



Annual Report and Accounts

The Standards Board for England

2008-09

The Standards Board for England

Annual Report and Accounts 2008-09

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

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If you would like a copy of our Annual Review 2008-09, please contact us at:

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Foreword from the Chair and Chief Executive

The 2008-09 financial year was a time of significant change for the Standards Board for England.

The local assessment framework went live on 8 May 2008, sending to local standards committees a significant proportion of the work which had previously been the 'bread and butter' of the Standards Board.

And while the Standards Board's focus, early in the year, was to complete the task of ensuring those local standards committees were adequately briefed and supported to take on that new role, during the year the Standards Board turned its attention to its own new role: how it would develop its approach to becoming a strategic regulator.

One key aspect of that is understanding how the new system is operating. Our quarterly monitoring system, which requires online returns from monitoring officers in councils throughout England, went live for the first time in June 2008.

The monitoring system has been a great success; we are appreciative of the support of those monitoring officers who have supplied us with rich and timely data about their local activity. Those quarterly returns are supplemented by a wider range of information gathered in an annual questionnaire, again developed as an online facility during the year, and completed for the first time in April 2009.

Our Annual Assembly, at Birmingham's National Exhibition Centre in October, also reflected the change to the local framework. A record number of over 750 delegates had a healthy appetite for sharing good practice, and fed back to us a range of 'hot topics' which helped us formulate our plans for further support and guidance.

In the latter part of the financial year, the Standards Board turned its attention to its own readiness for its strategic regulator role. On the one hand we have begun to develop our approach to a key platform of regulatory work – how will we set about assessing and managing risks of standards failure? This was informed by our early experiences of engaging with authorities where the standards framework has failed to flourish or been swamped by difficulties. On the other hand we have taken an honest look at the internal structures and roles within the organisation and come to an agreement about the need to change.

Congratulations are due to Rossendale Borough Council, in Lancashire, the first winner of the Local Government Chronicle's Award in the standards and ethics category, sponsored by the Standards Board. Promoting the positive benefits of ethical standards and local efforts to promote them will become an increasingly important aspect of our work.

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

It has been a turbulent time beyond our walls. The 2009 credit crunch will affect future public spending and could lead to cuts in our budgets. Equally, the issue of standards in public life has achieved an even higher public profile early in 2009 and it is unclear if or whether regulatory frameworks may be realigned as a consequence.

Set against these uncertainties we can offer some positives:

- We are confident the local standards framework is established and working effectively.
- We are confident that our own redevelopment as a strategic regulator is on track and can be completed by the middle of the 2009-10 financial year.
- We are confident that we will be able to offer the present, and future governments, sound advice on how the local standards framework may be further developed to improve its efficacy and proportionality.

We look forward to continuing our progress in the year ahead in making a real and demonstrable difference to local democracy.

Dr Robert Chilton OBE

Chair



Glenys Stacey

Chief Executive



Date: 13 July 2009

Board information

Board

Dr Robert Chilton OBE
(Chair – term began 1 July 2008)

Sir Anthony Holland
(Chair – term ended 30 June 2008)

Judy Simons
(Deputy Chair – term began 14 July 2008)

Patricia Hughes CBE
(Deputy Chair – term ended 30 June 2008)

Paul Gott

Elizabeth Hall

Shirley Flint

Mehboob Khan

Sir Ron Watson CBE

Elizabeth Abderrahim
(Term began 14 July 2008)

Mike Kendall
(Term began 14 July 2008 and
resigned 20 March 2009)

Stephen Knight
(Term began 4 March 2009)

Chief Executive

Glenys Stacey

(David Prince retired 2 June 2008)

Principal Office

Fourth Floor
Griffin House
40 Lever Street
Manchester
M1 1BB

Auditors

External

Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Internal

Bentley Jennison
26 Pall Mall
Manchester
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 of the Standards Board for England

The background to the Standards Board for England and its main tasks are explained in the Annual Report.

Statutory background

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

Principal activities of the Standards Board for England

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

Significant changes in tangible fixed assets

The movement in tangible fixed assets is shown in note 11 to the annual accounts.

The Standards Board for England's key responsibilities

The Standards Board for England (the Standards Board) was formally established in March 2001. Although set up by an act of Parliament, we are a public body acting independently of the government.

We provide a national oversight of how local authorities manage and ensure high ethical standards.

Our key responsibilities are:

- Monitoring the performance of local authority arrangements for ensuring high standards of conduct.
- Engaging with authorities to promote notable practice and minimise the risk of poor standards of conduct.
- Providing support and guidance to standards committees and members on understanding the Code of Conduct, and on how to deal with complaints about the conduct of members of their council or authority.
- Investigating the most serious cases where the local standards committee believes it is not best placed to deal with the matter and we agree with them.

The legislative, regulatory, operational and external environment

In order for the Standards Board to operate as a strategic regulator, it is necessary for us to monitor the performance of local authorities in the local assessment of complaints and their ethical governance arrangements. Monitoring in this way will enable us to identify those authorities which are most at risk of experiencing ethical problems, and target our resources to support those authorities.

As well as the individual risks faced by authorities we are also looking to identify systemic and sectoral risks and will work with authorities to effectively manage these risks.

Our approach will also enable us to collect and disseminate notable practice. In this way, we can support and drive up the performance of local authorities.

We continue to take responsibility for the Code of Conduct and recommend changes designed to keep it up-to-date in light of experience. We continue to

issue appropriate guidance on case handling and Code-related issues.

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

We have worked with the Audit Commission to ensure the incorporation of standards and conduct issues into the new assessment framework, the Comprehensive Area Assessment (CAA), which the Audit Commission introduced in 2009 to replace the CPA. Information collected by the Standards Board, as part of its monitoring role, will be a source of evidence in the Audit Commission's 'use of resources' assessment.

We have further updated the ethical governance toolkit in partnership with both the Audit Commission and the Improvement and Development Agency for local government (IDeA). The toolkit enables authorities to assess how well they are meeting the ethical agenda and identifies how they can further improve their arrangements. It consists of four main elements which are each administered by either the Audit Commission or the IDeA.

The toolkit is consistent with the framework for Good Governance in Local Government, which we have endorsed and developed in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). We have particularly supported its emphasis on upholding standards of conduct and behaviour as an integral part of good governance.

Toolkit materials are available from the IDeA's website, but we recommend that authorities use trained practitioners, who will be able to constructively challenge existing processes, procedures, culture and behaviour. The Audit Commission's 'governance toolkit' builds on this work

and has been endorsed by the Standards Board.

As part of our research programme in 2008-09 we commissioned the following research projects:

■ **The Satisfaction with the Standards Board for England and Attitudes to the Ethical Environment tracker survey 2009 is now complete.**

A survey is undertaken every other year to assess satisfaction levels of members and officers with the Standards Board, and other attitudes to the ethical environment.

