



Annual Report and Accounts

The Standards Board for England

2009-10

The Standards Board for England
Annual Report and Accounts 2009-10

Presented to Parliament pursuant to Section 13 of Schedule 4
to the Local Government Act 2000.

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Foreword from the Chair and Chief Executive

The 2009-10 financial year was one of significant development for Standards for England as we worked with local authorities to manage and promote high standards of conduct among local politicians in England.

There is now a good deal of experience of the operation of the local standards framework, which went live on 8 May 2008, and we have developed a sound understanding of how it is operating.

In September 2009, we published a new-look Annual Review, focussing on our experience of the work of local standards committees. Practical issues around the framework were much in focus at another highly successful Annual Assembly of Standards Committees, attended by over 800 delegates at the ICC in Birmingham in October.

Late in 2009, with publication in February 2010, we carried out a review of the local standards framework. This significant piece of work involved consultation with stakeholders across the system.

Our conclusion was that the arrangements to manage standards in local authorities are working, and attract strong support. However there are a number of ways in which we believe they could be improved so as to be more proportionate – saving time and money, and improving communication. Suggestions for improvement formed our recommendations which we have passed to Government for their consideration.

During the year we have continued to develop our operational arrangements to better deliver our work. We have restructured the organisation around three operational directorates – Risk, Regulation and Standards. Our Risk directorate takes the lead in working directly with authorities where there are standards issues.

Regulation is home to our casework and advice, guidance and liaison work. We have continued to develop our range of published information – and re-designed our website during the year to improve its accessibility and access to information.

Our Standards directorate is responsible for the organisation's research and knowledge management functions.

During the year we have undertaken Project Excellence, re-engineering our case handling to ensure it is of the highest standard. As a result we have been able to substantially cut the time it routinely takes us to complete investigations.

It is customary in the foreword to annual reports to make reference to any risks or uncertainties facing the organisation.

There is no doubt that standards in public life are important to the public at large – indeed our research has confirmed that the electorate expects the highest standards from holders of public office and that bad behaviour is identified and dealt with.

However, in May 2010 the Government published their coalition agreement which includes the pledge to abolish the Standards Board regime. Proposals to implement this will be brought forward in the Decentralisation and Localism Bill later this year.

Whilst we are currently unclear about any proposed alternative arrangements we have already significantly reduced our activities in light of government's intentions and due to budget restraints. We remain committed to fulfilling our statutory purpose, until such time as the legal framework changes, to support local authorities in maintaining high standards and remain willing to assist the government in developing and implementing any new local arrangements.

Dr Robert Chilton OBE

Chair



Glenys Stacey

Chief Executive



Date: 15 July 2010

Board information

Board

Dr Robert Chilton OBE
(Chair)

Professor Judy Simons
(Deputy Chair)

Elizabeth Abderrahim

Councillor Shirley Flint

Paul Gott

Elizabeth Hall

Councillor Mehboob Khan

Councillor Stephen Knight

Sir Ron Watson CBE

Chief Executive

Glenys Stacey

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External

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

Internal

RSM Tenon
26 Pall Mall
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M2 1JR

Management commentary

Format of the annual accounts

The annual accounts have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with the Local Government Act 2000 as amended.

History and statutory background of Standards for England

The Standards Board for England is a corporate body that was established on 22 March 2001 by the Secretary of State under powers conferred by the Local Government Act 2000 as amended.

The Local Government and Public Involvement in Health Act 2007 introduced a significantly remodelled local standards framework in May 2008. The majority of complaints about members' behaviour are now dealt with at a local level by the standards committees of local councils. Standards committees, chaired by an independent person, are responsible for assessing complaints, initiating investigations and, where appropriate, deciding whether a member has breached the Code of Conduct and should be sanctioned.

In 2009, the Standards Board for England changed its name (for day-to-day purposes) to Standards for England. This name reflects our focus on working with local authorities, their monitoring officers and local standards committees to manage and promote high standards of conduct among local politicians, rather than concentrating predominantly on cases of poor behaviour.

Principal activities of Standards for England

Standards for England is a non-departmental public body sponsored by Communities and Local Government. Its principal activities are explained in the Annual Report.

Significant changes in non current assets

The movement in non current assets is shown in notes 8 and 9 to the annual accounts.

Standards for England's key responsibilities

We are charged to uphold principled local politics. Working with local authorities, their monitoring officers and local standards committees, it's our job to manage and promote high standards of conduct among local politicians. We want to make sure the public are in no doubt that standards and principles matter to local government.

Our key responsibilities are:

- Providing guidance and support to authorities in operating the framework and identifying and promoting the best local practice.
- Identifying and mitigating risks to standards of member behaviour and authorities' ability to manage complaints about member conduct.
- Monitoring the operation of the local standards framework and advising government and others on how it's working.
- Conducting investigations into complaints against members that are not suitable for local investigation.

- Conducting research that supports our work and increases our expertise in ethical standards and regulation.

The legislative, regulatory, operational and external environment

Of the 3,225 complaints received by local authorities we accepted 199 cases for investigation. The majority of complaints continue to be made by members of the public. Many of these reflect continued concern about interests in relation to planning decisions. We have also been concerned by some serious allegations of bullying behaviour towards local officials.

We continue to provide impartial oversight of the Code of Conduct and issue appropriate guidance on case handling and Code-related issues.

We have conducted a review of the local standards framework, focusing on proportionality and effectiveness. The findings were published in February 2010 and recommendations for improvement have been made to our sponsoring Government department, Communities and Local Government.

We have produced a statement explaining what we are seeking to achieve setting out our regulatory philosophy and explaining how we put that approach into practice.

There are two key outcomes Standards for England is seeking to achieve:

- That there are high standards of conduct among members in authorities.
- That there is an effective and proportionate standards framework in operation.

Project Excellence has been completed. The objective of the project was to bring about improvements to the organisation's approach to investigations, supported by improved investigation processes and IT systems. A number of improvements have already been delivered, such as the creation of core teams for all cases, and the remaining improvements will continue to be delivered during 2010.

Our Risk directorate has been established and they have been working to develop effective systems for the identification of three types of risk:

- specific (relating to individual authorities)
- systemic (relating to an aspect of political or standards arrangements that may affect all of the authorities)
- sectoral (relating to particular types or groups of authorities)

Where we have identified risks that we believe are significant we have worked with authorities and others to address them.

In the past year, Standards for England has sought to strengthen its links with other regulators and key stakeholders who are committed to improving local government.

We have updated our memorandum of understanding with the Audit Commission and this was published in October 2009. As set out within the memorandum of understanding we now share data obtained through our quarterly and annual returns with the Audit Commission.

Along with the Audit Commission and the Improvement and Development Agency (IDeA) we jointly badge the ethical governance toolkit. The purpose of the toolkit is to

help local authorities assess how well they are meeting the ethical agenda and to improve further their arrangements. We keep the ethical governance toolkit under review to ensure it remains fit for purpose.

We have continued to provide advice to overseas agencies concerned with ethics, and to learn from their experiences. As well as presentations to a Chinese government delegation, we also contributed to an ethics conference in Amsterdam. We have been involved in the development of an international ethics and corruption conference to be hosted in 2011. We have agreed to contribute to a Council of Europe Handbook on Public Ethics.

As part of our research programme for 2009-10 we commissioned the following research projects:

Assessing the impact of standards committees

This research identified examples of notable practice in standards committees which we can now share with other standards committees and so help them improve.

Researchers from the University of Hull and Teesside University investigated activities in nine local authorities and identified notable practice in the following areas:

Notable Practice

Organisational learning
 Working with town and parish councils
 Member development
 Working with partnerships
 Recruitment and retention
 Training and development
 Joint standards and audit committees
 High pressure investigations
 Embedding standards

Case study authority

Bristol City Council
 Taunton Deane Borough Council
 Surrey Police Authority
 Newark and Sherwood District Council
 South Cambridgeshire District Council
 Herefordshire County Council
 Runnymede Borough Council
 Greater London Authority
 Newcastle City Council

Comparing standards frameworks

As part of our review of the standards framework, Standards for England commissioned Teesside University to compare standards frameworks in England, Scotland and Wales.

Data was collected using a multi-faceted methodology. Desk-based research was followed by telephone interviews with independent chairs and other members of standards committees, as well as a research workshop to which representatives from key national organisations were invited to comment on initial findings.

Overall, the findings showed support for the standards framework and support for a central agency to facilitate the standards framework and to take on the most complex and high-profile cases. There were concerns about the complexity of the complaints process at a local level.

How proportionate is the standards framework?

Another piece of research was used to inform our review of the standards framework. This research looked at the extent to which members, officers and the general public views the standards framework as proportionate.

Generally, all respondents believed that the standards framework was worthwhile. However, they did think that the framework could be more streamlined and effective.

Suggestions included the vetting and filtering of more minor or trivial complaints and greater clarity in standards.

Public perceptions of ethics

Every two years Standards for England measures and monitors the public's perceptions of local councillors' ethical standards and their confidence in the redress mechanisms for dealing with shortcomings in individuals' behaviour. We now have data for 2005, 2007 and 2009.

Field work for this survey was undertaken during the recent revelations about MPs' expenses. It is likely that this impacted upon findings. The findings show that public attitudes towards local councillors have changed less markedly than for local MPs, politicians generally and government ministers. This suggests that the public are, to an extent, able to discern between local and national politicians.

A comparison with our survey of local authority members and officers shows that those within local government have a far higher level of confidence in the ability of local government to uncover poor behaviour and to deal with it appropriately than members of the public.

Assessing the impact and effectiveness of the ethical framework in local government in England

2009 saw the publication of the first wave of findings from this five-year-study.

The aim of the research is to address three main questions:

- 1) Has the ethical framework caused any changes in local government processes, systems, values and culture?
- 2) Has the ethical framework had any effect on the conduct of councillors?
- 3) Has the ethical framework had any effect on public attitudes to local government, either directly, or through any changes in council processes and/or councillor conduct?

