Independent Living Fund (2006) Annual Report and Accounts

2009-10

We've helped over 46,000 disabled people since 1988

independent living fund

Making choice real for disabled people

The Independent Living Fund is an Executive Non-Departmental Public Body of the Department for Work and Pensions

Independent Living Fund (2006)
Annual Report and Accounts 2009-10

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About us

The role of the Independent Living Fund (2006) (the ILF) is to deliver discretionary cash payments directly to over 21,000 disabled people across the UK, allowing them the choice and control to purchase personal care and live independent lives in their communities.

Established in 1988, the original ILF pioneered the delivery of cash payments to disabled people for individually tailored care and support packages. We have developed strong partnerships with local authorities across the UK, jointly funding care packages since 1993 and working together to provide a personalised and nationally consistent service. We operate as an Executive Non-Departmental Public Body of the Department for Work and Pensions (DWP) and have paid £3.3 billion to over 46,000 disabled people over the past 21 years.

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The ILF delivers discretionary cash payments directly to over 21,000 disabled people across the UK.

Engaging effectively

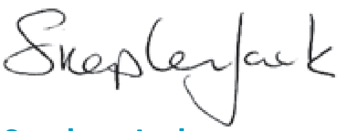
This year saw a change of direction and emphasis for the ILF. We put in place and communicated a new business plan that articulated a broader and clearer set of objectives and targets.

One important aspect of this plan was consciously to engage more proactively and effectively with all our stakeholders – our users, disability-focused organisations, our staff and our sponsoring department, DWP. We have used this engagement to inform and improve our structure, and our systems and processes.

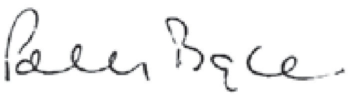
Like every other part of Government, we have had to operate within a tight financial budget due to the consequences of the global financial crisis. Unfortunately, this will continue to be a challenge for us for the foreseeable future. Against this difficult background, the Trustees and Senior Management Board are committed to making the best of the resources available to us and, in particular, protecting the positions of our existing 21,000 users. A key strategic challenge for us will be how we decide on priorities for the ILF going forward.

The social care agenda is developing all the time. We will continue to be an active participant in this process – sharing our experience and knowledge with other organisations and parts of Government, and participating in relevant initiatives. The ILF brings almost unique elements of national consistency, portability of support and links to the benefit system to the locally driven arrangements which otherwise characterise care in the UK.

As ever we would like to thank Trustees, the management team, ILF staff and our team of assessors for their continued efforts and commitment. We look forward to working with them over the year ahead.



Stephen Jack
Chairman



Patrick Boyle
Chief Executive

Our mission, purpose and principles

Our mission

Making choice real for disabled people.

We are committed to providing support to disabled people to enable them to live independently, allowing them full choice and control over their lives to achieve positive outcomes.

Our core purpose

A national resource dedicated to delivering financial support to disabled people and advancing standards of independent living.

We are a UK-wide Government body making cash payments directly to disabled people so they can purchase care and support. We work with local authorities and other partners to enhance the quality of independent living for those we support.

Our guiding principles

- **To provide ILF users with opportunities to achieve full inclusion in society.**
- **To work in partnership to promote self-directed support across the UK.**
- **To ensure organisational capacity to deliver our current and future role.**

Our values and behaviours

The ILF shares core values with DWP

Achieving the best

- By delivering a high quality service to users based on their feedback and meeting our targets.
- By using resources efficiently, providing value for money and ensuring high standards of professionalism.

Respecting people

- By responding to users' individual needs and recognising differences.
- By valuing the contribution of staff and assessors.

Making a difference

- By focusing on the achievement of real outcomes for our users.
- By engaging positively with partners and stakeholders.

Looking outwards

- By taking responsibility for making the wider system work through effective partnerships and support for others.
- By speaking well of our customers, colleagues and stakeholders and being transparent in all our communications.

Strategic aims for 2009-10

Strategic aim 1

Delivering a high quality service to our users that achieves key performance targets.

Strategic aim 2

Achieving better outcomes by engaging with our users, other disabled people and their organisations to ensure their experiences inform our practices.

Strategic aim 3

Engaging proactively with key stakeholders and partners to promote independent living across the UK.

Strategic aim 4

Valuing and developing our workforce to ensure we have the right behaviours and skills to achieve our objectives.

Strategic aim 5

Ensuring the organisation continues to be well managed with effective systems of governance and control.

Strategic aim 6

Delivering services that provide value for money and achieve our financial targets.


We aim to deliver a high quality service to our users that achieves key performance targets.

Applications are now processed in approximately eight weeks, down from 12 weeks at the beginning of the year.

Delivering a high quality service to our users that achieves key performance targets

We took giant steps towards excellence in service delivery for our users this year. A number of key changes have improved our service, and a comparison of our delivery performance against our targets illustrates just how well we have done.

Significant changes throughout the ILF this year led to some real improvements in how we operate. The two pillars of our success were the restructuring of our delivery service and a streamlining of our processes.

Our internal service delivery teams were restructured in alignment with local Government regions – making it easier for us to link more fully with our local authority partners and provide a more locally responsive service.

Our new streamlined application process – rolled out across the whole organisation – had an immediate impact, cutting the time for new applications by a third.

Applications are now processed in approximately eight weeks, down from 12 weeks at the beginning of the year. Applications times were as high as 14 weeks in January 2009.

For the first time this year new users also benefited from an additional application review stage after six months.

The new half-year review, carried out in addition to the two-yearly review, allows our assessors to make sure we are doing all we can for our users at an earlier stage. It also helps us identify potential over-payments more quickly.

A new IT system is currently being introduced to allow assessors to access the ILF system remotely. Assessors will be able to upload and download reports and information.

This web-based portal will speed up response times, increase data security and reduce mistakes – the online form leads assessors clearly through the process.

We continue to monitor and appraise our work to maintain and improve our standards. This year we introduced additional checks of the work of more than 80 assessors.

Assessors are observed during user visits. The appraisal covers knowledge and application of ILF policy, professional competence and communication skills.

Phone calls and user meetings in 2009-10

185,300

Emails received and dealt with in 2009-10

165,000

User payments processed

281,000

We also continue to broaden our staff's understanding of the needs of our users. Each year we give 25% of our service delivery staff the chance to accompany our assessors on visits or to work with a local disability organisation.

Over the years, the ILF has established many links with disability groups. In particular, we work closely with Portland College, the specialist residential college for people with disabilities and learning difficulties.

This year we have also introduced work placements at the ILF for disabled people, giving them valuable work experience and also helping our staff understand first-hand the challenges facing disabled people.

Overall, we continually strive to deliver a high quality service to our users. Indeed, we now bear the Customer Service Excellence standard following assessment this year. This Government standard for public service bodies is a replacement for the Charter Mark.

How have we performed?

Our figures for the year show our high level of achievement and prove that we are operating substantially better than our targets.

Measure	Target 2009-10	2009-10	2008-09	Target for 2010-11
Application clearance	10 weeks	8.7 weeks	12.9 weeks	10 weeks (from application to offer)
User visit clearance	12 weeks	10.0 weeks	12.9 weeks	12 weeks (from visit referral to review outcome)
Review clearance	12 weeks	10.3 weeks	12.4 weeks	11 weeks (from initial contact to outcome)
Award accuracy	95%	98.7%	95.9%	96% (at pre-authorisation stage)
User satisfaction	90%	94.1%	90.1%	90% (rated 'good' or 'excellent')

Our application clearance is a key achievement. But our results reflect significant improvement all round, driven by better management and the new systems introduced last year across all parts of the business.

Performance against all our targets is regularly reviewed in detail to ensure that we remain focused and identify further improvements in our systems and processes.

Upcoming improvements – such as a new diary system – aim to reduce internal process times even further.

This year we took significant steps towards including disabled people more widely in helping develop our policies. We also worked closer than ever before with local authority partners and our sponsoring Department, DWP.

After 21 years in business, we understand what independent living means for disabled people. Our national perspective is a unique feature of how we help disabled people live independently across the whole of the UK.

Whilst our core business as service provider remains the same, increasingly we are using our knowledge and experience in driving forward the wider social care agenda.

Achieving better outcomes by engaging with our users, other disabled people and their organisations to ensure their experiences inform our practices

This year we consulted and engaged with more of our users than ever before. Their views help improve the way that the ILF works with its partner organisations to support independent living.

We adopted a more structured approach towards engaging with our users this year with our largest ever consultation.

All our users in England were invited to take part in a consultation exercise, by questionnaire or by attending one of eight events held across the country.

We wanted to find out what users thought about the new 'Right to Control', the proposals for the National Care Service, and how the ILF should best develop its own role.

Our findings formed the basis of well-received reports for the Office for Disability Issues (ODI) and the Department of Health, which are now influencing next steps.

Users told us in the consultation that they wanted:

- simpler arrangements for their awards;
- more information to guide their decisions;
- more flexibility as to how they can use the money; and
- to be more certain that their awards will continue.

As a result we examined a number of areas: our application process, how we reviewed needs, ways to simplify charging arrangements, and how to support the outcomes that our users are seeking to achieve.

We have already made a number of changes. We have started to invite our users and their advocates to regional 'you tell us' meetings to help us shape those changes further and improve our service.

Much of our strategy and operational development this year has been co-produced with disabled people.

Increasingly we are reviewing all our policies to make sure they impact equally and fairly upon different groups of people – in line with our single equality scheme, which itself was set up this year following consultation with our users.

Input from those outside of the organisation is increasingly encouraged at all levels of the ILF. This year we introduced a new briefing programme for ILF Trustees. People with different experiences in social care and disability are now regularly invited to share their views with Trustees.

User consultations in summer 2009

8 events

Questionnaires sent to users

15,000

A new advisory group supports our Trustees and management team.

A new advisory group now supports our Trustees and management team. This group – made up of users, representatives from user-led organisations and Trustees with personal experience of disability – gives advice on consultation and communication with users and other shareholders.

We have introduced operational plans to meet with users and local authorities on a monthly basis.

Also in the pipeline is more strategic engagement with local authorities and disabled people's organisations to discuss and implement future policy. Our new database, also set up this year, helps us stay in contact, and our new protocol for meetings ensures accessibility for disabled people.