As with the previous years, the 2009 survey results suggest a positive trend in the satisfaction levels of our stakeholders. Overall, findings suggest that the proportion of stakeholders who speak highly of the Standards Board has continued to increase over time. There has also been positive progress in terms of those who believe that members' standards of behaviour have improved, and those who are satisfied with the published information and guidance provided by the Standards Board.

The reasons for increased satisfaction relate to the day-to-day activities of the Standards Board, and the support we provide. This includes: quality, clarity, and promptness of the support and guidance; support provided for devolution of powers to local standards committees; sound decision making and fairness in investigations. The report also highlighted some areas where we have room for future improvement, such as: our judgements and decision making, and the timeliness of our communications.

■ **Partnerships work with Manchester City Council.**

We have worked with Manchester City Council and its partners to develop a protocol of appropriate behaviours in partnership working. Action Learning Sets (ALSs), which are similar to focus groups, have been undertaken with Manchester's strategic, contractual and voluntary partners. The findings from the ALSs informed an online survey which was sent to all of the City Council's partners. A stakeholder event is being organised and is due to take place in September where a wider invite again will ask people to come and discuss the draft protocol. At this point, the protocol will be refined further and a final draft will be written in September 2009.

■ **The contribution of standards committees in ensuring a strong standards framework: Examples of effective practice.**

The aims of the project are to:

- Identify and describe effective practice undertaken by standards committees.
- Demonstrate how the effective practice of standards committees contributes to ensuring an ethical environment.
- Identify any impacts that the activities of standards committees have on public perceptions of local government

A final report will be available in July 2009.

■ **Is the Standards Framework proportionate?**

Research has been commissioned to look at the extent to which the general public, members and officers view the local standards framework as proportionate. It is expected that the findings from this review will feed into the review about the proportionality of the framework. The final report will be available in August 2009.

■ **Assessing the Impact and Effectiveness of the Ethical Framework in Local Government in England.**

The Standards Board has commissioned researchers from the Centre for Local and Regional Government at Cardiff University to undertake a five-year study of this subject.

We are currently carrying out case studies over a five-year period, which will aim to assess the impact and effectiveness of the local standards framework.

We will continue to work with local and national stakeholders to share information, promote improvement and embed high standards locally. To do this effectively, we will continue to set up and maintain new networks of key stakeholders where they do not already exist. In addition, we have continued to develop support for parish and town councils, taking seriously our role as the only national regulator that has substantial engagement with these councils.

Experience has shown that the responsibility for setting and upholding ethical standards needs to be shared as widely as possible. To this end, we have continued to work with a range of government bodies and external organisations, combining our expertise and theirs in the pursuit of higher standards.

The Standards Board's objectives and strategies for achieving them

On 8 May 2008, management of the standards framework, including the handling of the majority of complaints, was devolved to local standards committees. Since that time, the role of the Standards Board has been that of a strategic regulator and 2008-09 has been a year of transition and change for us. We believe that the locally-based approach helps embed high standards of ethical conduct in each authority which,

in turn, increases the public's trust in their locally elected representatives.

The Standards Board works with local government and other organisations, including the Department for Communities and Local Government, to champion and promote high standards of member conduct across local government. We set ourselves three key objectives in order to achieve this:

- To encourage, promote and embed a culture of high standards and good governance locally.
- To support authorities to manage standards issues locally, while acting as a model of good practice.
- To maintain high standards of case handling by the Standards Board and to promote high standards of case handling locally.

We work proactively in a supportive and informed manner in order to meet our objectives, making use of our experience of handling cases to help local authorities and to add value to the local regime. We perform our duties and exercise our powers in a way that is fair and open, and that preserves our independence and integrity. On a day-to-day basis this involves issuing guidance and recommendations, providing advice and supporting those with difficulties or where standards may have broken down. We also seek to provide independent, impartial and timely investigations into those cases that cannot be investigated locally.

We refer to the Hampton principles of good regulation to ensure that we are a transparent and accountable regulator which takes a consistent, targeted and proportionate approach to the work we do.

Resources available to the entity: key strengths

As part of the Standards Board's commitment to continuous improvement, our approach to process mapping has been reviewed and necessary changes implemented during 2008-09. In addition,

we have revised our internal quality auditing programme. Both of these will assist in the improvement of quality control by ensuring that employees follow their procedures.

The Standards Board continues to encourage staff to gain the appropriate professional, management and other expertise necessary to achieve our objectives. As part of our ongoing commitment to training we launched a selection of online e-learning modules. 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

In October 2007, the Local Government and Public Involvement in Health Act was passed. The key change in the act was the provision for local standards committees to gain responsibility for receiving complaints and deciding whether they should be investigated. This act, together with its accompanying regulations, which were laid before Parliament on 17 April 2008, established the Standards Board's strategic regulatory role, supporting and ensuring the effectiveness of the local standards framework.

The Standards Board has continued to support the implementation of the 2007 act as further regulations have come into force. In parallel, in autumn 2008, the government consulted on a range of issues relating to codes of conduct for local authority members and employees.

The consultation included proposed amendments to clarify details of the members' Code of Conduct, as last revised in 2007. The Standards Board presented a response to that consultation. The government's view of the representations it received has not yet been published.

The Standards Board enjoys good working relationships with its sponsor department, Communities and Local Government. The importance of the Code of Conduct to government was highlighted by Sadiq Khan MP, Parliamentary Under-Secretary of State at Communities and Local Government from October 2008 to June 2009, when he said: "It is important that the conduct regime continues to be a success. I do not think it is an exaggeration to state that the conduct regime helps to underpin one of the foundations of a healthy democracy; trust in our elected representatives."

Directors' report

1) Review of the development of the Standards Board for England and its position at the balance sheet

On 8 May 2008 the Standards Board 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 the Standards Board for England

During 2008-09 we have accepted 177 cases for investigation (please see Section 5 of this directors' report for more details).

The Adjudication Panel for England is an independent tribunal operating independently of the Standards Board, established by Part III, Chapter IV of the Local Government Act 2000. It was set up as a disciplinary body to hear and determine allegations concerning the

conduct of local authority members. Subsequent regulations allowed the Adjudication Panel to act as an appellate body to determine appeals against the decisions of local standards committees. The Adjudication Panel consists of a president and panel members who are appointed by the Lord Chancellor on advice from the Judicial Appointments Commission. This is in accordance with the established procedure for judicial appointments. The Adjudication Panel was integrated by the Tribunals Service and Communities and Local Government in 2009 into a new unified tribunals' structure. The current President is David Laverick.

The Standards Board's ethical standards officers referred 17 cases to the Adjudication Panel during 2008-09. In all, they heard five cases during the year (including cases carried over from the previous year). This resulted in four members being given sanctions, ranging from suspensions to disqualifications.

Overall satisfaction with the Standards Board since its inception continues to improve. The majority of our stakeholders support the devolved ethical framework (72%) and agree with the requirement to sign up to the Code (94%).

Aspects of our work which have been rated as successful include:

- Defining standards of behaviour for members
- The quality and clarity of the support and guidance we provide
- Keeping local government informed about what we are doing.

