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The Rent Service Annual Report and Accounts 2006-07



The Rent Service

Annual Report and Accounts 2006-07



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Annual Report and Accounts 2006–07

1 April 2006 to 31 March 2007

Part of the Department for Work and Pensions

Presented to the House of Commons pursuant to section 7
of the Government Resources and Accounts Act 2000.
Ordered by the House of Commons to be printed on 24 July 2007.

HC 684

London: The Stationery Office

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Patrick Boyle
Chief Executive

I would like to take this opportunity to thank my predecessor Charlotte Copeland for her strong leadership of The Rent Service over the past 5 years and all of the Agency's staff for their commitment and professionalism throughout the year, without them we would not be the successful Agency that we are.

During the year Ministers announced that following the implementation of the Local Housing Allowance the residual functions of the Agency would transfer to the Valuation Office Agency (VOA) on 1 April 2009. This announcement has removed one of the major uncertainties for our staff, this along with the passage of the Welfare Reform Bill has helped to clarify what role rent officers will take in the future.

Staff in The Rent Service remain our greatest asset and in December 2006, 480 staff attended our bi-annual staff conference. We continue to invest in the development of our staff spending more than 4.3% on learning and development opportunities. Sickness absence has reduced significantly to 6.3% the lowest ever level since the Agency's inception.

I am pleased to present The Rent Service's 7th Annual Report and Accounts on performance, developments and achievements. The document compares actual performance against the targets and objectives set in our Business Plan for the financial year 1 April 2006 to 31 March 2007.

The period, 2006-07, was another successful year for The Rent Service and its staff. We achieved, and in some cases exceeded the key targets set by the Secretary of State in core service delivery areas. In addition, the Agency has contributed to the Housing Benefit Provisions in the Government's Welfare Reform Act 2007, which will take effect from April 2008.



Introduction

by the Chief Executive



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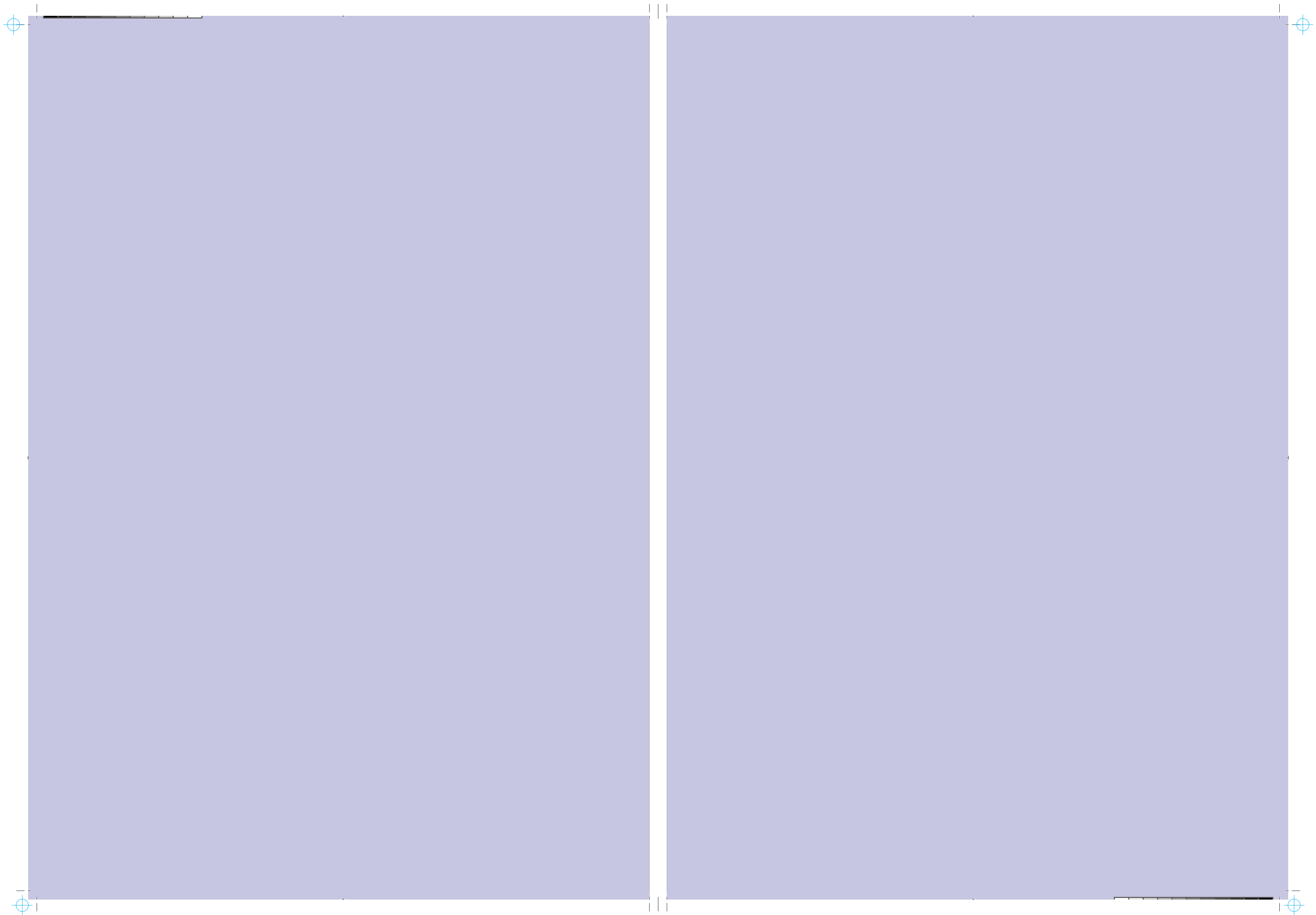
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Chief Executive



1. Management Commentary



1. Management Commentary

Management Commentary

Introduction

This document reports on performance against key Secretary of State targets, as well as objectives and initiatives that were published in The Rent Service Business Plan 2006-07.

Key Business Plan priorities for 2006-07 were:

Service Delivery

- to continue to improve the quality of our service to customers.
- to achieve Key Performance Targets.
- to support Housing Benefit reforms.

Staff

- continue to invest in learning and development.
- to build on existing sickness absence processes to ensure that we maintain the good progress we have made in reducing sickness absence from the workplace.
- to ensure that all staff are kept informed on the future of the Agency, including working with our staff's Trade Union representatives through the changes affecting our staff.

Our Business

The focus of our work falls into two main functions which centre on the private rented sector of the housing market in England.

The Rent Service provides a rental valuation service to local authorities, supplying them with a range of valuations to assist them in settling claims for Housing Benefit. This service includes the provision of Local Housing Allowances (LHA) for Broad Rental Market Areas (BRMAs) to those local authorities who are the pathfinders and Second Wave authorities for Housing Benefit reform.



Our Mission

“To be England’s leading provider of impartial, professional rental valuation services that are fair to our customers and other stakeholders.”



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Management Commentary

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- Being transparent about the way we do business.
- Working in partnership with customers, stakeholders and local communities to identify improvement opportunities.

Looking outwards



- Inspire and guide behaviours that lead to success.
- Acting with propriety and giving reasons for the decisions we make.

Making a difference



- To treat everybody with equality and fairness.
- Being honest with our customers and other stakeholders.
- Acting with integrity and impartiality.

Respecting people



- Providing a high quality cost effective and value for money service, that actively seeks and takes account of, the views of our customers and other stakeholders.
- Continually improving in practice and performance.

Achieving the best

The core values of The Rent Service are:

Core Values

Further details of our work can be found in section 2.

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Management Commentary

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Management Commentary

Our Aims

The Rent Service contributes to one of the Department for Work and Pensions' (DWP) Public Service Agreement (PSA) objectives and targets.

We also contribute to one of the Communities and Local Government's (CLG) PSA strategic priorities and targets.

Our Structure

The Rent Service is an executive Agency of the DWP, having previously been an executive Agency of the Office of the Deputy Prime Minister (ODPM) – the predecessor to the recently created CLG.

DWP is our main central government stakeholder in terms of the delivery functions of the Agency, with around 93% of our work being Housing Benefit related. The Rent Service supports DWP in the implementation of welfare reform.

The Agency was established on 1 October 1999 to bring together what was a fragmented service, operating from 93 offices in 77 rent registration areas, into one cohesive organisation in order to improve the speed of service, the quality of decisions and value for money. During 2006-07 we operated from 26 offices, which reduced to 24 offices at the end of the financial year.

The Chief Executive is responsible for the strategic management of The Rent Service, and is the Agency's Accounting Officer, directly accountable to the Secretary of State of DWP for the management and operation of the Agency, including the achievement of the Secretary of State's targets.

“Ensure customers receive a high quality service, including high levels of accuracy.”

“Ensure people have decent places to live by improving the quality and sustainability of local environments and neighbourhoods, reviving brownfield land, and improving the quality of housing.”

DWP Department for Work and Pensions



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Management Commentary

The Chief Executive is supported by a Senior Management Team. This Team is responsible for building a customer and stakeholder driven culture with a strong focus on service delivery, customer satisfaction and quality. The team is assisting with transforming the organisation into a service that is open and visible to staff and customers, driving government reforms through to front line operations.

The Agency is wholly funded by DWP. The total net financing received during the period was £37.9m.

The financial statements for the year, which are prepared in accordance with the Financial Reporting Manual, are shown on pages 87 to 118 of the Annual Report and Accounts.

A summary outturn against resources is shown in Table 1;

Table 1: Financial Outturn Against Budget		
Resource	Budget £'000	Outturn £'000
Running Costs	33,495	33,542
Notional Items	3,750	2,360
Total Resource Expenditure	37,245	35,902
Capital Expenditure	1,780	1,792
Net Total Expenditure	39,025	37,694

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Management Commentary

It has been an extremely successful year for The Rent Service. We were able to operate successfully within our financial allocation, spending 96.6% of the budget.

We have either met or exceeded all our key performance targets, which focus on the quality of determinations and valuations undertaken by our rent officers, value for money, customer satisfaction and the speed of processing.

We continued to achieve improvements in organisational efficiency during 2006-07 through the planned review of our back office functions and our Estates Rationalisation Programme.