Our assessors revisit new users early on with the introduction of half-year reviews. Having listened to concerns raised by users, we introduced application reviews after six months as well as the regular reviews every two years.

This has been a real success in supporting our users, particularly when they first receive funding.

Our new dignity and diversity strategy this year embedded our commitment to equality in all that we do. We continue to support cultural change within our organisation by challenging attitudes and building a workforce committed to equality of opportunity.

We are also committed to improving our understanding of our many users and the requirements of disabled people to live independently.

The dignity and diversity strategy is now embedded in our learning and development plan.

This year we have included our users in our work in as many ways as possible including involvement in our annual conference. It was the first time we had held such an event and many of our users helped us deliver the event.

Application reviews after

6 months

and ongoing reviews every

2 years

At the event, we launched our new magazine, ***living*** – specially designed to be a practical and interesting lifestyle publication containing ILF news, information, inspiring user stories and practical advice.

Increasingly, we aim to involve our users in everything we do – particularly the development of our policies, and those of national and local Government.

As a national body we are in an almost unique position to establish best practice and consistency in delivering support for disabled people to live independently.

As a national body we are in an almost unique position to establish best practice and consistency in delivering support for disabled people to live independently.

We joined with the Office for Disability Issues to develop the 'Right to Control' Trailblazers.

Strategic aim 3

Engaging proactively with key stakeholders and partners to promote independent living across the UK

Our work with our many stakeholders is central to keeping our services relevant and effective. Throughout this year we have made considerable progress to ensure that the ILF is well placed to contribute to Government priorities.

Partnerships with local authorities in excess of

200

Testing Right to Control with Trailblazers

8

There is perhaps no organisation better placed to understand the needs of disabled people to live independently than the ILF.

Our national standing together with our close relationships with our users, disability groups and the Government at local and national level gives us a unique perspective.

Increasingly, our work places us at the centre of reforms in policy for disabled people. As a UK-wide organisation, we keep in close touch with the administrations in England, Scotland and Wales.

This year we supported the Department of Health in developing major plans for the transformation of adult social care in England. Our views and those of our users helped shape two new White Papers, ‘Putting People First’ and ‘Building the National Care Service’.

We also worked with them to introduce personal budgets for our joint users. Similarly, we are working with the Scottish Executive to make self-directed support a success in Scotland.

We joined with the Office for Disability Issues (ODI) to develop the ‘Right to Control’ Trailblazers. Right to Control is part of the Government’s welfare reform agenda aimed at giving disabled people more choice and control over support they receive from the state.

The policy will be tested by a number of local authorities – Trailblazers – across England starting later in 2010. We worked with the ODI to develop the legislation for the Trailblazers, fed in our users’ views and identified ways in which our Trust Deed should change.

We continue to work closely with all our stakeholders and partners to support independent living for disabled people. This year we worked with our colleagues from DWP to identify ways of supporting more of our users towards work.

At a local level we work in partnership with over 200 local authorities in all parts of the UK. A new joint protocol between us, currently in development, will reinforce our relationship and further align our services for our users.

Valuing and developing our workforce to ensure we have the right behaviours and skills to achieve our objectives

This year's learning and development plan offered our workforce more training and support than ever before. For the first time, we introduced leadership training programmes and a coaching scheme.

Our people are our greatest asset – it is a well-worn phrase but neatly sums up how the ILF values its staff members.

This year, we changed our structure to meet the objectives of our business plan. We also invested in learning and development – providing better support for all our workforce and, consequently, a better service for our users.

Over the year, we delivered our entire learning and development plan, aimed at encouraging better, more efficient working practices.

Managers across our whole organisation received better support and training through the introduction of two new developmental initiatives.

Firstly, our new leadership programme is helping all of our managers develop the skills they need to meet the challenges of our business.

Secondly, we have introduced a new in-house mentoring scheme called our 'Coaching Circle', which is available to all our managers.

Over the course of the year, 20 volunteer coaches have mentored colleagues. Many of the coaches themselves have this year gained qualifications from the Institute of Leadership and Management.

We also conducted a staff survey and created an action plan from the feedback. Progress of the plan is monitored by our monthly staff forum and reviewed by our managers every six months.

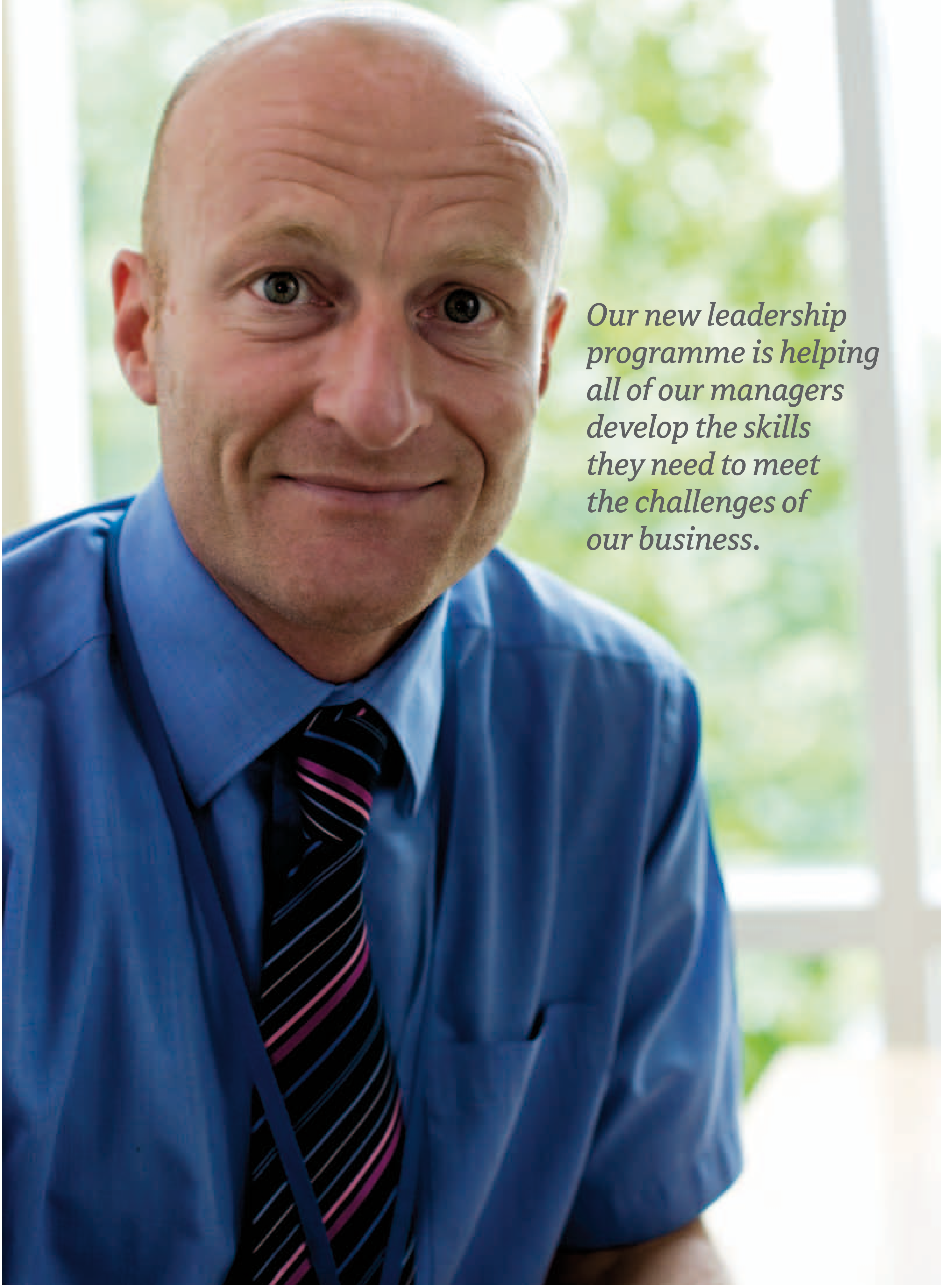
At a personal level, an individual's progress at the ILF is measured by his or her personal development plan. We're pleased to report that everyone's targets for the year were met.

ILF employees

168

ILF assessors

83



Our new leadership programme is helping all of our managers develop the skills they need to meet the challenges of our business.

In addition, managers were appraised through our performance management system. Following a review, this year the system was aligned more closely with the ILF values and, consequently, streamlined – making the whole process quicker and more effective.

Throughout the year, we have continued to encourage and support our employees to undertake further qualifications to support their roles. This year, over a quarter (27%) of our workforce worked towards a further or higher education qualification.

We have also continued to work in partnership with the Public and Commercial Services Union (PCS). Monthly Joint Negotiating Committee meetings continued to be held with the union. In addition, PCS were invited to attend the monthly strategic and operational management board meetings – ensuring that both staff and their representatives had access to the ILF's decision-making process.

We also helped our employees better understand the needs of our users by introducing work placements at the ILF for disabled people. The placements give disabled people valuable work experience but also give our staff first-hand experience of the challenges they face.

We continued to work closely with Portland College – a specialist residential college for people with disabilities and learning difficulties. This year, we committed to providing workshops about the work of the ILF for students in transition from care to living independently.

We have worked hard to support the health and wellbeing of our workforce, and this year we saw a marked improvement. Sickness absence was within our target of nine days per person per annum at 8.4 days (8.3 days in 2008-09). We introduced a range of new activities to promote healthy living and continued to offer occupational health services, health check days and counselling sessions.

Employees working towards further and higher education qualifications

27%

Volunteer coaches

20

Finally, our commitment to our staff continued to be recognised. We retained Investors in People (IiP) accreditation, increasing for the first time the level of achievement to the IiP bronze standard.

We also maintained the 'two tick' symbol, awarded by Jobcentre Plus to employers who make positive commitments towards employing disabled staff.

We also helped our employees better understand the needs of our users by introducing work placements at the ILF for disabled people.

Ensuring the organisation continues to be well managed with effective systems of governance and control

From corporate governance to audit committees, risk management and data security – there are a number of important areas where we have maintained and improved our governance and control.