Our role has changed and 2008-09 has been a transitional period for us. We are still uniquely placed to maintain public confidence in standards of conduct across local government and in how allegations of misconduct are dealt with.

2) Indication of likely developments

Over the coming months, the Standards Board will continue to monitor the effectiveness of the local standards framework and support and engage with standards committees where necessary. We will be able to make use of our first full set (four quarters) of monitoring information, as well as the first data from the annual returns. This, and other information we gather through our strategic role, will enable us to fully implement our risk-based approach to overseeing the local standards regime and to proactively identify those authorities which may be in need of our guidance and support.

Our system of working is designed to be proportionate and flexible, and our risk-based approach will not only allow us to identify individual authorities where standards may be breaking down, but also to uncover systemic and sectoral risks where different solutions may be appropriate.

New ways of working within the Standards Board will also enable us to share guidance and good practice recommendations with a wide range of stakeholders at an individual and group level.

A consultation on possible changes to the Code was launched by Communities and Local Government last year. We expect a revised Code to come into force over the coming months, with clarification made around members acting in a private capacity and behaviour leading to a criminal conviction. Additionally, we may see the introduction of a Code for officers. Any changes made to the Code will be accompanied by new guidance from the Standards Board and we will also be looking to update our existing framework guidance now that it has been in use for a year.

3) Post balance sheet events

The Standards Board for England's financial statements are laid before the Houses of Parliament by the Comptroller and Auditor General. FRS21 requires the Standards Board for England to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Standard Board for England's management to the Comptroller and Auditor General or HM Treasury. The authorised date of issue is 16 July 2009.

4) Board members and executive directors

The Board members who served in the year ending 31 March 2009, 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.

Dr Robert Chilton OBE was appointed as Chair with effect from 1 July 2008.

Sir Anthony Holland's term as Chair ended on 30 June 2008.

Patricia Hughes CBE – term ended on 30 June 2008.

Judy Simons became Deputy Chair on 14 July 2008.

Elizabeth Abderrahim was appointed on 14 July 2008.

Mike Kendall was appointed on 14 July 2008 and resigned on 20 March 2009.

Stephen Knight was appointed on 4 March 2009.

5) Complaints referred to the Standards Board

The Standards Board no longer considers complaints sent to us directly. Since 8 May 2008 we receive only those

complaints referred to us by local standards committees. These account for about five per cent of complaints nationally. We decide whether to accept these cases for investigation, 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 177 cases for investigation in the year ending 31 March 2009. In general we do accept these cases, but 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.

6) Going concern

The balance sheet at 31 March 2009 shows net assets of £267,000. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Standard Board's other sources of income, may only be met by future grants or grants-in-aid.

These will be met from our 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 the Standards Board'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 and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt a going concern basis for the

preparation of these financial statements.

Operating financial review

The expenditure for the year 2008-09 before interest receivable, notional cost of capital and taxation amounted to £7,565,000. Corporation tax of £4,000 is payable on interest receivable.

Details of the Standards Board's pension scheme and financial instruments are shown in notes 15 and 17 respectively.

Key performance indicators

A number of key performance indicators were monitored during the 2008-09 financial year. In order to support our developing role as a strategic regulator,

we reviewed and revised our KPI measures mid-year. Table 1 below sets out our performance against target for the first half of the year, and Table 2 details performance for the second half.

Table 1 – Performance against key performance indicators: 1 April 2008 – 30 September 2008

KPI	Target	Performance 2008-09
% of correspondence receiving an initial response within 5 working days of receipt. Includes faxes & emails but excludes case related correspondence	90%	Achieved: 91%
% of telephone enquiries (other than case related enquiries) to receive a substantive response within 2 working days	90%	Achieved: 99%
15 working days average taken for case summaries to be published on the website after receipt	15 working days	Achieved: 13 working days
Average time taken from receipt of allegations from Standards Committees to notification of decision	10 working days average for notification	Achieved: 8 working days
% of cases accepted for investigation by the SBE to be completed within 6 months	90%	Not achieved: 79%
Inductions and performance reviews are undertaken for all eligible staff. Corporate training programme is delivered as part of PDPs.	1. 90% inductions completed within 3 weeks	Achieved: 92%
	2. 90% performance reviews completed on target:	N/A. Not monitored at mid year position
	3. Training calendar established as according to PDPs	Achieved
	4. 85% training course feedback shows training meets objectives	Achieved: 99%
Diversity project undertaken assessing impact of diversity on recruitment and stakeholders	Project completed within timescales	Achieved: A gap analysis has been completed and implementation planned
% staff drawn from ethnic minorities	19%	Achieved: 19%
% of number of invoices paid within terms	90%	Achieved: 94%
Budgets are approved by DCLG: Budgets planned within time constraints and on appropriate assumptions	Funding bid submitted on time and approved	Achieved: 2008-09 budget has been approved on time
Budgets are managed in line with planning, with no overspend	Budgets are spent within 5% variance (reported quarterly)	Achieved: 15% under spend

Failure to meet the KPI on case completion was due to a higher than anticipated number of complex cases which needed significant investigatory resources. These included a series of linked cases relating to a single authority.

Table 2 – Performance against key performance indicators: 1 October 2008 – 31 March 2009

KPI	Target	Performance 2008-09
Effective transfer of investigation responsibilities: The number of code complaints requiring redirection to standards committees in 6 months after May 8 2008	Not more than 400	Achieved: 145
Collecting monitoring information:		
-authorities complete monitoring returns at the end of each quarter	-65% by due date -90% by two weeks after due date	Achieved: 91% Achieved: 100%
-authorities submitting complete annual report electronically at the end of the business year	-65% by due date -90% by two weeks after due date	Achieved: 93% Achieved: 98%
Monitor local performance of standards committees:		
-Developing individual action plans for authorities of concern	-Within 3 months from receipt of data triggering concern	Achieved: 100%
-Monitor action taken on action plan	-3 months after implementation	Achieved: 100%
-Monitor action taken on action plan	-6 months after implementation	Achieved: 100%
Produce clear and accurate guidance and advice to reflect major changes in legislation: Publish guidance on local assessment and changes to standards committees	Within one month of relevant legislation coming into force	Achieved
Promote understanding of current standards issues and procedures: Deliver an Annual Assembly event	90% attendee satisfaction rating	Achieved: 96% attendee satisfaction rating
High standards of case handling nationally: Average time taken from receipt of allegations from Standards Committees to notification of decision	10 working days' average for notification	Achieved: 7.7 working days' average
Timely investigations: Percentage of standard cases accepted for investigation by the SBE to be completed within 6 months	90%	Achieved: 91%

Performance against all applicable KPIs has been achieved.

Employment issues

This year we have continued progress in a number of key human resource (HR) areas, leading to more effective strategic HR support to the organisation and improvements in day-to-day HR service delivery.