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Management Commentary

Senior Management Board

The members of the SMB during 2006-07 were:



- Charlotte Copeland**
Chief Executive
(To 25 February 2007)
- Norman Foster**
Business Development Director
(To 25 February 2007 and Chief Executive from 26 February 2007 until 3 June 2007)
- Joanne Lang**
Finance Director
Tel: 020 7023 6052
- Neil Prosser**
Human Resources Director
Tel: 020 7023 6270
- Nigel Bravery**
Regional Director: South
(to 13 April 2007)
Tel: 020 7023 6146
- Mark Brookfield**
Head of Financial Services
Tel: 020 7023 6064
- Pat Elliot**
Regional Director: North
(to 13 April 2007)
Tel: 0191 224 8069
- Bill Goldfinch**
Head of Property & Purchasing
Tel: 020 7023 6086
- Dino Joseph**
Head of IT
Tel: 020 7023 6008
- Pauline Moore**
Head of HR Operations & Learning
Tel: 020 7023 6280
- Jim O'Donnell**
Head of Communications
Tel: 020 7023 6218
- John Swinnerton**
Business Development Director
(with effect from 26 February until 3 June 2007)
Tel: 020 7023 6183

From left to right and top to bottom

During the year Charlotte Copeland was Chief Executive until 25 February 2007 when Norman Foster took on the role. The Trade Unions (TUS) were also represented on the Senior Management Board. During 2006-07, the TUS representative was Heather Starr. The SMB met 11 times during the year.

During the period of review, no member of the Senior Management Board held company directorships or any other significant interest that would conflict with their management responsibilities.

Management Commentary

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Advisory Board

The Agency also has an Advisory Board, which provides advice to the Chief Executive, and comments on the strategic direction of the Agency. The Advisory Board also advises Government Ministers of the Agency's aims, objectives and performance. During 2006-07 the Advisory Board met 3 times. The members of the Advisory Board were:



The Agency's Chief Executive, Finance and Human Resources Directors were also members of the Advisory Board.

During the year Tom Taylor ex-Head of DWP's Local Authority Performance Division also represented the Advisory Board until 31 October 2006.

From left to right and top to bottom

Shirley Trundle
DWP Director, Benefits and Strategy (Chair)

Paul Howarth
DWP Head of Housing Benefit Strategy Division

Derek McMahon
DWP Deputy Director Planning & Performance Management Development

Iona Blue
DWP Head of Local Authority Performance Division

Valerie Pearce
External Member: Local Government Association Representative

Simon Llewellyn
CLG Housing

Janet Pope
External Member

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Audit Committee

The Audit Committee is a sub-group of the Agency's Advisory Board. Its Members and Attendees are:



From left to right and top to bottom

Members

Janet Pope, External Member, (Chair)
Neil Prosser, Human Resources, Director
Norman Foster, Business Development, Director (to 25 February 2007 and Chief Executive from 26 February 2007 until 3 June 2007)
Pat Elliot, Regional Director, North (to 13 April 2007)
Daniel Clarke, Area Manager, East
Dan Berlin, Rent Officer, (Bristol)

Attendees

Charlotte Copeland, Chief Executive (to 25 February 2007)
Norman Foster, Chief Executive (with effect from 26 February 2007 until 3 June 2007)
Joanne Lang, Finance Director
Mark Brookfield, Head of Financial Services
Andrew Manning, Head of Internal Audit (Deloitte)
Nick Corker, Audit Delivery Manager (Deloitte)
Colin Wilcox, National Audit office (NAO)
Tim Drew, PKF
Scott Birch, PKF
Anita Etienne, Senior Financial Accountant

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Dan Berlin, Rent Officer, (Bristol)

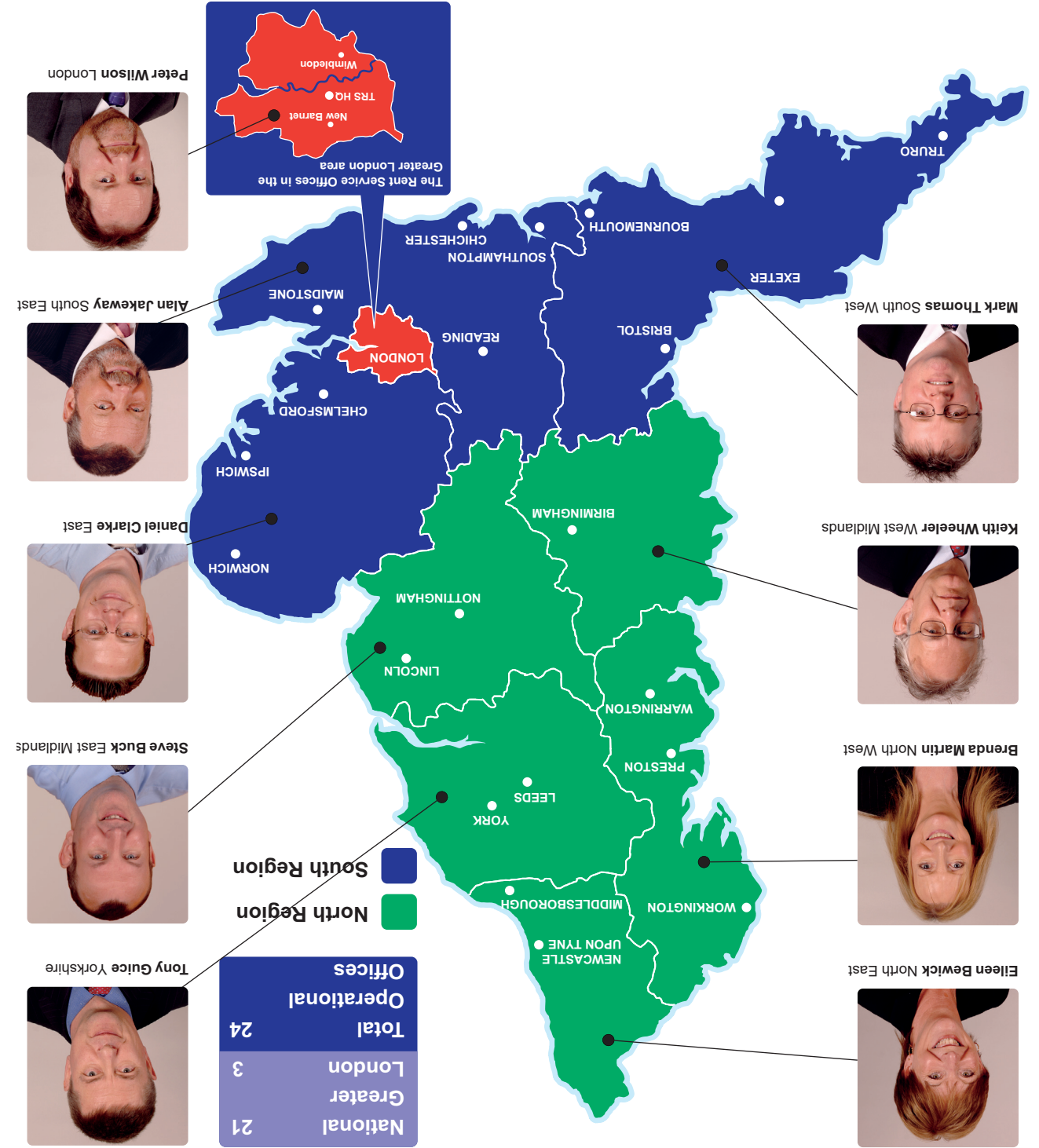
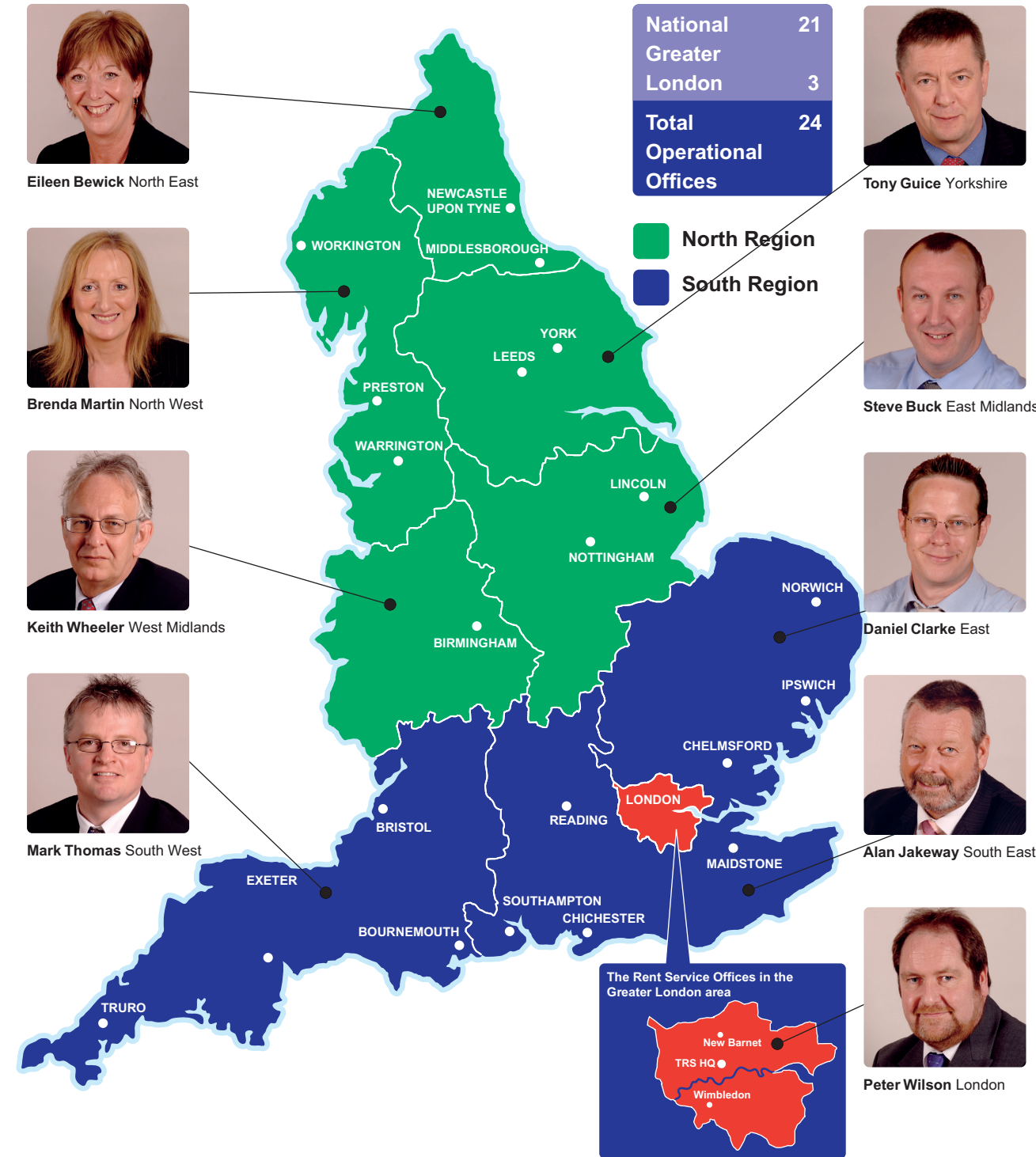
Attendees

Charlotte Copeland, Chief Executive (to 25 February 2007)
Norman Foster, Chief Executive (with effect from 26 February 2007 until 3 June 2007)
Joanne Lang, Finance Director
Mark Brookfield, Head of Financial Services
Andrew Manning, Head of Internal Audit (Deloitte)
Nick Corker, Audit Delivery Manager (Deloitte)
Colin Wilcox, National Audit office (NAO)
Tim Drew, PKF
Scott Birch, PKF
Anita Etienne, Senior Financial Accountant

Management Commentary

Geographical Organisation

Throughout 2006-07, the Agency operated from within two regions; North and South (which includes London); and at the end of the financial year was operating from a total of 24 offices. Our offices are shown on the following map



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How to contact us

The Rent Service

The address of the Agency's Headquarters is:
5 Welbeck Street, London W1G 9YQ

The address of all other offices can be obtained
from Customer Services by contacting:

Telephone: 01202 551590

E-mail:

customer.services@therentservice.gov.uk

Leaflets in a range of languages, in larger print,
or in braille, can also be obtained from our
Customer Services section.