For the most part the authorities included in the research are successfully implementing the standards framework. The general view was that member conduct had improved in recent years and there was support for the view that the ethical framework had been useful in giving coherence and focus to local ethical governance. The framework also provided a basis for training and advice on the standards expected of councillors. Better conduct did appear to be associated with a more concerted effort to train and remind members.

There was also evidence that the ethical framework had been influential as a regulatory mechanism; in particular it served as a mechanism for sanctioning and/or legitimising the demotion or resignation of councillors who had caused serious ethical problems.

Stakeholder tracker survey 2009: A qualitative assessment of advice and guidance

A survey is undertaken every other year to assess satisfaction levels of members and officers with Standards for England and their attitudes to the ethical environment. Following the 2009 survey a qualitative piece of research was undertaken to explore further those issues of particular interest.

The findings of this qualitative research concur strongly with those in the survey. Standards committee members and monitoring officers are very positive about the local ownership of the standards framework and feel it has 'bedded in' well. They

welcome the chance to take ownership of investigations, including the opportunity to have greater knowledge and control of the investigation process.

Partnerships work with Manchester City Council

Working with Manchester City Council and its partners we have developed a protocol which describes appropriate behaviours in partnership working. We intend to publish this protocol in the form of guidance. We will also continue to work with Manchester City Council to help ensure that it is embedded within the culture and processes of the Council.

Building on this we are working with the Centre for Public Scrutiny to develop tools to enable the effective ethical scrutiny of partnership arrangements.

Standards for England's objectives and strategies for achieving them

Our established objectives are being reviewed in light of the new situation, but for the year under review our strategic objectives were to:

- 1) be a respected strategic regulator, adding value to local government
- 2) ensure the local standards framework is a success
- 3) continue to improve our business capability and effectiveness

These objectives covered both our commitment to delivering the two regulatory outcomes (objectives one and two) and our determination to be an effective and efficient regulator (objective three).

Our strategies for achieving these strategic objectives were set out in our Corporate Plan.

Resources available to the entity: key strengths

Standards for England continues to encourage its staff to gain the appropriate professional, management and other expertise necessary to achieve our objectives. We also continue to recruit from a broad range of backgrounds to ensure that we have the right blend of knowledge and experience to operate as effectively as possible.

Key relationships with stakeholders (central government) that might affect the organisation's long-term position

Standards for England enjoys a good working relationship with its sponsor department, Communities and Local Government. The Chief Executive meets with officers from the Department on a monthly basis to discuss key developments and to report on the organisation's performance against its objectives.

Directors' report

1) Review of the development of Standards for England and its position at the statement of financial position date

On 8 May 2008 Standards for England ceased receiving and assessing allegations that members had breached the Code of Conduct. From that date onwards standards committees became responsible for receiving and assessing such allegations.

When assessing allegations, standards committees can make one of three findings:

- take no action
- refer the allegation to the monitoring officer for investigation or some action other than investigation
- refer the allegation to Standards for England

During 2009-10 we have accepted 199 cases for investigation (please see Section 5 of this directors' report for more details).

Standards for England's ethical standards officers referred 20 cases to the Adjudication Panel for England/First-Tier Tribunal¹ during 2009-10. In all, they heard 24 cases during the year (including cases carried over from the previous year). This resulted in 17 members being

¹ First-Tier Tribunal (Local Government Standards in England) determines references and appeals about the conduct of members of local authorities. Work transferred to the First-Tier Tribunal from the Adjudication Panel for England from 18 January 2010. The Adjudication Panel for England was established by Part III, Chapter IV of the Local Government Act 2000.

The First-Tier Tribunal operates independently of Standards for England and proceedings are governed by The Tribunal Procedure (First-Tier Tribunal) (General Regulatory) Rules 2009.

given sanctions, ranging from censure to disqualifications.

2) Indication of likely developments

In light of the Government's intention to abolish the Standards Board regime the organisation has revised its business objectives. The revised objectives are:

- 1) To fulfil the organisation's statutory purpose and functions
- 2) To reduce the organisation's expenditure in line with Government expectations
- 3) To support the transition to any new arrangements

Our business plan will consist of activity to support local authorities, either individually or collectively, where there has been an expressed need either from local government or the local community for our advice or assistance. Activities will have to meet the following criteria:

- a) Does the particular activity form part of our statutory function?
- b) If we were not to carry out the activity, would there be a risk that a local authority, or local authorities collectively, may not be able to meet their statutory functions?

Government has indicated that the proposal to abolish the organisation will be included in the Decentralisation and Localism bill. Although the legislation is yet to be introduced to Parliament, in anticipation of its abolition, the organisation has started to implement a headcount reduction strategy.

3) Board members and executive directors

The Board members who served in the year ending 31 March 2010, together with details of their remuneration, are shown in the remuneration report to the annual accounts. Details regarding the appointment and remuneration of the Chief Executive, who is not a member of the Board, are shown in the remuneration report.

4) Complaints referred to Standards for England

Standards for England investigates complaints against members that are not suitable for local investigation. During 2009-10 these accounted for about six per cent of complaints nationally. We decide whether to accept cases referred to us by local standards committees, and we make this decision based on the public interest as expressed in the criteria set out in our *Local assessment of complaints* guidance.

We have accepted 199 cases for investigation in the year ending 31 March 2010. In some instances we have used our discretion either to send a complaint back to a standards committee for local investigation or other action, or to take no action. This is usually because, in our opinion, the complaint would not disclose a potential breach of the Code of Conduct, even if it were proven. This is to ensure that we focus on those allegations that have the potential to damage the public's confidence in local democracy.

5) Going concern

The Statement of Financial Position at 31 March 2010 shows net liabilities of £4,560k. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from Standard for England's other sources of income, may only be met by future grants or grants-in-aid.

These will be met from Communities and Local Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need. Grant-in-aid for 2010-11, taking into account the amounts required to meet Standards for England's liabilities falling due in that year, has already been included in the Department's estimates for the year. These have been approved by Parliament

Following the general election on 6 May 2010, the new coalition Government announced that the Standards Board regime would be abolished. In light of this event management have reviewed the appropriateness of the preparation of the 2009-10 financial statements on a 'going concern' basis. This is discussed in note 20 to the accounts.

Operating financial review

The net expenditure for the year 2009-10 before interest receivable, cost of capital and taxation amounted to £7,533k.

Details of Standards for England's pension scheme and financial instruments are shown in notes 14 and 16 respectively.

Key performance indicators

A number of key performance indicators were monitored during the 2009-10 financial year. Table 1 below sets out our performance against target for the year.

Table 1 – Performance against key performance indicators: 1 April 2009 – 31 March 2010

KPI	Target	Performance 2009-10
Shaping confidence in probity of Local Partnership Governance Arrangements by giving local Standards Committees the tools to examine and improve these arrangements.	The main target for achievement for this year was the development of a protocol on partnership work and subsequent tools being made available for Authorities to use.	Achieved –The Protocol has been developed to help Authorities improve Partnership working. This was launched on the Standards for England (SfE) website in March 2010.
Entity Risk Management (ERM) is effective in identifying/anticipating key standards issues in individual authorities.	Programme developed and implemented by September 2009.	Achieved – An engagement based approach to working with local authorities and work programme was devised by the end of March 2010.
Those we help and work with feel we have provided them with an authoritative opinion/appropriate knowledge, which has helped improve their local framework.	<p>A. % view SfE as successful in defining standards of behaviour</p> <p>B. % view SfE successful in providing information/advice to members</p> <p>C. % view SfE successful in providing information to Stds Committees</p> <p>D. % views SfE give Good/useful guidance/advice and information /prompt response/ relevant info as answers in their verbatim</p> <p>E. % of perceived success in defining standards of behaviour by role:</p> <p>i-MOs,</p> <p>ii-Chair of Standards Committee</p> <p>iii-Elected member,</p> <p>iv-Town and Parish Clerk,</p> <p>v-Town and Parish member</p>	<p>Achieved</p> <p>a. 72%</p> <p>b. 62%</p> <p>c. 59%</p> <p>d 35%</p> <p>e.i. 74%</p> <p>e.ii. 86%</p> <p>e.iii. 64%</p> <p>e.iv. 74%</p> <p>e.v. 60%</p>

Table 1 – Performance against key performance indicators: 1 April 2009 – 31 March 2010 (continued)

KPI	Target	Performance 2009-10
Public, members and officers have confidence in Standards Framework and its proportionality	Indicators be developed from research	<p>Partly achieved. We are able to use a quantifiable measure of confidence research undertaken to measure whether 'Public, members and officers have confidence in Standards Framework'. Results show:</p> <ul style="list-style-type: none"> - 74% of SfE stakeholders and 25% of public have confidence in local authority to uncover a breach. - 80% of SfE stakeholders and 32% of general public have confidence in local authority to deal with local councillors appropriately if it uncovers a breach. <p>Whilst we do not measure 'proportionality', we have undertaken a review of the proportionality of the Local Standards framework and presented the corresponding recommendations to CLG.</p>
We are effective in dealing with Authorities of Concern	Success of engagements' action plans measured	<p>Achieved – We do not now operate by using an action plan system, but we have worked with 140 authorities of concern since 1 April 2009, successfully ending engagements with 31 (22%). After a re-categorisation of engagements approach, we are now engaged at a higher level with 30 authorities and in contact at a lower level (pre-engagement) with 79 authorities.</p>
Annual returns from Local Authorities demonstrate Standards Committees doing work to promote high standards and contributing to improved governance	The original consideration of the measurement was that a Benchmark would be developed as a result of the annual returns. However, when considering the questions to be asked in the annual returns process, qualitative questions were deemed more appropriate to be asked to identify exact work done to promote high standards.	<p>Partly Achieved– We have been able to gauge the level of work undertaken to promote high standards locally, from qualitative answers from the Annual returns. A narrative summary of annual returns findings included in Standards for England's Annual Review (pub. October 09), highlights work that Standards Committees are doing to promote high standards and contribute to improved governance. It includes specific examples of notable practice from Standards Committees in the following areas: training, meetings, publications, informing and engaging with the public, promoting standards in partnerships, other ways of promoting standards.</p>

Table 1 – Performance against key performance indicators: 1 April 2009 – 31 March 2010 (continued)