- With our change in role in May 2008, we completed the closure of our Referrals Department and our London Office.
- 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 performance review process to improve clarity and consistency, and ensured the process is embedded in our performance management framework.
- We have further developed our learning and development strategy including the development of a new online training solution to assist and enhance our learning and development activity with the aim of improving participation and efficiency.
- We have delivered Internal Governance training to all employees across the organisation, improving levels of understanding and compliance with governance policies and procedures.
- We have carried out a staff survey to identify levels of employee satisfaction which will help us identify ways we can improve the working lives of staff and shape our organisation in our new role as a strategic regulator.
- We have continued our work on diversity, carrying out a gap analysis on our current position.
- This has led to improvements in our diversity impact assessment process

and diversity awareness training for employees.

- We have improved our management reporting through the development of a quarterly HR Dashboard which provides senior management and the Board with headline HR information to be used as part of performance management.
- 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 for the next three years. As part of this strategy we will have the following three key people goals which will determine our priorities:
 1. **To be effective in the way we work.**
 2. **To have the right people in place to do the work.**
 3. **To have a continually improving workforce.**

Environmental issues

The Standards Board is committed to adopting policies to promote the conservation of energy, reducing waste, minimising greenhouse gases, and encouraging the recycling of materials whenever consistent with the efficient use of public funds.

The Standards Board's environmental working group meets on a regular basis to develop new initiatives and to discuss current environmental issues and the ways to implement them.

Some activities carried out during the 2008-09 financial year were:

- an environmental audit of the Standard's Board's office and its activities
- stopping the use of plastic cups in the office in favour of reusable mugs and glasses

- 100% of our electricity is from a provider that supplies from renewable sources

Better payment practice code

The Standards Board 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, key performance indicators show that 97% of suppliers' invoices were paid within the supplier's credit terms.

External auditors

The auditors for the year ended 31 March 2009 are the National Audit Office. Their fee for the audit of the financial statements was £32,500.

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

The Standards Board 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 the Standards Board's offices during normal working hours to inspect the register.

Remuneration report

Remuneration and employment policy and methods used to assess performance

Remuneration policy

All staff operate under a job family performance related pay system, whereby each job is assigned a salary band, which is grouped with those jobs at the same grade and in the same family.

Salary ranges are externally benchmarked and are reviewed every year based on consideration of average earnings and inflation. The benchmarks give a range for both the public and private sector and an average of both is usually applied to the mid-point in the salary scales. The ranges then have a span of 15% either side of that mid-point. This process ensures that salaries are competitive and enables the Standards Board for England (the Standards Board) 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 on 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 will be advertised both internally and externally. External recruitment activity should be through press or web advertising initially for permanent vacancies; the use of recruitment agencies is permissible in certain circumstances.

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

Decisions on pay

Decisions on pay have been delegated to the Standards Board's senior management team when they are within the rules set out in the pay guidelines.

The guidelines 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.

Approval on the overall annual salary review (including senior management pay) is made by the remuneration committee. The remuneration committee members consist of the audit committee members, the Head of Governance and Client Services and the HR manager.

Salary

Salary includes basic salary and allowances. Allowances consist of either an Acting 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 Board 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% 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	2008-09 Fees and other remuneration £	2007-08 Fees and other remuneration £
Dr Robert Chilton	Chair	01/07/08	30/06/11	30,600	-
Sir Anthony Holland	Chair	07/02/01	30/06/08	10,201	40,804
J Simons ¹	Deputy Chair	13/02/06	13/07/11	10,757	7,702
P Hughes	Deputy Chair	22/03/01	30/06/08	2,673	10,691
R Taylor	Member	22/03/01	30/10/07	-	4,850
P Gott	Member	13/02/06	12/02/12	7,418	7,273
E Hall	Member	13/02/06	12/02/12	7,418	7,273
S Flint ²	Member	23/10/06	23/10/09	7,915	7,273
B Fraenkel ³	Member	23/10/06	23/10/09	-	6,807
M Khan	Member	23/10/06	23/10/09	7,418	7,273
R Watson ⁴	Member	23/10/06	23/10/09	8,673	7,273
E Abderrahim	Member	14/07/08	13/07/11	5,349	-
M Kendall ⁵	Member	14/07/08	13/07/11	5,349	-
S Knight	Member	04/03/09	03/03/12	559	-

No pension contributions are payable for Board members.

¹ Became Deputy Chair on 14 July 2008. Remuneration includes overtime payments of £826 (2007-08 £429).

² Includes £498 of overtime payments.

³ Resigned 7 March 2008.

⁴ Includes £1,255 of overtime payments.

⁵ Resigned 20 March 2009.

Senior management team and chief executive officer costs (excluding Board members)

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

Name	Position	2008-09 Remuneration £'000	2007-08 Remuneration £'000
Glenys Stacey ¹	Chief Executive	125-130	-
David Prince ²	Chief Executive	20-25	115-120
Paul Hoey	Director of Strategy and Guidance	80-85	75-80
Hazel Salisbury ³	Director of Casework	85-90	85-90
Lisa Klein ⁴	Head of Investigations	-	5-10
Sara Goodwin ⁵	Head of Legal Services	60-65	75-80
Chris Boothman ⁶	Head of Legal Services	-	45-50
Kathy Farrand ⁷	Head of Referrals	105-110	65-70
Richard Scott ⁸	Head of Communications	45-50	-
Tim Bogan ⁹	Head of Communications	65-70	65-70
Navin Gokool ¹⁰	Head of Governance & Client Services	65-70	65-70
Allister Duncan ¹¹	Head of Corporate Services	-	70-75
Sharon Penn	Adjudication Panel Manager	45-50	40-45
Freda Sharkey ¹²	Acting Head of Legal	40-45	-

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

¹ Appointed 1 April 2008.

² Appointment ended 2 June 2008.

³ Appointment ended 20 March 2009.

⁴ Appointment ended 31 January 2007. Remuneration relates to backdated pay increase.

⁵ Appointment ended 31 July 2008. Remuneration in 2008-09 includes £37k paid in accordance with the terms of our redundancy policy.

⁶ Appointment ended 20 April 2007. Remuneration relates to backdated pay increase.

⁷ Appointment ended 30 May 2008. Remuneration in 2008-09 includes £98k paid in accordance with the terms of our redundancy policy.

⁸ Appointed 21 April 2008.

⁹ Appointment ended 23 May 2008. Remuneration in 2008-09 includes £40k paid in accordance with the terms of our redundancy policy.

¹⁰ Appointed 1 October 2007.

¹¹ Appointment ended 28 September 2007. Remuneration in 2007-08 includes £34k paid in accordance with the terms of our redundancy policy.

¹² Appointed 18 August 2008.

