



Independent
Living Fund

Independent Living Fund (2006)
Annual Report and Accounts
2013-2014

*At all times during the last year we
have strived to ensure the needs of our
users are central in all our operations
and at the forefront of our planning*

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Annual Report and Accounts 2013-14

Presented to Parliament pursuant to Article 3 of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2008.

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Summary of the year

2%

2%

of funding is spent on administration,
98p in every £ goes to our users

8%

8%

productivity improvement over previous year

21%

21%

increase in review visits from previous year

97%

97%

user outcome satisfaction

22%

22%

increase in visits attended by both the ILF and local authority

Retained

- Customer Service Excellence award for the fourth year running
- Committed 2 Equality gold award
- Positive about Disabled People two ticks symbol

The Independent Living Fund (ILF) is an Executive Non-Departmental Public Body of the Department for Work and Pensions (DWP). Our role is to provide a high quality and personalised service to over 17,000 disabled people across the United Kingdom (UK), supporting them to achieve positive independent living outcomes, and to have greater choice and control over their lives.

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

Operating from our central office in Nottingham we currently employ 124 dedicated people and also engage 92 self-employed social care professionals across the UK. These independent assessors visit our users in their own homes every two years to identify their needs in conjunction with local authority social services departments.

On 18 December 2012 following public consultation on the future of the ILF the Minister of State for Disabled People announced that the ILF would close on 31 March 2015.

On 6 November 2013 the Court of Appeal quashed the Government's decision to close the ILF on the grounds that more documentary evidence was required to demonstrate that Ministers were aware of the full extent of the potential impact of closure on ILF users, and to demonstrate that they had given due regard to the Public Sector Equality Duty (PSED).

On 6 March 2014, following a period of reflection, the Minister of State for Disabled People announced that the ILF will close on 30 June 2015. This will allow social care support to be delivered through one mainstream system.

Responsibility and funding for ILF users will be transferred to local authorities in England and the devolved administrations in Scotland, Wales and Northern Ireland who will be responsible for determining their own arrangements.

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

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Supporting our users

A message from the Chairman and Chief Executive

The last year has been quite exceptional for the ILF with a number of new and complex challenges over and above the on-going need to continue to maintain a high quality service for our users.

To meet the original Ministerial direction to close the ILF on 31 March 2015, the year commenced with the launch of our Transfer Review Programme (TRP) which we designed in partnership with local authorities and disabled people and their organisations following extensive engagement. The TRP was an ambitious and complex programme that aimed to assist the effective transfer of support for ILF users to local authorities and the devolved administrations in line with the Government's plan to close the Fund.

The TRP allowed us to introduce a number of innovative service improvements such as our PRO model (Provisions, Resources, Outcomes) approach to independent living assessments which has enabled us to provide each user with a person centred, outcome focussed, support plan.

Our programme of reviews was strongly supported by local authorities through their joint attendance with the ILF assessor at the visits made to users. The programme also achieved 97% user satisfaction, consistent with previous year's high performance levels. We had also commenced planning for an orderly corporate closure of the Trust during 2015, designing the processes and governance requirements necessary for legal and financial compliance.

In November 2013, the Court of Appeal quashed the Government's decision to close the ILF. At that time the TRP was well advanced; we had undertaken 6,318 TRP visits and were ahead of the targets established for the programme.

We reacted swiftly and decisively to halt all closure activity and re-establish an on-going 'business as usual' operating model that delivered an effective programme of support for our users. Within just 13 days of the decision we had introduced our new Support and Review Programme (SRP) and had communicated the change to users, their representatives and other key stakeholders. We ensured the SRP provided not only the necessary continuity of support to users but also retained the advances in service provision we had introduced as part of the TRP. By early March a total of 4,615 SRP visits had been undertaken, reflecting our efforts in maintaining our focus on user service.

On 6 March 2014 the Minister of State for Disabled People announced that, after reflection on the Court of Appeal's decision and an in-depth consideration of the Public Sector Equality Duty communicated through an Equality Analysis, his new decision was to close the ILF by 30 June 2015. The Minister confirmed the Government's commitment to maintaining awards to current users until the ILF closes and asked the Fund to resume closure activity immediately and to deliver a re-planned programme that achieves closure by 30 June 2015.

Consequently we ended the year establishing a new transfer and review programme for the remaining 15 months of the Fund in order to deliver the Minister's objectives, whilst maintaining the high quality of service expected from us by our users. We again supported this announcement with a comprehensive communications plan to enable users to be prepared for the changes ahead.

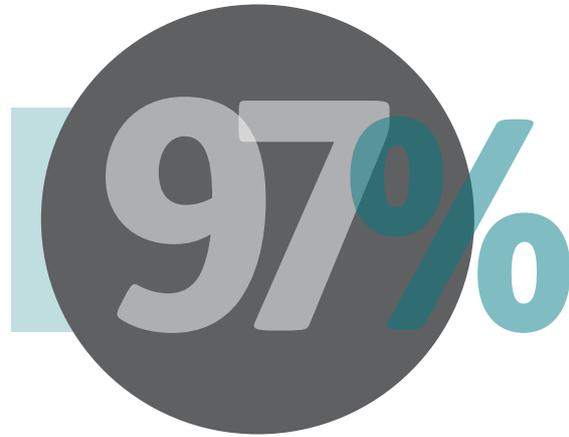
At all times during the last year we have strived to ensure the needs of our users are central in all our operations and at the forefront of our planning. We have continually sought to identify opportunities that will drive service improvements and enhance our effectiveness as a Non-Departmental Public Body and we are proud of what has been achieved within a difficult and changing context.

We have only been able to deliver and sustain this performance through the on-going commitment, professionalism and hard work of all those involved with ILF activities and our thanks go to everyone who made a contribution to ensuring that we delivered against our aims and performance targets. We would also like to thank Marie Martin, trustee from July 2003 to July 2013, for her contributions and her insights into independent living experiences.

We are proud to have remained resolutely focussed on the needs of our users throughout this period whilst also demonstrating the agility to respond swiftly and positively to changes in circumstances and the needs of our sponsor department. We will endeavour to ensure that we aim for the highest possible standards in order to deliver what is needed to support our users and staff through the forthcoming period of change.

Stephen Jack OBE
Chairman

James Sanderson
Chief Executive



User outcome satisfaction levels

users can be more **independent**, do more **activities**, have more **choice and control** and have improved their **quality of life**

Supporting our users
Supporting our users

Strategic Report

Strategic aim 1 - Continue to deliver our service

At the start of the year the ILF established performance standards for the delivery of the transfer review programme.

Despite needing to change emphasis during the year due to the strategic challenges facing the organisation we continued to achieve very high standards throughout the year, as demonstrated in the table overleaf showing performance against our targets.

We maintained close management of the review programmes through weekly statistical analysis by the senior team and monthly management information assessed at the ILF's Performance Review Board. This information has enabled our Trustees, our senior management and the DWP to be assured that our performance targets would be met through careful and considered planning.

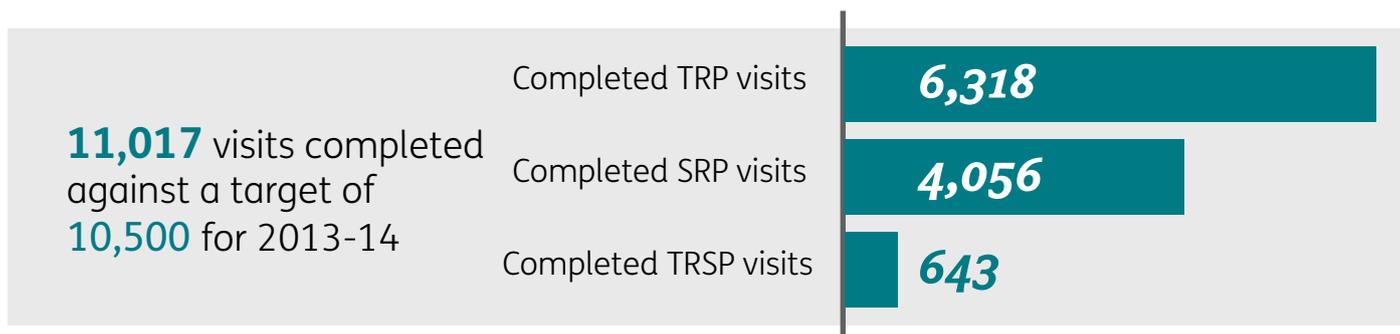
During 2013-14 the review programmes achieved all performance targets, with strong results against each key performance indicator. We completed 11,017 visits to ILF users within the programmes undertaken during the year; some 6,318 Transfer Review Programme visits to ILF users being completed between April and November and when this programme was replaced by the SRP from 6 November 2013 a further 4,056 review visits were completed up to 6 March 2014, representing an 21% increase on the previous year. Since then visits have been undertaken within a new programme, the Transfer Review & Support Programme (TRSP).

Overall the ILF delivered 9,953 reviews to outcome (inclusive of visit and follow up work), 11% above it's target of 9,000 reflecting an 8% productivity improvement over the previous year.