You can also visit our website for more information
on The Rent Service, to search our on-line rent
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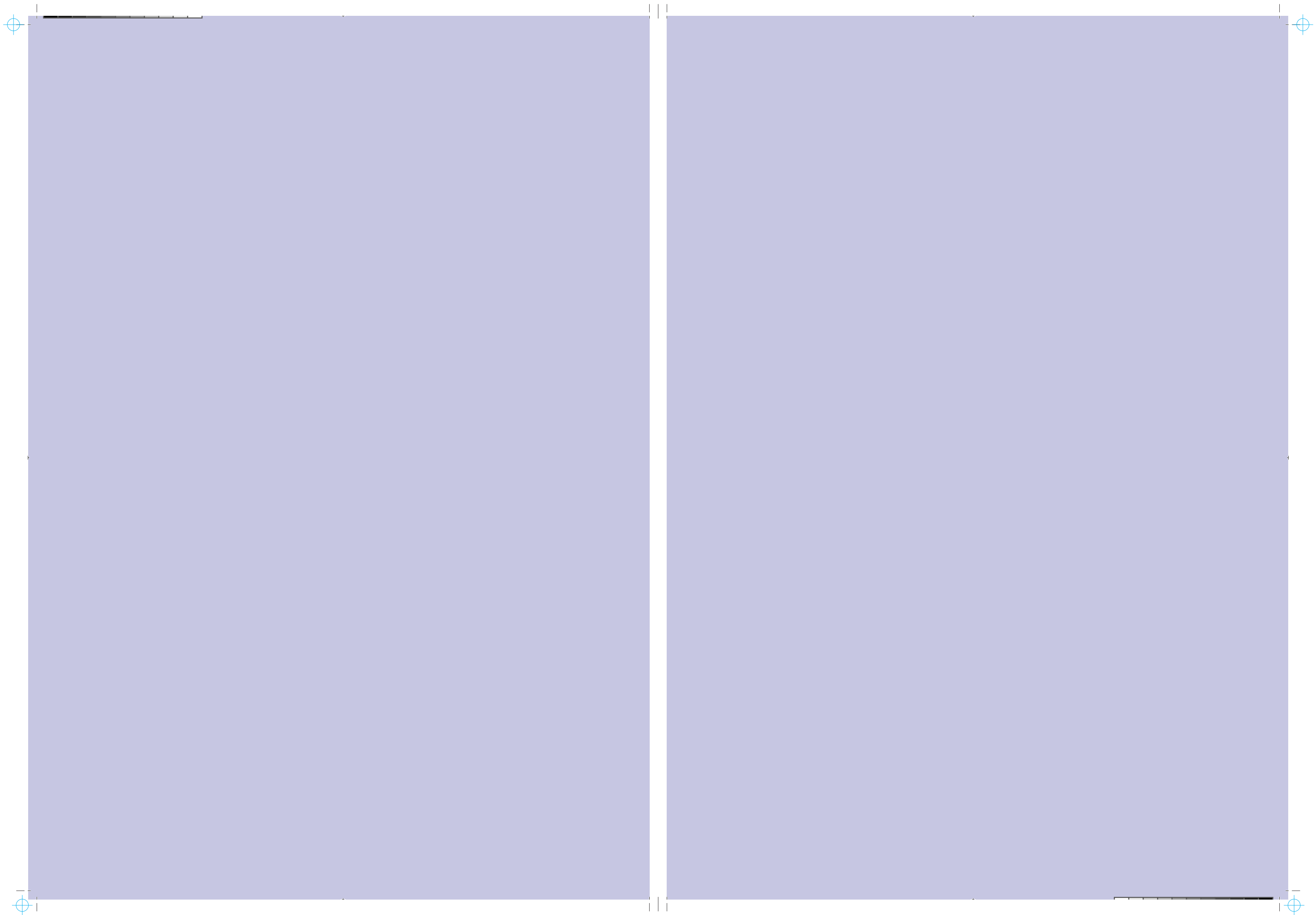
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2. Service Delivery



2. Service Delivery

Service Delivery

This section reports on the Agency's performance against the key Secretary of State targets we were set for 2006-07. This section also reports on the actions taken to improve the quality of services to customers; reduce the costs in delivering services; the initiatives taken to minimise our impact on the environment; and increased measures in corporate governance that demonstrate our commitment to raising standards.

Secretary of State Key Performance Targets

The Secretary of State key performance targets cover three strategic areas. These are:

1. Service Delivery
2. Value for Money
3. Customer Service

Service Delivery Targets

The service delivery targets show the timeliness of our service to customers and stakeholders in the processing of casework. As shown in Table 2, this has been another excellent year for The Rent Service with all key service delivery targets having been exceeded. These are significant achievements, as this high level of performance was achieved whilst continuing to improve quality and customer satisfaction levels and was delivered with fewer resources.

Type of Determination	Timescales for both years	2005-06 Target	2005-06 Actual	2006-07 Target	2006-07 Actual
Housing Benefit:					
With an inspection	within 15 working days	93%	98%	94%	95%
Without an inspection	within 3 working days	93%	99%	94%	95%
Pre-Tenancy	within 4 working days	93%	99%	94%	99%
Redetermination	within 15 working days	93%	98%	94%	98%
Fair Rents	within 40 working days	93%	98%	94%	95%

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Service Delivery



We have continued to review information technology systems that assist with the delivery of a timely service. These have played a significant role in transforming our overall service delivery performance. Staff are proficient in using the core caseload system (VICTER), and through learning support are more confident with using the system following the changes made to accommodate the introduction of the Local Housing Allowance.

Value for Money

This target consists of three elements that concentrate on productivity, cost per case and quality. Each of the three elements that make up this target provide a strategic overview as to how the Agency is performing with less staff and reducing financial resources, in parallel with providing an improved quality of service.

In 2006-07, these targets were significantly increased with the aim of achieving much better performance across all three elements that make up the value for money target.

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Service Delivery

Productivity

During 2006-07, we improved our productivity by 13.9%, continuing the upward trend of improvements since the beginning of the Agency. Our productivity performance is dependent upon the number of referrals we receive from local authorities for Housing Benefit purposes and landlord and tenants for Fair Rent cases. We measure our performance on the number of cases determined per member of staff at the end of each financial year. As a result of slightly higher than expected numbers of referrals and lower than expected average staff numbers, productivity outturn was significantly above target.

Table 3, shows our performance against the planned increase in productivity and Figure 4 shows our performance in this element since 1999-00.

Description	2005-06	2006-07		2007-08
	Actual	Target	Actual	Target
% Increases in Productivity	13.1%	7%	13.9%	5%
Cases processed per member of staff per year	1,518	1,603	1,730	1,766

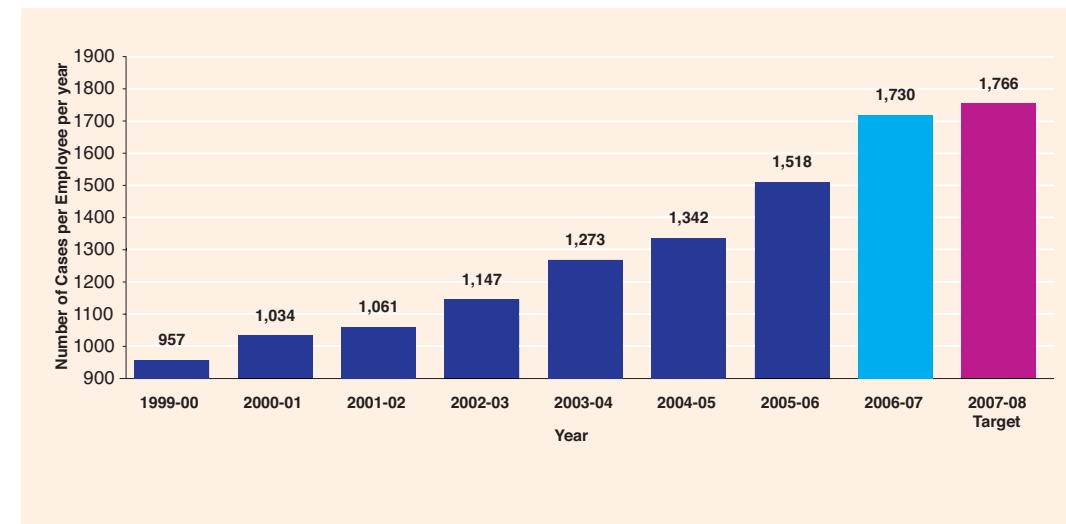
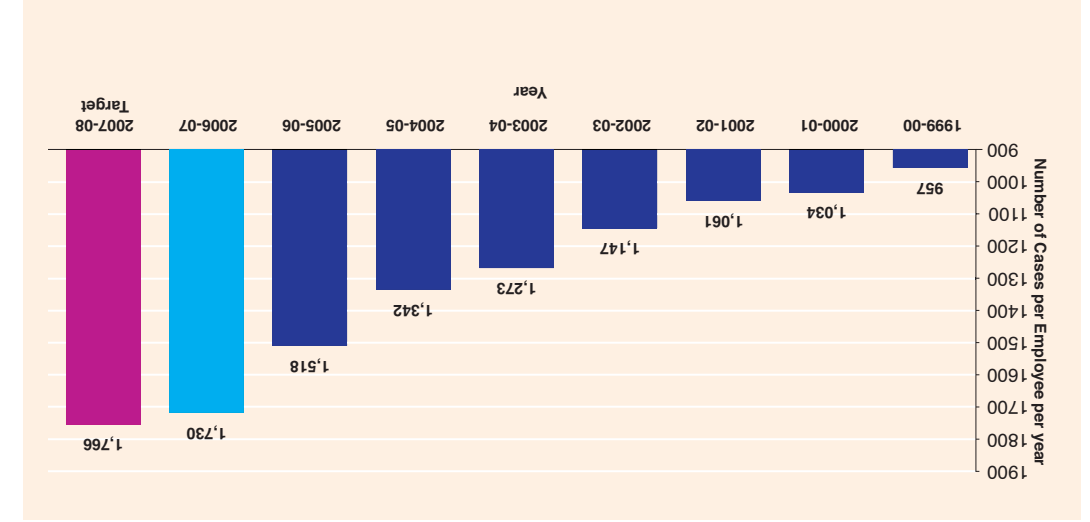


Figure 4: Productivity Performance since 1999-00

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Productivity

Service Delivery

Service Delivery

Cost per case

We successfully achieved our Cost per case target by reducing this element of the value for money target by 10.6% in real terms. Table 5 shows our performance against our target, and Figure 6 shows the reductions in the Cost per case that have been achieved since 1999-00.