KPI	Target	Performance 2009-10
SfE provides effective customer services to service users.	a. 90% written correspondence receiving an initial response within 5 working days of receipt.	a. Achieved – 93%
	b. 90% of standard cases accepted for investigation by SfE to be completed within 6 months.	b. Not achieved- 81% achievement. We completed 91% of all cases (those categorised as complex and those categorised as standard) within target timescales. Overall achievement for those cases categorised as standard was adversely affected by time taken to complete seven linked cases.
	c. 90% of all cases accepted for investigation by SfE to be completed within 1 year	c. Achieved - 100%
	d. % Complainants and those being complained about are satisfied with the way the investigation was carried out and how they were treated , based on the following questions:	d. Achieved– We started issuing questionnaires in February 2010, with 17 responses received. The following results show the mean average score out of 5, using a 1 (very dissatisfied) to 5 (very satisfied) rating, with the number responding highlighted in the brackets and the percentage satisfaction level score detailed afterwards:
	i-the information you were provided about what the Investigations process would involve	i- 4.44/5 (17) 88.8%
	ii-your involvement in an investigation	ii- 4.24/5 (17) 84.7%
	iii-adequacy of notice of interview	iii- 4.31/5 (14) 86.2%
	iv-opportunity to say everything	iv- 4.27/5 (14) 83.4%
	v-SfE conduct throughout the whole case in terms of thoroughness	v- 4.10/5 (10) 82%
	vi-was the ESO's report accurate?	vi- 3.40/5 (10) 85%
vii-was the ESO's report useful?	vii- 3.50/5 (10) 87.5%	
viii-the outcome of the case	viii- 4.10/5 (10) 82%	
ix- SfE Investigations department is impartial	ix- 3.94/5 (17) 78.8%	
x- outcome of the case was impartial	x- 4.00/5 (17) 80%	

Table 1 – Performance against key performance indicators: 1 April 2009 – 31 March 2010 (continued)

KPI	Target	Performance 2009-10
We can identify our expenditure by service area and objective.	An analysis of costing methods is to be developed in line with VfM strategy.	Partly achieved – We are able to identify our expenditure by service area though work has been delayed due to development on the finance systems as a result of phase 2 of the organisational redesign project. Once completed in May, the organisation will be considering the options available and implement the most appropriate.
Key areas of work reviewed to ensure we operate in line with modern regulatory practice (Project Excellence).	Project completed and implemented as per project plan (design phase signed off June 09 and implementation plan started July 09).	Achieved –New processes in place by end of March. Project set to be completed by end of May 2010.

Employment issues

This year we have continued progress in a number of key human resource (HR) areas, which are part of our People Strategy. The intention is to improve our HR effectiveness both strategically and also in day-to-day HR service delivery. To this end, we have developed an overarching People Strategy to complement and support our operating model. The strategy sets out our vision for the way we will manage and support our people over the next three years. As part of this strategy we will have the following three key people goals which will determine our priorities:

- to be effective in the way we work
- to have the right people in place to do the work
- to have a continually improving workforce

Of particular note this year:

- We have delivered a whole organisation restructure which has included function and job redesign, and a restructuring of our key business functions and our support services. We now have in place a structure that supports our core business as a strategic regulator.
- We have developed, in consultation with PCS, our recognised trade union, a new pay and grading structure for the workforce. This has involved a job evaluation exercise of all posts (below SMT level). The changes will be implemented in April 2010.
- We have developed and implemented an instant reward scheme for all staff which is part of our reward and recognition strategy.
- We have improved employee engagement by establishing a staff engagement group to develop our staff engagement strategy, delivering a staff survey and implementing a number of actions arising and developing a follow-up survey for this year, and also by making improvements in our use of the intranet and HR information system to provide enhanced information to all employees.
- We have delivered significant improvements in our HR information systems (HR.NET) providing improved functionality for both managers and employees increasing efficiency and supporting our performance management framework.
- We have continued to review and update our HR policies and procedures to ensure they are fit for purpose and support our organisational objectives.
- We have redeveloped our competency framework which has ensured that our competencies reflect the behaviours and attributes we require from our staff to support our role as a strategic regulator. These are now embedded into our recruitment, development and performance management processes.
- Sickness absence levels remain low within the organisation. The average days lost per person over a rolling 12-month period is 4.59 days compared to a public sector average of 9.7 days per person.
- Our turnover remains high at 24.7% for year ending 31/3/10 but this is due to significant organisational redesign including a programme of voluntary redundancy for selected posts that has occurred over the last 12 months.

We have improved our management reporting through the provision of HR information to the corporate scorecard.

Environmental issues

Standard for England remains committed to improving its carbon footprint, energy efficiency and recycling of materials in a way which is consistent with the effective use of public funds.

Environmental policy is managed by our facilities and health and safety adviser who has reported regularly to the senior management team on significant issues and proposed new initiatives to improve our environmental performance.

Some activities carried out during the 2009 – 10 financial year were:

- improved the energy efficiency rating for the building
- obtained 100% of electricity supplied from renewable resources
- saved 134 trees through shredding and recycling of waste paper
- changed paper suppliers to one that uses only raw material from sustainable forests

Better payment practice code

Standards for England complies with the British Standard for Achieving Good Payment in Commerce Transactions (BS7890) in its treatment of all its suppliers. We also comply with the Late Payment of Commercial Debts (Interest) Act 1998. Excluding disputed items, 92.4% of suppliers' invoices were paid within 10 working days or the supplier's credit terms if less.

External auditors

The auditors for the year ended 31 March 2010 are the National Audit Office. Their fee for the audit of the financial statements was £41,750. This includes a fee of £6,500 for the audit of a shadow set of accounts prepared for 2008-09 as part of the transition from UK to International Financial Reporting Standards.

Audit information

As Accounting Officer, I Glenys Stacey confirm that as far as I am aware there is no relevant audit information that the external auditors are unaware of and I have taken all necessary steps to ensure that they are aware of all relevant information.

Disclosure of registered interests by Board members and higher-paid employees

Standards for England maintains a comprehensive register of interests for Board members and higher-paid employees, which is available for public inspection on our website (www.standardsforengland.gov.uk) or on application to the secretary to the Board. Members of the public may also visit Standards for England's offices during normal working hours to inspect the register.

Remuneration report

Remuneration and employment policy and methods used to assess performance

Remuneration policy

We operate a performance-related pay system, whereby pay progression is based on individual performance. In April 2010, we introduced a revised pay and grading structure for the majority of our staff. Jobs of similar size are grouped together into six job bands and the job bands are underpinned by a points factor analytical job evaluation tool.

Each pay band has a minimum and target rate, with scope for further progression up to a pay band maximum. The bands have a similar structure with the minimum set 10% below the target rate and the maximum 7.5% above. Pay band minima and maxima are reviewed annually within the parameters set by the HM Treasury and a full market review of the bands will be conducted every three years. The whole process ensures that salaries are competitive and enables Standards for England to recruit, retain and motivate high calibre staff, from the public and private sectors, whilst still retaining fairness and equity.

Performance is assessed on an ongoing basis through a performance management system. The system monitors and tracks achievement against objectives agreed at the beginning of the financial year, and development against competencies agreed for the role. Performance is formally reviewed every six months, and a performance rating is given annually. The performance rating is used to establish individual percentage salary increases. This is assessed using a matrix of the performance rating awarded against the individual's position in the salary band.

Policy on recruitment

In most cases, all permanent and fixed-term vacancies are advertised both

internally and externally. External recruitment activity is conducted through press or web advertising initially for permanent vacancies; the use of recruitment agencies is permissible in certain circumstances.

All candidates are screened and interviewed using a competency-based interview, accompanied by appropriate selection methods or tools. This can include group exercises, online and/or written ability tests, or in-tray exercises. They are specifically related to job requirements and measure the person's actual or inherent ability to do or train for the job.

Decisions on pay

Decisions on pay have been delegated to Standards for England's senior management team within the rules set out in the HM Treasury's pay guidelines.

The guidelines (which are under review) set the rules for pay on recruitment, pay on promotion, pay for temporary and additional responsibility allowances, and for the annual pay review. Pay decisions made within these guidelines are made by a senior manager in conjunction with the Human Resources (HR) manager or an HR adviser. Any pay changes outside of these guidelines require approval from Communities and Local Government.

Decisions on senior management pay (including in relation to the Chief Executive) are made by the remuneration committee in line with HM Treasury pay guidelines.

Approval on the overall annual salary review (including senior management pay) is made by the remuneration committee. The remuneration committee is made up of 3 Board members.

The Chief Executive and the HR manager attend and service the committee.

Salary

Salary includes basic salary and allowances. Allowances consist of either an acting-up allowance, for those staff acting up to a high grade or job on a temporary basis; or an additional responsibility allowance, for those staff taking on additional responsibilities for a temporary period.

No other allowances or benefits in kind are paid to Standards for England employees.

Pension benefits

All staff are entitled to join the Greater Manchester Pension Fund, which is part of the nationwide pension scheme for local authorities, the Local Government Pension Scheme (LGPS). The scheme is a 'final salary' scheme. Employer's contributions are set at the rate of 14.9% of pensionable earnings.

Part of the Remuneration Report subject to audit

The Board consists of ten members, including the Chair and the Deputy Chair, and members are initially appointed by the Secretary of State on renewable contracts lasting up to 36 months. Details of the Board members' emoluments for the year were as follows:

Name	Position	Date of original appointment	Contract end date	2009-10 Fees and other remuneration £	2008-09 Fees and other remuneration £
Dr Robert Chilton	Chair	01/07/08	30/06/11	41,412	30,600
Sir Anthony Holland	Chair	07/02/01	30/06/08	-	10,201
J Simons ¹	Deputy Chair	13/02/06	13/07/11	11,068	10,757
P Hughes	Deputy Chair	22/03/01	30/06/08	-	2,673
E Abderrahim	Member	14/07/08	13/07/11	7,530	5,349
S Flint ²	Member	23/10/06	22/10/12	7,530	7,915
P Gott	Member	13/02/06	12/02/12	7,530	7,418
E Hall	Member	13/02/06	12/02/12	7,530	7,418
M Kendall ³	Member	14/07/08	13/07/11	-	5,349
M Khan	Member	23/10/06	22/10/12	7,530	7,418
S Knight ⁴	Member	04/03/09	03/03/12	7,589	559
R Watson ⁵	Member	23/10/06	22/10/12	7,530	8,673

No pension contributions are payable for Board members.