Corporate governance

This year we have put a stronger focus on pulling together governance, business planning, risk management and other assurances.

This integrated approach prevents duplication of effort, and ensures governance issues relate seamlessly to the business.

We have strengthened our procedures with the introduction of annual and mid-year stewardship reporting. At the end of quarters two and four, each director formally reports to the Accounting Officer on the effectiveness of the systems of internal control, and any actions they have taken to manage performance, resources and risks within their directorate.

We also created a Payment Security Board to review the effectiveness of the ILF's systems of control and compliance with a focus on grant recovery for unspent and misused funds.

This board has provided detailed analysis and financial reports, and provides further assurance to both the Chief Executive and the ILF Audit Committee.

To support the Senior Management Board (SMB), the Chief Executive created an Operations Management Board (OMB) chaired by the Chief Operating Officer.

We also created new management and reporting structures, with directors leading the ILF programme of change through a series of boards. The programme boards deal primarily with issues where a broad range of input is required.

The boards, which report recommendations to the OMB, are: the Working Environment Management Board (WEMB), the Development and Consultation Board (DCB), the Quality Improvement Initiatives Board (QIIB), the Organisation, Culture and Leadership Board (OCLB), the Operations Delivery Board (ODB) and the Electronic Business Board (EBB).

Audit Committee meetings per year

3

Programme Boards

6

Audit service

The Comptroller and Auditor General is the statutory auditor for the ILF. In addition, we worked with professional internal auditors, RSM Tenon.

The programme of internal audit was agreed at the beginning of the business year. However, given the extent of our change programme this year we built in additional flexibility to ensure that foreseeable issues, such as the robustness of our IT security, could be addressed.

Internal audit has been able to provide assurance and advice to ensure that larger scale projects such as the introduction of the Government Secure Intranet and 'thin client' remained on target.

Audit Committee

The Audit Committee appointed by Trustees advises both the Accounting Officer and the Board of Trustees. The Committee's terms and conditions satisfy the requirements for governance of public bodies.

Our Audit Committee agrees our internal audit programme on an annual basis and liaises with the statutory auditor. The Committee met three times during the year as scheduled.

Its role is to challenge the executive on issues of governance and risk management, and provide support and assurance to both the Board of Trustees and the Accounting Officer.

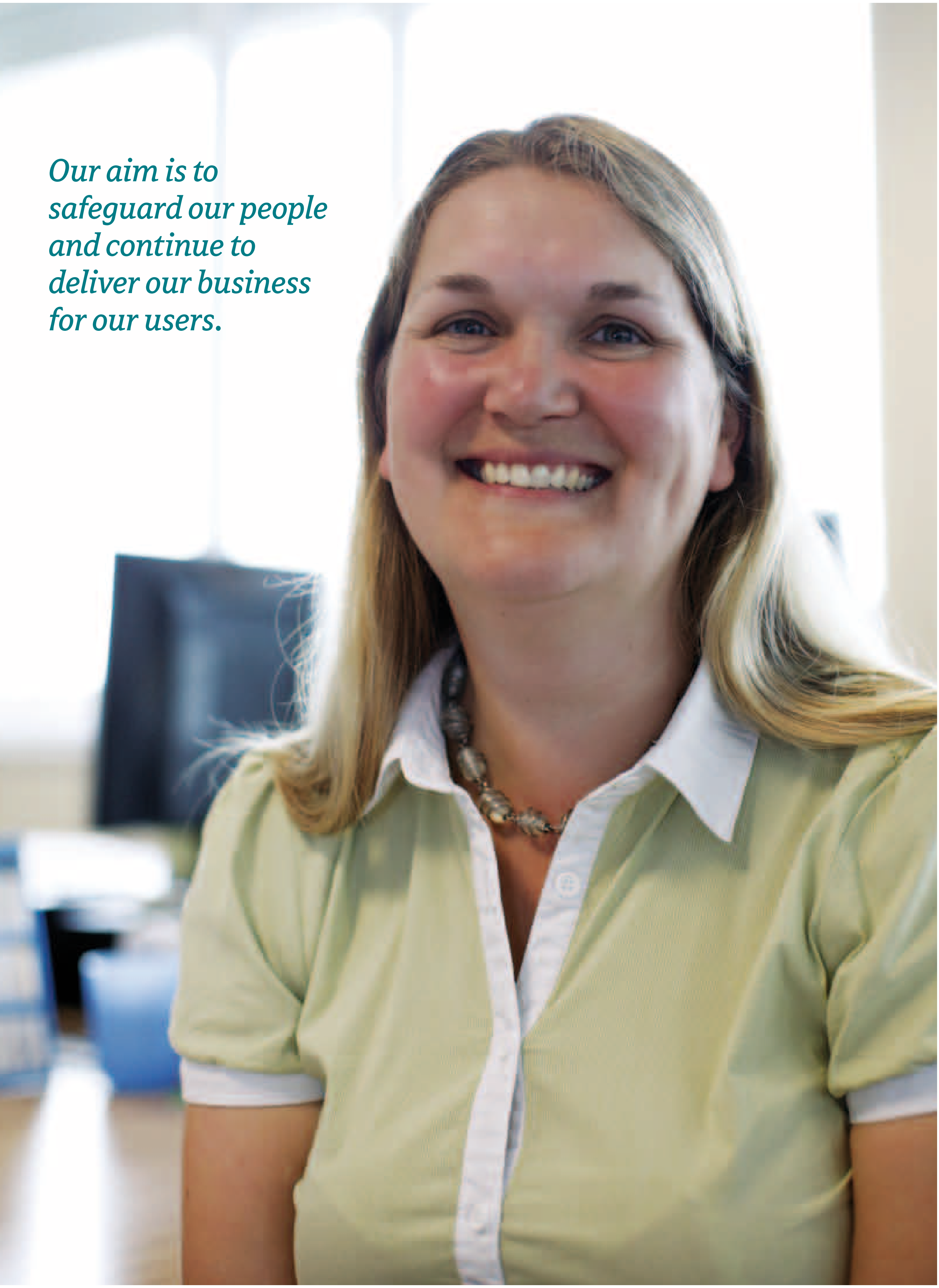
It also reviews all outstanding audit recommendations, the strategic risk register, data security reports, grant recovery reports and the effectiveness of the ILF's internal control checks.

In June 2009, the Audit Committee approved the new ILF risk control framework document, which sets out a consistent approach to risk for the organisation.

The framework led to the creation of a single strategic risk register supported by directorate risk registers.

The new risk management process is now embedded at senior management level and audited as part of the internal audit programme.

Our aim is to safeguard our people and continue to deliver our business for our users.



Business continuity in

24-48 hours

Risk management

We regularly review the principal risks that threaten the achievement of our policies, aims and objectives. These reviews identify the controls in place to manage those risks at strategic level, directorate level, and programme and project level.

Potential risks are reported to the SMB. The SMB then consider these risks for inclusion in the Strategic Risk Register.

Business continuity

We constantly analyse risks and threats that could disrupt our business – on a small and larger scale. Our aim is to safeguard our people and continue to deliver our business for our users.

As part of the ongoing improvement to business continuity, we reviewed our plans and successfully tested our disaster recovery suite.

The test established we could continue business, at predetermined levels, within 24-48 hours. The results of the test were reported to the Board of Trustees and the SMB.

Data security and data handling

This year we introduced additional measures to ensure that data security continues to conform to Cabinet Office guidance.

We introduced a stronger focus on our 'clear desk' policy. We provided sufficient lockable furniture so that all user files and business-sensitive materials are securely locked away each night.

All bulk and sensitive external data transfers are governed by strict policy. Data transfers require authorisation by the individual information asset owner and the senior information and risk owner (SIRO).

All transfers and data losses are routinely reported to the Audit Committee. The SIRO presented his annual report to the Audit Committee in February 2010 for sign-off by the Chair of the Audit Committee.

Delivering services that provide value for money and achieve our financial targets

Our administration expenditure was well within budget for this year and we delivered some outstanding improvements to the way we work and the service we deliver.

Each year we set in place tough targets to make sure as much of our budget as possible is available to our users. This means keeping our expenditure down to a minimum.

The target for our administrative expenditure – basically what we spend on managing the ILF – was 3%. This year we spent just 2.8% (2.6% in 2008-09), a sizeable saving.

With that money we financed extensive changes to our structure and processes. Already we have seen considerable efficiencies from the new set up of the organisation and our newly streamlined methods.

Significant investment in new IT systems provided us with better business processes and better protection.

Our users' data is more secure and our systems more robust. In the event of a disaster – or even a power cut – it would be business as usual for the ILF.

Our users are also better served by the introduction of six-monthly reviews after receiving funding. Any mistakes, hitches or inaccuracies are quickly righted – which saves us money, too.

How we serve our users in the future also received considerable attention this year. We conducted our largest consultation ever with our users and stakeholders. Increasingly, the experiences and needs of our users will lead the development of our policies.

Administration expenditure

2.8%

Significant saving against target of

3%

Increasingly, the experiences and needs of our users will lead the development of our policies.

All these large-scale changes inevitably required significant investment in our workforce. This year we doubled the learning and development budget to fully equip our staff with the changing systems and the increased interaction with users and stakeholders.