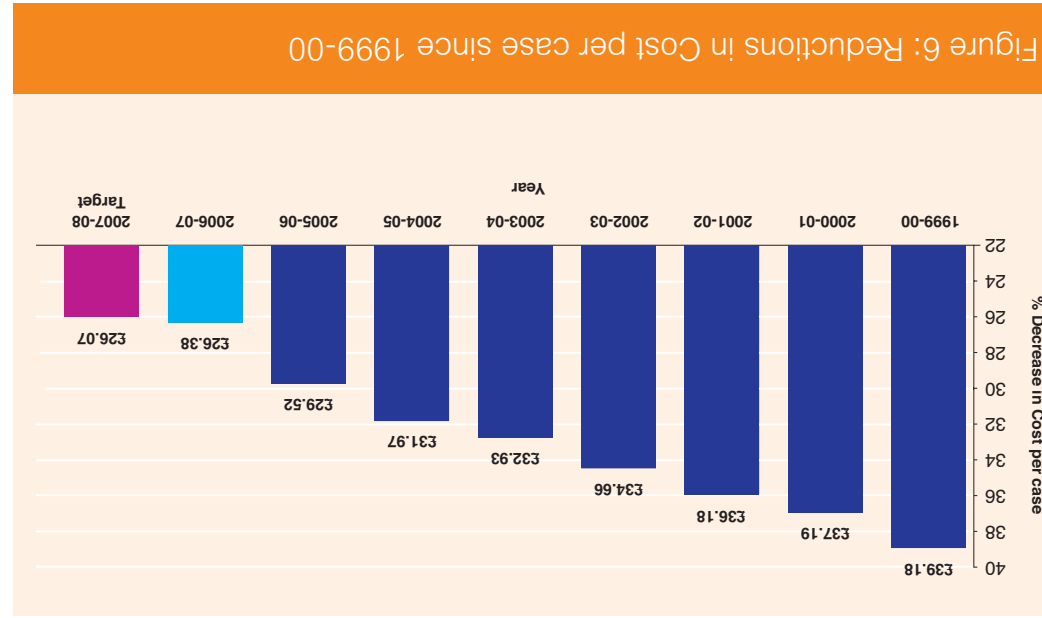
Table 5: Reductions in Cost per case

Description	2005-06	2006-07		2007-08
	Actual	Target	Actual	Target
% Decrease in Cost per case	7.7%	6%	11.6%	1.5%



Figure 6: Reductions in Cost per case since 1999-00

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Service Delivery

Service Delivery

Quality

We measure the quality element of our value for money target on the proportion of rental determinations that need to be changed following either a review (by a redetermination officer for Housing Benefit cases) or an appeal (to the Rent Assessment Committee for Fair Rent cases). Performance in 2006-07 for both quality targets is shown at Table 7.

Table 7: Quality Performance		
Description	2006-07	
	Target	Actual Outturn
Local Reference Rent (LRR) housing benefit cases, to be upheld on redetermination:	95%	96%
Fair Rent valuations that are checked as part of our quality assurance processes are verified as being accurate.	95%	99%

Customer Service Targets

As in previous years we continued to focus on further improving service delivery to both Housing Benefit claimants and Fair Rent customers; as well as directly to local authority Housing Benefit departments.

Our targets for 2006-07 were as follows;

Fair Rent Customers & Housing Benefit Inspections

Our target was to ensure that at least **95%** of our Fair Rent customers, and those Housing Benefit claimants whose properties we inspect, rate our service as satisfactory or better during the year.

We distributed almost 35,000 questionnaires to Fair Rent customers and Housing Benefit claimants whose properties we inspected and achieved a response rate of 17.6%. This was 3.5% higher than the previous year. Of the questionnaires returned, **95%** of customers rated our service as satisfactory to very good.

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Service Delivery

Service Delivery

Local Authority Housing Benefit Department Customers

Our target was to ensure that at least **95%** of our local authority customers rate our service as satisfactory or better during 2006-07.

The confidence expressed by local authorities in our services provided was again highly successful this year. We surveyed 100% of our local authority customers in England, and from the responses received, achieved over **98%** rating of our service as satisfactory to very good. This result exceeds the target by 3%.

Figure 8 shows the trend in our local authority surveys since first undertaken in 2004-05.

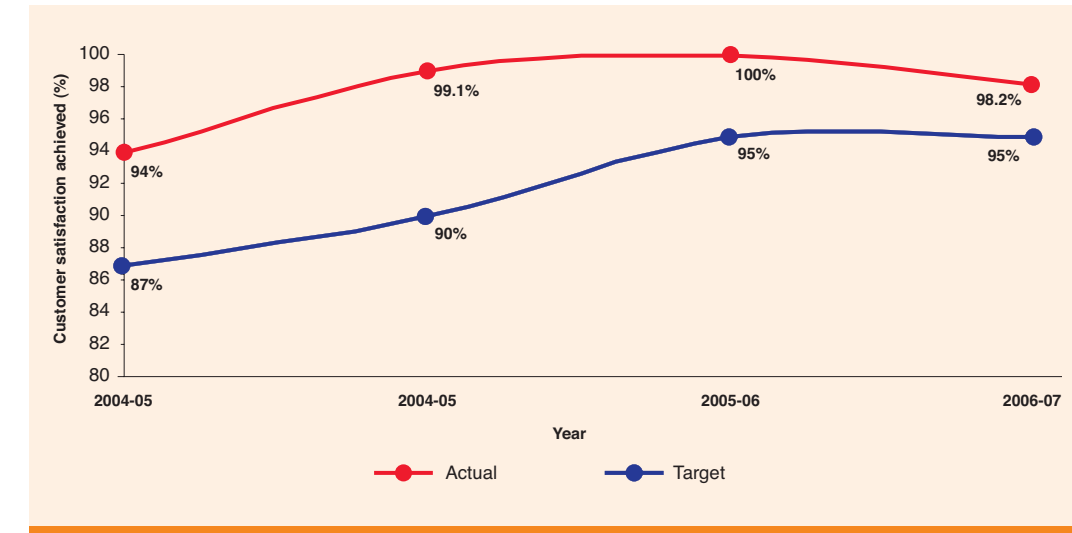


Figure 8: Local Authority Housing Benefit Department Customers

Supplier Payment Performance

For the fourth year in succession, we have achieved our target of meeting obligations to suppliers by paying undisputed invoices within 30 working days of receipt. During 2006-07, against a target of 98%, supplier payment performance achieved was 99%. This is a significant achievement when considering that for part of the year, we were upgrading our Oracle Financial systems.

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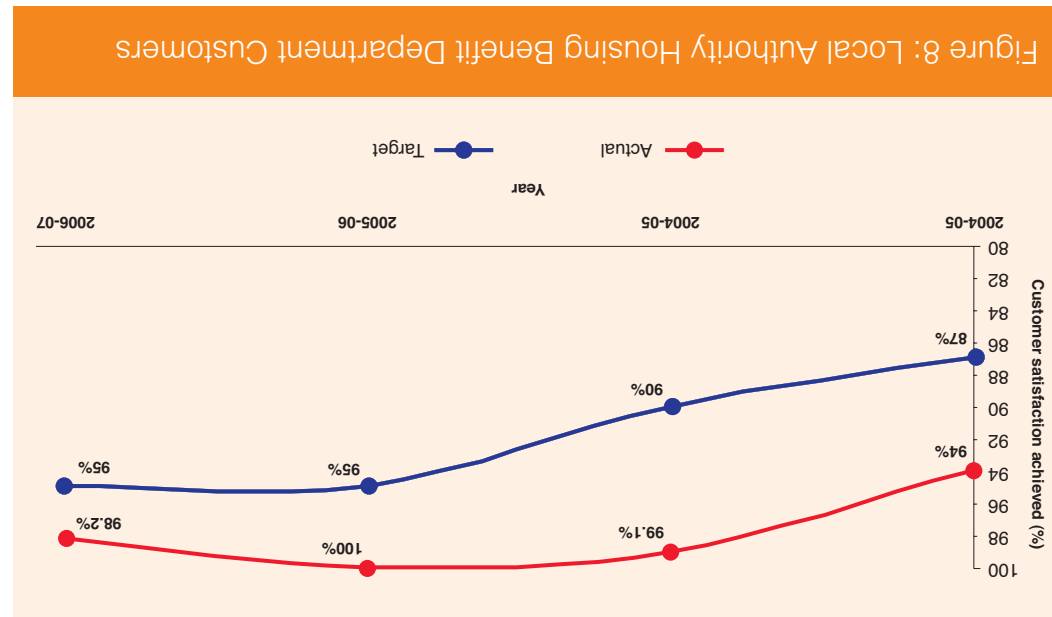


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Service Delivery

Service Delivery

Workload

As can be seen from Figure 9, Housing Benefit cases account for 93% of the total workload received. This figure includes Pre-tenancy determinations and Redetermination casework. In 2006-07, we received 68,000 more cases than originally forecast. This was also an increase of 47,000 more than the previous year.

As forecast, Fair Rent cases have continued to decline. A reduction of 12% in 2006-07 compared with 2005-06. Within the private rented sector, the option to secure or inherit a Regulated Tenancy ceased in 1989 when the sector was deregulated. The profile of the tenants that retained this level of statutory protection, including the right to a registered Fair Rent, is expected to decline naturally. However, this case type is subject to peaks and troughs due to the cyclical nature in which they are received (i.e. once every two years), which can cause fluctuations from year to year. This can be seen in more detail at Figure 13 on page 31.