¹ Became Deputy Chair on 14 July 2008.

Remuneration includes overtime payments of £Nil (2008-09 £826.)

² Remuneration includes overtime payments of £Nil (2008-09 £498.)

³ Resigned 20 March 2009.

⁴ Includes a £59 salary amendment relating to the previous year.

⁵ Remuneration includes overtime payments of £Nil (2008-09 £1,255.)

Expenses claimed by Board Members can be viewed on our website:

www.standardsforengland.gov.uk

Senior Management Team and Chief Executive Costs (excluding Board Members)

The salary and the value of any taxable benefits in kind of the senior management team of Standards for England reporting to the chief executive were as follows:

Name	Position	2009-10 Remuneration £'000	2008-09 Remuneration £'000
Glenys Stacey	Chief Executive	125-130	125-130
David Prince ¹	Chief Executive	-	20-25
Paul Hoey	Head of Strategic Relations	80-85	80-85
Hazel Salisbury ²	Director of Casework	-	85-90
Sara Goodwin ³	Head of Legal Services	-	60-65
Kathy Farrand ⁴	Head of Referrals	-	105-110
Tim Bogan ⁵	Head of Communications	-	65-70
Navin Gokool ⁶	Head of Governance & Client Services	70-75	65-70
Steve Barrow ⁷	Director of Standards	55-60	-
Tim Leslie ⁸	Director of Regulation	75-80	-
Vivienne Horton ⁹	Director of Standards	45-50	-
Dave Gray ¹⁰	Head of Planning	50-55	-
Richard Scott ¹¹	Head of Communications	65-70	45-50

All senior management are employed on permanent contracts.
No taxable benefits were provided to the senior management team.

¹ Appointment ended 2 June 2008.

² Appointment ended 20 March 2009.

³ Appointment ended 31 July 2008. Remuneration in 2008-09 includes £37k paid in accordance with the terms of our redundancy policy.

⁴ Appointment ended 30 May 2008. Remuneration in 2008-09 includes £98k paid in accordance with the terms of our redundancy policy.

⁵ Appointment ended 23 May 2008. Remuneration in 2008-09 includes £40k paid in accordance with the terms of our redundancy policy.

⁶ Appointed ended 30 September 2010. Remuneration in 2009-10 includes £35k paid in accordance with the terms of our redundancy policy.

⁷ Appointed 17 August 2009.

⁸ Appointed 15 June 2009.

⁹ Appointed 10 August 2009.

¹⁰ Appointed to SMT on 1 July 2009.

¹¹ Appointment ended 30 March 2010. Remuneration includes £14k paid in accordance with the terms of our redundancy policy.

Pension benefits

Name	Accrued pension at age 60 at 31.3.10 & related lump sum £'000	Real increase in pension & related lump sum at age 60 £'000	*CETV at 31.3.09 £'000	CETV at 31.3.10 £'000	Real increase in CETV £'000
Glenys Stacey	0-5	0-2.5	30	65	35
Paul Hoey	80-85	2.5-5	314	355	41
Navin Gokool	10-15	0-2.5	38	46	8
Steve Barrow	0-5	0-2.5	-	13	13
Tim Leslie	0-5	0-2.5	-	19	19
Vivienne Horton	0-5	0-2.5	-	12	12
Dave Gray	10-15	0-2.5	-	19	19

*Cash equivalent transfer value

Signed by
Glenys Stacey



And on behalf of the Board
Dr Robert Chilton OBE



Chief Executive and Accounting Officer

The Standards Board for England

Date: 15 July 2010

Chair

The Standards Board for England

Date: 15 July 2010

Statement of the Board's and the Accounting Officer / Chief Executive's responsibilities

Under the Local Government Act 2000 as amended, the Secretary of State, with the consent of HM Treasury, has directed Standards for England to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Standards for England and of its income and expenditure, recognised gains and losses, and cash flows 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:

- Observe the Accounts Direction issued by the Secretary of State, including the 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 financial statements.
- Prepare the financial statements on a going concern basis.

The Accounting Officer of Communities and Local Government has designated the Chief Executive as Accounting Officer of Standards for England. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Standards for England's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Standards for England's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible. This is in accordance with the responsibilities assigned to me in *Managing Public Money*.

Standards for England has a comprehensive set of policies and procedures in place, which are appropriate for the business needs of the organisation and which represent an effective key element of the overall internal control system and ensure the full implementation of HM Treasury guidelines.

The purpose of the system of internal control

The system of internal control is designed to manage risk to an acceptable level, commensurate with our business objectives, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on a continuous cycle formulated to:

- Identify and prioritise the risks to the achievement of Standards for England's policies, aims and objectives.
- Evaluate the likelihood of those risks being realised, the impact, should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Standards for England for the year ended 31 March 2010 and up to the date of the approval of the *Annual*

Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

The Board is responsible for overseeing the effective management of risk across the whole organisation. The Board has identified strategic risks which could affect the achievement of Standards for England's policies, aims and objectives and which need to be managed actively. Individual risks are selected for monthly in-depth review by the Senior Management Team and other risks are selected for two-monthly reviews by the Board. Under Standards for England's risk management arrangements, identified risks are assigned to specific and appropriate individuals of at least director status to ensure effective ownership and management of those risks. All risks are reviewed and recalibrated monthly.

A two-tier risk process is used within Standards for England. A corporate risk register is maintained by SMT, which includes only the risks that would have the greatest adverse impact on the whole organisation if not managed effectively.

A second tier of risk register is maintained by each directorate or department and reviewed regularly. Whilst the focus is on risks affecting them in the achievement of their objectives, directorates are encouraged, where it is appropriate to do so to recommend escalating the risks to SMT thus moving the risk from the directorate risk register to the corporate risk register.

The Board and Audit Committee oversee the risk management system across the organisation to ensure adherence to the risk policy. The Corporate Assurance Officer monitors and facilitates the risk process.

We have been assessed as "Risk Managed" by our internal auditors on a 5

point scale devised by the Institute of Internal Auditors. This ranges from “Naïve” at the lowest end to “Risk Enabled” at the highest end of the scale. “Risk Managed” represents the penultimate stage of risk maturity on this scale.

Learning from best practice we present risk information in graphic as well as tabular form, showing risk movement and direction of travel month by month. Additionally, we have revised the way we score risk and categorise operational risks.

The risk and control framework

Board

The Board is responsible for overseeing the effective management of risk across the whole organisation. This includes agreeing the risk process and policy for the organisation, discussing emerging risks, reviewing and agreeing risk scores for impact and likelihood and reviewing mitigating actions being implemented. At each meeting, the Board reviews and challenges the risk graphic showing risk assessment and movement. They receive a short written report on risks and risk management from the Chief Executive. They review a selected risk in depth, involving relevant staff from within the organisation. The chairman on occasion, addresses the whole of Standards for England in relation to our management of selected risks, so that we share a common understanding of the selected risks and the mitigating actions being delivered.

Audit Committee

At each Audit Committee meeting the Audit Committee reviews the effectiveness of arrangements for risk management including internal audit reports and resulting action plans. In addition they monitor and review the effectiveness of the risk management framework.

Internal Audit

Internal Audit are required to advise us on best practice and to review and report on the level of assurance provided concerning the effectiveness of risk management to the Audit Committee.

The Chief Executive and SMT

The Chief Executive and SMT are responsible for ensuring that Standards for England’s policies are effectively implemented, that risk is managed on a day-to-day basis, that risk awareness is promoted within the organisation and that risk management objectives are set within directorates. They ensure that risk management is considered at every SMT meeting to ensure that appropriate priorities are agreed in the light of risk analysis and mitigating actions.

Corporate Assurance Officer

The Corporate Assurance Officer is responsible for co-ordinating the recording and reporting of risk to the Board and the Audit Committee, acting as the primary champion of risk management at strategic and directorate level and advising on the design of the risk management process.

Risk Owners

Identified risks are assigned to Risk Owners who update the Corporate Assurance Officer on a monthly basis to ensure that any changes to the scoring of the risk are captured.

Risk Appetite

The overall approach to risk is to ensure that residual risks are minimised as the potential gains from accepting higher levels of risk are not thought to be significant in comparison to the potential consequences of the risks being realised.

Information Risk

In the light of government concerns over data security we have reviewed and reissued guidance to staff on the

handling of data in transit and use of laptops. Following the issue of further guidance by the Cabinet Secretary we have reviewed all our procedures and commissioned an independent Information Security Risk Assessment to help us understand where we are at risk of security breaches or lapses. This indicated that there are a number of risk areas and we have implemented actions to address the highest priority concerns. An action plan has been developed and approved for the remaining recommendations and these will be taken forward in the knowledge management project for future implementation.

Significant Internal Control issues

The control and risk assessment processes have been applied to the following key initiatives during the year:

- We completed an organisational restructure after reviewing our operating model to ensure its fitness for purpose as a strategic regulator.
- Project Excellence is a review of our investigations process which will enable us to deliver a customer focused and dynamic service.
- We are implementing an entity risk management system to enable us to assess the risks to standards in the individual entities we regulate, and to enable us to determine our level of engagement in those entities assessed at risk.
- Knowledge management – delivering solutions and cultural change to the way that information and knowledge is stored, protected, shared and disseminated within and outside the organisation. This will also include some of the common requirements from the other major projects. Our Information Technology Portfolio will support the projects by delivering solutions to their IT support requirements. It will also ensure that we have an effective, robust and

appropriate infrastructure and technical architecture to support our activities, through a controlled development plan.

All of these projects have defined governance arrangements. The most significant in terms of cost and/or risk have steering committees with selected Board members engaged. There is dedicated project management resource to support all the main projects and the senior team are briefed on the risks and interdependencies.

We have an approved IT strategy for the period 2010-12 which includes improvements to support the organisation in our strategic regulator role including information sharing, better ways of working and business process support.