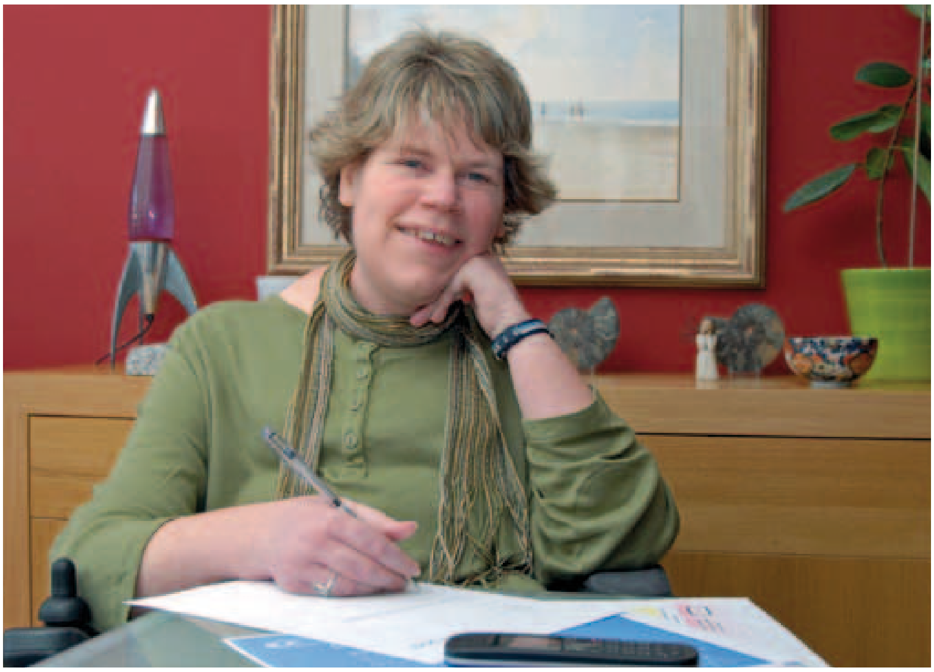
We make sure that whatever we buy in – training, IT systems or services – is good value for money. Working at a local level all over the UK, we also make sure we use local providers wherever appropriate, and favour businesses employing disabled people.

We use our management information system to forecast areas of funding in the years to come. We produce information on our performance and the profile of our users, and publish this on our website.

We updated and revised the system this year in preparation for a move to more formal targets for the ILF by our sponsor Department, DWP, next year.

All the new measures introduced this year have had an immediate impact. As a result, we are a more efficient, better equipped and better prepared service provider.

The ILF prides itself in placing users at the heart of the organisation.



"ILF funding allowed me to employ a full-time personal assistant. Life took off from there."

Katy Etherington, ILF user

"The ILF enabled me to get into university. Without ILF funding I would have been stuck at home."

Aaron Pask, ILF user









*Introducing the people **behind the ILF***

The ILF Trustees

Appointed by the Secretary of State for Work and Pensions, the Trustees are responsible for appointing the ILF Chief Executive, keeping accurate records and presenting the yearly accounts. They strictly monitor the payments process, ensuring that we spend money fairly and don't exceed our yearly budgets.

Stephen Jack, Chairman of the Trustees

Stephen is a Chartered Accountant. He is Chief Financial Officer of Compagnie Financiere Tradition, a global broking business. He has previously held senior financial management positions in a number of international financial services organisations. He is a Trustee and Treasurer of the Greater London Fund for the Blind.

Professor Peter N C Cooke, Vice Chairman

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

Margaret McGlade, Trustee

Margaret is currently a freelance consultant in social care, health and children's services. She was previously Director of Social Services for Derby City Council and a senior manager for Nottinghamshire County Council. She is a Trustee of Nottingham Women's Aid Integrated Services and a qualified registered social worker.

Yogi Amin, Trustee

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

Susan qualified as a social worker in 1975 and worked in North Yorkshire. She is a senior lecturer in health and social care, York. 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.

Nick Danagher, Trustee

Nick is a graduate in English and Media Studies. He has developed and managed local independent living schemes and organisations. He is a former board member of Central Council for Education and Training in Social Work (CCETSW) and former Executive Director of the National Centre for Independent Living. He is currently a freelance consultant in disability equality and a member of Equality 2025 – the UK advisory network on disability equality.

Mike Boyall, Treasurer and Chairman of the Audit Committee

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

Sally Sparrow, Chairman of the ILF Human Resources Committee and User Personal Cases Committee

Sally was Director of Social Care at Witham Braintree and Halstead Care Trust until March 2007. She qualified as a social worker in 1988 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.

Marie Martin, Trustee

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

The number of staff the ILF employs at its Nottingham office

170

The number of self-employed regional assessors the ILF manages

83

The Audit Committee

To ensure our systems and services are run effectively, we are closely monitored by internal and external auditors. Our Audit Committee sets out a specific assurance programme each year, and reviews reports prepared by management and auditors to ensure the organisation is run efficiently, safely and properly.

Mike Boyall, Chairman

Peter Cooke, Member

Margaret McGlade, Member

Yogi Amin, Member

The HR Committee

The HR Committee oversees and reports to the Trustees on the salaries, rewards and conditions of service in place at the ILF. It also makes sure that the ILF conducts its employee relations fairly, efficiently and effectively. For more information, see the Remuneration Report on page 48.

Sally Sparrow, Chairman

Margaret McGlade, Member

Marie Martin, Member

Susan Winterburn, Member

The User Personal Cases Committee

The User Personal Cases Committee considers cases referred by the Senior Management Board where a user has requested that Trustees make an individual discretionary decision within their powers as set out in the Trust Deed.

Sally Sparrow, Chairman

Yogi Amin, Member

Nick Danagher, Member

Marie Martin, Member

Peter Cooke, Member

Susan Winterburn, Member

The Senior Management Board (SMB)

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

Patrick Boyle, Chief Executive

Patrick is accountable for all aspects of ILF performance, reporting directly to the Board of Trustees. As the Accounting Officer for the ILF, Patrick also reports directly to DWP via senior officials and the sponsor group.

James Sanderson, Chief Operating Officer and Deputy Chief Executive

James oversees service delivery, social work and performance improvement. He is responsible for ensuring that we continue to deliver excellent service to our users, and is heavily involved in ILF's new externally focused agenda.

Steve Jarratt, Resources Director

Steve joined the ILF on 15 March 2010 and takes over responsibility for all finance, HR, IT, facilities and governance matters, reporting directly to the Chief Executive.

Jesse Harris, Social Work Director

Jesse is responsible for ensuring high standards of social work and quality assurance with regard to independent living outcomes. He is also responsible for relationships with local authorities and users, complaints and review processes.

John Denore, Operations Director

John is responsible for service delivery incorporating: application processing, ongoing casework, payments to users, and the biennial review programme through the management of operations teams and self-employed assessors.

Gillian Smith, Human Resources Director

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

Gary Stephenson, Finance Director

Gary is responsible for financial management and liaison with internal and external audit. He also has overall responsibility for IT, payment security, facilities, procurement, and health and safety.

John Fuller, Strategic Policy Director

John is responsible for developing options for the role and contribution of the ILF in line with Government strategy towards disabled people, and for the development and communication of policy.

Roland Knell, Governance Director

Roland is responsible for corporate governance, including risk management, business continuity planning, records management, data security and data handling, business planning and communications.

Independent Living Fund (2006) Annual Report and Accounts 2009-10

Management Commentary

Principal activity and historical context

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 care 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 grants in aid from DWP for Great Britain, and from the Department for Social Development (DSD) for Northern Ireland. The formal governance documents owned by DWP consist of a Management Statement, the Trust Deed and the Conditions of Grant Agreement.

The original Independent Living Fund was established in 1988 and ran for five years to March 1993. In April 1993, the Independent Living (Extension) Fund was established to continue payments to the beneficiaries of the original Independent Living Fund, and the Independent Living (1993) Fund was established to take new applications. The current ILF commenced operations from October 2007, continuing payments to beneficiaries of the predecessor Funds and receiving the closing assets and liabilities of those Funds. The ILF continues to receive new applications, which are dealt with under prioritisation criteria. The ILF strategic aims are set out on page 10.

External auditor

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

Internal auditor

RSM Tenon
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Fees paid to the National Audit Office were £66,000 for external audit work, including £11,000 for work on compliance with International Financial Reporting Standards from April 2009 (£62,000 for 2008-09 including £7,000 for non-audit services).

Solicitors

Harvey Ingram LLP
20 New Walk
Leicester
LE1 6TX

Bankers

Lloyds TSB Corporate
125 Colmore Row
Birmingham
B3 2DS

Trustees' appointments, training and remuneration

A minimum of three and a maximum of nine Trustees are appointed for a term of up to five years by the Secretary of State for Work and Pensions, following public advertisement and recruitment procedures in line with Government guidance for Non-Departmental Public Bodies. Trustees' appointments can be extended for one further term of up to five years. 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, visiting the ILF's offices in Nottingham and interaction with ILF assessors.

The Trustees receive remuneration under arrangements agreed with the Secretary of State. The ILF also reimburses Trustees for out-of-pocket expenses.

Trustees for 2009-10 were Stephen Jack (Chairman), Peter Cooke (Vice Chairman), Mike Boyall (Treasurer), Yogi Amin, Nick Danagher, Marie Martin, Margaret McGlade, Sally Sparrow and Susan Winterburn. Sub-committees operating in the year were the Audit Committee (Mike Boyall as Chairman, Yogi Amin, Peter Cooke and Margaret McGlade), the Human Resources Committee (Sally Sparrow as Chairman, Marie Martin, Margaret McGlade and Susan Winterburn), and the User Personal Cases Committee (Sally Sparrow as Chairman, Yogi Amin, Nick Danagher, Peter Cooke, Susan Winterburn and Marie Martin). Background details of Trustees are given on pages 35-36.

Relationships and related parties

The ILF is administered by Trustees appointed by the Secretary of State for Work and Pensions. Related parties are the Trustees, all parts of DWP including its agencies (representing the Secretary of State) and the Department for Social Development (DSD) in Northern Ireland which also provides funding. The Trustees are the controlling party.

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

One Trustee is a beneficiary of the ILF and receives payments under the terms of the Fund. During the period, no other related parties, including Trustees and key management staff, have undertaken any material transactions with the ILF.

Operating and performance review

The ILF funding is designated within the three-year departmental expenditure limit for DWP and DSD. In order to manage expenditure within funding provided, the ILF operates application prioritisation (as defined by the Trust Deed). Existing beneficiaries continued to receive payments as a first priority, and new applicants were also assessed in line with the ILF's priorities and brought into payment as provided in the ILF's policies.

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

These measures were in existence as ILF targets during 2009-10 and the results for the year were as follows:

- Offers to new applicants made on average 8.7 weeks after application, against a 10-week target (12.9 weeks in 2008-09);
- User visits cleared on average 10.0 weeks after request, against a 12-week target (12.9 weeks in 2008-09);

- Biannual review programme visits cleared on average in 10.3 weeks, against a 12-week target (12.4 weeks in 2008-09);
- Award accuracy 98.7% in all respects (amount and process), against a 95% target (95.9% in 2008-09);
- Administration expenditure 2.8% of total ILF expenditure for the year, against a 3% target (2.6% in 2008-09); and
- Users rating our service as 'good' or 'excellent' at a level of 94.1%, against a 90% target (90.1% in 2008-09).