Our policy team ensure that ILF policy supports users and reflects changes to the external environment. This year we made changes to our governing documents to support the transition of users from DLA (Disabled Living Allowance) to PIP (Personal Independence Payment) and took steps to simplify our policy and operational procedures to improve customer service. Our Equality Impact Assessment Board made up of ILF staff, services users and stakeholders ensured that we considered equality issues in all policy and process changes.

Throughout the year we proactively reviewed our processes to find efficiencies using LEAN concepts to ensure the customer remains the key focus. A recent LEAN review of telephony enabled staff from different teams to be involved in designing new ways of working. We were pleased to implement all the developments in the year.

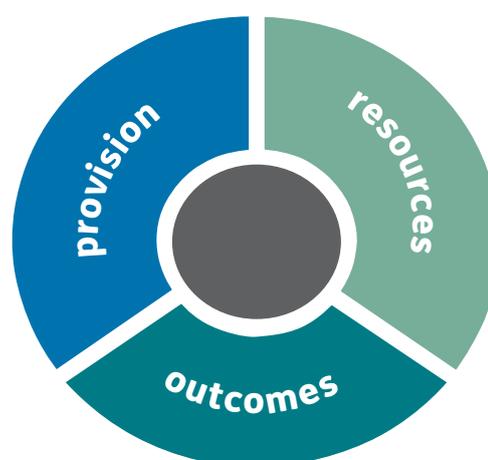
The results from our user outcome satisfaction survey provided assurance that our system of reviews represented an effective process by which to evaluate the support packages for our users. The survey was redesigned to make it more accessible and engaging and to ensure that we maximised the returns from users.



We produced and sent out a new booklet ‘your responsibilities’, which provides users with an overview of their responsibilities, our requirements and supports them to be a good employer. This is issued to users when their visit is arranged.

Our independent assessors continued to be the organisation’s user facing representatives, working closely with both users and local authority representatives to ensure support packages were person centred and outcome focussed in accordance with our PRO model. The programme pace was ambitious and in order to achieve high quality as well as a high volume of reviews we recruited extra assessors throughout the course of the year and we were pleased with the progress achieved. A comprehensive system for independent assessor quality assurance also provided confidence in our processes and service to ILF users.

Our customer service team continued to ensure that our operational review programmes always recognise our users’ individual needs to ensure high user outcome satisfaction and for the 4th year in succession we retained our Customer Service Excellence Award.



Key performance measures 2013-14	Target	Actual Result
Award accuracy	98.0%	99.5%
Reviews outcome	9,000	9,953
Reviews completed	10,500	11,017
User outcome satisfaction (UOS) overall	92.0%	97.4%
UOS: Quality of life	94.0%	97.5%
UOS: Ability to live independently	94.0%	99.4%
UOS: Choice and control	92.0%	96.8%
UOS: More activities	90.0%	96.1%
Decision review and compliant maximum response time	15 days	6 days
Administration expenditure ceiling as a percentage of total expenditure	2%	2%

Strategic aim 2 - Deliver an effective transfer programme

The year began with the organisation preparing to embark on the Transfer Review Programme (TRP) aimed at providing comprehensive information regarding individual's independent living outcomes and the areas necessary to facilitate alignment into a local authority led system. This was designed in an innovative format that summarised the provision required, the resources available and the personal outcomes desired for each of our users (PRO model). The programme was developed during the first quarter of 2013 after intensive engagement with stakeholders including disabled people's organisations, ADASS, ADSW, Devolved Administrations and local authorities. The programme started in April with the expectation of completion by December 2014. The programme was challenging both in its delivery timescale and in the number of visits and assessments to be completed.

The new programme required changes to the ILF's policies, user communications procedures and IT systems plus a significant level of staff training - all of which was undertaken in-house. To deliver the programme to time also required a 30% increase in assessor numbers from 73 to 95, which was an additional challenge given the back-drop of the ILF as a closing organisation and a general environment where qualified social worker availability in the current UK employment market place is scarce.

A TRP guide was created for users, to explain the process to them, and a practice guidance booklet was also developed to give users the information they need to make the most of their transfer visit. In addition, it was necessary to contact all Group 1 users (some 2,865) to gain their written consent to allow personal data sharing with their local authority.

A Code of Practice was agreed with local authorities through the auspices of ADASS and the devolved administrations, setting out key principles and joint commitments around transfer. Local authorities were supportive and made considerable efforts to increase joint attendance levels from 64% to over 78% of ILF reviews undertaken.

To support and facilitate transfer, amendments were made to the governing documents to support users to use their ILF funding more flexibly. Clear guidance and an application form were developed to support requests from users and circulated to stakeholders.

The TRP ran from April to November, it performed well against targets and delivered 5,448 reviews to individual outcome. The programme was ahead of the expected profile at 5 November and despite the inclusion of a 'transfer emphasis' to each review the user satisfaction levels had remained very high at 97%.

On the 6 November, as a result of the Court of Appeal decision, the organisation's management had to rapidly change direction on its strategy and operational activity. The TRP was stopped with immediate effect and this was followed by intense activity to revert back to a programme that excluded the transfer elements of the TRP, but continued with the innovations introduced through that programme. This required, for a second occasion in the year, changes to the ILF's policies, user and stakeholder communications, procedures and IT systems plus a significant level of staff training. Speed and agility was of essence and the management team commenced a new programme SRP (Support and Review Programme) within 13 days.

We wrote to all award managers (the user or the person they choose to manage their award) following the Court's decision and provided them with an information sheet to address any initial questions or concerns they may have had.

The SRP focused on delivering a high quality review that incorporated the new supportive elements such as the PRO model and as a result was broader than the support provided in previous years under the biennial reviews as there was greater focus on how the funding enables users to develop outcomes associated with their independent living needs.

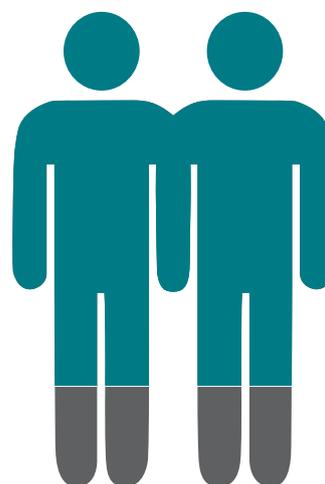
The organisation then faced a further strategic change in direction when the Minister of State for Disabled People announced on 6 March 2014, after careful consideration of all facts, that the ILF would close on 30 June 2015. The SRP was then stopped with immediate effect and a new programme, the TRSP, introduced. This required, for a third time in the year, a change to the ILF's policies, user communications, procedures and IT systems plus some staff training as there were some finessing of process and formats as a consequence of learning points from operating the previous two programmes. However given the uncertainty of the environment around the ILF's future the senior management had in place a number of contingency plans which were enacted allowing the new TRSP visits by assessors to be instigated within one working day, thus reducing operational delays to a minimum.

A new guide was available for assessors which mapped the details of the review programme for them and supported high quality report production by providing background to questions and detail of how the information would be used by the ILF.

We continued to work closely with local authorities throughout this challenging period, through our dedicated engagement team and by issuing three editions of 'intouch', our local authority facing newsletter.

Throughout this year a prime consideration for the ILF has been the impact of changes on our users and we have therefore communicated as quickly as possible after each new event and supported users through extended office opening hours and specialist teams to respond to the increase in telephone calls following announcements on the ILF's future; at year end user satisfaction stood at 97.4%. Equally we have regularly communicated with our stakeholders and local authorities to ensure clear, concise, consistent messages throughout the year.

Our quest to deliver an effective programme to users has also led to our desire to capture our learning and knowledge for the future and ensure that the organisation's intellectual capital is not lost. This process we have summarised as our MICK (making intellectual capital known) strategy and we will continue to focus on supporting others in the year ahead.



78%
visits attended by
both the ILF and
local authority

Strategic aim 3 - Support our people

This was a challenging year in regard to maintaining the morale and motivation of the workforce, as well as the retention of skilled professionals given the strategic direction of organisational closure. In pursuit of this, efforts were channelled into helping support everyone. A People and Engagement Committee met regularly to monitor morale and motivation. Given that productivity has improved, sickness is at public sector average level, there were no disciplinary cases or grievances and the relationship with the PCS union was positive; we believe our people strategy during the year was successful.

In the business year we have focussed on supporting people through a series of communications. We held 19 fortnightly exchange briefings with managers or full exchange briefings with all staff; issued 608 intranet messages, and regularly met with representatives of the Union (PCS) on a formal and informal basis. The Chief Executive's blog updated people on senior management activity as it happened and we developed a visual organisational history for staff since 1988, to capture the achievements of the ILF and assist with motivation as part of our MICK strategy.

We also produced a comprehensive staffing plan which was regularly updated to ensure that we had people with the relevant skills to deliver the business plan objectives and give confidence to staff that management was proactive and moving with pace in a changing environment. Despite all these steps we nevertheless experienced an unprecedented staff turnover of 12% during the year. However, our organisational structures were modified as people left the ILF and new roles were created and responsibilities re-distributed to meet the changing needs of the business, whilst also presenting our staff with developmental opportunities. In total there were 14 external

appointments; 14 internal promotions; and two people were seconded to another government organisation, representing a movement of around 30% within the workforce.