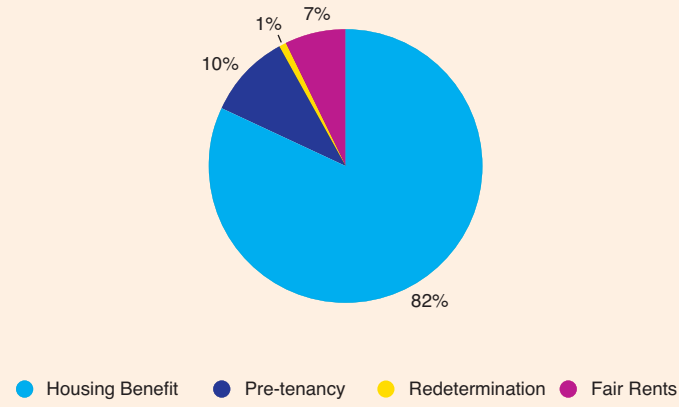


Figure 9: Proportion of Workload 2004-05

Overall, the total number of cases actually received in 2006-07 was 4.9% up against our forecast for the year.

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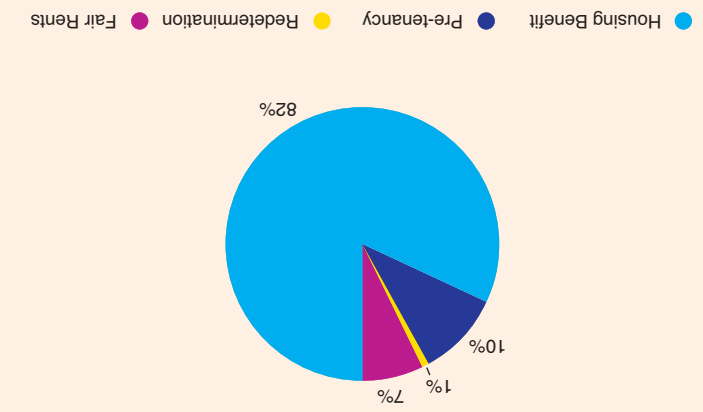


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Overall, the total number of cases actually received in 2006-07 was 4.9% up against our forecast for the year.

Service Delivery

Service Delivery

The increase in the total Housing Benefit (including PTD cases) since 2001-02 has been approximately 45%. Reasons we believe are attributable for this are mainly due to people migrating around the country more often seeking seasonal employment, an increase in the number of people seeking assistance with Housing Benefit due to increased rents within the private rented sector, and an increase in the number of people seeking a "top up" to assist with paying their rent and finally more referrals being received from local authorities as part of their improved quality assurance processes.

We receive Housing Benefit cases directly from local authorities operating within England therefore we have no direct control over the number or volume of cases we receive. For planning purposes in 2006-07 we estimated that we would receive 917,000 Housing Benefit cases, and received in excess of 969,000. This was 52,000 (5.6%) above our original forecast, and some 122,000 including Pre-tenancy Determinations (PTD's) more than the previous year.

Housing Benefit

Table 10: Number of Cases

Type of Valuation	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	Actual Outturn ('000)	Actual Outturn ('000)	Actual Outturn ('000)	Actual Outturn ('000)	Actual Outturn ('000)	Planned Outturn ('000)	Planned Outturn ('000)
Housing Benefit Cases							
With & Without Inspections	696	746	781	777	873	917	963
Pre-Tenancy	63	64	73	80	101	108	124
Redeterminations	10	10	11	10	10	11	11
Core HB Cases	769	820	865	867	984	1,036	1,092
Pathfinder Shadow Referrals	0	0	0	39	75	0	0
Total HB Cases	769	820	865	906	1,059	1,036	1,092
Fair Rents	118	113	115	99	94	96	85
Housing Renovation Grants	1	0	0	0	0	0	0
Total Workload	888	933	980	1,005	1,153	1,132	1,177

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Housing Benefit Reform

The Green Paper on Welfare Reform (“A new deal for welfare: Empowering people to work”), was published in January 2006 and reinforced the Government’s commitment to radically reform the Housing Benefit system. A LHA would be introduced nationally in the deregulated private rented sector.

The LHA has been tested in 14 local authority areas within England since November 2003 and bases Housing Benefit payments on a system of standard maximum allowances which vary according to the size of household and location of the property. The Rent Service role has been to set the LHA and to determine the BRMA’s within the LHA Pathfinder and Second Wave Group Local Authorities.

The period 2006-07 was the third year in succession that The Rent Service has worked in partnership with local authorities in taking forward the reforms, by assisting with the analysis on the impact of the adjusted LHA scheme as well as setting the LHA rates in pathfinder areas. Throughout the year The Rent Service planned and delivered workshops and conferences in support of the change process, and its affects upon staff, by identifying changes to working practices and delivering the relevant training needed to implement the reforms nationally.

The Welfare Reform Bill, including the sections on Housing Benefit reform, received Royal Assent on 3 May 2007. Work is continuing on the regulations that are necessary to implement the legislation in relation to the introduction of the LHA. It is expected that these will be completed by the late autumn of 2007.

The basis of the LHA that is to be applied nationally on 7 or 8 April 2008 will be a ‘median’ for a property with a defined number of bedrooms and this will require a more detailed knowledge of the private rented sector by the rent officer.

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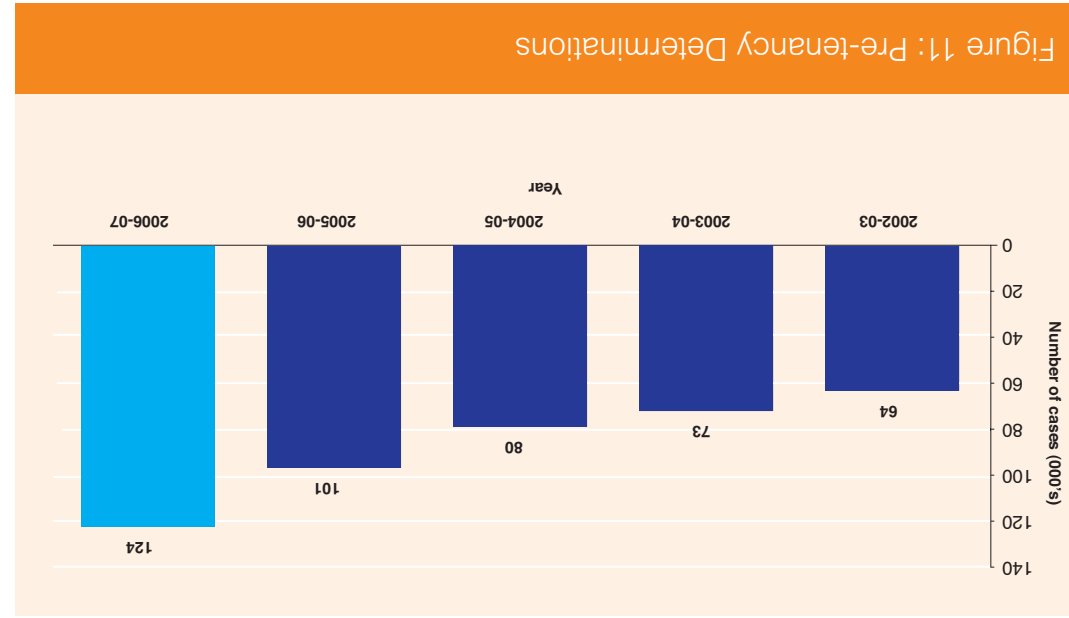


Figure 11: Pre-tenancy Determinations

Tetrapartite Conference

As the changes to administration of Housing Benefit cover the whole of the United Kingdom and Northern Ireland, we have been working closely with our colleagues in the devolved administrations to ensure a uniformity of approach. To this end, we held a Tetrapartite Conference in Glasgow in January 2007 to promote this approach.

Pre-tenancy Determinations (PTD)

A PTD is where a customer can ask what the rent is likely to be on a private rented property, and therefore the amount of Housing Benefit that is likely to be paid to them, before they enter into a tenancy agreement. In 2006-07, the number of PTD's received continued to increase with a year on year increase of over 22%. As can be seen in Figure 11, the rise in PTD's has been rapid. Possible reasons attributable to the increase in this particular case type are as follows:

- customers are more aware that they can obtain a valuation in advance of committing to a tenancy agreement; and
- there are more claimants in employment applying for Housing Benefit due to increased rents within the private rented sector.

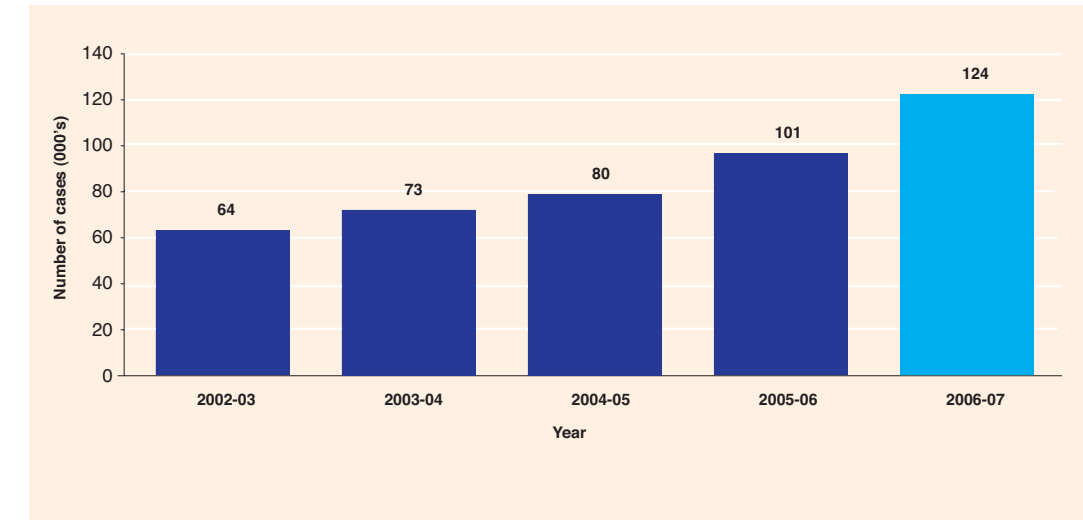


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Tetrapartite Conference

Service Delivery

Service Delivery

Redeterminations

The number of redetermination requests received in 2006-07 was slightly above forecast, but has continued to remain low in comparison to the number of Housing Benefit referrals we carried out during the year. The number of redeterminations remains at around 1% of the total Housing Benefit caseload received.

Redeterminations remain low in number due to the importance that the Agency places on continually improving the market evidence that rent officers use to determine initial Housing Benefit claims. During 2006-07, much work has continued to be carried out to improve both the market evidence database and the quality assurance measures within rent officer determination processes, which has enabled errors to be corrected before valuations are confirmed with local authorities.