Pension benefits

Name	Accrued pension at age 60 at 31.3.09 & related lump sum £'000	Real increase in pension & related lump sum at age 60 £'000	*CETV at 31.3.08 £'000	CETV at 31.3.09 £'000	Real increase in CETV £'000
Glenys Stacey	0-5	0-2.5	-	30	30
Paul Hoey	75-80	5-7.5	230	314	85
Kathy Farrand	40-45	0-2.5	118	143	25
Sharon Penn	20-25	0-2.5	67	100	33
Navin Gokool	10-15	0-2.5	25	38	13
Richard Scott	0-5	0-2.5	-	10	10
Freda Sharkey	0-5	0-2.5	-	32	32
Sara Goodwin	0-5	0-2.5	10	16	6

*Cash equivalent transfer value

Signed by
Glenys Stacey



Chief Executive and Accounting Officer

The Standards Board for England

Date: 13 July 2009

And on behalf of the Board
Dr Robert Chilton OBE



Chair

The Standards Board for England

Date: 13 July 2009

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 the Standards Board for England (the Standards Board) 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 the Standards Board 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 the Standards Board. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Standards Board'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 the Standards Board'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*.

The Standards Board 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.

In addition, the system of internal control includes:

- An annual corporate planning process in which performance targets and strategic, operational and financial parameters are agreed by the Board. The Board regularly monitors and reviews performance against the key performance indicators contained within the corporate plan and activities specified within the operational plan.

The corporate plan, which contains our three-year strategic plan, is subject to scrutiny by Communities and Local Government and approval by the Secretary of State. The plans of individual business units are scrutinised to ensure their consistency with the overall operational and corporate plans.

- Delegation of budgets to appropriate levels of management, with accurate and timely monthly management accounts produced for all budget holders. An effective budget management system is in place which

helps ensure that all expenditure is approved at an appropriate level and that any virement of budgets is properly controlled.

- Regular reviews by senior management and the Board of monthly, cumulative and annual financial reports, which indicate financial performance against forecasts, and highlight variances and any remedial action being taken.

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 the Standards Board's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Standards Board for the year ended 31 March 2009 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 has oversight responsibility for ensuring that I, as Accounting Officer, discharge my risk management responsibilities efficiently, effectively and economically.

The risk and control framework

The Standards Board has a risk management policy and strategy, which includes a methodology for measuring the relative levels of risk to the organisation. A review cycle has been established which ensures that the corporate risk register is comprehensively reviewed on a regular basis.

Risks are identified at a corporate and operational level. The identification of corporate risk is carried out by the senior management team and mapped into a dynamic tracking matrix. The risk matrix is reviewed monthly by members of the senior team and then reported to the Board. Once agreed, senior team members are required to amend their mitigating actions. In addition, specific risk reviews are identified monthly and reported to the senior team and the Board as necessary.

This process is reflected at an operational level with a risk matrix. The matrix was developed for risks which are monitored and reported to the senior team as appropriate.

The Standards Board audit committee regularly monitors the organisation's risk management performance. The audit committee met three times during the year and is made up of three Board members and an external independent member.

Among other tasks, the committee has reviewed the major corporate risks and the level of assurance provided against each one, and has assessed the acceptability of the residual risk. The committee reviewed the updated corporate risk register and highlighted significant risks to inform the Board's own consideration of the register.

The following governance panels are standing committees which will be retained with their existing terms of reference:

- audit committee

- remuneration committee

In addition, the following meets as required:

- legal proceedings panel

In addition to the actions mentioned above, the following has continued:

- The Board receives regular reports on all significant issues and every Board report contains a mandatory section on risks and financial consequences.
- The comprehensive business planning process ensures that new risks, or changes to existing risks, are identified at each stage of the process, from horizon scanning through to the agreement of detailed business plans for each department and the management of individual projects.
- The use of a Quality Management System (QMS) in respect of case management.
- The reporting of performance against key performance indicators.
- Reports from the Chair of the Standards Board audit committee to the Board and the presentation to the Board of the committee's minutes.

Significant events in the year

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

- The Local Government and Public Involvement in Health Act 2007 placed new duties and responsibilities on the Standards Board, which evolved into a strategic regulator from 8 May 2008. We introduced new processes for our new functions which were process mapped using our quality mapping system. The risks of the new functions were managed as part of the dynamic risk tracking system introduced this year.

- In response to this and after six months of operation, the Board agreed a review of the operating model for the organisation.
- The review encompasses changes to existing processes such as conducting investigations and the development of a new approach to our strategic regulatory role. These changes have been managed through a series of defined projects with specific resources and governance arrangements, including individual risk assessments. The overall risk of the review of the operating model is reflected in both corporate and operational risk matrices.
- Project Excellence is a review of our investigations process which will enable us to deliver a customer focused and dynamic service.
- Entity risk management is being used to design and implement the framework and processes for categorising the organisations we are responsible for, based on the likelihood and impact of infractions occurring. The Entity Risk Management (ERM) model will become the basis for decision-making and targeted action within the Standards Board, as we embrace our strategic regulator role.
- A review of the organisational design and implementation of the key elements of a new structure. The appointment of senior positions within the new organisational structure.
- 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 are managed through governance boards consisting of senior team members and where appropriate Board members. There is dedicated project management resource to support all the main projects and the senior team are briefed on the risks and interdependencies. To underpin this transition, all QMS processes will be reviewed.
- The IT Systems and Strategy projects for the new core systems needed to underpin the Standards Board's new regulatory role were implemented early in 2008-09. Subsequent refinements and change requests have been managed and approved by the senior team. A detailed strategy for IT development linked to the introduction of the entity risk management approach has been developed.
- We are undertaking a review of our business continuity plans and will be implementing improvements identified.
- Following the loss of disks by HMRC, data handling in government has taken on a significantly higher profile. The Cabinet Secretary has asked all sponsoring departments to review their key data held and the handling procedures that are in place. We have reviewed and reissued guidance to staff on the handling of data in transit and use of laptops, and are reviewing all our procedures in light of the further guidance issued by the Cabinet Secretary. Following this we 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 an action plan has been developed and approved. The majority of risks are being

incorporated into the knowledge management project for implementation over the next 12 months.

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 result 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 and generally implemented within planned timescales.

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 in 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 the Standards Board'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 played 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.

The Standards Board continued to employ Bentley Jennison as internal auditors for the 2008-09 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.

Signed by
Glenys Stacey



Accounting Officer and Chief
Executive, the Standards Board for
England

Date: 13 July 2009

Independent Auditors' Report to the Houses of Parliament

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 2009 under the Local Government Act 2000. These comprise the Income and expenditure account, the Balance sheet, the Cash flow statement and Statement of recognised gains and losses 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 Standards Board for England, Accounting Officer/Chief Executive and auditor

The Standards Board for England and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board's and Accounting Officer's/Chief Executive's Responsibilities. My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland). I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have

been properly prepared in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State. I report to you whether, in my opinion, the information, which comprises the Management commentary included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In addition, I report to you if the Standards Board for England has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Standards Board for England's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Standards Board for England's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the forward from the chair and chief executive, the board information and the unaudited part of the remuneration report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Standards Board for England and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Standards Board's circumstances, consistently applied and adequately disclosed.