Sickness absence levels reduced to 8.2 days per person per year compared to 9.9 days in 2012/13. We continued to support health and well-being by providing health checks and counselling sessions.

Our learning and development plan demonstrated our clear on-going commitment to invest in our staff and was supported by a number of activities. In May, 'Learning at Work' day took place to encourage employees to take part in extra learning activities including Civil Service Learning, volunteering and external job shadowing. In addition to in-house learning events such as "course of the month" on the intranet, people continued to undertake further education qualifications and a number of employees undertook NVQ's and business related qualifications. Overall 70% of staff undertook one voluntary personal development and learning opportunity.

We also maintained a focus on standards through a continued commitment to the Performance Management System and Focussed Framework and through keeping HR policies up to date and relevant to the ILF. As further support to maintain standards we ran a course on "The role of a manager in times of change" and encouraged all staff to complete Equality and Diversity e-learning and Responsible for Information e-learning.

Finally we re-applied for and retained two important accreditations; the Positive about Disabled People two-ticks symbol and the Committed to Equality gold standard. We also continue to hold Investors in People (IiP) at the Silver Standard.

Strategic aim 4 - Deliver sound governance

Our governance and control systems are critical to ensure robust and appropriate day to day operations that meet our key performance targets and deliver a high quality service to our users. The Trustees and senior management team recognised the importance of strong governance in the period leading up to closure of the organisation, particularly as this environment could import more potential risk into an organisation which has to deliver a consistent day to day high quality service whilst simultaneously preparing the activities and processes directly associated with the Fund closure.

Our approach was to strengthen the existing control framework. The frequency of the Trustee Board meeting was increased to facilitate oversight during this period of considerable change and operational activity. The quarterly risk and controls board, attended by the SMB, which reviewed and re-assessed the whole risk portfolio at a detailed level augmented the processes and reporting already in place. The Trustee Board also reviewed the strategic risk areas each time it met, as did the SMB on a monthly basis. Additionally a specific risk register was developed to consider risk areas directly associated with closure activity and this was reviewed by the ILF Programme Steering Committee chaired by the DWP.

Our Audit Committee provide an independent, high-level resource that tests the adequacy of assurance on our risk management frameworks and internal control environment. The Audit Committee includes representatives of both internal audit (PricewaterhouseCoopers) and external audit (Deloitte), as well as the Comptroller and Auditor General. The Audit Committee was also provided with reports on the actual plans associated with closure to enable constructive discussion on the deliverability of timescales and products.

The governance framework has proven to be effective over the last year and, whilst under continual internal review, we believe it is fit for purpose for the forthcoming final period of the ILF.

We also ensured that our business strategy remained appropriately focussed on the needs of our users and sponsors. In response to the changing position during the year we amended the business plan to reflect the emerging priorities facing the organisation. We also developed a specific and detailed strategy to guide the overall closure programme, which we called the SPEED framework, which looks at the organisational priorities under the headings of:

- Structure;
- Plan;
- Engage;
- Evaluate; and
- Deliver.

Through strong financial management we delivered all targets within budget and the funding allocations set by the DWP. Despite incurring some additional costs associated with the set-up of the transfer programme we again managed to hold and deliver administration expenditure within 2% of the total expenditure, this demonstrates good value for money and enabled 98 pence in every £1 of expenditure to go directly to our users.

Our performance management systems underwent considerable development at the commencement of the year to accommodate reporting on the TRP, further changes occurred during the year to firstly reflect the impact of the Court of Appeal decision and secondly the new decision from the Minister of State for Disabled People. As the ILF is entirely self-sufficient in terms of system development it was able to be agile and thorough in its response to changes in its external environment.

In the contractual area for services we sought value for money through reduced or stabilised pricing; we also took the opportunity, as contract breaks emerged, to introduce contractual end dates that are co-terminus to the organisations end date to avoid early termination penalties.

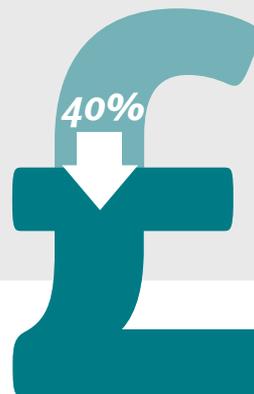
This year represented the second, of a three year, internal auditing plan undertaken by PricewaterhouseCoopers with no material issues arising from their audits. We took the opportunity to ask our auditors to review not only the year itself but provide advice and an assessment on the planning activities in advance of closure to provide further assurance to the Board of Trustees, the Accounting Officer and the DWP; their insights and experience of closure activity in other organisations were invaluable in helping us identify the planning requirements of the ILF corporate closure.

98 pence in every £1 of expenditure goes directly to our users which demonstrates good value for money

98 pence in every £1 of expenditure goes directly to our users which demonstrates good value for money

Reduction in administration spend from 2009-2010 to 2013-14.

Administration maintained at **2%** of overall budget



Introducing the people behind the ILF

The ILF Trustees

Stephen Jack OBE, Chairman

Stephen is a Chartered Accountant who has held senior management positions in a number of international financial services organisations. He is currently a Vice Chair and Chair of the Audit and Risk Committee of Anchor Trust, England's largest not for profit provider of care and housing for older people and a Non-executive Director of the Cambridge Building Society. He is also the Treasurer Trustee of the Greater London Fund for the Blind which raises funds to support the provision of services to visually impaired people living within the bounds of the M25.

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

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

Mike Boyall, Treasurer and Chairman of the Audit Committee

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

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

Sally was Director of Social Care at Witham Braintree and Halstead Care Trust until March

2007. She is a qualified social worker and previously worked in social care and the voluntary sector in a variety of posts with older people and those with physical and sensory impairments.

Yogi Amin, Trustee and member of the Audit Committee, User Personal Cases Committee and Remuneration Committee

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

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

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

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

Marie was a care manager for the British Nursing Association and Linden Hall Day Centre, lead for social care on Richmond Link, as well as a Trustee of the Hampton Fund Trust. She has previously been a social services manager for Hounslow and Kingston Upon Thames, Chairman of the Shooting Star Children's Hospice and worked in the private sector. Marie's term of appointment ended on 31 August 2013.

The Senior Management Board

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

James Sanderson, Chief Executive and Accounting Officer

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

Steve Jarratt, Finance & Resources Director and Deputy Chief Executive

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

Jesse Harris, Strategy & Social Work Director

Jesse is responsible for stakeholder relationships with local authorities and users. The role also includes responsibility for user appeals and management of the social work team and 92 assessors and the ILF approach to social work and independent living practices.

John Denore, Head of Operations

John is responsible for all aspects of service delivery and its performance. This includes the administration of user services, ongoing casework, the review programmes, payments to users and ongoing customer service.

Gillian Smith, Head of Human Resources

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

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

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

Jennie Walker (deputising from November 2013)

Jennie is responsible for corporate affairs, internal and external communications and the formulation of operational policy. Jennie also co-ordinates legal activity and ensures the ILF is legally compliant in its operations within the governing documents and wider NDPB responsibilities. She was deputised from November 2013 to advise the board on legal issues arising from the Court of Appeal decision.

Gender Analysis

A gender analysis of ILF employees shows the following numbers of males (m) and females (f) employed at the respective year ends.

	2013-14		2012-13	
	M	F	M	F
SMB	5	2	5	1
Senior Management*	5	7	7	9
Staff	32	51	31	51
Total	42	60	43	61

*Represents the SEO and HEO grades.

Sustainability Report

Sustainable development

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

- Manage our resources in a responsible manner by raising awareness of environmental issues amongst our staff.
- Review travel plans to encourage our staff to use the most effective modes of transport.
- Where possible reduce consumption of utilities and reduce waste.
- Consult with relevant experts, where disposal is the only option and do this in an environmentally friendly manner.
- We already have contracts in place to provide paper for our publications, envelopes and copier paper which is sourced from 100% recycled paper or from sustainable managed forests. All printer and copier toner cartridges are either refilled or at the end of their useable life recycled.

Our consumption statistics below demonstrate improvement in all key areas lessening the impact on the environment of our operations.

	Area	2013-14 Non-financial indicators	2013-14 Financial information	2012-13 Non-financial indicators	2012-13 Financial information
Greenhouse Gas Emissions	Scope 1 (Direct) GHG Emissions tCO2e	9	£1,898	8	£1,855
	Scope 2 (Energy Direct) Emissions tCO2e	122	£35,838	154	£35,648
	Scope 3 Official Business Travel Emissions tCO2e	12	£27,661	15	£46,691
	Total Emissions tCO2e	143	£65,397	177	£84,194
Energy Consumption	Scope 1 (Direct) KWh	47,718	-	44,552	-
	Scope 2 (Energy indirect) KWh	273,844	-	296,195	-
	Total Energy KWh	321,562	-	340,748	-
	Water Consumption (m3)	236	£2,759	252	£3,187
	General Waste (tonnes)	6	-	12	-

Social Responsibility

Social responsibility

The ILF has Corporate and Social Responsibility and Sustainable Development policies and has been committed to providing staff with opportunities to volunteer in the local community as part of our Making Intellectual Capital Known (MICK) strategy.