The Redetermination Unit (RDU) has continued to provide quality decisions to Rent Service standards. The quality assurance processes in place throughout the year have ensured compliance against these standards which are regularly monitored and reviewed. The Agency's internal target was to quality assure 5% of redetermination cases. The Unit exceeded this target by quality assuring 6.11% of casework by the end of the year.

Figure 12 shows the continuing positive trend in the percentage of redeterminations as a proportion of our Housing Benefit caseload.

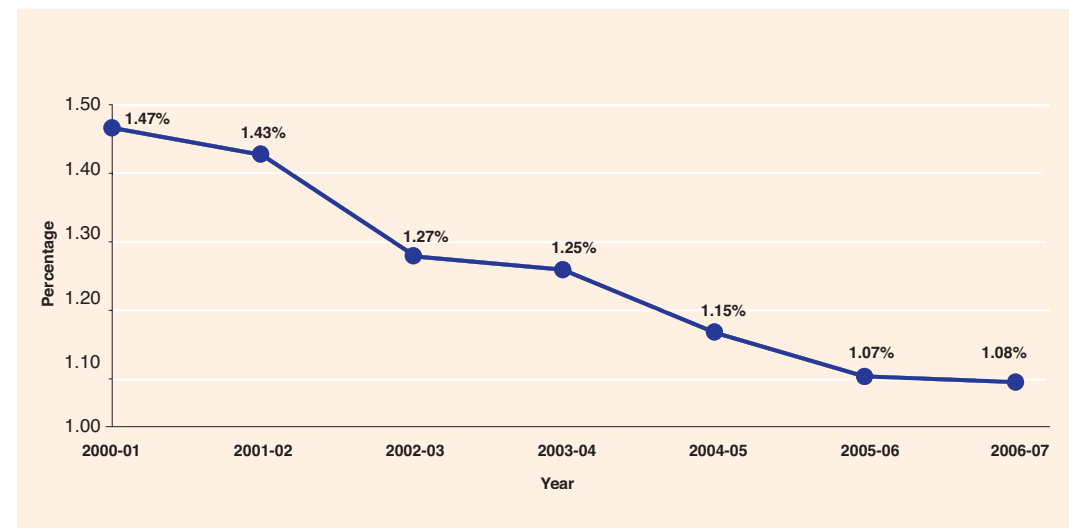


Figure 12: Proportion of Redeterminations against Housing Benefit (including PTD's)

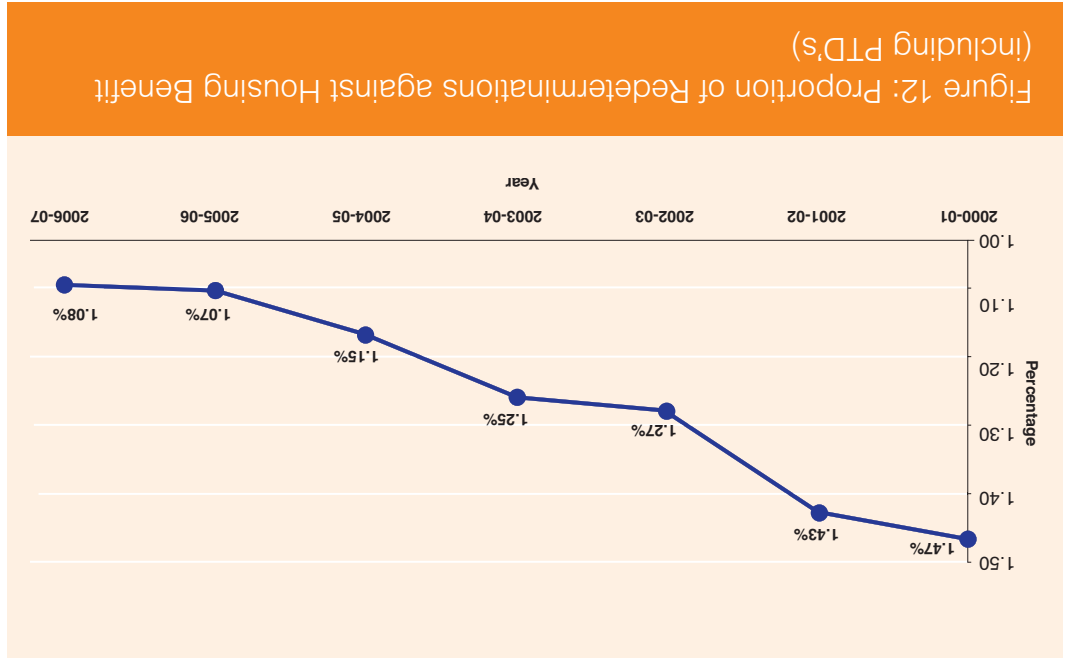


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The number of redetermination requests received in 2006-07 was slightly above forecast, but has continued to remain low in comparison to the number of Housing Benefit referrals we carried out during the year. The number of redeterminations remains at around 1% of the total Housing Benefit caseload received.

Redeterminations

Service Delivery

Service Delivery

Fair Rents

Fair Rent casework continues to decline. We forecast a small increase during 2006-07, due to the fact that this case type is generally received once every two years. However, we actually received 12,000 (12.5%) less cases than expected. This is attributable to The Rent Service receiving fewer applications for Fair Rent from some Registered Social Landlords, as these rents are protected by the Rent Act 1977 and are already below the current registered rent levels. In addition, Fair Rent tenancies will continue to decline each year as the right to secure or inherit a Fair Rent tenancy in the private rented sector was deregulated and ceased in 1989.

Over the past five years, the number of Fair Rent cases received has reduced by 29,000 cases, i.e. by 34%. This equates to an average of 5,800 cases per year i.e. 6.9%. We expect this decline to continue, albeit at a variable rate, over the next few years.

Figure 13 shows the trend of Fair Rent cases expected against the number actually received for the period 2002-03 to 2006-07.

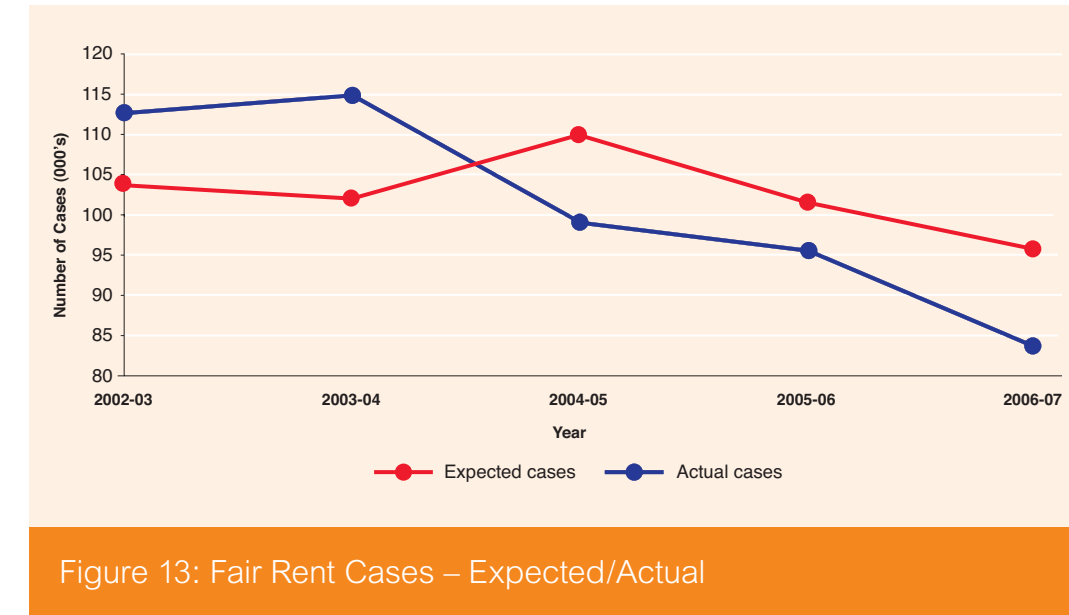


Figure 13: Fair Rent Cases – Expected/Actual

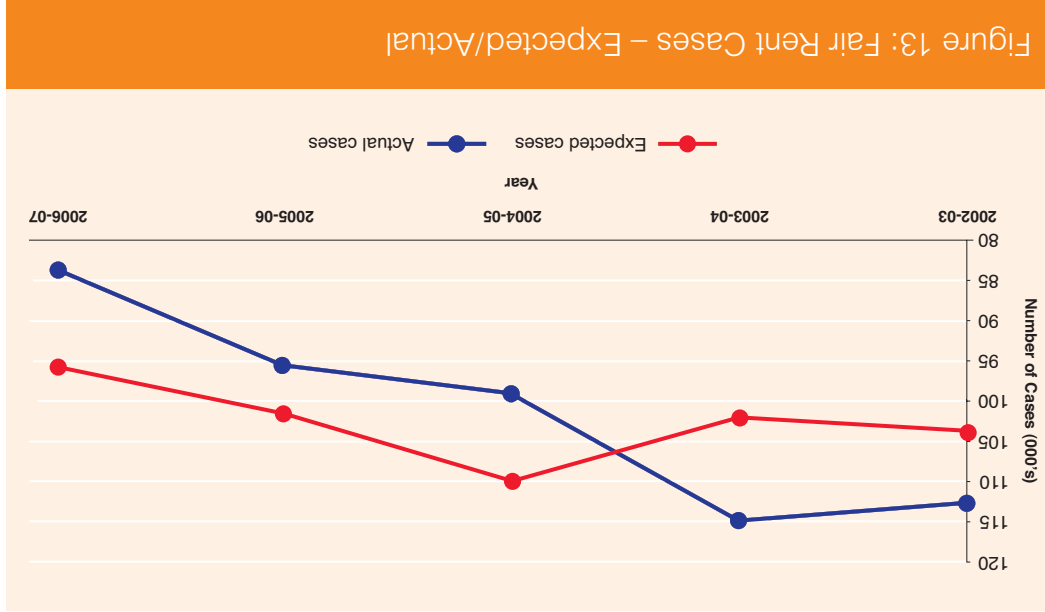


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Fair Rents

Service Delivery

Service Delivery

Regional Variations

Throughout 2006-07, trends in Housing Benefit casework demonstrated an increase in the number of cases received in both regions with a significant increase in the south, which reinforces the trend which began in 2005-06. A possible factor influencing this trend is an increase in the number of “top up” claims being received for people in employment that require additional assistance with paying their rent. This can be brought about by individuals seeking seasonal employment or simply migrating between regions.

Figure 14 shows the trend in casework between the North and South regions.