A total of 168 staff were employed during the year (average full-time equivalent). 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 48 to 59. In addition, over 80 self-employed assessors were engaged to carry out visits to new applicants and existing beneficiaries under the ILF's user administration policies.

The ILF has increased its engagement with a range of stakeholders as part of the ongoing involvement in the development of social care policy. In particular, the ILF held a series of events across England in order to consult on Government plans for 'Care and support' and the 'Right to Control'. The ILF held the Charter Mark, and has now achieved the replacement Customer Service Excellence standard.

Governance and social responsibility

The ILF is committed to good employee relations and recognises the Public and Commercial Services Union (PCS) as the trade union acting on behalf of staff. In recognition of the continued good standards of HR policies, staff information and consultation, the Fund has successfully retained the 'Investors in People' accreditation and the 'Positive about Disabled People' (two ticks) during the year. HR policies are regularly reviewed to ensure full compliance with employment legislation.

The ILF seeks to actively manage sickness absences and has introduced 'return to work' meetings with staff to improve support on resumption of duties and discuss absence patterns and causes. The average number of days per annum lost to sickness absence was 8.4 days per employee against a target of nine days (8.3 days in 2008-09).

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, they are paid within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. 98% of invoices paid in the year met this target (90% in 2008-09).

The ILF has Corporate and Social Responsibility, and Sustainable Development policies, and has developed links with disabled people's groups in 2009-10. The Customer Service Excellence award for public service was awarded during 2009-10.

Financial review

The ILF is financed out of money voted by Parliament as grants in aid from DWP and DSD for the purpose of making regular grants to individuals. Grant in aid of £353.2 million was drawn to meet the needs of users and related administration costs including £7.5 million paid by DWP on 30 March 2010.

At 31 March 2010 the ILF had assets totalling £13,489,000 and liabilities totalling £13,694,000 (£8,961,000 assets and £11,631,000 liabilities at 31 March 2009).

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 moneys 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 accounting 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) for the first time this year, and the appropriate disclosures in respect of first-time adoption have been made.

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

The Accounts are prepared on a 'going concern' basis. Grant in aid is received on a cash basis to meet immediate need, and is not accrued to match liabilities. Grants to individuals are paid in arrears and the Statement of Financial Position at 31 March 2010 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 2011.

There were no events after the end of the year and up to the date of signing 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 for 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 Senior Management Team reviews risks and reports to each Audit Committee meeting, and the Board of Trustees reviews risks twice a year. Appropriate controls and action plans for risk management are put in place and these are reviewed at the risk management meetings. A separate Statement on Internal Control is provided in this document at page 60.

The Cabinet Office designates requirements for public bodies to provide information on personal data-related incidents. During 2009-10 and up to the date of signing of these Accounts, no incidents have occurred for the ILF that would require reporting under these provisions (none in 2008-09).

A number of Government reviews of social care delivery are ongoing and the ILF is taking an active part in contributing to the ongoing debate and the development of initiatives. This includes the ILF preparing for the Trailblazers commencing in December 2010 as part of the 'Right to Control' programme. DWP has agreed the ILF funding for 2010-11; funding for 2011-14 will be considered in the context of the comprehensive spending review in 2010. The ILF is providing strategic information and financial estimates to inform those considerations, and is maintaining its readiness to manage expenditure within the level of funding when decided.

Patrick Boyle,
Chief Executive and Accounting Officer

Peter Cooke,
Vice Chairman

Stephen Jack, Chairman

Mike Boyall, Treasurer

Signed by the Accounting Officer and on behalf of the Trustees on 23 June 2010.

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 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; and
- prepare the accounts on a 'going concern' basis.

The Principal Accounting Officer of DWP has appointed Patrick Boyle as Accounting Officer of the ILF. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the ILF's assets, are set out in the Management Statement for the ILF issued by DWP.

The Management Statement also sets out the responsibilities of the Trustees to ensure that the ILF fulfils its aims, objectives and key targets, and prepares a statement of accounts for each financial year.

Patrick Boyle,
Chief Executive and Accounting Officer

Peter Cooke,
Vice Chairman

Stephen Jack, Chairman

Mike Boyall, Treasurer

Signed by the Accounting Officer and on behalf of the Trustees on 23 June 2010.

Remuneration Report for the year ended 31 March 2010

This report for the period ended 31 March 2010 deals with the remuneration of the Chief Executive, Directors 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 Human Resources (HR) Committee

The HR Committee is appointed by the Board of Trustees and is established to independently review the salary of the Chief Executive. The Chief Executive appraises the Committee of any annual pay negotiations with the Public and Commercial Services Union (PCS) to agree the salary levels for employees and Directors, 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
Margaret McGlade, Member
Marie Martin, Member
Susan Winterburn, Member

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

- to provide assurance to the Board of Trustees on the pay and reward strategy of the ILF;
- to oversee the setting of remuneration, benefits and conditions of service for the Chief Executive and consider any performance-related bonus;
- to consider the recommendations of the Chief Executive on any performance-related bonus for Directors;

- to be appraised by the Chief Executive on the annual pay negotiations with PCS as the recognised union under the Treasury Remit;
- to provide assurance to the Board of Trustees that the ILF conducts its employee relations fairly, efficiently and effectively;
- to provide assurance to the Board of Trustees that all corporate governance issues have been addressed relevant to HR, salary, rewards and conditions of service; and
- to consider any relevant topic referred to them by the Board of Trustees.

Remuneration policy

Trustees

For the year ended 31 March 2010 the total remuneration paid to Trustees, by monthly instalments in arrears, as agreed in the Conditions of Grant Agreement was:

Name	2009-10 £	2008-09 £
Stephen Jack (Chairman)	19,500	19,500
Peter Cooke (Vice Chairman)	14,800	16,300
Mike Boyall (Treasurer)	16,300	16,300
Sally Sparrow	16,300	16,300
Yogi Amin	14,800	14,800
Nick Danagher	14,800	14,800
Marie Martin	14,800	14,800
Margaret McGlade	14,800	14,800
Susan Winterburn	14,800	14,800

In addition, a Trustee may be reimbursed out of the Trust Fund all reasonable and proper expenses incurred by him/her in carrying out his/her duties, including travelling or other expenses incurred by him/her as Trustee.

The Chief Executive and Directors

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

All senior managers (Chief Executive and Directors) receive a salary and are members of the Principal Civil Service Pension Scheme (PCSPS). Patrick Boyle was appointed as the Chief Executive, on loan from DWP, on 12 January 2009.

The Trustees have decided to set a policy regarding the senior management pay structure 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; and
- to offer competitive salaries to enable the ILF to attract personnel of the required calibre to fill its senior management posts.

Trustees have aligned their decision with the key features of DWP's pay policy as follows:

- aligning reward with the business objectives to encourage high performance and improve the focus on the delivery of service;
- creating an opportunity to earn bonuses;
- ensuring reward arrangements are affordable;
- creating a level of salary progression which stops except for those showing a superior performance – superior performance would be recognition of meeting all objectives and exceeding targets in some areas, whilst also showing a number of key behaviours which are regarded as high value;
- establishing a relativity of Executive Directors' salaries at about 65% of that of the Chief Executive; and
- progression is subject to performance expectations (performance below the expectation would mean no progression and management action would be necessary for less than adequate performance).

The Chief Executive and the Directors have agreed objectives which are set, by the Chairman of the Board of Trustees and the Chief Executive respectively, at the beginning of the financial year.

The Chief Executive's and Directors' performance will usually be reviewed annually with the Directors' overall assessment informed by monthly one-to-one meetings.

All employees must have a minimum of six 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 of Chief Executive and Directors

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

	Date of appointment[1]	2009-10 salary including bonus	2008-09 salary including bonus
Patrick Boyle, Chief Executive	12.1.09	£140,000 – £145,000 (including benefits in kind)	£35,000 – £40,000[2] (including benefits in kind)
John Denore, Operations Director	1.9.05	£50,000 – £55,000	£45,000 – £50,000
John Fuller, Strategic Policy Director	7.2.05	£40,000 – £45,000	£40,000 – £45,000
Jesse Harris, Social Work Director	5.6.07	£50,000 – £55,000	£45,000 – £50,000
Steve Jarratt, Resources Director	15.3.10	£0 – £5,000 (£75,000-£80,000 full year equivalent)	N/A
Roland Knell, Governance Director	1.4.09	£50,000 – £55,000	N/A
James Sanderson, Chief Operating Officer	1.6.05	£60,000 – £65,000	£55,000 – £60,000
Gillian Smith, HR Director	1.4.01	£45,000 – £50,000	£45,000 – £50,000
Gary Stephenson, Finance Director	1.4.01	£50,000 – £55,000	£55,000 – £60,000

1 Date of appointment includes the predecessor funds i.e. Independent Living (1993) Fund to 30 September 2007.
2 This was in respect of the three days per week Patrick Boyle was the Chief Executive of the ILF for the period from 12 January 2009 to 31 March 2009. Details of his remuneration for the year are provided in The Rent Service's Remuneration Report for 2008-09.

Benefits in kind

As part of the loan agreement with DWP, the ILF pays the deposit, rent and council tax on the apartment in Nottingham of Patrick Boyle (Chief Executive from 12 January 2009). This arrangement is more cost-effective than paying hotel and travel costs for the period of the loan agreement. In addition, a lease car is provided and he is reimbursed for the cost of petrol for travelling from London to Nottingham. From 1 April 2009 to 31 March 2010, the Chief Executive received £40,200 (to the nearest £100) in benefits in kind (£10,100 for the period 12 January 2009 to 31 March 2009).

The Chief Executive Officer is the only employee to receive benefits in kind.

Bonus payments

Bonus payments for the Chief Executive and Directors are non-consolidated and are not pensionable. These can be up to 10% of salary based on superior performance. The bonus payment for the Chief Executive for 2008-09 was awarded by DWP but paid by the ILF in line with SCS rules.