During the year four people supported year 10 and 11 students from a local secondary school prepare for their futures by helping them with interview skills and CV writing. In addition members of the HR team have worked in collaboration with the Gangmasters Licencing Authority to design a programme for delivery in 2014/15 as part of the wider Civil Service “Engaging our Schools Project”.

We have engaged with the Business in the Community organisation to deliver ‘on the job’ coaching. Also, as part of the One Day Customer Focus programme people have undertaken voluntary work with Mencap.

James Sanderson, Chief Executive and Accounting Officer

Signed by the above on 4 June 2014

Supporting our users
Supporting our users

Principal activity and historical context

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

The original Independent Living Fund was established in 1988 and ran for five years to March 1993. In April 1993 the Independent Living (Extension) Fund was established to continue payments to the beneficiaries of the original Independent Living Fund, and the Independent Living (1993) Fund was established to take new applications. The current ILF commenced operations from October 2007, continuing payments to beneficiaries of the predecessor Funds and receiving the closing assets and liabilities of those Funds. The ILF closed to applications in 2010-11 and continues to operate to support existing beneficiaries. Our strategic aims are set out on pages 8 to 14. The Government announced on 6 March 2014 that the ILF will close on 30 June 2015 and thereafter users will be supported by local arrangements.

External auditor

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

Internal auditor

PricewaterhouseCoopers LLP
1 East Parade
Sheffield
South Yorkshire
S1 2ET

Fees paid to the National Audit Office were £47,250 for external audit work (2012-13: £47,250) there was no non-audit work undertaken.

Solicitor

Shakespeares
20 New Walk
Leicester
LE1 6TX

Banker

Lloyds Bank
Colmore Row
Birmingham
B3 3SF

Management commentary

Trustees' appointments, training and remuneration

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

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

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

Trustees for 2013-14 were Stephen Jack (Chairman), Peter Cooke (Vice Chairman), Mike Boyall (Treasurer), Yogi Amin, Marie Martin (to August 2013), Sally Sparrow and Susan Winterburn. Sub-committees operating in the year were the Audit Committee (Mike Boyall as Chairman, Yogi Amin, Peter Cooke and Susan Winterburn), the Remuneration Committee (Sally Sparrow as Chairman, Marie Martin (to August 2013) and Susan Winterburn and Yogi Amin) and the User Personal Cases Committee (Sally Sparrow as Chairman, Yogi Amin, Peter Cooke, Susan Winterburn and Marie Martin (to August 2013)). Background details of Trustees are given on page 15.

Relationships and related parties

Trustees are appointed by the Secretary of State for Work and Pensions to administer the ILF. Related parties are Trustees, the DWP (representing the Secretary of State) and the Department for Social Development (DSD) in Northern Ireland which also provides funding. We received Grant in Aid from DWP of £284,920,000 (2012-13: £302,000,000) and DSD £8,536,000 (2012-13: £9,100,088). The DWP make a joint transfer on behalf of DSD to the ILF on a monthly basis. The Trustees are the controlling party.

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

Operating and performance review

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

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

These measures were in existence as ILF targets during 2013-14 and the results for the year were:

- Award processing 99.5% accuracy in all respects, amount and process – against a 98% target (2012-13: 99.5%).
- Administration expenditure 2.0% of total ILF expenditure for the year, against a 2.0% target (2012-13: 1.9%).
- Users rating their satisfaction with the outcomes they experience as ‘good’ or ‘excellent’ at a level of 97.4%, against a 92% target (2012-13: 96.9%).

An average of 103 staff (full time equivalents) were employed during the year. Staff receive salaries on the ILF scale and are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS) – full details are provided in the Remuneration Report on pages 25 to 33. In addition, 92 self-employed assessors were engaged under contract to carry out visits to existing beneficiaries under the ILF’s user administration policies.

Governance

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

The ILF’s procurement policy ensures fair competition and value for money, with specific arrangements to encourage tenders from employers of disabled people in procurement exercises. The ILF is committed to prompt payment of bills for goods and services received. Payments are normally made within the period specified in the contract. Where there is no contractual or other understanding, we endeavour to pay within 14 days of the receipt of the goods or services, or the presentation of a valid invoice or similar demand, whichever is later. In 2013-14 the ILF paid 95% of invoices within 14 days of receipt (2012-13: 96%). The number of creditor days outstanding at the end of 2013-14 was 14 days (2012-13: 14 days).

Management commentary

Financial review

The ILF is financed out of money voted by Parliament as Grant in Aid from DWP and DSD for the purpose of making regular grants to individuals. Grant in Aid of £293 million in addition to cash reserves brought forward of £3.7 million, were utilised to meet the needs of users and related administration costs.

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

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

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

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

The accounts are prepared on a 'going concern' basis. Grant in Aid is received on a cash basis to meet immediate need, and is not accrued to match liabilities. Grants to individuals are paid in arrears and the Statement of Financial Position at 31 March 2014 shows a net deficit. DWP has provided a letter of comfort to Trustees to confirm that Grant in Aid will be made available to cover the financial obligations of the ILF related to DWP-funded activity and to continue the ILF's activities up to March 2015.

On 6 March 2014 the Minister for Disabled people announced that the ILF will close on 30 June 2015 and reiterated the commitment to continue to support the organisation and our users until June 2015. From 1 July 2015 funding will be devolved to local authorities in England and the devolved administrations of Scotland and Wales in order to meet the eligible care and support needs of current ILF users. It is proposed to distribute funding from that date in line with current expenditure patterns. As the expectation is that the local authorities in England and the devolved administrations will continue to support ILF users after 30 June 2015, we consider that the ILF continues to meet the criteria set out in Managing Public Money to prepare its accounts as a going concern.

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

Future developments and organisational risks

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

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

We are pleased that the Minister of State for Disabled People has reaffirmed his commitment to support our existing users through to the end of June 2015.

Signed by the Accounting Officer and on behalf of the Trustees on 4 June 2014.

James Sanderson, Chief Executive and Accounting Officer

Stephen Jack OBE, Chairman

Peter Cooke, Vice Chairman

Mike Boyall, Treasurer

Statement of Accounting Officer's and Trustees' Responsibilities

Statement of Accounting Officer's and Trustees' Responsibilities

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

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

The Principal Accounting Officer of DWP has appointed James Sanderson as Accounting Officer of the Independent Living Fund. The Accounting Officer has responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the ILF's assets, are set out in the Management Statement for the ILF issued by DWP.

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

Signed by the Accounting Officer and on behalf of the Trustees on 4 June 2014.

James Sanderson, Chief Executive and Accounting Officer

Stephen Jack OBE, Chairman

Peter Cooke, Vice Chairman

Mike Boyall, Treasurer

Remuneration Report

for the year ended 31 March 2014

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

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

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

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

The Remuneration Policy

This report for the year ended 31 March 2014 deals with the remuneration of the Chief Executive, SMB members and Trustees of the Independent Living Fund (2006) ('the ILF').

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

The Remuneration Committee

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

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

Sally Sparrow, Chairman

Susan Winterburn, Member

Yogi Amin, Member

Remuneration Report

for the year ended 31 March 2014

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

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

Remuneration Report for the year ended 31 March 2014

Remuneration (including salary) and pensions entitlements

The following sections provide details of the remuneration and pension interests of the Trustees and senior management.

Trustees

For the year ended 31 March 2014 the total remuneration paid to Trustees, by monthly instalments in arrears, as agreed in the Conditions of Grant Agreement were:

	2013-14	2012-13 ¹
	£	£
Stephen Jack OBE (Chairman) ²	19,500	14,673
Peter Cooke (Vice chairman)	14,800	11,137
Mike Boyall (Treasurer)	16,300	12,226
Sally Sparrow	16,300	12,226
Yogi Amin	14,800	11,137
Nick Danagher ³	-	2,639
Marie Martin ⁴	6,167	11,137
Susan Winterburn	14,800	11,137

Trustee salaries have remained unchanged since 2007 nevertheless Trustees have waived some of their salary, see footnotes 1 and 2.

In line with the ILF's travel and subsistence policy a Trustee may also be reimbursed all reasonable and proper expenses incurred in carrying out their duties as a Trustee⁵.

The Chief Executive and Senior Management Board

The Chief Executive and the SMB are employed on ILF terms and conditions.

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

1. The Trustees volunteered to waive 33% of their remuneration with effect from 1 April 2011 and re-instated full salary with effect from 1 January 2013.
2. Chairman waived his remuneration with effect from December 2010. Remuneration was re-instated at 1 April 2012 with 33% waived until 1 January 2013 when full salary was re-instated.
3. Nick Danagher died on 6 July 2012. In 2012-13 remuneration was paid from 1 April to 6 July 2012.
4. Marie Martin term of appointment ended 31 August 2013.
5. Further details in Note 16 to the Accounts.

Remuneration Report

for the year ended 31 March 2014

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

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

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

The Chief Executive's and SMB's performance is reviewed annually with the overall assessment informed by quarterly one-to-one meetings.