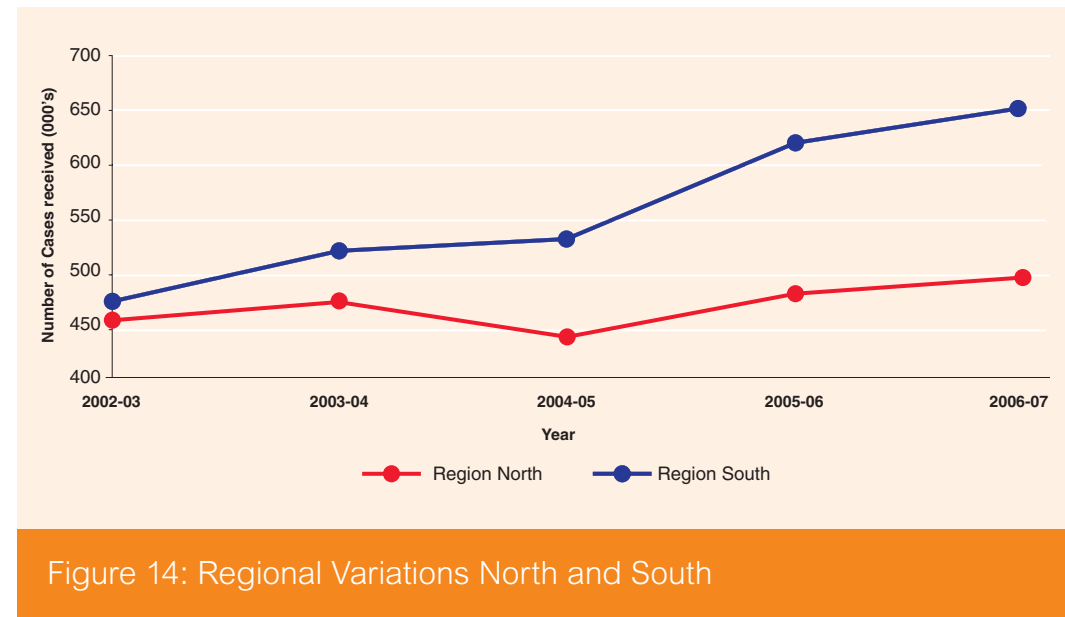


Figure 14: Regional Variations North and South

Corporate Governance

Since the announcement in 2002 of changes to the Housing Benefit system, we have been strengthening our corporate governance arrangements to ensure they remain robust. The introduction of the LHA and future transfer of residual functions to the Valuation Office Agency has refocused our attentions for continual reviews and revisions made to both our risk management and business continuity arrangements.

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Corporate Governance

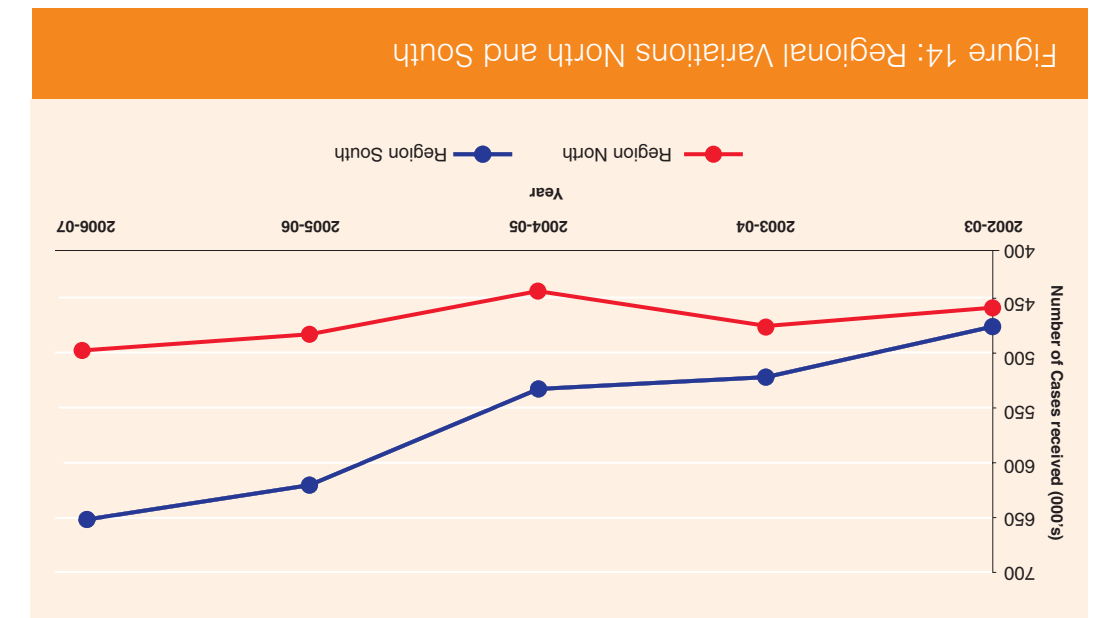


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Regional Variations

Service Delivery

To ensure that business continuity arrangements remain robust and fit for purpose, we adopted new and appropriate measures to review, update and test the Agency's business continuity arrangements. These reviews have enabled us to address gaps and make necessary changes to plans that will continue to keep our staff safe as well as delivering our business to customers in the unlikely event of an incident occurring.

Business Continuity

The Strategic Risk Register, the Statement of Internal Control and the Audit Checklist were presented to the Audit Committee for approval in June 2006 prior to the Chief Executive signing off the 2005-06 Statement on Internal Control. The mid-year stewardship audit carried out by our Internal Auditors received a full assurance demonstrating that our processes and systems have improved since 2005-06.

The Agency's Strategic Risk Register is reviewed quarterly by the Agency's Senior Management Board (SMB) and Directorate Risk Registers are also subject to formal quarterly reviews through the Business Planning and Stewardship processes. All high level Agency Risk Registers have been reanalysed to ensure that both inherent and residual risks are properly identified, considered and reported.

We revised our risk management processes and procedures, along with our internal guidance, and published this during the final quarter 2006-07. These new procedures were rolled out and adopted at The Rent Service Strategic and Directorate levels by 31 March 2007, with the rest of the business to follow through in 2007-08. We will provide training and assistance to managers to ensure that the new procedures are rolled out and embedded successfully.

In line with DWP's review of their Risk Management Framework and supporting documentation, we reviewed the outputs and redrafted the Agency's Risk Management Framework and supporting documents. We incorporated advice from the Treasury's Orange Book, the DWP Risk Assurance Division (RAD) as well as guidance and recommendations provided through internal and external audits carried out by Deloitte's, KPMG and Insight.

Risk Management

Service Delivery

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Service Delivery



During 2006-07, we planned to undertake two business continuity tests before the end of the financial year. This included plans to test the Agency's headquarters building response to an incident and the switchover to our Wimbledon Disaster Recovery Site (DRS), and a separate local operational office test to ascertain the readiness of local offices to respond to specific incidents. We successfully carried out the local office test at our Preston office but the test at our headquarters site will take place during 2007-08. The test was postponed as a result of decisions taken to upgrade our IT server farms. Once this work is completed, we can then attempt the second business continuity test.

Post Implementation Reviews

We completed a significant programme of Post Implementation Reviews (PIRs). The main purpose of these reviews is to determine whether project objectives and expected benefits have been realised, and if there were any "lessons learnt" for the handling of future projects in order to minimise the risks associated with their delivery. One of the main messages during the year is that we are getting better at taking on board messages from earlier reviews so that our processes and programmes relating to our key projects are carried through more smoothly.

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Service Delivery

Service Delivery

Sustainable Development in Government

During the year we completed a detailed questionnaire as part of DWP's annual Sustainable Development Report to Government, which was sent directly to the Sustainable Development Commission (SDC), the Government's sustainable development watchdog. This information feeds into reports by the SDC and Parliamentary Environmental Audit Committee so that we will in the future be able to compare our performance against other government departments and agencies.

Environmental Management System

During 2006-07, the Agency implemented an Environmental Management System (EMS) throughout the organisation, incorporating its objectives into all management considerations. This was achieved by using the British Standard BS8555 to produce a range of documents and templates for use within the EMS. A snapshot audit of progress was carried out by an independent auditor in March 2007, which highlighted positive and strong senior management commitment to this initiative and to raising awareness. Some work remains to be undertaken during 2007-08 to address gaps that have been identified before the Agency seeks its accreditation.

Sustainable Development

Audit Committee

Our Corporate Governance arrangements are overseen by an Audit Committee which met three times during the year. The Committee is chaired by an external member and is a sub group of the Agency's Advisory Board. It provides advice to the Agency's Accounting Officer on the adequacy of risk management and internal controls within the organisation. The Agency's operational and financial activities are also reviewed by auditors who successfully completed their internal audit programme for 2006-07. All recommendations following audit reviews are monitored. Exception reports including target implementation dates are discussed and reviewed by the Audit Committee throughout the reporting year.

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Service Delivery

Sustainable Development in Rent Service decision making

To address the social, environmental and economic issues within our decision making processes, the Agency trialled and implemented a sustainable development tool complete with written guidance to the key decision making body (Senior Management Team) within the organisation.

Business cases are assessed and scored with consideration given to any mitigating actions. The assessment forms are monitored for their quality and completeness, as well as for ensuring that all assessments are reviewed by the decision maker. These processes are being built into our corporate governance arrangements. The impact tool is also used to assist the Agency with meeting the Government's Sustainable Development Targets.

As can be seen from Table 15, the Agency was unable to meet a number of targets. In some cases this was due to insufficient information and in others it was simply because we had reached a plateau in this area. Areas identified as having insufficient information have since been addressed through the implementation of the EMS. To address those areas which have already levelled out, a different strategy and approach is being adopted to enable progress to continue in these areas.

The EMS and further upgrades to our reporting systems will enable us to become more proficient in both data capture and the way in which we present our reports. Much work has been undertaken throughout 2006-07 to induce behavioural change by placing the responsibility on individuals and businesses for the environmental degradation being caused. These measures will give staff an even sharper focus to achieving continual improvement in environmental performance.