We have reviewed and enhanced our business continuity plans and are implementing improvements identified.

Going concern

Following the general election on 6 May 2010, the new coalition Government announced that the Standards Board regime would be abolished. In light of this event I have reviewed the appropriateness of the preparation of the 2009-10 financial statements on a 'going concern' basis.

Parliament will need to enact the legislation necessary to abolish Standards for England, and that the timing and eventual decision of Parliament on this matter is currently uncertain. I have concluded that due to this uncertainty, there exists a material uncertainty that casts doubt upon Standards for England's ability to continue as a going concern.

Nevertheless, after making enquiries and discussing the situation with the sponsor Department, I am satisfied that sufficient funding is in place to enable Standards for England to continue in operation for the foreseeable future and meet its

obligations as they fall due. For these reasons, I consider it appropriate to adopt the going concern basis in preparing the financial statements.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the following:

- the work of the internal auditors
- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework
- comments made by the external auditors in their management letter
- other reports, such as specially commissioned reports on document management and other specialist matters

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and the audit committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place. In particular, the recommendations contained in audit reports are regularly tracked.

The Board continues to take overall responsibility for monitoring my performance and that of my executive officers in delivering a sound and effective system of internal control. They do this by receiving and considering reports from the audit committee on the work outlined earlier and the outcome of the internal and external audit reports.

At regular intervals, the internal auditors provide the Audit Committee and Accounting Officer with reports on the areas of activity subject to audit. The reports include the internal auditors' independent opinion on the adequacy

and effectiveness of Standards for England's system of internal control during the report period. Management gives careful consideration to their recommendations, which have been accepted in virtually every case, and their prioritised implementation monitored by the Audit Committee. The development and maintenance of the control framework has continued to be informed by work undertaken by the senior management team. The content of the management letter provided by the external auditors also plays a vital role.

The Audit Committee is the mechanism employed by the organisation to enable detailed scrutiny of the internal control system and provides a forum, independent of management, where both the internal and external auditors can raise matters of concern regarding any weaknesses or failures in the system. I regularly attend the Audit Committee and consider all the reports made to it and the recommendations made by it.

Standards for England continued to employ RSM Tenon (previously RSM Bentley Jennison) as internal auditors for the 2009-10 period, operating to Government Internal Audit Standards. The work of the internal auditors has been carried out in accordance with the agreed plan, subject to the changing analysis of the risk provided by the risk management processes.

There have been no serious breaches of internal control during the financial year.



Signed by
Glenys Stacey

Accounting Officer and Chief
Executive

The Standards Board for England

Date: 15 July 2010

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 Standards Board for England for the year ended 31 March 2010 under the Local Government Act 2000. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 Accounting Officer / Chief Executive and auditor

As explained more fully in the Statement of the Board's and the Accounting Officer / Chief Executive's Responsibilities, the Accounting Officer / Chief Executive is 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 the financial statements in accordance with applicable law and 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 Standards Board for England's circumstances and have been

consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Standards for England; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Standards Board for England's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government Act 2000 and directions made there under by the Secretary of State.

Emphasis of Matter – Going Concern

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in note 20 to the financial statements concerning the application of the going concern principle. The organisation is affected by the Government's announcement that the Standards Board regime will be abolished, which is subject to the enactment of legislation. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Standards Board to continue as a going concern. The financial statements do not include the adjustments that would result if the Standards Board was unable to continue as a going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Local Government Act 2000 and directions made there under by the Secretary of State; and
- the information given in the Management Commentary and Directors Report, for the financial year for which the financial statements are prepared is

consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

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

Date: 16 July 2010

Net Expenditure Account

Expenditure	Notes	2009-10 £'000	2008-09 £'000
Staff Costs	2	(4,094)	(4,080)
Other Expenditure	3	(3,746)	(3,862)
Gross Expenditure		(7,840)	(7,942)
Income			
Income from activities	4	307	324
Net Expenditure		(7,533)	(7,618)
Cost of Capital	5	77	(3)
Interest receivable	6	-	21
Net expenditure after cost of capital charge and interest		(7,456)	(7,600)

All amounts relate to continuing operations.
Net expenditure is funded by Grant in Aid as explained in accounting policy 1.7.

Statement of Financial Position

	Notes	2009-10 £'000	2008-09 £'000	2007-08 £'000
Non Current Assets				
Property, plant and equipment	8	626	840	1,198
Intangible assets	9	302	248	235
Receivables due after more than one year	10	1	14	5
		929	1,102	1,438
Current assets				
Receivables	10	319	307	462
Cash and cash equivalents	11	821	710	618
		1,140	1,017	1,080
Liabilities				
Current liabilities				
Payables	12	(804)	(775)	(1,182)
Provisions	13	(5)	-	(309)
Net current assets		331	242	(411)
Non current liabilities				
Retirement benefit liability	14a	(5,820)	(1,167)	(1,018)
Net Assets		(4,560)	177	9
Pension reserve				
	14a	(5,820)	(1,167)	(1,018)
General reserve				
		1,260	1,344	1,027
Total reserves		(4,560)	177	9

Signed by
Glenys Stacey



Chief Executive and Accounting Officer

The Standards Board for England

Date: 15 July 2010

And on behalf of the Board
Dr Robert Chilton OBE



Chair

The Standards Board for England

Date: 15 July 2010

Statement of Changes in Taxpayers Equity

	Notes	Pension Reserve £'000	General Reserve £'000	Total £'000
Balance at 31 March 2008		(1,018)	1,133	115
Effect of changes under IFRS		-	(106)	(106)
Balance at 1 April 2008		(1,018)	1,027	9
Changes in reserves for 2008-09				
Net expenditure		-	(7,600)	(7,600)
Notional cost of capital	5	-	3	3
Grant-in-aid received	7	-	8,285	8,285
Movement between reserves		371	(371)	-
Actuarial loss	14	(520)	-	(520)
Balance at 31 March 2009		(1,167)	1,344	177
Changes in reserves for 2009-10				
Net expenditure		-	(7,456)	(7,456)
Notional cost of capital	5	-	(77)	(77)
Grant-in-aid received	7	-	7,726	7,726
Movement between reserves		277	(277)	-
Actuarial loss	14b	(4,930)	-	(4,930)
Balance at 31 March 2010		(5,820)	1,260	(4,560)

Statement of Cash flows

	Notes	2009-10 £'000	2008-09 £'000
Continuing operations			
Net expenditure		(7,456)	(7,600)
Adjustments for:			
Cost of capital (credit) / charge	5	(77)	3
Depreciation charges	8	362	358
Amortisation charges	9	117	103
Loss on disposal of non current assets		60	-
Movement in retirement benefit obligation		(277)	(371)
Decrease in receivables		1	146
Increase / (decrease) in payables		29	(407)
Increase / (decrease) in provisions		5	(309)
Net cash outflow from operating activities		(7,236)	(8,077)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(208)	-
Purchase of intangible assets	9	(171)	(116)
Net cash outflow from investing activities		(379)	(116)
Cash flows from financing activities			
Grant-in-aid received	7	7,726	8,285
Net cash generated from financing activities		7,726	8,285
Net increase / (decrease) in cash and cash equivalents		111	92
Cash and cash equivalents at 1 April		710	618
Cash and cash equivalents at 31 March	11	821	710

Notes to the Annual Accounts

1.1) Basis of accounting

The financial statements are drawn up in accordance with a direction given by Communities and Local Government, with the approval of HM Treasury in accordance with the Local Government Act 2000 as amended. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and with those parts of Companies Act 2006 applicable to entities preparing their accounts under IFRS. The first Standards for England Annual Report prepared under IFRS is for the year ending 31 March 2010; however, the transition date for IFRS has been taken as 1 April 2008 thus providing comparative figures. Standards for England has taken advantage of the exemptions available under IFRS transitional rules to apply certain requirements only with effect from the transition date of 1 April 2008. The last financial statements prepared under UK GAAP were those for the year ended 31 March 2009.

The financial statements are prepared in accordance with the Companies Act requirements, the disclosure and accounting requirements contained in HM Treasury's Fees and Charges Guide, and the accounting and disclosure requirements given in Managing Public Money and in the Government Financial Reporting Manual, insofar as these are appropriate to Standards for England and are in force for the financial year for which the statements are prepared.

Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

New standards, interpretations and amendments effective in 2009-10:

IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendment relates to cost of an investment on first-time adoption, effective from 1 January 2009. This has been complied with in these financial statements.

IAS 1 Presentation of Financial Statements – Amendments relate to a comprehensive revision including requiring a statement of comprehensive income, effective from 1 January 2009. All relevant aspects have been complied with in these financial statements.

IAS 19 Employee Benefits – Amendments result from annual improvements to IFRS, effective from 1 January 2009. This has been complied with in these financial statements.

IAS 32 Financial instruments - Amendments relate to puttable instruments and obligations arising on liquidation, effective from 1 January 2009. This has been complied with in these financial statements.

IAS 36 Impairments of assets - Amendments result from annual improvements to IFRS, effective from 1 January 2009. This has been complied with in these financial statements.

IAS 38 Intangible assets - Amendments result from annual improvements to IFRS, effective from 1 January 2009. This has been complied with in these financial statements.

IAS 39 Financial Instruments Recognition and Measurement - Amendments resulting from annual improvements to the IFRS, effective from 1 January 2009. This has been complied with in these financial statements.

IFRS 9 – Financial Instruments. Amendments result from annual improvements to IFRS. This has been complied with in these financial statements.

IAS 7 – Statement of Cash Flows. Amendments result from annual improvements to IFRS. This has been complied with in these financial statements.

IAS 17 – Leases. Amendments result from annual improvements to IFRS. This has been complied with in these financial statements.

IAS 24 – Related Party Disclosures. Amendments result from annual improvements to IFRS. This has been complied with in these financial statements.

New standards, interpretations and amendments not yet effective:

Changes to the Financial Reporting Manual (the FReM) include the removal of the cost of capital charge from the financial statements from 2010-11. This will be implemented for the next Annual Report and Accounts.