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

Opinions

Audit opinion

In my opinion:

- The financial statements give a true and fair view, in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State, of the state of the Standards Board's affairs as at 31 March 2009 and of its net expenditure for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State; and
- Information, which comprises the management commentary, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

July 2009

Income and expenditure account

	Notes	2008-09 £'000	2007-08 £'000
Income	6	324	317
Total income		324	317
Staff costs	2	4,112	5,286
Administrative expenditure	7	3,777	5,496
Total operating expenditure		7,889	10,782
Net expenditure		(7,565)	(10,465)
Interest receivable	8	21	48
Notional cost of capital charge	9	(7)	(7)
Net pension interest and expected return on assets	15	(65)	(40)
Net expenditure on ordinary activities before taxation		(7,616)	(10,464)
Taxation	10	(4)	(10)
Net expenditure on ordinary activities after taxation		(7,620)	(10,474)
Reversal of notional cost of capital	9	7	7
Net expenditure carried forward		(7,613)	(10,467)

All amounts relate to continuing operations.

Net expenditure is funded by Grant in Aid as explained in accounting policy 1.6.

Statement of recognised gains and losses	2008-09 £'000	2007-08 £'000
Actuarial (loss) / gain from staff pension fund	(520)	1,384
Recognised gains and losses for the period	(520)	1,384

Balance sheet

	Notes	2008-09 £'000	2007-08 £'000
Tangible fixed assets	11	1,088	1,433
Debtors due after more than one year	12	14	5
		1,102	1,438
Current assets			
Debtors	12	307	462
Cash at bank and in hand		710	618
Total assets		2,119	2,518
Current liabilities			
Amounts payable within one year	13	(685)	(1,076)
Provisions	22	-	(309)
Total assets less current liabilities		1,434	1,133
Long-term liabilities			
Pension liability	15	(1,167)	(1,018)
Total assets less total liabilities		267	115
Pension reserve	14	(1,167)	(1,018)
General reserve	14	1,434	1,133
Total reserves		267	115

Signed by
Glenys Stacey



Chief Executive and Accounting Officer, the
Standards Board for England

Date: 13 July 2009

And on behalf of the Board
Dr Robert Chilton OBE



Chair, the Standards Board for England

Date: 13 July 2009

Cash flow statement

	Notes	2008-09 £'000	2007-08 £'000
Net cash outflow from operating activities	3	(8,098)	(10,873)
Returns on investments and servicing of finance			
Interest received	8	21	48
Capital expenditure			
Payments to acquire tangible fixed assets	11	(116)	(422)
Financing			
Grant in aid received	5	8,285	10,060
Increase/(decrease) in cash in the year	4	92	(1,187)

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 are prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP) and 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 the Standards Board for England (the Standards Board) and are in force for the financial year for which the statements are prepared. The financial statements are prepared under the modified historical cost convention. The financial effect of revaluing fixed assets was considered immaterial and therefore they have been disclosed at their historical cost value.

1.2) Going concern

The balance sheet at 31 March 2009 shows net assets of £267,000. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Standards Board's other sources of income, may only be met by future grants or grant-in-aid from the Standards Board'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 the Standards Board's liabilities falling due in that year, has already been

included in the department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the department's future sponsorship and parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3) Capitalisation of fixed assets

In accordance with the Financial Memorandum, only items which cost more than or equal to £2,500 gross of VAT are capitalised, other items being written off as expenditure and included within the appropriate heading in the income and expenditure account.

1.4) Depreciation

Depreciation is provided on all tangible fixed assets on a straight line basis over their estimated useful lives, except for assets under construction, which are not depreciated until those amounts are brought into use. The estimated useful lives are as follows:

- office equipment – three years
- furniture and fittings – five years
- computer equipment – three years

No depreciation is charged on assets under construction.

1.5) Valuation of fixed assets

Fixed assets are valued at Net Book Value. The financial effect of revaluing fixed assets was considered to be immaterial and therefore they have been disclosed at their historical cost value.

1.6) 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.

1.7) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

There are no deferred tax implications for the Standards Board at the end of the financial year.

1.8) Value added tax

The Standards Board for England registered for value added tax (VAT) on 21 March 2003 under special registration, which limits the Standards Board to account for VAT only on conference activity and publication sales. As agreed with HM Revenue and Customs, other activities of the Standards Board are not registered.

All irrecoverable VAT is included as part of the expenses concerned, and capitalised as part of the cost of fixed assets acquired as appropriate.

1.9) Operating leases

Leasing charges in respect of operating leases are recognised in the income and expenditure account in equal amounts over the life of the lease agreement as incurred.

1.10) Pension

Contributions to the Greater Manchester Pension Fund are made in accordance with actuarial recommendations and are charged to the income and expenditure account as they are incurred.

Benefits accrue at the rate of 1/60th of pensionable salary for each year of service. In calculating the real increase in accrued pension, inflation has been assumed to run at 3.1% throughout 2008-09. Pensionable salary includes performance related pay.

Details of the Standards Board's pension scheme are shown in note 15.

1.11) Notional cost of capital

In order to disclose the full cost of the Standards Board'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.

Notional cost of capital is reversed out after net expenditure on ordinary activities after taxation.

2) Staff Costs

	2008-09 £'000	2007-08 £'000
Permanent staff costs, including the Chief Executive were:		
Wages and salaries, including performance related pay	2,936	4,193
Social security costs	363	343
Pension costs	456	452
	3,755	4,988
Board members	128	116
Temporary staff costs	229	147
Staff on secondment	-	35
Total staff costs, including the Chief Executive	4,112	5,286

The employer's contribution is calculated at the rate of 14% recommended for all the Standards Board for England's employees by the pension fund actuaries. Glenys Stacey and David Prince were both members of the Standards Board for England's pension scheme, to which the Standards Board contributed at the appropriate rate, during their employment on a full-time basis.

Number of persons employed during the year	2008-09 £'000	2007-08 £'000
Permanent staff including Chief Executive	79	100
Board	9	10
	88	110
Contract staff	3	3
Seconded staff	0	1
Total number of staff	91	114

3) Reconciliation of operating deficit to net cash outflow from operating activities

	2008-09 £'000	2007-08 £'000
Net expenditure	(7,565)	(10,465)
Depreciation charges	461	394
Decrease in debtors	146	331
(Decrease) in amounts payable within one year	(391)	(924)
(Decrease) in provisions	(309)	(296)
FRS 17 adjustments	(436)	97
Adjustments for tax accrual	(4)	(10)
Net cash outflow from operating activities	(8,098)	(10,873)

4) Reconciliation of net cash flow to movement in net funds

	2008-09 £'000	2007-08 £'000
Cash at bank and in hand carried forward	710	618
Less: cash at bank and in hand brought forward	(618)	(1,805)
Increase/(decrease) in cash in the year	92	(1,187)

5) Grant-in-aid

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

	2008-09 £'000	2007-08 £'000
Amounts received	8,285	10,060

6) Other income

	2008-09 £'000	2007-08 £'000
Conference income	322	312
Publication income	2	5
Total	324	317

Conference income is generated through individual spaces sold at the Annual Assembly where the individual sale price is calculated on the basis to optimise attendance.