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

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

Remuneration Report for the year ended 31 March 2014

Remuneration of Chief Executive and SMB Members

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

	Salary		Bonus payments		Benefits in kind (to nearest £100)		Other pension benefits		Total	
	2013- 2014	2012- 2013	2013- 2014	2012- 2013	2013- 2014	2012- 2013	2013- 2014	2012- 2013	2013- 2014	2012- 2013
	£000	£000	£000	£000			£000	£000	£000	£000
James Sanderson Chief Executive ⁶	95-100	90-95	0-5	Nil	Nil	Nil	45-50	105-110	150-155	200-205
John Denore Head of Operations	50-55	50-55	0-5	0-5	Nil	Nil	20-25	50-55	75-80	105-110
Jesse Harris Social Work Director	55-60	50-55	0-5	0-5	Nil	Nil	25-30	40-45	90-95	95-100
Steve Jarratt Finance and Resources Director	85-90	75-80	0-5	0-5	Nil	Nil	30-35	60-65	125-130	145-150
Roland Knell Head of Information and Governance	50-55	50-55	0-5	0-5	Nil	Nil	25-30	50-55	80-85	105-110
Gillian Smith Head of HR	50-55	45-50	0-5	0-5	Nil	Nil	70-75	65-70	125-130	115-120

Salary

'Salary' includes gross salary, SMB do not receive overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the ILF and thus recorded in these accounts.

Benefits in kind

There were no benefits in kind provided in 2013-14 (2012-13: none).

Other pension benefits

Other pension benefits represent the increase in year of pension entitlement, adjusted for inflation, expressed as multiple over a future 20 year time period.

6. The Chief Executive waived his right to a bonus in 2012-13.

Remuneration Report for the year ended 31 March 2014

Bonus payments

Bonus payments for the Chief Executive and SMB members are non-consolidated and are not pensionable. The SMB members' bonuses can be up to 5% of salary based on performance levels attained and are made as part of the appraisal process. Each SMB member is set six key work objectives at the commencement of the year, these are discussed at regular intervals and their achievement is assessed at the annual appraisal meeting; each assessment is graded and the Chief Executive makes recommendations to the Remuneration Committee for authorisation of a bonus.

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2012-13 and the comparative bonuses reported for 2012-13 relate to the performance in 2011-12.

Pay multiples

	2013-14 Salary £000	2012-13 Salary £000
Band of highest paid director's total remuneration	95-100	90-95
Median total remuneration	20,918	20,741
Ratio	4.7	4.7

The banded remuneration of the highest paid director in the ILF in the financial year 2013-14 was £95-100k (2012-13: £90-95k). This was 4.7 times (2012-13: 4.7 times) the median remuneration of the workforce, which was £20,918 (2012-13: £20,741).

In 2013-14 no employees (2012-13: no employees) received remuneration in excess of the highest paid director. Remuneration ranged from £15k to £99k (2012-13: £15k to £93k).

Total remuneration includes basic salary only. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Remuneration Report for the year ended 31 March 2014

Pension benefits

Chief Executive and Directors	Accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 1 April 2013	Real increase in CETV	Employer contribution to Partnership Pension account
To nearest	£000	£000	£000	£000	£000	
James Sanderson Chief Executive	15-20	0-2.5	165	134	15	0
John Denore Head of Operations	5-10	0-2.5	117	102	5	0
John Denore Preserved award service to 26.8.05	0-5 Lump Sum 10-15	-2.5-0	56	53	0	0
John Denore Preserved award service to 30.4.95	0-5 Lump sum 0-5	-2.5-0	11	10	0	0
Jesse Harris Strategy and Social Work Director	5-10	0-2.5	124	93	21	0
Steve Jarratt Finance and Resources Director	15-20	0-2.5	281	243	16	0
Roland Knell Head of Information and Governance	5-10 Lump sum 5-10	0-2.5	60	44	10	0
Roland Knell Preserved award	0-5	-2.5-0	41	39	0	0
Gillian Smith Head of HR	25-30	2.5-5	424	357	43	0

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

Remuneration Report for the year ended 31 March 2014

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

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

Compensation for loss of office

There has been no compensation for loss of office in 2013-14. (In 2012-13: none)

James Sanderson, Chief Executive and Accounting Officer

Sally Sparrow, Remuneration Committee Chairman

Signed by the above on 4 June 2014

ILF Annual Governance Statement for the year ended 31 March 2014

Scope of responsibility

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

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

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

On 6 November 2013, the Court of Appeal quashed the Government's decision to close the ILF on the grounds that more documentary evidence was required to demonstrate that the Minister was aware of the full extent of the potential impact of closure on ILF users, and to demonstrate due regard was given to the Public Sector Equality Duty (PSED).

This judgement necessitated several procedural, policies, systems and information technology changes to revert the organisation to a point where the standard review programme was reintroduced. However upon this reversion we adopted some efficiencies, good practice and applied learning from the prior closure preparation works and therefore through this process we enhanced several aspects of our service.

Following the Court's decision the Minister of State for Disabled People took time to reflect and consider all aspects of the PSED, the United Nations Convention on the Rights of Persons with Disabilities and together with a new Equality Analysis which acknowledged the changing environment associated with statutory mainstream adult social care, the Minister's new decision was to close the ILF on the 30 June 2015.

With a new decision now in place, my focus has been to re-establish a closure programme and to focus on providing a high quality service to our users, support them through these changes and ultimately through the closure of the ILF and the transfer of their support to the new local arrangements.

It remains important that we build on our recent successful engagements and maintain an open dialogue and effective working relationship with all of our transfer partners to ensure our users are supported through these changes in a coherent, timely and consistent manner.

Following on from the new decision, we have worked closely and in partnership with the devolved administrations, local authorities, our users and with other organisations, in the preparation of a transfer plan that provides an effective transfer of our users on 30 June 2015.

ILF Annual Governance Statement for the year ended 31 March 2014

In preparing my Annual Governance Statement (AGS) for 2013-14 I have incorporated the advice and guidance from HM Treasury DAO (GEN) 02/12, Managing Public Money annex 3.1 and have applied the principles set out in Corporate Governance Code so far as they are applicable to the ILF.

The code is primarily for Ministerial departments however, at Arms Lengths Bodies (ALB) such as the ILF should adopt and adhere to the code to the extent where it is appropriate, practical and compatible with other authoritative or legal requirements.

Sound Corporate Governance

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

These systems address individual and corporate accountabilities, the roles and effectiveness of our boards and our capacity to identify and effectively manage and report risk. I have referenced the NAO publication; Corporate governance in central government departments: Code of good practice (2011) and reviewed the compliance checklist. I have applied this and other appropriate measures to the ILF for my Annual Governance Statement 2013-14.

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

The Trustees Board has met 13 times this year (against the requirement of six per year); all meetings have a pre-agreed agenda, are minuted and produce clear actions and matters arising. The meetings are attended by Trustees, appropriate members of the SMB and representatives from DWP are invited to attend.

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

Capacity to handle risk

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

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

ILF Annual Governance Statement for the year ended 31 March 2014

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

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

Additionally at each routine Trustee Board meeting there is consideration of risk management as identified within the monthly performance dashboards.

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

The quarterly reviews are undertaken at the Risk & Controls Board (RCB) meetings which review our strategic risks and control mechanisms to ensure they remain relevant, effective and up to date, it provides additional background, clarity and focus on key issues and activities.

We consistently report risks at all levels of the ILF through the capture of risks on a risk register, we also provide a commentary of the areas that have been identified and treated and also those issues and risks that may yet crystallise. Our aim has been to make the management of risks relevant, recognisable and real to our Boards and Committees and also our managers and staff.

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

Managing risks

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

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

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

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

ILF Annual Governance Statement for the year ended 31 March 2014

This year our emerging risks were clearly around change management, organisational agility, the practical application of change, communication and delivery of a challenging and changing programme, effective resources, skills and contract management and in applying strong systems of governance and control to support service and corporate delivery.

In 2013 we had embarked on a programme of User visits and assessments that would provide the necessary means of transfer to local control, as required in the Ministers decision to close the ILF on 31 March 2015. In delivering this plan we had consulted and engaged with our users and other stakeholders and had sought consent from our Group 1 users to facilitate conversations leading to their transfer to local control.

On 6 November 2013 the Court of Appeal quashed the government's decision to close the ILF; this judgement necessitated several procedural, policies, system and information technology changes to revert the organisation back to a standard review process. We engaged with users and local authorities and we rescinded the Group 1 consents and asked local authorities for written assurances of destruction.

In just 13 days the organisation turned around the delivery programme and reverted back to a standard review programme. However we adopted some efficiencies, good practice and applied learning from the closure preparation works and therefore through this process we had enhanced several aspects of our service delivery.

Following the Court's judgement and a period of consideration, the Minister made a fresh decision on the 6 March 2014 to close the ILF on 30 June 2015. Our recent focus has therefore been to re-establish the closure programme and to focus on providing a high quality service to our users, supporting them through these changes.

Our emerging risks post the second Ministerial announcement increases the need for timely and effective corporate communications, we have provided additional staff and Independent Assessor training to ensure that we can explain and clarify the effects of these changes.

These risks have been discussed through the organisation and where necessary we have defined new responsibilities and attached a specific manager to effectively monitor, report on and manage these tasks. Although many of our risks hold a high inherent value at the outset, after controls and measures have been taken, they all hold a medium or low residual value.