1.2) Going concern

The Statement of Financial Position at 31 March 2010 shows net liabilities of £4,560k. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from Standard for England's other sources of income, may only be met by future grants or grants-in-aid from Standard for England's sponsoring department, Communities and Local Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant-in-aid for 2009-10, taking into account the amounts required to meet Standard for England's liabilities falling due in that year, has already been included in the Departments estimates

for that year, which have been approved by Parliament.

Following the general election on 6 May 2010, the new coalition Government announced that the Standards Board regime would be abolished. In light of this event management have reviewed the appropriateness of the preparation of the 2009-10 financial statements on a 'going concern' basis. This is discussed in note 20 to the accounts.

1.3) Property, plant and equipment

Expenditure on property, plant and equipment of £2,500 or more gross of VAT is capitalised. On initial recognition, assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition. All property, plant and equipment is reviewed annually for impairment. All tangible non current assets held by Standards for England are deemed to be short-life or low-value assets and are therefore valued on the basis of depreciated replacement cost as an approximation of fair value.

1.4) Intangible assets

Expenditure on intangible assets which are software licenses and the associated costs of implementation is capitalised where the cost is £2,500 or more gross of VAT. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost. Software licences are amortised on a straight line basis over the shorter of the term of the licence and the useful economic life.

1.5) Depreciation and amortisation

Depreciation / amortisation is provided on all non current assets on a straight-line basis over their estimated useful lives, except for assets under construction, which are not depreciated until those amounts are available for use. The estimated useful lives are as follows:

- office equipment - three years
- furniture and fittings - five years
- computer equipment - three years
- computer software licenses - three years

1.6) Valuation of non current assets

As permitted by IFRS 1, property, plant and equipment have been retained at their historical cost value, as the financial effect of revaluation to fair value was considered to be immaterial.

Assets under construction represent plant and properties under construction and are stated at cost. This includes cost of construction, plant and equipment acquired and other direct costs. Assets under construction are not depreciated until such time as the relevant assets are available for their intended use.

The carrying values of non current assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.7) Grant-in-aid

Grant-in-aid used to finance activities and expenditure which support the statutory and other objectives of the entity are treated as financing, credited to the general reserve, because they are regarded as contributions from a controlling party.

There have been no adjustments on transition to IFRS for Standards for England at the end of the financial year.

1.8) Income tax and deferred taxation

Tax payable is calculated using the tax rates in force or substantively enacted at the Statement of Financial Position date. Taxable profit differs from accounting profit either because certain income and expenses are not tax deductible, or because the time pattern (when taxable or deductible) differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the Statement of Financial Position and the corresponding tax base with the exception of goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse (assets realised, liabilities settled), based on tax rates and laws that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax assets are recognised only to the extent that Standards for England considers that it is probable (more likely than not) that there will be suitable taxable profits available for the asset to be utilised. Deferred tax assets and liabilities are offset where possible. Deferred tax is measured on a non-discounted basis.

There have been no adjustments on transition to IFRS for Standards for England at the end of the financial year.

1.9) Value added tax

Standards for England registered for Value Added Tax (VAT) on 21 March 2003 under special registration, which limits Standards for England to account for VAT only on conference activity and publication sales. As agreed with HM

Revenue and Customs, other activities of Standards for England are not registered.

All irrecoverable VAT is included as part of the expenses concerned and capitalised as part of the cost of property, plant and equipment acquired as appropriate.

There have been no adjustments on transition to IFRS for Standards for England at the end of the financial year.

1.10) Operating leases

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

There have been no adjustments on transition to IFRS for Standards for England at the end of the financial year.

1.11) Pension

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out every three years. Actuarial gains and losses are taken to reserves immediately on recognition. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Details of Standards for England's pension scheme are shown in note 14.

1.12) Notional cost of capital

In order to disclose the full cost of Standards for England's activities, an amount is included for the notional cost of capital.

The notional cost of capital has been calculated at the Treasury rate of 3.5% on average net assets during the year.

There have been no adjustments on transition to IFRS for Standards for England at the end of the financial year.

1.13) Receivables

Receivables are initially recognised at fair value and measured at amortised cost using the effective interest method. Impairment losses are recognised where there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

1.14) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with banks.

1.15) Payables

Payables and other short-term monetary liabilities are recognised at amortised cost.

1.16) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. It is recognised net of VAT.

1.17) Provisions

In accordance with IAS37, Provisions, Contingent Liabilities and Contingent Assets, Standards for England provides for its obligations arising from past events where a reliable estimate of the obligation can be made and it is probable that the obligation will be required to be settled.

2) Staff Costs

	Wages & Salaries £'000	Social Security Costs £'000	Pension Costs £'000	Total £'000
Current year				
Permanently employed staff	3,087	242	285	3,614
Board members	106	12	-	118
Temporary staff	334	4	5	343
Staff on secondment	19	-	-	19
Total	3,546	258	290	4,094

Previous year				
Permanently employed staff	2,756	347	452	3,555
Board members	105	23	-	128
Temporary staff	380	13	4	397
Staff on secondment	-	-	-	-
Total	3,241	383	456	4,080

The employer's contribution is calculated at the rate of 14.9% recommended for all Standards for England's employees by the pension fund actuaries (2008-09 – 14%).

Number of persons employed during the year	2009-10 Average No	2008-09 Average No
Permanent staff including Chief Executive	76	73
Board	9	9
	85	82
Temporary Staff	10	9
Seconded staff	1	0
Total number of staff	96	91

3) Other Expenditure

	2009-10 £'000	2008-09 £'000
Payments made under operating leases	214	355
Rates and service charges	103	174
Conferences	679	606
Professional fees ¹	549	541
Computer expenses	383	451
Other administration costs	119	177
Research expenditure	363	110
Training	71	150
Communications ²	142	246
Travel and subsistence	139	185
Recruitment costs	192	130
Internal auditors' fee	16	26
External audit fee ³	42	39
Miscellaneous costs ⁴	90	142
Taxation ⁵	-	4
Non cash items of expenditure:		
Depreciation	362	358
Amortisation	117	103
Loss on disposal of assets	60	-
Net pension interest and expected return on assets	105	65
Total	3,746	3,862

1. Professional fees consist of the following expenses: specialist fees, transcription fees, legal fees, judicial review, high court appeals, Adjudication Panel representatives, and local standards board representatives.

2. Communications costs comprise the following expenses: conferences, publications, guidance/advice, website development, Bulletins, the Case Review, the Annual Report and Review, complaints leaflets and other communications.

3. External audit fees are comprised of annual audit charges of £35,250 and an additional charge to audit the International Financial Reporting Standards of £6,500 (Prior year amounts - £32,500 and £6,000).

4. Miscellaneous costs includes office equipment, subscription, refurbishment expenditure and office supplies.

5. Corporation tax is charged on interest receivable. The tax rate used is 21% (2008/09 – 21%) The tax charge is current tax only.

4) Income from activities

	2009-10 £'000	2008-09 £'000
Conference income	304	322
Publication income	3	2
Total	307	324

Conference revenue is generated through individual spaces sold at the Annual Assembly where the individual sale price is calculated on the basis to optimise attendance. Revenue is net of VAT.

This information is provided for fees and charges purposes and not for IFRS8 (operating segments) purpose.

5) Notional cost of capital

	2009-10 £'000	2008-09 £'000
Opening assets	177	9
Closing assets	(4,560)	177
	(4,383)	186
Average	(2,192)	93
At 3.5% on the average of net assets during the year	3.50%	3.50%
	(77)	3

6) Interest receivable

	2009-10 £'000	2008-09 £'000
Interest receivable	-	21

Standards for England operates an interest-bearing current account. During 2009-10 prevailing interest rates remained below the threshold at which interest was paid.

7) Grant-in-aid

Grant-in-aid is receivable from Communities and Local Government to fund revenue expenditure, the purchase of non current assets, and capital projects.

	2009-10 £'000	2008-09 £'000
Amounts received	7,726	8,285

8) Property, plant and equipment

2009 / 10	Assets under construction £'000	Computer equipment £'000	Office equipment, furniture and fittings £'000	Total £'000
Cost				
At 1 April 2009	-	453	1,085	1,538
Transfers	-	-	-	-
Additions	201	7	-	208
Disposals	-	-	(183)	(183)
At 31 March 2010	201	460	902	1,563
Depreciation				
At 1 April 2009	-	263	435	698
Charge for the period	-	153	209	362
Disposals	-	-	(123)	(123)
At 31 March 2010	-	416	521	937
Net book amounts				
At 31 March 2009	-	190	650	840
At 31 March 2010	201	44	381	626

8) Property, plant and equipment (continued)

2008 / 09	Assets under construction £'000	Computer equipment £'000	Office equipment, furniture and fittings £'000	Total £'000
Cost				
At 1 April 2008	163	510	2,055	2,728
Transfers	(163)	96	67	-
Disposals	-	(153)	(1,037)	(1,190)
At 31 March 2009	-	453	1,085	1,538
Depreciation				
At 1 April 2008	-	268	1,262	1,530
Charge for the period	-	148	210	358
Disposals	-	(153)	(1,037)	(1,190)
At 31 March 2009	-	263	435	698
Net book amounts				
At 31 March 2008	163	242	793	1,198
At 31 March 2009	-	190	650	840

8) Property, plant and equipment (continued)

2007 / 08	Assets under construction £'000	Computer equipment £'000	Office equipment, furniture and fittings £'000	Total £'000
Cost				
At 1 April 2007	1,305	152	1,073	2,530
Transfers	(1,305)	323	982	-
Additions	163	35	-	198
At 31 March 2008	163	510	2,055	2,728
Depreciation				
At 1 April 2007	-	152	1,021	1,173
Charge for the period	-	116	241	357
At 31 March 2008	-	268	1,262	1,530
Net book amounts				
At 31 March 2007	1,305	-	52	1,357
At 31 March 2008	163	242	793	1,198

9) Intangible assets**2009 / 10**

	Assets under construction £'000	Software £'000	Total £'000
Cost			
At 1 April 2009	17	1,006	1,023
Transfers	(17)	17	-
Additions	146	25	171
Disposals	-	(59)	(59)
At 31 March 2010	146	989	1,135
Amortisation			
At 1 April 2009	-	775	775
Charge for the period	-	117	117
Disposals	-	(59)	(59)
At 31 March 2010	-	833	833
Net book amounts			
At 31 March 2009	17	231	248
At 31 March 2010	146	156	302

Significant items included within intangible assets are a Customer Relation Management System (CRM) and a Case Management System (CMS). The CRM system is used for managing and recording our interactions with external stakeholders. This has a gross carrying value of £310k with accumulated amortisation of £193k at 31 March 2010 (Previous year £310k gross cost with £90k accumulated amortisation). This is being amortised over 3 years after becoming available for service during the year. The CMS system was used for recording work undertaken on misconduct investigations prior to Standards for England becoming a Strategic Regulator in May 2008. This system has a gross cost of £619K with accumulated amortisation of £619k (Previous year £619k and £619k). This asset is now fully depreciated and is now only used as an archive to access records from before May 2008. Included in assets under construction are further enhancement work to our Customer Relationship Management System of £118k: these enhancements were brought into service in May 2010.