Service contracts

It is ILF policy to recruit senior managers on the basis of fair and open competition. Such appointments are 'open-ended' as the ILF does not have a formal retirement age.

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

The following sections provide details of the remuneration and pension interests of the Chief Executive and Directors.

Most members of the senior management team are employed under permanent employment contracts with the two exceptions. Firstly, Patrick Boyle, Chief Executive, is on a two-year loan from DWP with effect from 12 January 2009.

In addition, Roland Knell, Governance Director is also on loan from DWP. The loan period commenced on 1 February 2009 and shall terminate on 31 January 2011.

The HR Director and Strategic Policy Director work on a part-time basis of 34 and 30 hours per week respectively.

The notice period for the Chief Executive from 12 January 2009 and all Directors is:

Length of service	Notice to be given by the Director	Notice to be given by the ILF
Less than 4 weeks	1 week	1 week
More than 4 weeks and less than 4 years	4 weeks	5 weeks
More than 4 years	4 weeks	5 weeks, plus 1 week for every complete year of service up to a maximum of 13 weeks

Pension benefits

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

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

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

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

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

The PCSPS 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. The scheme's actuary valued the scheme as at 31 March 2007. Details are available in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

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 individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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 effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

The accrued pension benefits as at 1 April 2009 and 31 March 2010 were:

Chief Executive and Directors	Accrued pension at pension age as at 31.03.10 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31.3.10	CETV at 1.4.09	Real increase in CETV
To nearest	£'000	£'000	£'000	£'000	£'000
Patrick Boyle, Chief Executive	35–40	0–2.5	568	491	41
John Denore, Operations Director	5–10	0–2.5	60	46	9
John Denore, Preserved award service to 26.8.05	0–5 plus lump sum of 10–15	0–2.5	46	41	2
John Denore, Preserved award service to 30.4.95	0–2.5 plus lump sum of 0–5	0–2.5	9	8	1
John Fuller, Strategic Policy Director	0–5	0–2.5	41	33	7
Jesse Harris, Social Work Director	0–5	0–2.5	39	23	13
James Sanderson, Chief Operating Officer	0–5	0–2.5	44	32	8
Steve Jarratt, Resources Director	5–10	No real increase in pension and related lump sum at pension age	146	147	No increase
Roland Knell, Governance Director	0–2.5	0–2.5	3	0	1
Gillian Smith, HR Director	15–20	0–2.5	277	244	16
Gary Stephenson, Finance Director	5–10	0–2.5	111	89	16
Gary Stephenson, Preserved award service to 31.5.96	5–10 plus lump sum of 25–30	0–2.5	207	188	10

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

Non-cash remuneration

There was no non-cash remuneration during 2009-10 (none in 2008-09).

Payments for loss of office

For the senior management team, early termination (other than for misconduct or severance) will be under the terms of the PCSPS.

There were no payments for loss of office in 2009-10 (one payment of £74,000 in 2008-09).

Patrick Boyle, Chief Executive and Accounting Officer

Sally Sparrow, HR Committee Chairman

Signed by the above on 23 June 2010.

Statement on Internal Control
for the year ended 31 March 2010

Scope of responsibility

As Accounting Officer for the Independent Living Fund (2006) (the ILF), I have responsibility for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money, the Management Statement, Trust Deed and Conditions of Grant Agreement for the ILF, and the letter of delegation received from the Principal Accounting Officer of the Department for Work and Pensions (DWP).

Strategic aims and objectives are agreed with the ILF Trustees and with DWP as the sponsor Department. There is also a meeting twice a year with the Senior Accounting Officer (SAO) in DWP with responsibility for the ILF, to discuss ILF issues and address significant risks related to the ILF.

The Board of Trustees also has responsibility for maintaining a sound system of control to address key financial and other risks, ensuring that the requirements of the constituting Executive Non-Departmental Public Body (NDPB) documents are met, that high standards of corporate governance are demonstrated, and for reviewing the effectiveness of the internal control system.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of both departmental and the ILF's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the ILF for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

Whilst every member of staff within the ILF has a responsibility to ensure that exposure to risk is minimised, overall leadership of the ILF risk management processes rests with members of the Senior Management Board ('SMB') who are responsible for promoting and embedding a risk management culture within the ILF, and setting the risk management framework within which the ILF operates.

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 the SMB on the actions needed in order to comply with our corporate governance requirements, rests jointly with the Finance Director and the Head of Governance. The Trustees also consider risks at the strategic level and review the strategic risk register at least quarterly or as often as required.

In June 2009, the Audit Committee approved the new ILF Risk Control Framework (RCF) document, which sets out the organisation's attitude to risk and provides a consistent basis to capture, monitor and report risks.

The RCF led to the creation of a single strategic risk register (SRR) supported by individual directorate risk registers (DRR) managed by each Director. The new risk management process is now embedded at senior management level in ILF and has been audited as part of the internal audit programme.

An important part of our risk management framework is to ensure that staff have the appropriate skills, knowledge and understanding to discharge their risk management responsibilities. During the year, we provided the necessary support to our managers and project workers by updating our risk register and providing both formal and informal advice to individual managers. The ILF internal auditor also carried out a risk maturity review and reported the results to the Finance Director and the Audit Committee. Various recommendations were made to help the process of continual improvement in risk management.

The Risk Control Framework (RCF)

The ILF's risk appetite is 'risk averse'. This is demonstrated in various policies related to users (for example, application selection, definition of qualifying support and services, unspent moneys, backdating) and administration (for example, control of intranet and business email, travel, subsistence and hospitality rules), in the assignment of lead risk owners at Director level, and in the management control processes.

The key strands of the ILF's risk management strategy are:

- to ensure that there is ownership and awareness of risk throughout the organisation;
- to ensure that a systematic process is in place for identifying, monitoring, reporting and controlling the key risks faced by the ILF in delivering its corporate agenda – this includes maintaining risk registers which log risks at strategic, directorate and project levels;
- to manage risk in accordance with best practice;
- to provide risk management training;
- to promote and communicate risk awareness to staff at every available opportunity;
- to provide support and guidance to our staff and give them the confidence and the ability to manage risks at the appropriate level within the ILF;
- to maintain, review, update and test the business continuity plans that are in place for all areas of the ILF; and
- to operate a system of annual and mid-year Stewardship Reporting whereby at the end of quarter two and quarter four, each Director formally reports to the Accounting Officer on the effectiveness of the systems of internal control and action that they have taken to manage resources and risks within their Directorate.

During the year, to ensure effective risk management throughout the organisation we reviewed the SRR monthly and sought greater participation from each directorate.

Directors and senior managers were coached through the new processes as defined within the ILF's RCF. This provided better awareness, prioritisation and understanding of risk identification and applying consistent scoring for both inherent and residual risks.

In February 2010, the ILF senior information and risk owner (SIRO) provided additional assurance on the effective management and governance of data security and handling issues, and compliance with the Data Protection Act 1998 and Freedom of Information Act 2000. The report was discussed and approved at the Audit Committee and subsequently signed by the SIRO and the Audit Committee Chairman.

During the year, we have maintained and updated our Business Continuity Plans (BCP), and tested the effectiveness of our Disaster Recovery Site (DRS) to ensure that in the event of the loss of essential facilities and services at the ILF premises, we have the capability to deliver our business, to a predetermined and agreed level, from the DRS.

Throughout the year we sought advice from our internal auditors on emerging best practice for corporate governance and our internal control mechanisms.

As a NDPB of DWP, our risk strategy and performance is reported to the DWP sponsorship team, who will refer relevant outputs to the Risk Assurance Division (RAD). RAD has the right of access to ILF premises and systems as necessary where they decide that they should audit aspects of the ILF operation.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the ILF who have responsibility for development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

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

The processes that have been put in place to maintain an effective system of internal control include:

- the SMB, which meets at least 10 times a year and is comprised of the ILF Directors, is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross-directorate issues are considered, and that risk management receives a high profile within directorates and within individual Directorate Business Plans;
- the Operations Management Board (OMB), which meets at least 10 times a year provides a sharper and more detailed focus with both ILF Operations and the overall ILF Change Management Programme including the individual Transformation Boards;
- the creation of a Payment Security Board, a sub-board of the SMB, which meets at least quarterly, provides additional assurance and clarity regarding the process and effectiveness of recovering unspent, overpaid or fraudulently obtained ILF monies;

- the Audit Committee, which meets at least three times a year and is responsible for ensuring, as far as practicable, that appropriate systems are in place within the ILF for the assessment and management of risk, and advising the Board of Trustees and the Accounting Officer on the effectiveness of the systems of internal control;
- regular reports by internal audit, to standards defined in Government Internal Audit Standards, which include the Head of Internal Audit's annual report on the adequacy and effectiveness of the ILF's system of internal control and recommendations for improvement;
- specific internal audit reports requested to review grant recovery, user case management (full process) and IT change management in order to identify improvements and increase assurance in these key areas;
- regular reports to the SMB and Trustees on progress against the ILF's key targets and business objectives;
- an appropriate delegated budget management framework;
- a system of mid-year (quarter 2) and year-end (quarter 4) Stewardship Reports by Directors;
- a risk management strategy and risk management framework which comply with best practice; and a Strategic Risk Register, which is reviewed by Trustees at least quarterly; and
- the adoption of formal project management arrangements based on PRINCE 2 principles for all key projects, which includes the development and maintenance of project risk registers.

The Head of Internal Audit's Report for the year ended 31 March 2010 provided substantial assurance on the ILF's arrangements for governance, risk management and control. Six assignment reports gave a substantial level of assurance and the remaining four provided an adequate level of assurance.

Significant internal control issues

ILF Grant Recovery work is an area that I sought additional assurance for in 2009-10. The Grant Recovery process was also subject to internal audit scrutiny (at the request of ILF Senior Management) and subsequently received an adequate assurance rating. Focussing on this area has led to improved reporting to the Trustees Board, Audit Committee, SMB and DWP; it has also improved assurance and confidence in this area of work. The Grant Recovery Team routinely publishes detailed performance reports highlighting the current position.

It is noteworthy that three internal audit assignments were actively sought by ILF Senior Management to gain assurance on vital areas of the business. Each of these audit assignments gained either substantial or adequate assurance ratings.