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

The Cabinet Office designates requirements for public bodies to provide information on personal data related incidents. During 2013-14 and up to the date of signing of these Accounts, no incidents have occurred for the ILF that would require reporting under these provisions (2012-13: none).

ILF Annual Governance Statement for the year ended 31 March 2014

Information Assurance

Within our programme we have a significant challenge and risk involved in transferring sensitive User and confidential corporate data to our partners and client departments. This has required close liaison with DWP and the National Archive (NA) to ensure that we meet our legal responsibilities under the data Protection Act and also as a public body that we archive our data with NA as required.

Data and information security has been managed as a high priority item, given the planned movement and transfer of User data to local authorities and the devolved administrations in 2015. We have also set our information management and destruction policies to align with DWP's internal timescales plans, this meets with our responsibilities under the Data Protection Act and also enables the DWP to manage the flow of ILF information to the National Archive at a the appropriate point after 2015.

Over the year we reviewed and refreshed our local authority transfer protocols to ensure that our contacts were up to date and that in all cases an encrypted or secure e-mail line is used to transmit ILF data.

We have continued to provide both our staff and our independent assessors with information security training; this has involved mandated online training as well as attendance at training sessions and courses. On occasions staff have been supported at their team meetings with refresher training where a specific need has arisen.

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

In terms of data and information security breaches we have reported minor administrative instances or potential breaches through the quarterly Information Security Management Systems (ISMS) report. The ISMS Report is routinely discussed, as a standing item at the ILF Audit Committee. None of the issues discussed constituted a significant breach of sensitive data nor are they significant enough to warrant informing the DWP Information and Assurance Team, the Information Commissioners Office (ICO) nor the Cabinet Office.

Review of effectiveness

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

I have been advised on the implications of my review of the effectiveness of the system of internal control by the SMB and the Audit Committee. As Accounting Officer I am confident that the Board of Trustees and Audit Committee can draw significant assurance from the activity and reporting from SMB.

ILF Annual Governance Statement for the year ended 31 March 2014

The internal control systems SMB have put in place include:

- Comprehensive suite of control checks (as reported to the Audit Committee).
- Regular reports to SMB, Trustees and DWP on progress against the ILF's targets and business aims and objectives.
- An appropriate delegated budget management framework.
- A system of mid-year (Quarter 2) and year-end (Quarter 4) Stewardship Reports; these are supplemented by Quarter 1 and Quarter 3, internal progress reports from each Directorate and Team.
- A risk management strategy and risk management framework which comply with best practice; an SRR which is reviewed by Trustees at least quarterly, a standing item with Audit Committee and reviewed monthly by SMB both quarterly at the risk and controls board and monthly at SMB meetings.
- A fully managed governance framework, to support the ILF Programmes (Transfer Review Programme TRP, Support Review Programme SRP and Transfer Review and Support Programme TRSP).
- The ILF is also supporting the internal DWP 'Gateway Review' and the ILF Lights-out Programme. Our Governance Framework seeks to manage the responsibilities, resources, reporting and programme milestones in order to deliver the planned outcomes on-time and to pre-agreed quality.
- The adoption of formal project management arrangements based on PRINCE 2 principles for all key programme and projects, includes the development and maintenance of programme and project risk registers, detailed objectives for each workstream, timeline milestone reports and clear reporting mechanisms.
- The ILF became Government Secure internet (GSi) compliant in February 2013, with the introduction of the Public Secure Intranet (PSN) which provides a high standard of information security and compliance, we embarked on obtaining this as a secure means to facilitate the safe and secure transfer of ILF records and we achieved accreditation for PSN in February 2014.
- In-light of the transfer and the information and data rights issues; we have boosted our Information and Governance Team with additional and recognised national qualifications in records management and provided additional staff resources.

ILF Annual Governance Statement for the year ended 31 March 2014

Board effectiveness and structures that support decisions

In April each year, the Trustee Board review its governance arrangements and compliance with the organisations founding documents, legislative position and cross government expectations held in the documents; HMTs Managing Public Money and The Code of Governance.

In this review the Board of Trustees re-confirmed its commitment to uphold the seven principles of public life, our Trustees also sign a declaration of interest and the organisation's standing orders, which are routinely reviewed and agreed at the start of each year.

This process includes reviews of the terms of reference for all boards and committees, including their purpose, membership, and the election of the lead Trustee as well as defining the management and reporting requirements for each internal function.

In terms of compliance with the Code of Governance, this year the Board with the Executive has refined the programme and content of information relied on for decisions and awareness. The Board has sought more assurance from management information and the management of organisational risk, particularly in light of the ILF closure.

This content of information for Board meetings has changed to reflect and meet the changing nature of our work. The Minister's decision has necessitated programme changes to accomplish the transfers of users to local control and ILF closure on 30 June 2015.

The Chair of Trustees is appraised by the DWP annually and in turn the Chair holds appraisal meetings with each Trustee, we also hold an Annual Board Effectiveness workshop. In addition to this the Trustees and SMB attended a business planning day to ensure that the scope, responsibility and focus for the organisation going forward is properly discussed and agreed.

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

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

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

The SMB met formally 12 times in 2013-2014 and is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross-functional issues are considered, and that risk management receives a high profile in planning and delivery of our plans. The SMB also gathers each week for its 'start the week' meeting to ensure all members understand both the priorities of the week and any emerging issues.

ILF Annual Governance Statement for the year ended 31 March 2014

An Audit Committee ordinarily meet four times a year and is responsible for ensuring, as far as possible, that appropriate systems are in place within the ILF for the assessment and management of risk and advising the Accounting Officer on the effectiveness of the systems of governance and control, leading to signing off the Annual Governance Statement (AGS). However, an additional extraordinary meeting was held to discuss governance issues about the transfer to the new arrangements.

The Audit Committee reviews ILF Strategic Risks as a standing item, it agreed the records transfer issues around closure, how the ILF will remain compliant with the Data Protection Act (DPA) when transferring records, it routinely considers the effectiveness of payment security, fraud management and recovered and unspent monies, it reviews the internal audit plans to ensure sufficient rigor and detail and undertakes to provide questioning and challenging role to obtain assurance.

A Remuneration Committee oversees and reports to the Trustees on the salaries, rewards and conditions of service in place at the ILF. It also makes sure that the ILF conducts its employee relations fairly, efficiently and effectively. The Committee has also reviewed staff resource plans, organisational structures and employee support through closure.

The User Personal Cases Committee (UPCC) is a sub-committee of the Trustee Board which is established to independently review appeals made by users or their representatives. The Board reviews user cases, aligns its decisions with policy and has the capacity to apply discretion within its powers, where required.

ILF Annual Governance Statement for the year ended 31 March 2014

Trustee Board Attendance 2013-14

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

Name	Formal Board Meetings	Additional Board Meetings	Audit Committee	Remuneration Committee	UPCC
Stephen Jack	9/9	4/4	**	**	**
Peter Cooke	7/9	4/4	4/5	**	5/6
Mike Boyall	9/9	3/4	5/5	**	**
Sally Sparrow	9/9	4/4	**	2/2	6/6
Yogi Amin	9/9	3/4	4/5	2/2	6/6
Susan Winterburn	9/9	2/4	5/5	2/2	6/6
Marie Martin*	2/3	1/2	**	0/1	2/3

* Marie Martin term of appointment ended August 2013

** Individual Trustees do not sit on committee shown

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

- Electronic Business Board
- Equality Impact Assessment Board
- Joint Negotiating Committee
- People and Engagement Committee
- Payment Security Board
- Performance Review Board
- Senior Management Panel to consider exceptional user cases
- Working Environment Management Board

Additionally the Transfer Review and Support Programme (TRSP) is also provided with information and specific technical support drawn from these boards and individual workstreams.

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

ILF Annual Governance Statement for the year ended 31 March 2014

Engaging in the wider agenda

As part of on-going business and personal development, I have encouraged my Senior Management Team to engage more broadly across government and the 3rd Sector agenda.

The table below highlights these engagements.

James Sanderson Chief Executive Officer	Board Member of the Association of Chief Executives (ACE)
Jesse Harris Social Work Director	Appointed as a Trustee for The Henshaw Trust
Roland Knell Head of Information & Governance	Assisting the Home Office's Police College through its start-up and change management programme.
Jennie Walker Head of Corporate Affairs	Trustee for Derbyshire District Citizens Advice Bureau (CAB)

Significant internal control issues

This year has been one of significant change for the ILF, driven by a Ministerial decision that was subsequently overturned by a Court of Appeal ruling, followed-by a period of consideration and a new Ministerial decision.

The ILF has applied the necessary and relevant changes to meet its legal and administrative responsibilities and requirements, to support our users and the wider agenda.

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

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

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

James Sanderson
Chief Executive and Accounting Officer

4 June 2014

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

I certify that I have audited the financial statements of the Independent Living Fund (2006) for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Accounting Officer's and Trustees' Responsibilities, the Board of Trustees and the Chief Executive, as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Independent Living Fund (2006)'s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Independent Living Fund (2006); and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report and Annual Governance Statement to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state Independent Living Fund (2006)'s affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Trust Deed and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse 5 June 2014
Comptroller and Auditor General

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Notes	2013-14 £000	2012-13 £000
Expenditure			
Grants to individuals	3	285,580	304,016
Staff costs	4	3,502	3,531
Depreciation/amortisation	5	217	335
Other expenditure	5	3,782	3,317
Total expenditure		293,081	311,199
Interest receivable	6	(57)	(99)
Net expenditure		293,024	311,100
Other comprehensive expenditure		-	-
Total comprehensive net Expenditure for the year		293,024	311,100

The notes on pages 51 to 69 form part of these accounts.