9) Intangible assets (continued)

2008 / 09

	Assets under construction £'000	Software £'000	Total £'000
Cost			
At 1 April 2008	224	700	924
Transfers	(293)	293	-
Additions	86	30	116
Disposals	-	(17)	(17)
At 31 March 2009	17	1,006	1,023
Amortisation			
At 1 April 2008	-	689	689
Charge for the period	-	103	103
Disposals	-	(17)	(17)
At 31 March 2009	-	775	775
Net book amounts			
At 31 March 2008	224	11	235
At 31 March 2009	17	231	248

9) Intangible assets (continued)

2007 / 08	Assets under construction £'000	Software £'000	Total £'000
Cost			
At 1 April 2007	-	700	700
Transfers	224	-	224
Additions	-	-	-
Disposals	-	-	-
At 31 March 2008	224	700	924
Amortisation			
At 1 April 2007	-	652	652
Charge for the period	-	37	37
Disposals	-	-	-
At 31 March 2008	-	689	689
Net book amounts			
At 31 March 2007	-	48	48
At 31 March 2008	224	11	235

10) Receivables

	2009-10 £'000	2008-09 £'000	2007-08 £'000
Amounts falling due within one year:			
Prepayments	307	280	241
VAT debtor	6	12	14
Other receivables	6	15	207
	319	307	462
Amounts falling due after one year:			
Receivables due after 1 year	-	-	-
Other receivables	1	14	5
	320	321	467

Total balance of staff loans outstanding at the year end was £7,438 (2008/09 - £28,856).

This amount is broken down into two categories:

1. Season ticket loans which amounted to £4,288 (2008-09 - £10,156).
2. Housing loans for staff relocating to Manchester on a permanent basis, this amounted to £3,150 (2008-09 - £18,700).

All receivables are from entities external to Government.

11) Cash and cash equivalents

	2009-10 £'000	2008-09 £'000	2007-08 £'000
Amounts held at commercial banks	821	710	618

12) Payables

Payables – amounts falling due within one year	2009-10 £'000	2008-09 £'000	2007-08 £'000
Payables	46	337	449
Accruals	640	313	421
Deferred income	109	125	141
Other taxation and social security	-	-	126
Other payables	9	-	45
Total payables	804	775	1,182

All amounts are due to bodies external to Government.
Creditor days at 31 March 2010 were 4.2 days (2009: 25.4 days). The variance on the ratio is due to action taken to meet central government's 10 working day payment target.

No interest is charged on these amounts by suppliers.

13) Provisions

	Relocation £'000	Other £'000	Total £'000
At 1 April 2008	75	234	309
Arising during the period	-	-	-
Utilised during the period	(75)	(234)	(309)
At 1 April 2009	-	-	-
Arising during the period	-	5	5
Utilised during the period	-	-	-
As at 31 March 2010	-	5	5

Included in provisions for 2009-10 is £5,000 relating to redundancy payments due to staff as a result of our organisational restructure during the year.

All provisions will be settled in the 2010-11 financial year.

14) Retirement benefits

Standards for England is an admitted body to the Greater Manchester Pension Fund, which operates under the Local Government Pension Scheme Regulations. It is a defined benefit scheme based on final pensionable salary.

The most recent triennial valuation was carried out as at 31 March 2010 by independent actuaries to the Greater Manchester Pension Fund to take account of the requirement of IAS19 in order to assess the liabilities of the fund as at 31 March 2010. Hymans Robertson carried out the actuarial valuation on 31 March 2010, for the purposes of IAS19. Liabilities are valued on an actuarial basis using the projected unit method of valuation, which assesses the future liabilities discounted to their present value.

Standards for England also pays pensions direct to ex-employees who were awarded additional benefits under Standards for England's early retirement scheme. These pension costs are funded from grant-in-aid as they are paid. The pension charge for the period is shown below.

The net pension liability as at 31 March 2010 is estimated to be £5,820k. The employer makes a contribution of 14.9% for each employee's pensionable salary who joins the scheme, which amounts to £327,000 in 2009-10 with prior year amounts being £310,000. Employer contribution rates will increase in 2010-11 to 15.8%.

Note 14b contains cost charged to the net expenditure account for the year ended 31 March 2010, along with an analysis of the amount recognised in the Statement of changes in Taxpayers Equity. Also shown are the movement of the net expenditure over the year and the history of experience gains and losses, expressed as a percentage of assets and/or liabilities.

Certain IAS19 assumptions are set by the Board (for example salary increases). The actuary has stated the assumptions in this report are reasonable, largely being determined by the latest formal funding valuation.

14a) Statement of Financial Position as at 31 March 2010

Assumptions as at	31 March 2010 % p.a.	31 March 2009 % p.a.	31 March 2008 % p.a.
Inflation/pension increase rate	3.8	3.1	3.6
Salary increases	5.3	4.6	5.1
Discount rate	5.5	6.9	6.9

Fair value of plan assets	Expected Return			Plan Assets		
	2009-10 % p.a.	2008-09 % p.a.	2007-08 % p.a.	2009-10 £'000	2008-09 £'000	2007-08 £'000
Equities	7.8	7.0	7.7	5,868	3,875	3,704
Bonds	5.0	5.4	5.7	1,401	926	1,096
Property	5.8	4.9	5.7	525	405	510
Cash	4.8	4.0	4.8	963	579	558
Total				8,757	5,785	5,868

The overall expected rate of return is a weighted average returns of the various categories of plan assets held. The organisation's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months. The actuarial gain on plan assets was £1,815,000 (2008-09 – loss of £1,052,000)

Net pension liability as at	2009-10 £'000	2008-09 £'000	2007-08 £'000
Estimated fair value of employer assets (A)	8,757	5,785	5,868
Present value of funded obligations ¹	(14,577)	(6,952)	(6,886)
Total value of liabilities (B)	(14,577)	(6,952)	(6,886)
Net pension liability (A-B)	(5,820)	(1,167)	(1,018)

¹ It is estimated that this liability comprises of approximately £11,726,000, £2,015,000, and £836,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2010.

14b) Revenue account costs for the year to 31 March 2010

Analysis of amounts charged to net expenditure

	2009-10		2008-09		2007-08	
	£'000	% of Pay	£'000	% of Pay	£'000	% of Pay
Current service cost ¹	175	7.2	200	9.3	470	17.1
Expected return on employer assets	(388)	(15.9)	(430)	(20.1)	382	13.9
Interest on pension scheme liabilities	493	20.2	495	23.1	(342)	(12.4)
Past service cost	-	-	103	4.8	-	-
Curtailment and settlements	64	2.6	153	7.1	335	12.2
Total operating charge (A)	344	14.1	521	24.2	845	30.8

¹ The service cost figures include an allowance for administration expenses of 0.2% of payroll.

Recognition of defined benefit obligation

	2009-10 £'000	2008-09 £'000	2007-08 £'000
Opening defined benefit obligation	6,952	6,886	6,604
Current service cost	175	200	470
Interest cost	493	495	382
Contribution by members	177	165	163
Actuarial losses / (gains)	6,745	(985)	(1,062)
Past service cost	-	103	-
Losses on curtailments	64	153	335
Benefits paid	(29)	(65)	(6)
Closing defined benefit obligation	14,577	6,952	6,886

14b) Revenue account costs for the year to 31 March 2010 (Continued)

Reconciliation of fair value of employer assets

	2009-10 £'000	2008-09 £'000	2007-08 £'000
Opening fair value of employer assets	5,785	5,868	4,674
Expected return on assets	388	430	342
Contributions by members	177	165	163
Contributions by the employer	621	892	373
Actuarial gains/(losses)	1,815	(1,505)	322
Benefits paid	(29)	(65)	(6)
Surplus/(deficit) at end of year	8,757	5,785	5,868

Experience gains and losses

	2009-10 £'000	2008-09 £'000	2007-08 £'000	2006-07 £'000	2005-06 £'000
Present value of defined benefit obligation	14,577	6,952	6,886	6,604	4,544
Fair value of plan assets	8,757	5,785	5,868	4,674	3,822
Deficit on plan	5,820	1,167	1,018	1,930	722
Expected return on plan assets	388	430	342	267	199
Actual Return on plan assets	2,206	1,052	183	294	653
Difference between expected and actual return	1,818	622	(159)	27	454
% this forms of scheme assets	20.8%	10.8%	(2.7)%	0.6%	11.9%

Amounts recognised in Statement of Comprehensive Income

	2009-10 £'000	2008-09 £'000	2007-08 £'000
Actuarial gain / (loss) on plan assets	1,815	(1,505)	322
Actuarial (loss) / gain on obligations	(6,745)	985	1,062
Actuarial (loss) / gain recognised in the Statement of Comprehensive Income	(4,930)	(520)	1,384
Cumulative actuarial (loss) / gain recognised	(5,370)	(440)	80

15) Lease commitments**Annual commitments under operating leases**

	2009-10	2008-09
	£'000	£'000
Land and buildings on leases expiring:		
Within one year	208	207
Within two to five years	645	840
Other operating leases on leases expiring:		
Within one year	10	7
Within two to five years	8	1
Total	871	1,055

16) Financial instruments

HM Treasury guidance and IFRS 7 require that the accounts of Standards for England contain disclosures in respect of financial instruments (financial assets and financial liabilities) maintained by Standards for England.