Other income is net of VAT.

7) Administrative expenditure

	2008-09 £'000	2007-08 £'000
Relocation cost (Note 20)	-	976
Payments made under operating leases	355	961
Rates and service charges ¹	158	148
Conferences	606	573
Depreciation	461	394
Professional fees ²	541	429
Computer expenses	451	499
Other administration costs	287	456
Training	150	231
Communications ³	246	208
Travel and subsistence	185	227
Recruitment costs	130	228
Office equipment	18	11
Internal auditors' fee	26	35
Subscriptions	63	39
External audit fee ⁴	39	32
Miscellaneous costs	32	25
Refurbishment	22	4
Office supplies	7	20
Total	3,777	5,496

¹ Rates and service charges in 2007-08 included a rates refund of £62,000 which included amounts backdated to previous years.

² Professional fees consist of the following expenses: specialist fees, audio typist fees, legal fees, judicial review, high court appeals, Adjudication Panel representatives, and local Standards Board representatives.

³ 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.

⁴ External Audit fees include £6,000 for the audit of the 2007-08 Balance sheet as part of the planned transition to International Financial Reporting Standards.

8) Interest receivable

	2008-09 £'000	2007-08 £'000
Interest receivable	21	48

9) Notional cost of capital

	2008-09 £'000	2007-08 £'000
Opening assets	115	(527)
Closing assets	267	115
Average	191	(206)
At 3.5% on the average of net assets during the year	7	7

10) Taxation

Corporation tax is charged on interest receivable. The tax charge is £4,000 for 2008-09 and is current tax only. The tax charge for 2007-08 was £10,000. The decrease is due to the lower interest rates during the year.

11) Tangible fixed assets

	Assets under construction £'000	Computer equipment £'000	Office equipment, furniture and fittings £'000	Total £'000
Cost				
At 1 April 2008	387	1,210	2,055	3,652
Transfers	(456)	389	67	-
Additions	86	30	-	116
Disposals	-	(170)	(1,037)	(1,207)
At 31 March 2009	17	1,459	1,085	2,561
Depreciation				
At 1 April 2008	-	958	1,261	2,219
Charge for the period	-	251	210	461
Disposals	-	(170)	(1,037)	(1,207)
At 31 March 2009	-	1,039	434	1,473
Net book amounts				
At 31 March 2008	387	252	794	1,433
At 31 March 2009	17	420	651	1,088

Assets under construction as at 31 March 2009 relates to computer software which had not been brought into service at the balance sheet date.

12) Debtors

	2008-09 £'000	2007-08 £'000
Amounts falling due within one year:		
Prepayments	280	241
VAT debtor	12	14
Other debtors	15	207
	307	462
Amounts falling due after one year:		
Prepayments	-	-
Other debtors	14	5
	14	5

During the accounting period 2008-09 there were no material debts written off and no material provision for bad or doubtful debts at the year end.

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

Total balance of staff loans outstanding at the year end was £28,856.

This amount is broken down into two categories:

1. Season ticket loans which amounted to £10,156.
2. Housing loans for staff relocating to Manchester on a permanent basis, this amounted to £18,700.

13) Creditors

Creditors – amounts falling due within one year	2008-09 £'000	2007-08 £'000
Amounts falling due within one year:		
Creditors	337	449
Accruals	259	334
Deferred income	89	122
Other taxation and social security ¹	-	126
Other creditors ²	-	45
Total creditors	685	1,076

Creditor days at 31 March 2009 were 25.4 days (2008: 22.4 days). No interest is charged on these amounts by suppliers.

¹As at 31 March 2009 amounts outstanding to other government bodies:
HM Revenue & Customs: PAYE £0 (2007-08 - £72,928)
National Insurance £0 (2007-08 - £53,263)

²As at 31 March 2009 amounts outstanding to other bodies:
Greater Manchester Pension Fund £0 (2007-08 - £44,023)

14) Reserves

	2008-09 £'000 Pension Reserve	2008-09 £'000 General Reserve	2008-09 £'000 Total	2007-08 £'000 Pension Reserve	2007-08 £'000 General Reserve	2007-08 £'000 Total
Brought forward	(1,018)	1,133	115	(1,930)	1,403	(527)
Net expenditure	-	(7,613)	(7,613)	-	(10,467)	(10,467)
Grant-in-aid received	-	8,285	8,285	-	10,060	10,060
Actuarial (loss)/gain	(520)	-	(520)	1,384	-	1,384
Settlements and curtailments	-	-	-	(335)	-	(335)
Movement between reserve	371	(371)	-	(137)	137	-
Balance carried forward	(1,167)	1,434	267	(1,018)	1,133	115

15) Pension

The Standards Board 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 2007 and has been updated by independent actuaries to the Greater Manchester Pension Fund to take account of the requirement of FRS17 in order to assess the liabilities of the fund as at 31 March 2009. Hymans Robertson carried out the actuarial valuation on 31 March 2009, for the purposes of FRS17. Liabilities are valued on an actuarial basis using the projected unit method of valuation, which assesses the future liabilities discounted to their present value.

The Standards Board also pays pensions direct to ex-employees who were awarded additional benefits under the Standards Board'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 2009 is estimated to be £1,167,000. The employer makes a contribution of 14% for each employee's pensionable salary who joins the scheme, which amounts to £310,000 in 2008-09 with prior year amounts being £373,000. Employer contribution rates will increase in 2009-10 to 14.9% and to 15.8% in 2010-11.

Note 15b contains cost charged to the income and expenditure account for the year ended 31 March 2009, along with an analysis of the amount recognised in the Statement of recognised gains and losses. 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 FRS17 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.

15a) Balance sheet disclosure as at 31 March 2009

Assumptions as at	31 March 2009 % p.a.	31 March 2008 % p.a.
Inflation/Pension increase rate	3.1	3.6
Salary increase rate	4.6	5.1
Discount rate	6.9	6.9

Assets (Employer)	31 March 2009		31 March 2008	
	Expected Returns %	Assets £'000	Expected Returns %	Assets £'000
Equities	7.0	3,875	7.7	3,704
Bonds	5.4	926	5.7	1,096
Property	4.9	405	5.7	510
Cash	4.0	579	4.8	558
Total	6.3	5,785	6.9	5,868

Net pension liability as at	31 March 2009 £'000
Estimated employer assets (A)	5,785
Present value of scheme liabilities ¹	(6,952)
Total value of liabilities (B)	(6,952)
Net pension liability (A-B)	(1,167)

¹It is estimated that this liability comprises of approximately £5,396,400, £1,042,600 and £513,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2009.

15b) Revenue account costs for the year to 31 March 2009

Analysis of amount charged to net expenditure

Amount charged to net expenditure	Year to 31 March 2009	
	£'000	% of Pay
Service cost ¹	200	9.3
Expected return on employer assets	(430)	(20.1)
Interest on pension scheme liabilities	495	23.1
Past service cost ²	103	4.8
Curtailement and settlements	153	7.1
Total	521	24.3
Actual return on plan assets	(1,052)	

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

² The past service costs includes £103,400 in respect of retrospective changes to member benefits that came into effect on 1 April 2008.