All expenditure relates to continuing operations

Statement of Financial Position

as at 31 March 2014

	Notes	31 March 2014	31 March 2013
		£000	£000
Non-current assets			
Property, plant and equipment	8	28	52
Intangible assets	9	215	348
Trade and other receivables	11	836	870
		1,079	1,270
Current assets			
Trade and other receivables	11	319	384
Cash and cash equivalents	12	4,655	3,645
		4,974	4,029
		6,053	5,299
Current liabilities			
Trade and other payables	10	675	522
Other liabilities – grant liabilities	13	8,850	8,681
		9,525	9,203
		(3,472)	(3,904)
		(3,472)	(3,904)
		(3,472)	(3,904)
Taxpayers' equity			
General reserve		(3,472)	(3,904)
		(3,472)	(3,904)
		(3,472)	(3,904)

Statement of Financial Position as at 31 March 2014

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

The notes on pages 51 to 69 form part of these accounts.

These accounts were approved and authorised for issue by the Trustees on 4 June 2014.

James Sanderson, Chief Executive and Accounting Officer

Stephen Jack OBE, Chairman

Peter Cooke, Vice Chairman

Mike Boyall, Treasurer

Statement of Cash Flows for the year ended 31 March 2014

	Notes	31 March 2014 £000	31 March 2013 £000
Cash flows from operating activities			
Net expenditure after interest		(293,024)	(311,100)
Depreciation/amortisation	5	217	335
Loss on disposal of assets		-	-
Non cash adjustment		-	-
Decrease/(increase) in trade and other receivables	11	99	125
(Decrease)/increase in trade and other payables, grant liabilities and provisions	13	322	(6,378)
Net cash outflow from operating activities		(292,386)	(317,018)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(11)	(9)
Purchase of intangible assets	9	(49)	(54)
Net cash outflow from investing activities		(60)	(63)
Cash flows from financing activities			
Grant in Aid		293,456	311,100
Net financing		293,456	311,100
Net (decrease)/increase in cash and cash equivalents in the year		1,010	(5,981)
Cash and cash equivalents at the beginning of the year		3,645	9,626
Cash and cash equivalents at the end of the year	12	4,655	3,645

The notes on pages 51 to 69 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

	General reserve	Total reserves
	£000	£000
Balance at 1 April 2012	(3,904)	(3,904)
Changes in Taxpayers' Equity 2012-13		
Grant in Aid from departments	311,100	311,100
Net expenditure	(311,100)	(311,100)
Balance at 31 March 2013	(3,904)	(3,904)
Changes in Taxpayers' equity 2013-14		
Grant in Aid from departments	293,456	293,456
Net Expenditure	(293,024)	(293,024)
Balance at 31 March 2014	(3,472)	(3,472)

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

The notes on pages 51 to 69 form part of these accounts.

Notes to the Accounts for the year ended 31 March 2014

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

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

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

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

2 Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2013-14 (the FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

The Accounts are prepared on a 'going concern' basis. Grant in Aid is received on a cash basis to meet immediate need, and is not accrued to match liabilities. Grants to individuals are paid in arrears and the Statement of Financial Position at 31 March 2014 shows a net deficit. DWP has provided a letter of comfort to Trustees to confirm that Grant in Aid will be made available to cover the financial obligations of the ILF related to DWP-funded activity and to continue the ILF's activities up to March 2015.

Notes to the Accounts

for the year ended 31 March 2014

On 6 March 2014 the Minister for Disabled people announced that the ILF will close on 30 June 2015 and reiterated the commitment given to the organisation in December 2011 to continue to support the organisation and our users until June 2015, from that date funding will be devolved to local authorities in England and the devolved administrations of Scotland and Wales in order to meet the eligible care and support needs of current ILF users. It is proposed to distribute funding from that date in line with current expenditure patterns. As the expectation is that the local authorities in England and the devolved administrations will continue to support ILF users after 30 June 2015, we consider that the ILF continues to meet the criteria set out in Managing Public Money to prepare its accounts as a going concern.

International Financial Reporting Standards Amendments and Interpretations effective in 2014-15

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

a) Accounting convention

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

b) Property, plant and equipment

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

c) Depreciation

Depreciation on property, plant and equipment is charged on a straight-line basis to write off the cost less residual values over the useful life of the asset: incepting at the purchase date, or when the asset is available for use, whichever is the later. IT hardware and equipment purchased prior to 1 April 2012 are generally depreciated over a three to five year life span. Assets incepting after 1 April 2012 will be depreciated on a straight line basis ending either on the 30 June 2015 or 30 September 2015 dependent upon whether the assets will be in use by the closure team in existence between 1 July 2015 and 30 September 2015.

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

d) Intangible assets

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

Bespoke software assets are capitalised in these accounts in the year of implementation. Amortisation is on a straight line basis over the estimated useful life of three years. Assets implemented after 1 April 2012 will be amortised on a straight line basis ending either on the 30 June 2015 or 30 September 2015 dependent upon whether the assets will be in use by the closure team in existence between 1 July 2015 and 30 September 2015.

Software licences are capitalised in these accounts in the year of acquisition. Amortisation is on a straight line basis over the estimated useful life being the period of the software licences except where this period exceeds 30 June 2015. These licenses will be amortised on a straight line basis ending either on the 30 June 2015 or 30 September 2015 dependent upon whether the assets will be in use by the closure team in existence between 1 July 2015 and 30 September 2015.

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

e) Financial instruments

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

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

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

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

f) Reserves policy

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

Notes to the Accounts

for the year ended 31 March 2014

g) Grant in Aid

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

h) Bank interest

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

i) Grants to individuals

Grants to individuals are discretionary grants made within the terms of the Trust Deed. Grants are paid four weekly in arrears on the basis of authorised awards. Amounts due but unpaid at the end of the financial year are accrued in these accounts. The accrual is calculated from the awards made by the end of the financial year but not fully paid up to the end of the financial year.

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

j) Formal recovery of grants to individuals

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

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

The receivable recognised is disclosed as a reduction to expenditure in the year in which it is recognised. Receivables are assessed at the end of each accounting period and reduced to the estimated recoverable amount where there are circumstances that indicate full recovery is uncertain. The recoverable amount is discounted to present value where material, at the standard Treasury rate of 3.5% (2012-13: 3.5%).

k) Operating leases

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

l) Pension costs

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

m) Significant estimates and judgements

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

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

n) Reporting segments

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

o) Provisions

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

Notes to the Accounts for the year ended 31 March 2014

3 Grants to individuals

	2013-14	2012-13
	£000	£000
Payments made in year	294,688	320,247
Grant liabilities at start of year	(8,681)	(14,859)
Grant liabilities at end of year	8,850	8,681
Grant returns received in year	(9,324)	(10,155)
Grant receivables at start of year	1,107	1,209
Grant receivables at end of year	(1,060)	(1,107)
Grants payable for year	<u>285,580</u>	<u>304,016</u>
Number of individuals in receipt of payment	17,066	18,145

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

Returns received comprised £7,548,000 in respect of unused funds returned by individuals, and £1,776,000 received under formal recovery arrangements (2012-13: £8,006,000 and £2,149,000 respectively).

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

*Notes to the Accounts
for the year ended 31 March 2014*

4a Staff numbers and related costs

	2013-14	2012-13
	£000	£000
Directly employed staff:		
Permanent		
Wages and salaries	2,741	2,829
Social security costs	192	201
Other pension costs	482	492
Fixed term appointments		
Wages and salaries	46	-
Social security costs	2	-
Other pension costs	4	-
	<hr/>	<hr/>
Total directly employed staff costs	3,467	3,522
Agency staff costs	35	9
	<hr/>	<hr/>
Total staff costs	3,502	3,531
	<hr/> <hr/>	<hr/> <hr/>
	2013-14	2012-13
	Number	Number
Average number of whole-time equivalent persons directly employed:		
on permanent contract	99	106
on loan from DWP	-	-
on fixed-term contract	4	-
	<hr/>	<hr/>
	103	106
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts

for the year ended 31 March 2014

4b Other pension costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme and as such the Independent Living Fund is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007 and the new replacement scheme is planned from April 2015. Details can be found in the accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For 2013-14, employers' contributions of £454,000 were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2012-13 £466,000 in a range of 16.7% to 24.3%) From 2014-15, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £22,000 (£25,000 in 2012-13) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,500, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (£1,600 and 0.8% in 2012-13).

In addition the accounts include an accrual of £8,500 in relation to employer pension contributions.

Contributions due to the pension providers were £53,000 at 31 March 2014 (£49,000 at 31 March 2013). Contributions prepaid were nil at 31 March 2014 (nil at 31 March 2013).

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

There were no compensation schemes or redundancies in 2013-14 (2012-13 none).