Standards for England's principal financial instrument is cash. The main purpose of this financial instrument is to provide working capital for the organisation's operations. The organisation has various other financial instruments, such as receivables and payables, which arise directly from its operations. The main risk arising from the organisation's financial instruments are as follows:

Financial risk

The organisation's finance function manages financial risks relating to operations. The organisation considers that the only risk arising from its financial instruments is interest rate risk (see below).

Interest rate risk

Standards for England is exposed to interest rate risk on bank balances. Apart from short-term receivables and payables, the only financial instrument maintained during the period was cash held on current account. Standards for England regards the risk as minimal.

Interest rate risk exposures are measured by monitoring prevailing interest rates and are supplemented by the review of economic forecasts. There has been no change to Standards for England's exposure to interest risk or the manner in which it manages and measures the risk.

16) Financial instruments (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established a policy for management of Standards for England's short, medium and long-term funding and liquidity management policies.

Standards for England maintains adequate reserves by continuously monitoring forecast and actual cash flows. The liquidity analysis of financial assets and liabilities are given in notes 10 and 12.

There has been no change to Standards for England's exposure to liquidity risk or the manner in which it manages and measures the risk.

Credit risk

The organisation has no significant exposure to credit risk as its only income is conference revenue which is received prior to the conference.

The organisation has no trade receivables and therefore is exempt from disclosures of debtor days and ageing as required by IFRS 7.

During the accounting period 2009-10 there were no material amounts of any debts or any provision for bad / doubtful debts (2008-09 Nil).

Capital risk

Standards for England manages its reserves to ensure that it will be able to continue as a going concern. The reserve structure is shown in the Statement of Changes in Taxpayers Equity.

There has been no change to Standards for England's exposure to capital risk or the manner in which it manages and measures the risk.

17) Related party transactions

Standards for England is a non-departmental public body sponsored by Communities and Local Government. Communities and Local Government is regarded as a related party, as are other entities that it sponsors.

Standards for England had material transactions with Communities and Local Government during the financial year by way of grant-in-aid of £7,726k (2008-09 £8,285k).

None of the Board members, key management or other related parties has undertaken any material transactions with Standards for England.

Greater Manchester Pension Fund is considered a related part and Standards for England had transactions of £621k during the year (2008-09 - £892k) which was the employer's contribution.

18) Capital commitments

Contracted capital commitments at 31 March 2010 for which no provision has been made.

	2009-10 £'000	2008-09 £'000	2007-08 £'000
Property, plant and Equipment	32	0	0

19) Contingent liabilities

Given the nature of the business undertaken by Standards for England, there exists the possibility that legal or other costs may arise subsequent to these accounts, in respect of cases completed or legal decisions given in 2009-10 or previous years.

20) Events after the reporting period

Standards for England's financial statements are laid before the Houses of Parliament by the Comptroller and Auditor General. We are required to disclose the date on which the accounts are authorised for issue. This is the date on which the accounts are certified by the Comptroller and Auditor General.

Following the general election on 6 May 2010, the new coalition Government announced that the Standards Board regime would be abolished. In light of this event management have reviewed the appropriateness of the preparation of the 2009-10 financial statements on a 'going concern' basis.

Standards for England notes that Parliament will need to enact the legislation necessary to abolish the organisation, and that the timing and eventual decision of Parliament on this matter is currently uncertain. Management have concluded that due to this uncertainty, there exists a material uncertainty that casts doubt upon Standards for England's ability to continue as a going concern.

Nevertheless, after making enquiries and discussing the situation with the sponsor Department, management are satisfied that sufficient funding is in place to enable Standards for England to continue in operation for the foreseeable future and meet its obligations as they fall due. For these reasons, management continue to adopt the going concern basis in preparing the annual report and financial statements.

It was announced in the budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension scheme that Standards for England provides to employees.

21) Transition to IFRS

Public sector bodies are required to comply with the International Financial Reporting Standards ('IFRS') version of the Government's Financial Reporting Manual ('IFReM') for the financial year 2009-10.

The first annual report prepared under the IFRS standards for Standards for England is that of the year ended 31 March 2010. In order to present the comparative figures, the transition date to IFRS is at 1 April 2008

Normally, accounting changes of this nature would require full retrospective application, but Standards for England has taken advantage of the exemptions available under the IFRS transitional rules to apply certain requirements only with effect from the transition date of 1 April 2008.

In accordance with IFRS 1 Standards for England has adopted the following key elections and exemptions:

Summary of principal differences between UK GAAP and IFRS

a) Leases

Under SIC 15 'Rent Free Incentives' Standards for England has recognised its property's rent free allowance on the period of the lease. This has resulted in a decrease in annual net expenditure of £16k and an increase in net assets of £19k.

b) Employee benefits

IAS 19 'Employee Benefits' requires that all benefits, excluding termination benefits, which fall due wholly within one year of the end of the financial period in which the employee renders the service be accounted for on an accruals basis.

Therefore the holiday pay entitlement has been accrued on a monthly basis since 1 April 2008. The impact as at 31 March 2008 has been to reduce annual net expenditure by £32k and increase the general reserve by £87k.

c) Statement of cash flows

The transition from UK GAAP to IFRS has had no significant change to Standards for England's cash flows.

d) Intangible assets

The transition to IFRS has resulted in computer software previously treated as tangible non current assets being re-categorised as intangible non current assets.

21) Transition to IFRS (continued)

Net Expenditure Account 31 March 2009

	12 Months to 31 March 2009 UK GAAP	Employee benefits	Operating leases	12 months to 31 March 2009 IFRS
	£'000	£'000	£'000	£'000
Expenditure				
Staff costs	(4,112)	32	-	(4,080)
Other expenditure	(3,846)	-	(16)	(3,862)
	(7,958)	32	(16)	(7,942)
Income from activities	324	-	-	324
Net Expenditure	(7,634)	32	(16)	(7,618)
Cost of capital	(7)	3	1	(3)
Interest receivable	21	-	-	21
Net expenditure after cost of capital charge and interest	(7,620)	35	(15)	(7,600)

21) Transition to IFRS (continued)

Statement of Financial Position 1 April 2008

	As at 1 April 2008 UK GAAP	Employee benefits	Intangible assets	Operating leases	As at 1 April 2008 IFRS
	£'000	£'000	£'000	£'000	£'000
Assets					
Non current assets					
Property, plant and equipment	1,433	-	(235)	-	1,198
Intangible assets	-	-	235	-	235
Receivables due after more than one year	5	-	-	-	5
	1,438	-	-	-	1,438
Current assets					
Receivables	462	-	-	-	462
Cash and cash equivalents	618	-	-	-	618
	1,080	-	-	-	1,080
Liabilities					
Current liabilities					
Payables	(1,076)	(87)	-	(19)	(1,182)
Provisions	(309)	-	-	-	(309)
Net current liabilities	(305)	(87)	-	(19)	(411)
Non current liabilities					
Retirement benefit liability	(1,018)	-	-	-	(1,018)
Net Assets	115	(87)	-	(19)	9
Reserves					
Pension reserve	(1,018)	-	-	-	(1,018)
General reserve	1,133	(87)	-	(19)	1,027
Total reserves	115	(87)	-	(19)	9

Accounts direction

Accounts direction given by the First Secretary of State with the consent of the Treasury, in accordance with paragraph 13(b) of Schedule 4 to the Local Government Act 2000

- 1) The annual financial statements of Standards for England shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the financial statements for 2009-10 and for subsequent years shall be prepared in accordance with:-

(a) the accounting and disclosure requirements given in *Managing Public Money* and in the *Government Financial Reporting Manual* issued by the Treasury (the "FReM") as amended or augmented from time to time;

(b) any other relevant guidance that the Treasury may issue from time to time;

(c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to Standards for England and are in force for the year for which the financial statements are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the financial statements.

- 2) Schedule 1 to this direction gives additional disclosure requirements of the Secretary of State.
- 3) This direction shall be reproduced as an appendix to the financial statements.
- 4) This direction replaces all previously issued directions.

Signed by authority of the Secretary of State for Communities and Local Government

Paul Rowsell

A Senior Civil Servant in the Department for Communities and Local Government

Date: 11 June 2010

Schedule 1: additional disclosure requirements

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraph 1 of this direction.

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) an analysis the total amount of grant from Communities and Local Government, showing how the grant was used;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than members of the Board, showing:-

(i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to Standards for England, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)

(ii) the total amount of loans to employees

(iii) employee costs during the year, showing separately:-

(1) wages and salaries

(2) early retirement costs

(3) social security costs

(4) contributions to pension schemes

(5) payments for unfunded pensions

(6) other pension costs

(7) amounts recoverable for employees on secondment or loan to other organisations

(The above analysis shall be given separately for the following categories:

I employed directly by Standards for England

II on secondment or loan to Standards for England

III agency or temporary staff

IV employee costs that have been capitalised);

(e) in the note on debtors, prepayments and payments on account shall each be identified separately;

(f) a statement of debts written off and movements in provisions for bad and doubtful debts;

(g) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of Standards for England's operations.

*(h) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with Standards for England), between Standards for England and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to the Board by each individual board member or key manager
- (iii) the following are related parties:
 - (1) subsidiary and associate companies of the Board
 - (2) pensions funds for the benefit of employees of Standards for England or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
 - (3) board members and key managers of Standards for England
 - (4) members of the close family of board members and key managers
 - (5) companies in which a board member or a key manager is a director
 - (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
 - (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
 - (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
 - (9) settlements in which a board member or a key manager is a settlor or beneficiary

(10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest

(11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer

(12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary

(13) the Department for Communities and Local Government, as the sponsor department for Standards for England.

For the purposes of this sub-paragraph:

(i) A key manager means a member of Standards for England's management board.

(ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.

(iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at board meetings of the company.

* Note to paragraph (h) of Schedule 1: under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.



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