

Notes to the Accounts for the year ended 31 March 2013

14 Losses and special payments

Although grants to individuals are discretionary payments, formal recovery is sought where the provision of incorrect information has led to incorrect payment or where the grants have not been used for the intended purpose.

Where recovery is deemed to be unachievable, a loss is recorded, 195 losses with a total value of £657,000 were recorded in 2012-13 (233 losses with a total value of £1,531,000 for 2011-12). Losses relate to payments originally made by the ILF and cases transferred from the Independent Living (1993) Fund and the Independent Living (Extension) Fund on 1 October 2007.

Losses are recorded when it becomes evident that there are no practical avenues remaining by which to pursue recovery, and therefore no further action is taken by the specialist team. As these payments were recorded as costs when originally advanced they do not represent a further cost once deemed irrecoverable.

No other losses have been incurred by the ILF that require reporting in this note.

No special payments, which fall under the disclosure requirements of the FReM, were made during 2012-13 (2011-12: none).

15 Operating leases

There is a sub-lease for accommodation and facilities with the Department for Work and Pensions that expires on 31 March 2015.

The charges to the ILF are set in the head lease between the Department and its accommodation supplier. The facilities element is calculated quarterly and may be abated by penalties for failure to deliver the agreed service level.

There is a software licence with Ceridian Centrefile Ltd for a HR payroll system which expires on 2 March 2014.

*Notes to the Accounts
for the year ended 31 March 2013*

Total future minimum lease payments under operating leases for each of the following periods were:

	31 March 2013	31 March 2012
	£000	£000
Land and buildings (Equinox House)		
Within one year	854	871
Within two to five years	879	4,724
After five years	-	1,573
	<u>1,733</u>	<u>7,168</u>
	<u><u>1,733</u></u>	<u><u>7,168</u></u>
	31 March 2013	31 March 2012
	£000	£000
Other leases		
Within one year	18	18
Within two to five years	-	18
After five years	-	-
	<u>18</u>	<u>36</u>
	<u><u>18</u></u>	<u><u>36</u></u>

Notes to the Accounts for the year ended 31 March 2013

16 Trustees' remuneration, interests and indemnities

The Trustees receive remuneration from the DWP, which passes costs on to the ILF. The total remuneration paid to nine Trustees was £86,312 for 2012-13 and further information is provided in the Remuneration Report (2011-12: £76,380). Trustees received reimbursement for travel and subsistence expenses amounting to £6,000 for 2012-13 (2011-12: £11,000). For 2011-12 and 2012-13, one Trustee was a beneficiary of the ILF and received payments in accordance with the objects of the Fund; a procedure is in place to manage actual or perceived conflicts of interest.

The Chairman took a personal decision to waive his salary, with effect from December 2010, for the residual months of the year, and throughout 2011-12. In April 2012 the Chairman's salary was reinstated at two thirds the annual value, and from January 2013 was reinstated in full. All other Trustees had waived one third of their salaries from April 2011, these were reinstated in full in January 2013.

No other transactions were undertaken in which any Trustee or person connected with any Trustee had a material interest.

There are no policies of insurance against loss arising from the neglect or default of the Trustees, nor any policies providing an indemnity for Trustees in respect of the consequences of any such loss.

By the terms of the Trust Deed, the Secretary of State for Work and Pensions provides that Trustees are not personally liable for any loss to the ILF other than that arising from wilful and individual fraud, wrongdoing or omission on the part of a Trustee who is found to be liable.

17 Related party transactions

The ILF is administered by Trustees appointed by the Secretary of State for Work and Pensions. Related parties are the Trustees, all parts of the DWP including its agencies (representing the Secretary of State), and the Department for Social Development in Northern Ireland (DSD). We received Grant in Aid from DWP of £302,000,000 (2011-12: £328,000,000) and DSD £9,100,088 (2011-12: £10,300,000). The DWP make a joint transfer on behalf of DSD to the ILF on a monthly basis. The Trustees are the controlling party.

For 2011-12 and 2012-13 one Trustee was a beneficiary of the ILF and received discretionary grants in accordance with the objects of the Fund. An appropriate procedure is in place to manage actual or perceived conflicts of interest.

No other related parties, including the Trustees and key management staff, have undertaken any transactions with the ILF during 2011-12 or 2012-13.

Notes to the Accounts for the year ended 31 March 2013

18 Capital commitments and contingent liabilities

There were no capital commitments at 31 March 2013 (none at 31 March 2012). The announcement of the closure of the ILF creates a contingent liability as at 31 March 2013 in respect of future staff redundancy costs (none at 31 March 2012), but no sufficiently reliable estimate of the amount of the obligation can yet be made.

19 Endowment Trust Fund

The ILF was created by Trust Deed between the original Trustees and the Secretary of State on 10 April 2006, who paid £100 into an endowment trust fund on 13 April 2006. The original endowment is held on trust as explained in note 1. (The following statement is **not** in £000).

	2012-13	2011-12
	£	£
Balance at 1 April	114	114
Bank interest added in the year	-	-
	<hr/>	<hr/>
Balance at 31 March	<u>114</u>	<u>114</u>

20 Events after the reporting period

There have been no events which affect these accounts since the reporting date. IAS 10 requires the ILF to disclose the date on which the accounts are authorised for issue. This is the date of the Certificate and Report of the Comptroller and Auditor General. The authorised date for issue is 5 June 2013.



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