*Notes to the Accounts
for the year ended 31 March 2014*

5 Other expenditure and non-cash items

	2013-14	2012-13
	£000	£000
Running costs:		
Independent Assessor fees and expenses	1,567	1,168
IT and information security costs	484	343
Rates, utilities and other estate costs	173	142
Legal and professional costs	127	116
Services, training, recruitment, travel and subsistence	159	223
Trustees' costs	121	97
Communication and engagement	87	121
Postage costs	112	128
Printing costs	40	87
Auditor's remuneration	47	47
Total running costs	2,917	2,472
Rentals under operating leases	865	845
Total other expenditure	3,782	3,317
Non-cash items		
Depreciation	35	162
Amortisation	182	173
Total non-cash items	217	335

6 Interest receivable

	2013-14	2012-13
	£000	£000
Bank Interest	57	99
	57	99

Notes to the Accounts
for the year ended 31 March 2014

7 Analysis of Net Expenditure by Programme and Administration budget

	Programme	Administration	Total 2013-14 £000	Programme	Administration	Total 2012-13 £000
Expenditure						
Grants to individuals	285,580	-	285,580	304,016	-	304,016
Staff costs	-	3,502	3,502	-	3,531	3,531
Running costs	-	2,215	2,215	-	2,149	2,149
Independent assessor costs	1,567	-	1,567	1,168	-	1,168
Non cash items:						
Depreciation	-	35	35	-	162	162
Amortisation	-	182	182	-	173	173
Income						
Interest Receivable	-	(57)	(57)	-	(99)	(99)
Net Expenditure after Interest	287,147	5,877	293,024	305,184	5,916	311,100

8 Property, plant and equipment

	Information Technology	Total
	£000	£000
Cost		
Balance at 1 April 2013	653	653
Additions in year	11	11
Disposals in year	-	-
Balance at 31 March 2014	664	664
Depreciation		
Balance at 1 April 2013	601	601
Charge for the year	35	35
Disposals in year	-	-
Balance at 31 March 2014	636	636
Net book value		
At 31 March 2014	28	28
At 31 March 2013	52	52

	Information Technology	Total
	£000	£000
Cost		
Balance at 1 April 2012	645	645
Additions in year	9	9
Disposals in year	(1)	(1)
Balance at 31 March 2013	653	653
Depreciation		
Balance at 1 April 2012	440	440
Charge for the year	162	162
Disposals in year	(1)	(1)
Balance at 31 March 2013	601	601
Net book value		
at 31 March 2013	52	52
At 31 March 2012	205	205

All assets are owned by the ILF.

Notes to the Accounts

for the year ended 31 March 2014

9 Intangible assets

	Information Technology £000	Assets under construction £000	Total £000
Cost or valuation			
Balance at 1 April 2013	889	-	889
Reclassification	-	-	-
Additions in year	49	-	49
Reclassification of additions	-	-	-
Disposals in year	-	-	-
Balance at 31 March 2014	<u>938</u>	<u>-</u>	<u>938</u>
Amortisation			
Balance at 1 April 2013	541	-	541
Charge for the year	182	-	182
Balance at 31 March 2014	<u>723</u>	<u>-</u>	<u>724</u>
Net book values			
At 31 March 2014	215	-	215
At 31 March 2013	<u>348</u>	<u>-</u>	<u>348</u>
Cost or valuation			
Balance at 1 April 2012	596	239	835
Reclassification	239	(239)	-
Additions in year	30	24	54
Reclassification of additions	24	(24)	-
Disposals in year	-	-	-
Balance at 31 March 2013	<u>889</u>	<u>-</u>	<u>889</u>
Amortisation			
Balance at 1 April 2012	368	-	368
Charge for the year	173	-	173
Balance at 31 March 2013	<u>541</u>	<u>-</u>	<u>541</u>
Net book values			
At 31 March 2013	348	-	348
At 31 March 2012	<u>228</u>	<u>239</u>	<u>467</u>

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

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

10 Financial instruments and associated risks

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

Financial assets – loans and receivables

	31 March 2014	31 March 2013
	£000	£000
Grants under formal recovery	1,060	1,107
Cash and cash equivalents	4,655	3,645
Other receivables	8	6
	<u>5,723</u>	<u>4,758</u>

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

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

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

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

Notes to the Accounts for the year ended 31 March 2014

Financial liabilities

	31 March 2014	31 March 2013
	£000	£000
Grant liabilities	8,850	8,681
Trade payables and accruals	675	522
	<u>9,525</u>	<u>9,203</u>

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

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

11 Trade and other receivables

	31 March 2014	31 March 2013
	£000	£000
Due within one year		
Grants under formal recovery	224	237
Prepayments	87	141
Other receivables – bank interest	8	6
	<u>319</u>	<u>384</u>
Due after more than one year		
Grants under formal recovery	836	870
Total due	<u>1,155</u>	<u>1,254</u>

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

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

Notes to the Accounts for the year ended 31 March 2014

Of the recoveries due over one year, £520,000 is expected to be received within the next two to five years and £316,000 is expected to be received within the next five to ten years (£553,000 and £317,000 respectively at 31 March 2013).

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

All receivables relate to bodies external to Government.

12 Cash and cash equivalents

	2013-14	2012-13
	£000	£000
Balance at 1 April	3,645	9,626
Net cash inflow/(outflow)	1,010	(5,981)
Balance at 31 March	<u>4,655</u>	<u>3,645</u>

The following balances at 31 March were held:

	31 March 2014	31 March 2013
	£000	£000
Benefit account	3,876	3,186
Administration account	779	459
	<u>4,655</u>	<u>3,645</u>

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

Notes to the Accounts for the year ended 31 March 2014

13 Current liabilities

(a) Amounts falling due for payment within one year

	31 March 2014	31 March 2013
	£000	£000
Grant liabilities	8,850	8,681
Trade payables	159	156
Other taxation and social security	-	-
Accruals	516	366
	<u>9,525</u>	<u>9,203</u>

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

(b) There were no amounts falling due for payment after one year (2012-13: none).

14 Losses and special payments

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

Where recovery is deemed to be unachievable, a loss is recorded, 243 losses with a total value of £1,331,000 were recorded in 2013-14 (195 losses with a total value of £657,000 for 2012-13). Losses relate to payments originally made by the ILF and cases transferred from the Independent Living (1993) Fund and the Independent Living (Extension) Fund on 1 October 2007.

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

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

No special payments, which fall under the disclosure requirements of the FReM, were made during 2013-14 (2012-13: none).

15 Operating leases

There is a sub-lease for accommodation and facilities with the Department for Work and Pensions that expires on 30 September 2015.

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

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

	31 March 2014	31 March 2013
	£000	£000
Land and buildings (Equinox House)		
Within one year	873	854
Within two to five years	450	879
After five years	-	-
	1,323	1,733
	1,323	1,733
	31 March 2014	31 March 2013
	£000	£000
Other leases		
Within one year	19	18
Within two to five years	10	-
After five years	-	-
	29	18
	29	18

Notes to the Accounts

for the year ended 31 March 2014

16 Trustees' remuneration, interests and indemnities

The Trustees receive remuneration from the DWP, which passes costs on to the ILF. The total remuneration paid to nine Trustees was £102,667 for 2013-14 and further information is provided in the Remuneration Report (2012-13: £86,312). Trustees received reimbursement for travel and subsistence expenses amounting to £10,500 for 2013-14 (2012-13: £6,000). For 2013-14, no Trustees were a beneficiary of the ILF and received payments in accordance with the objects of the Fund; a procedure is in place to manage actual or perceived conflicts of interest (2012-13:one Trustee)

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

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

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

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

17 Related party transactions

The ILF is administered by Trustees appointed by the Secretary of State for Work and Pensions. Related parties are the Trustees, all parts of the DWP including its agencies (representing the Secretary of State), and the Department for Social Development in Northern Ireland (DSD). The ILF received Grant in Aid from DWP of £284,920,000 (2012-13: £302,000,000) and DSD £8,536,000 (2012-13: £9,100,088). The DWP make a joint transfer on behalf of DSD to the ILF on a monthly basis. The Trustees are the controlling party.

For 2013-14 no Trustees were a beneficiary of the ILF and received discretionary grants in accordance with the objects of the Fund (2012-13:one Trustee).

No other related parties, including the Trustees and key management staff, have undertaken any transactions with the ILF during 2012-13 or 2013-14.

18 Capital commitments, contingent liabilities and contingent assets

There were no capital commitments at 31 March 2014 (none at 31 March 2013). The announcement of the closure of the ILF creates a contingent liability as at 31 March 2014 in respect of future staff redundancy costs, but no sufficiently reliable estimate of the amount of the obligation can yet be made.

The closure announcement also creates a contingent asset as at 31 March 2014 in respect of future potential recoverables associated with overpayments not recognised in the accounts as described in Notes 2j and 11. It is probable in future years, post ILF closure, there will be an inflow of economic benefits to the Department of Work and Pensions.

19 Endowment Trust Fund

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

	2013-14	2012-13
	£	£
Balance at 1 April	114	114
Bank interest added in the year	1	-
	<u>115</u>	<u>114</u>

20 Events after the reporting period

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

The authorised date for issue is 5 June 2014.

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