During the year there have been no significant control weaknesses reported within the ILF. Our audit and internal management reporting continue to identify issues to be addressed within normal day-to-day business and none of these have been identified as significant control weaknesses.

Patrick Boyle, Chief Executive and Accounting Officer
23 June 2010

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

I certify that I have audited the financial statements of the Independent Living Fund (2006) for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As more fully explained in the Statement of Accounting Officer's and Trustees' Responsibilities, the Board of Trustees and 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Independent Living Fund (2006)'s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Independent Living Fund (2006); and the overall presentation of the financial statements.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Independent Living Fund (2006)'s affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Trust Deed and directions made by the Secretary of State 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 made 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
- the financial statements are not in agreement with the accounting records; or

- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

30 June 2010

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

Net Expenditure Account
for the year ended 31 March 2010

	Notes	2009-10 £,000	2008-09 £,000
Expenditure			
Grants to individuals	4	341,100	324,962
Staff costs	5	4,721	4,390
Depreciation/amortisation	6	170	150
Other expenditure	6	4,783	4,104
Total expenditure		**350,774**	**333,606**
Cost of capital (credit)	7	(50)	(88)
Interest receivable		(39)	(559)
Net expenditure after cost of capital and interest		**350,685**	**332,959**

The notes on pages 76 to 96 form part of these accounts.

All expenditure relates to continuing operations.

Statement of Financial Position
as at 31 March 2010

	Notes	31 Mar 2010 £,000	31 Mar 2009 £,000	1 Apr 2008 £,000
Non-current assets				
Property, plant and equipment	8	480	207	210
Intangible assets	9	189	138	112
Trade and other receivables	11	797	614	-
Total non-current assets		**1,466**	**959**	**322**
Current assets				
Trade and other receivables	11	424	695	158
Cash and cash equivalents	12	11,599	7,307	7,970
Total current assets		**12,023**	**8,002**	**8,128**
Total assets		**13,489**	**8,961**	**8,450**
Current liabilities				
Trade and other payables	13	883	446	564
Other liabilities – grant liabilities	13	12,811	11,185	9,593
Total current liabilities		**13,694**	**11,631**	**10,157**
Non-current assets less net current liabilities		**(205)**	**(2,670)**	**(1,707)**
Assets less liabilities		**(205)**	**(2,670)**	**(1,707)**

(continued on next page)

	Notes	31 Mar 2010 £,000	31 Mar 2009 £,000	1 Apr 2008 £,000
Taxpayers' equity:				
Transferred assets reserve		32	118	241
General reserve		(237)	(2,788)	(1,948)
Total taxpayers' equity		**(205)**	**(2,670)**	**(1,707)**

The Statement of Financial Position is in deficit because Government grants in aid are not accrued to match net current liabilities – this is per specific HM Treasury accounting guidance.

The notes on pages 76 to 96 form part of these accounts.

These accounts were approved and authorised for issue by the Trustees on 23 June 2010.

Patrick Boyle, Chief Executive and Accounting Officer

Stephen Jack, Chairman

Peter Cooke, Vice Chairman

Mike Boyall, Treasurer

Statement of Cash Flows
for the year ended 31 March 2010

	2009-10 £,000	2008-09 £,000
Cash flows from operating activities		
Net expenditure after cost of capital and interest	(350,685)	(332,959)
Depreciation/amortisation	170	150
Cost of capital	(50)	(88)
Decrease/(increase) in trade and other receivables	88	(1,151)
Increase in trade and other payables	2,063	1,474
Net cash outflow from operating activities	**(348,414)**	**(332,574)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(382)	(95)
Purchase of intangible assets	(112)	(78)
Net cash outflow from investing activities	**(494)**	**(173)**
Cash flows from financing activities		
Grants in aid	353,200	332,084
Net financing	**353,200**	**332,084**
Net increase/(decrease) in cash and cash equivalents in the year	**4,292**	**(663)**
Cash and cash equivalents at the beginning of the year	7,307	7,970
Cash and cash equivalents at the end of the year	**11,599**	**7,307**

The notes on pages 76 to 96 form part of these accounts.

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2010

	Transferred assets reserve £,000	General reserve £,000	Total reserves £,000
Balance at 1 April 2008	**241**	**(1,948)**	**(1,707)**
Changes in reserves 2008-09			
Net expenditure	-	(332,959)	(332,959)
Non-cash – cost of capital reversed (see note 7)	-	(88)	(88)
Transfer	(123)	123	-
Total recognised income and expense for 2008-09	**(123)**	**(332,924)**	**(333,047)**
Grants in aid from Departments	**-**	**332,084**	**332,084**
Balance at 31 March 2009	**118**	**(2,788)**	**(2,670)**
Changes in reserves 2009-10			
Net expenditure	-	(350,685)	(350,685)
Non-cash – cost of capital reversed (see note 7)	-	(50)	(50)
Transfer	(86)	86	-
Total recognised income and expense for 2009-10	**(86)**	**(350,649)**	**(350,735)**
Grants in aid from Departments	**-**	**353,200**	**353,200**
Balance at 31 March 2010	**32**	**(237)**	**(205)**

(continued on next page)

Transferred Assets Reserve – relates to non-current assets transferred to the ILF from the Independent Living (1993) Fund in October 2007. Transfers are made from this reserve to general reserves to match the depreciation charge on the transferred assets.

General Reserve – relates to the ongoing operation of regular payments to individuals and the associated administration costs, financed by grants in aid. Grants 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 grants in aid for the following year. A letter of comfort is provided by the Department for Work and Pensions 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 76 to 96 form part of these accounts.

Notes to the Accounts
for the year ended 31 March 2010

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 grants 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 three-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.

2 Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2009-10 (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. Standards and interpretations issued and available for early adoption will be applied by the ILF once incorporated into the FReM.

In the current year the FReM included early adoption of revisions to IFRS 8: Operating Segments (as revised in April 2009, effective from 1 January 2010) and, as explained in note 2(*o*), this has not had a significant effect on the ILF's financial statements. The following IFRSs, interpretations and amendments applicable to the ILF have been issued but are not yet effective and have not been adopted early by the ILF:

IAS 24 *Related Party Transactions* (effective 1 January 2011) – The amendment provides exemption for full disclosure of transactions with state-controlled entities and is not expected to impact on the current exemption within the FReM. IAS 24 also extends the definition of a related party to include relationships where joint control exists.

IFRS 9 *Financial Instruments: Classification and Measurement:* (effective 1 January 2013) – IFRS 9 is a replacement for IAS 39 and introduces new requirements for the classification and measurement of financial assets, together with the elimination of two categories. The Standard does not include financial liabilities. Further proposals are to be introduced during 2010 and the ILF will undertake an assessment of the impact of IFRS 9 once these are known.

In addition, the FReM for 2010-11 includes other changes, of which one is expected to affect ILF being the removal of Cost of Capital charging (see notes 2(*l*) and 7). This will affect the Net Expenditure Account (which for 2009-10 currently includes a credit for £50,000) and the Statement of Changes in Taxpayers' Equity (where that sum is reversed).

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.

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. IT hardware and equipment are generally depreciated over a three- to five-year life span. 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 should be carried at valuation in accordance with the FReM.

Bespoke software assets are capitalised in these accounts in the year of implementation and, as a proxy for fair value, are carried at depreciated replacement cost. Amortisation is on a straight line basis over the estimated useful life of three years.

Software licences are capitalised in these accounts in the year of acquisition and, as a proxy for fair value, are carried at depreciated replacement cost. Amortisation is on a straight line basis over the estimated useful life, being the period of the software licences.

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.

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

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

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

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

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.

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% (3.5% for 2008-09).

This accounting policy was introduced from April 2008 to reflect the formal recovery process established for the ILF. Prior period figures have not been restated because the work required to provide management estimates was not considered to be cost-effective.

k) Operating leases
Operating leases are charged to the Net Expenditure Account 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) Cost of capital charge/credit
A charge, reflecting the cost of capital utilised by the ILF, is included in the Net Expenditure Account to reflect the fact that the ILF receives grants in aid in advance and there is therefore a borrowing cost to public funds. The charge or credit is calculated at the real rate set by HM Treasury (3.5% for both 2008-09 and 2009-10) on the average of opening and closing Statement of Financial Position net assets for each year. The notional charge or credit is then reversed as a movement in the general reserve.

m) Pension costs
Pension benefits are provided through the Principal Civil Service Pension Scheme, 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.

n) 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, an individual case decision is made on reliability of recovery.

o) 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 Senior Management Board.

3 First-time adoption of International Financial Reporting Standards (IFRS)

a) Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the date of transition 1 April 2008

	£,000
Taxpayers' equity at 31 March 2008 under UK GAAP	(1,552)
Adjustment for:	
Staff accruals per IAS 19 Employee Benefits	(155)
Taxpayers' equity at 1 April 2008 under IFRS	(1,707)

b) Reconciliation of UK GAAP reported taxpayers' equity to IFRS at 31 March 2009

	£,000
Taxpayers' equity at 31 March 2009 under UK GAAP	(2,612)
Adjustment for:	
Staff accruals per IAS 19 Employee Benefits	(58)
Taxpayers' equity at 31 March 2009 under IFRS	(2,670)

c) Reconciliation of UK GAAP reported net expenditure to IFRS for the year ended 31 March 2009

	£,000
Net expenditure for the year ended 31 March 2009 under UK GAAP after interest and cost of capital	333,059
Adjustment for staff accruals per IAS 19 Employee Benefits	(97)
Consequential adjustment to cost of capital (credit)	(3)
Net expenditure for the year ended 31 March 2009 under IFRS after interest and cost of capital	332,959

4 Grants to individuals

	2009-10 £,000	2008-09 £,000
Payments made in year	350,627	333,474
Grant liabilities at start of year	(11,185)	(9,593)
Grant liabilities at end of year	12,811	11,185
Grant returns received in year	(11,202)	(9,001)
Grant receivables at start of year	1,103	-
Grant receivables at end of year	(1,054)	(1,103)
Grants payable for year	341,100	324,962

	2009-10	2008-09
Number of individuals receiving payable grants during the year	23,193	23,208

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 (see note 2i).