Recognition of defined benefit obligation

	Year to 31 March 2009 £'000
Opening defined benefit obligation	6,886
Current service cost	200
Interest Cost	495
Contribution by Members	165
Actuarial (Gains)	(985)
Past Service Cost	103
Losses on Curtailments	153
Benefits paid	(65)
Closing Defined Benefit Obligation	6,952

15b) Revenue account costs for the year to 31 March 2009 (continued)

Reconciliation of fair value of employer assets

	Year to 31 March 2009 £'000
Opening Fair Value of Employer Assets	5,868
Expected Return on Assets	430
Contributions by Members	165
Contributions by the Employer	892
Actuarial Gains/(Losses)	(1,505)
Benefits Paid	(65)
Surplus/(deficit) at end of year	(5,785)

Difference between expected and actual return on employer assets

	2008-09 £'000	2007-08 £'000	2006-07 £'000	2005-06 £'000	2004-05 £'000
Value of scheme assets	5,785	5,868	4,674	3,822	2,637
Expected return on scheme assets	430	342	267	199	147
Actual return on scheme assets	1,052	183	294	653	256
Difference between expected and actual return	622	(159)	27	454	109
% of this forms of scheme assets	10.8%	(2.7)%	0.6%	11.9%	4.1%

Total actuarial loss

	2008-09 £'000	2007-08 £'000	2006-07 £'000	2005-06 £'000	2004-05 £'000
Value of scheme liabilities	6,952	6,886	6,604	4,544	3,122
Experience gains and losses on scheme liabilities	-	(1,043)	11	(4)	-
% of scheme liabilities	0.0%	(15.1)%	0.2%	(0.1)%	0.0%
Actuarial gain / (loss)	(520)	1,384	(1,192)	(221)	109
% of scheme liabilities	(7.5)%	20.1%	(18.0)%	(4.9)%	3.5%

Amounts recognised in Statement of Recognised Gains and Losses (SRGL)

	Year to 31 March 2009 £'000
Actuarial (Losses)	(520)
Actuarial (Losses) recognised in SRGL	(520)
Cumulative Actuarial Losses	(440)

16) Lease commitments

Annual commitments under operating leases	2008-09 £'000	2007-08 £'000
Land and buildings on leases expiring:		
Within one year	3	161
Within two to five years	207	217
Other operating leases on leases expiring:		
Within one year	1	1
Within two to five years	7	8
Total	218	387

17) Financial instruments

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

The Standards Board's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Board's operations. The Board has various other financial instruments, such as receivables and payables, which arise directly from its operations. The main risk arising from the Board's financial instruments are as follows:

Financial risk

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

Interest rate risk

The Standards Board 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. The Standards Board regards the risk as minimal.

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

17) Financial instruments (continued)

Liquidity risk

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

The Standards Board maintains adequate reserves by continuously monitoring forecast and actual cash flows. The liquidity analysis of financial assets and liabilities are given in notes 12 and 13.

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

Capital risk

The Standards Board manages its reserves to ensure that it will be able to continue as a going concern. The reserve structure is shown in note 14.

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

18) Related party transactions

The Standards Board 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. The Standards Board had material transactions with Communities and Local Government during the financial year by way of grant-in-aid of £8,285,000.

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

Greater Manchester Pension Fund is considered a related party and the Standards Board had transactions of £892,000 during the year (2007-08: £373,000).

19) Capital commitments

The Standards Board does not have any capital commitments at present and is not likely to have any in the future.

20) Relocation cost

The Standards Board supports the government's policy of relocating national bodies from London, and relocated to Manchester in April 2007. The costs incurred to relocate included in administrative expenditure on the Income and expenditure account are as follows:

Description	2008-09 £'000	2007-08 £'000
Staff costs	-	273
Office supplies	-	19
Staff relocation costs	-	156
Professional fees	-	102
Recruitment costs	-	84
Travel and subsistence	-	56
Other administration costs	-	259
Computer expenses	-	8
Training	-	19
Total	-	976

21) Contingent liabilities

Given the nature of the business undertaken by the Standards Board, 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 2008-09 or previous years.

22) 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)
As at 31 March 2009	-	-	-

23) Post balance sheet events

The Standards Board for England's financial statements are laid before the Houses of Parliament by the Comptroller and Auditor General. FRS21 requires the Standards Board for England 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.

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 accounts of the Standards Board (hereafter in this accounts direction referred to as “the Board”) 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 annual accounts for 2006/07 and subsequent years shall be prepared in accordance with:
 - a) the accounting and disclosure requirements given in Government Accounting and in the Government Financial Reporting Manual issued by the Treasury (“the FReM”) as amended or augmented from time to time, and subject to Schedule 1 to this direction;
 - 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 the Board and are in force for the year for which the accounts 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 accounts.
- 2) Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards, and also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.
- 3) This direction shall be reproduced as an appendix to the annual accounts.
- 4) This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

Paul Rowsell

An officer in the Department for Communities and Local Government

Date: 27 March 2007

Schedule 1

- 1) Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
- 2) The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

Schedule 2

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 paragraphs 1 and 2 of this direction.

1) The notes to the annual accounts

- a) an analysis of grants from:
 - i) government departments
 - ii) European Community funds
 - iii) other sources identified as to each source;
- b) For grants from the Department for Communities and Local Government, the following information shall also be shown:
 - i) the amount that the Board is entitled to receive for the year
 - ii) the amount received during the year
 - iii) the amount released to the income and expenditure account for the year
 - iv) the amount used to acquire or improve fixed assets in the year
 - v) movements on amounts carried forward in the balance sheet

and the note should make it possible to reconcile any of the amounts in (i) to (v) above, to each of the other amounts;

- 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 the Board, 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:
 - wages and salaries
 - early retirement costs
 - social security costs
 - contributions to pension schemes
 - payments for unfunded pensions
 - other pension costs
 - amounts recoverable for employees on secondment or loan to other organisations

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

- employed directly by the Board
 - on secondment or loan to the Board
 - agency or temporary staff
 - employee costs that have been capitalised);
- e) an analysis of liquid resources, as defined by accounting standards;
 - f) in the note on debtors, prepayments and payments on account shall each be identified separately;
 - g) a statement of debts written off and movements in provisions for bad and doubtful debts;
 - h) 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 the Board's operations.
 - *i) 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 the Board), between the Board 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:
 - 01) subsidiary and associate companies of the Board
 - 02) pension funds for the benefit of employees of the Board or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
 - 03) board members and key managers of the Board
 - 04) members of the close family of board members and key managers
 - 05) companies in which a board member or a key manager is a director
 - 06) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
 - 07) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
 - 08) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
 - 09) 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 the Board.

For the purposes of this sub-paragraph:

- i) A key manager means a member of the Board'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 Schedule 2 paragraph 2 (i): 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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