Returns received comprised £8,540,000 in respect of unused funds returned by individuals, and £2,662,000 received under formal recovery arrangements (£6,431,000 and £2,570,000 respectively for 2008-09).

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

5 Staff numbers and related costs

	2009-10 £,000	2008-09 £,000
Directly employed staff:		
Wages and salaries	3,806	3,544
Social security costs	274	245
Other pension costs (see note 15)	634	601
Total directly employed staff costs	4,714	4,390
Agency staff costs	7	-
Total staff costs	4,721	4,390

Average number of whole-time equivalent persons employed:	2009-10	2008-09
on permanent contract	150	151
on loan from DWP	2	-
on fixed-term contract	16	4

Agency staff were engaged to provide relief switchboard cover as required for approximately 40 days during 2009-10 (none in 2008-09).

6 Other expenditure

	2009-10 £,000	2008-09 £,000
Cash items:		
Trustees' costs	186	184
Auditor's remuneration	66	62
ILF assessors' fees and expenses	1,409	1,308
Consultancy costs	64	10
Computer running costs	360	358
Postage, printing and stationery	464	411
Legal costs	192	174
Services, communications, training, etc.	959	480
	3,700	2,987
Rentals under operating leases	1,083	1,117
Total cash items	4,783	4,104
Non-cash items:		
Depreciation	109	98
Amortisation	61	52
Total non-cash items	170	150
Amounts included in the above expenditure:		
Operating lease on Equinox House (land and buildings)	1,068	1,109
Operating lease on Ceridian HR system (IT software)	8	8
Operating lease on car	7	-
Trustees' remuneration	141	142
Trustees' expenses	11	11
National insurance costs for office holders	11	13
Auditors' remuneration:		
Statutory audit fee	66	55
Non-audit services	-	7

7 Cost of capital

The cost of capital is calculated at 3.5% of the average opening and closing Statement of Financial Position net assets for both 2008-09 and 2009-10. The credit for 2009-10 was £50,000 (£88,000 for 2008-09).

The closing net assets is in deficit because of the combination of a number of policies. Grants to individuals are made four-weekly in arrears, and as explained in note 2(*i*), grants authorised but not paid at the year end are accrued for in these accounts. The reserves policy (note 2(*f*)) is to hold only sufficient cash to meet payments expected before the next instalment of funding is due to be received (rather than sufficient to meet all net liabilities). This means that the total liabilities exceed the assets at the year end.

8 Property, plant and equipment (IT hardware and equipment)

	2009-10 £,000	2008-09 £,000
Cost		
Balance at 1 April	543	712
Additions in year	382	95
Disposals in year	(34)	(264)
Balance at 31 March	891	543
Depreciation		
Balance at 1 April	336	502
Charge for the year	109	98
Disposals in year	(34)	(264)
Balance at 31 March	411	336
Net book values		
at 31 March	480	207
at 1 April	207	210

9 Intangible assets

	2009-10 £,000	2008-09 £,000
Cost		
Balance at 1 April	183	189
Additions in year	112	78
Disposals in year	-	(84)
Balance at 31 March	295	183
Amortisation		
Balance at 1 April	45	77
Charge for the year	61	52
Disposals in year	-	(84)
Balance at 31 March	106	45
Net book values		
at 31 March	189	138
at 1 April	138	112

Intangible assets mainly comprise bespoke software, plus software licences.

10 Financial instruments and associated risks

As the majority of the ILF's cash requirements are met through grants 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 Mar 2010	31 Mar 2009	1 Apr 2008
	£,000	£,000	£,000
Grants under formal recovery	1,054	1,103	-
Cash and cash equivalents	11,599	7,307	7,970
Other receivables	7	11	48
	12,660	8,421	8,018

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

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

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

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

Financial liabilities

	31 Mar 2010 £,000	31 Mar 2009 £,000	1 Apr 2008 £,000
Grant liabilities	12,811	11,185	9,593
Trade payables and accruals	883	446	564
	13,694	11,631	10,157

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 Department for Work and Pensions 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 Mar 2010 £,000	31 Mar 2009 £,000	1 Apr 2008 £,000
Due within one year			
Grants under formal recovery	257	489	-
Prepayments	160	195	110
Other receivables	7	11	48
	424	695	158
Due after more than one year			
Grants under formal recovery	797	614	-
Total due	1,221	1,309	158

Formal recovery is managed by a specialist team within the ILF and amounts with repayment arrangements in place are recorded for debt management purposes. Where unspent moneys are returned by individuals in the normal course of business (see note 2(*i*)) those amounts are not included in the formal recovery system as there has been no inappropriate payment.

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

Of the recoveries due over one year, £510,000 is expected to be received within the next two to five years and £257,000 is expected to be received within the next five to 10 years (£415,000 and £199,000 respectively at 31 March 2009).

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 all the steps of the process have been completed and it is probable that economic benefits will flow to the ILF.

12 Cash and cash equivalents

	2009-10 £,000	2008-09 £,000
Balance at 1 April 2009	7,307	7,970
Net cash inflow/(outflow)	4,292	(663)
Balance at 31 March 2010	11,599	7,307

	31 Mar 2010 £,000	31 Mar 2009 £,000	1 Apr 2008 £,000
Balances apportioned to			
Benefit account	11,412	7,302	7,773
Administration account	187	5	197
	11,599	7,307	7,970

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

13 Current liabilities

(a) Amounts falling due for payment within one year

	31 Mar 2010 £,000	31 Mar 2009 £,000	1 Apr 2008 £,000
Grant liabilities	12,811	11,185	9,593
Trade payables	533	219	321
Accruals	350	227	243
	13,694	11,631	10,157

(b) There were no amounts falling due for payment after one year.

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. 347 losses with a total value of £1,151,000 were recorded in 2009-10 (395 losses with a total value of £559,000 for 2008-09). 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. The value of losses was higher in 2009-10 because some long-outstanding cases were approved for writeoff by HM Treasury.

These are losses that 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. They do not relate to amounts included in other receivables at note 11 and, being past payments that were recorded as costs when originally advanced, do not represent a further cost now they are deemed irrecoverable.

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

No special payments, which fall to be reported under the disclosure requirements of the FReM, were made during 2009-10.
(One special payment of £74,000 was made during 2008-09, being a compensation payment.)

15 Pension commitments

The Principal Civil Service Pension Scheme (PCSPS) 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. The scheme's actuary valued the scheme as at 31 March 2007. Details are available in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

The scheme's actuary reviews employer contributions every four years following a full scheme valuation, and the last valuation was in March 2007. For 2009-10, employers' contributions of £591,000 were payable to the PCSPS at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands (£561,000 in the range of 17.1% to 25.5% for 2008-09). From 2010-11, 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 2009-10, 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 £40,000 were paid in 2009-10 to one or more of the panel of three appointed stakeholder pension providers (£37,000 in 2008-09).

Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. The ILF also matches employee contributions up to 3% of pensionable pay. In addition, employer contributions of £3,000 calculated at 0.8% of pensionable pay were paid to the PCSPS in 2009-10 to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees (£3,000 at 0.8% in 2008-09).

Contributions due to the partnership pension providers were nil at 31 March 2010 (nil at 31 March 2009). Contributions prepaid were nil at 31 March 2010 (nil at 31 March 2009).

16 Operating leases

There is a sub-lease for accommodation and facilities with the Department for Work and Pensions which expires 31 March 2018. The charges to the ILF are set in the head lease between the Department and Land Securities Trillium, and the ILF is not able to control or verify the amounts charged. The facilities element is calculated quarterly and may be abated by penalties for failure to deliver the agreed service level.

There is a software licence with Ceridian Centrefile Ltd for a HR payroll system which expires on 31 March 2012. Negotiations are ongoing to replace this lease with a new contract for improved services during 2010-11.

There is a three-year operating lease for a car for the use of the Chief Executive as part of his loan agreement; allowable petrol costs are claimed as expenses in accordance with ILF travel and expenses policy.

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

	31 Mar 2010 £,000	31 Mar 2009 £,000	1 Apr 2008 £,000
Land and buildings (Equinox House)			
within one year	1,068	1,109	1,109
within two to five years	4,272	4,436	4,436
after five years	3,204	4,436	5,545
	8,544	9,981	11,090
Other leases			
within one year	15	8	8
within two to five years	30	16	24
after five years	-	-	-
	45	24	32

17 Trustees' remuneration, interests and indemnities

The Trustees receive remuneration from the Department for Work and Pensions, which passes costs on to the ILF. The total remuneration paid to nine Trustees was £141,000 for 2009-10 and further information is provided in the Remuneration Report (£142,000 for 2008-09). Trustees received reimbursement for travel and subsistence expenses amounting to £11,000 for 2009-10 (£11,000 for 2008-09). For 2008-09 and 2009-10, one Trustee was a beneficiary of the ILF and received payments in accordance with the objects of the Fund; a procedure is in place to manage actual or perceived conflicts of interest.

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.

18 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 Department for Work and Pensions including its agencies (representing the Secretary of State), and the Department for Social Development in Northern Ireland. The Trustees are the controlling party.

For 2008-09 and 2009-10, one Trustee was a beneficiary of the ILF and received discretionary grants in accordance with the objects of the Fund. An appropriate procedure is in place to manage actual or perceived conflicts of interest.

No other related parties, including the Trustees and key management staff, have undertaken any transactions with the ILF during 2008-09 or 2009-10.

19 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 31 March 2010 (none at 31 March 2009 or 1 April 2008).

20 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.

	2009-10	2008-09
	£	£
Balance at 1 April	113	109
Bank interest added in period	1	4
Balance at 31 March	114	113

21 Events after the reporting period

In order to protect its existing users and manage within its allocated budget for 2010-11 the ILF issued a press release on 17 June 2010 stating that it will not be accepting any new applications for the remainder of that year and is unable to make any further awards except those it has already agreed to fund. The ILF will be able to help some 600 new users in 2010-11 as a result of offers of funding already made. The measures will ensure that existing users' awards continue at their current level. However, the ILF cannot afford to increase individual awards above the amount already paid, other than additional support to meet some of their employer responsibilities, and in response to certain changes in their income.

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