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Service Delivery

Service Delivery

Sustainable Development Targets

Table 15: The Rent Service Sustainable Development Targets in 2006-07 and Outcomes

Target	Target Date	Outcome
Waste		
1. Reduce waste arisings by 1% per annum (where possible for each type of waste generated)	31/03/07	Not achieved – sufficiently robust figures from the base year (2005-06) were not available for comparison with the report year. Also, in the report year, some data has yet to be received, the methodology of estimating day to day office waste streams was changed and the standard unit weights for paper and confidential waste were significantly altered by the waste contractor, making direct comparison with the previous year difficult. However, it seems the Agency's overall waste is substantially down as there were fewer office closures and moves and far less file culling was carried out in the report year than the previous year. Progress was also made in collecting data on some of the minor waste streams, such as redundant lamping.
2. Increase recycling /composting rates by at least 5% per annum, aiming to reach 75% overall (where possible for each type of waste generated)	31/03/07	Not achieved – for the same reasons as set out for the first target above. However, likely to have fallen further behind the target as the main recycled elements of Agency waste are paper and furniture, both of which were considerably reduced in the report year.
Energy		
1. Source at least 10% of electricity from renewable sources	31/03/08	Achieved - in excess of 70% of the Agency's electricity, including electricity used at the HQ building, was purchased from renewable sources.
2. To reduce energy use in buildings by 1.5%	31/03/07	Achieved – due to relinquishing six offices and part of one other. However, whilst the reduction is considerably more than the target figure for both electricity and gas, uncertainties as to actual consumption at the new Birmingham office and the need for other estimates, make it impossible to calculate accurate percentage reductions.
3. To increase the energy efficiency of buildings on the estate, measured in terms of kWh of (1) fuel and (2) electricity use per sq m of building floor area, or estate area, by 2% from previous year	31/03/07	Achieved – (1) efficiency of gas use has increased by about 4% and (2) efficiency of electricity use has increased by about 26%. This could be due to a combination of factors, such as fewer offices and more staff remote working.

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Table 15: The Rent Service Sustainable Development Targets in 2006-07 and Outcomes

Sustainable Development Targets

Service Delivery

Service Delivery

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Target	Target Date	Outcome
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1. To reduce water consumption in office buildings where the Agency is sole occupier (or is separately billed based only on use) to an average of 7.7m ³ per person per year	31/03/07 and ongoing	Achieved at sites that are separately metered for The Rent Service – this target had been achieved in the previous year but a further reduction from 6.7m ³ pp/yr to 6.35m ³ pp/yr was achieved in the report year.
Paper		
1. To reduce paper consumption by 5% per annum	31/03/07 and ongoing	Not achieved – consumption increased by 2.6% over previous year. This target was always going to be tough as the Agency had substantially exceeded the same target in previous years (total reduction of 33% between 2001-02 and 2005-6).
Travel		
1. Against a baseline year of 2005-06, reduce road transport vehicle carbon dioxide emissions by at least 2.5% - to be achieved through any combination of: a) reducing total business vehicle mileage, b) improving the average fuel efficiency of vehicles, c) reducing total fuel consumed	31/03/07 and ongoing	Not achieved – due to changes in procedure, management structure and timing of reports, insufficient resources were available to collect enough robust data throughout the year.

During the year the Sustainable Development Team continued to raise awareness through greening coordinators, publishing articles in internal publications, publishing reports to the web site and through workshops and conferences. Such topics covered include;

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Customer Service Area	Aim	Level Achieved
Telephone Calls	If you telephone us, we propose to: Answer within 15 seconds (5 rings) Answer your query immediately, but where this is not possible, we will return your call within 48 hours.	86.6% within 5 rings 94.2% within 10 rings Source: Mystery Shopper Exercise 85% within 48hrs. Source: Customer Satisfaction Survey
General Correspondence	If you write or e-mail us, we will: Respond to your letter or e-mail fully within 5 working days, or where this is not possible, we will tell you why and aim to provide a full response within 10 working days.	100% Source: Internal Monthly Report
Callers to Our Offices	If you visit us, and we have not made an appointment, we propose to: Ensure that a member of staff sees you on arrival. Ensure that you see a member of staff who is able to attend to your enquiry or request within 15 minutes.	100% 100% Source: Internal Monthly Report
Visiting People in their homes. (Property Inspections)	If we visit you, we will: Arrive for the pre-arranged meetings within 15 minutes of the scheduled appointment time	95.3% Source: Customer Satisfaction Survey

Service Delivery

Fair Trade

Every initiative undertaken no matter how small is a positive contribution to global sustainable development and social responsibility. Such initiatives have been undertaken by staff that purchase their tea and coffee only with the Fairtrade Mark. This had led to individuals endorsing their intentions by using them at home. Such products can also be found in our office vending machines, which we intend to expand to other Fairtrade consumables.

Customer Service

In addition to the national surveys detailed on pages 24 and 25, we also surveyed the levels of access and flexibility of our service to our customers and stakeholders in specific areas such as telephone calls, general correspondence, callers to our offices and visiting customers at their homes. Table 16 shows the results of these surveys.

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Callers to Our Offices	If you visit us, and we have not made an appointment, we propose to: Ensure that a member of staff sees you on arrival. Ensure that you see a member of staff who is able to attend to your enquiry or request within 15 minutes.	100% 100% Source: Internal Monthly Report
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Service Delivery

Mystery Shopper Exercise

During 2006-07 a mystery shopper exercise was successfully undertaken. The results of this survey showed that 86.6% of staff answered the telephone within 5 rings. This information provides the Agency with assurance that our internal performance is effective.

Homeless Unit survey

A total of 86 local authority homeless units out of 354, responded to our survey. This represents a response rate of 24.3% which is an increase in the response rate of 22.9% achieved in 2005-06. 90.7% of units rated our service as very good, good or satisfactory. This is higher than the previous year when our service was rated at 87.7%.

Correspondence and Complaints Handling

Early in 2005-06, we reviewed the Agency's complaints and correspondence handling procedures to ensure that customers and other stakeholders are able, if they wish, to make a complaint about the service they receive. During 2006-07, we amended our policy for correspondence and complaints handling to include a further category of low level enquiries (i.e. not telephone calls) for such things as the detail of opening times, copies of rent registers and other minor enquiries. The amended procedures require us to record a new category of complaints and submit the information to the Customer Services Department. This enables us to monitor in more detail all correspondence against our internal targets for continuous improvement purposes.

During 2006-07, we received a total of 90 complaints against a caseload of 189,398 which represents 0.05% of the total cases processed.

In line with other government departments we now operate a two tier complaint process, the first tier being the source office or recipient and the final tier being the Chief Executive's Office. We class a complaint as being "any written or spoken expression of dissatisfaction about us and our services, whether made formally or informally, after we have given a clear explanation of the point at issue".

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Mystery Shopper Exercise

Service Delivery

Service Delivery

In 2005-06, we created a Community Initiatives Steering Group in line with our Business Plan objective to "Giving something back to the communities we serve". The initiative is not just about funding or donating money to good causes, but about exploring innovative ways to enhance existing work in areas which greatly need human resources and time to further their projects and initiatives rather than just money. In particular the organisation specifically aims to focus on the elimination of child poverty.

Community Initiatives

Following the Agency's previous year's success in achieving Charter Mark accreditation for the whole organisation, we chose the option - Continuous Improvement for accreditation. In July 2006 Charter Mark assessors carried out a further assessment of our services and we achieved full compliance in all six criteria.

Charter Mark

In 2006-07, the target to respond to Ministerial correspondence was to complete 90% of correspondence within 20 working days. We exceeded this target by responding to 100% of correspondence within the 20 day target.

Ministerial Correspondence

Complaints can be received in person, by letter, fax, e-mail or by telephone. Should any person be dissatisfied with the way in which The Rent Service has dealt with their complaint, they are entitled to approach the Independent Case Examiner (ICE). This is a service available to customers who have exhausted the Agency's own complaints procedure but remain dissatisfied with the response and/or redress provided. The ICE role is to consider complaints regarding maladministration, operating in a similar way to the Parliamentary Ombudsman by attempting a resolution to a complaint in the first instance i.e. by the Agency, and failing that, by carrying out a full investigation. This independent arbitration service is available to customers who are not satisfied by the responses received from the Agency's own complaints procedure.

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Ministerial Correspondence

In 2006-07, the target to respond to Ministerial correspondence was to complete 90% of correspondence within 20 working days.

We exceeded this target by responding to 100% of correspondence within the 20 day target.

Charter Mark

Following the Agency's previous year's success in achieving Charter Mark accreditation for the whole organisation, we chose the option - Continuous Improvement for accreditation. In July 2006 Charter Mark assessors carried out a further assessment of our services and we achieved full compliance in all six criteria.

Community Initiatives

In 2005-06, we created a Community Initiatives Steering Group in line with our Business Plan objective to "Giving something back to the communities we serve". The initiative is not just about funding or donating money to good causes, but about exploring innovative ways to enhance existing work in areas which greatly need human resources and time to further their projects and initiatives rather than just money. In particular the organisation specifically aims to focus on the elimination of child poverty.

If things go wrong

Complaints Procedure



CUSTOMER SERVICE EXCELLENCE

CUSTOMER SERVICE EXCELLENCE



Complaints Procedure

If things go wrong

Service Delivery

During 2006-07, staff have been outstanding in their contributions to both raising money for charitable organisations and being involved in community projects. Below are a few of the events staff signed up to throughout the year:

Race for Life – The following people based in our headquarters office raised over £1,500

Zoe Marsden	Dawn Boatwain	Brooke McKay
Jayne Corcoran	Julie Peciulaitas	Caroline Poole
Jeanna Marshall	Rebecca Leonard	Denise Chappell

National Beach Watch

As part of the London Sustainability Week, teams of volunteers spent time “Cleaning up the Thames” as well as other parts of the English coastline. This was a huge task for all concerned, but one group were greatly rewarded with the sight of the elusive dolphin that was sighted around the Hythe and Folkestone coastline.



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Service Delivery



The Agency's focus on quality continued throughout 2006-07 with particular emphasis on our collection of Lettings Information and Socio Economic Data. We have made great strides in improving the overall quality of the service we provide to customers, and this is acknowledged in the very high levels of customer satisfaction we have achieved in recent years. In order for customers and stakeholders to continue to have confidence in the accuracy of our valuations we have reviewed and broadened our quality assurance processes and focussed on core business activities.

In 2005-06 we established a Business Development Division (BDD) to provide the Agency's Accounting Officer, as well as customers and stakeholders with the additional assurance as to the robustness of the valuation practices and procedures in use throughout the organisation. During 2006-07, the division commenced a national programme of fundamental reviews in readiness for the introduction of the LHA in April 2008.

Quality Management and Lettings Information

Service Delivery

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Service Delivery

In addition to the above, we published performance figures against a quality initiative which has proved highly successful, that being the sampling of both Housing Benefit and Fair Rent casework, which was undertaken by Valuation Team Managers and monitored quarterly by the Operations Development team.

Lettings Information

In 2006-07, both the north and south regions included a strategy within their business plans to address the identification and collection of lettings information at the lower end of the private rented sector market. Action days were held to promote the importance of lettings information collection and to focus staff on collecting information in areas where agents are few, and where there are areas of minority group residents to ensure The Rent Service database is representative of the private rented sector.

When rent officers collect lettings information it has been targeted to neighbourhoods and property size with greater emphasis on addressing gap areas, in particular where evidence has been historically more difficult to collect. To maintain emphasis on the quality of evidence new Lettings Research Teams have been created to provide even further confidence in our valuation information system that hold the lettings information and socio economic data.

There is an ongoing exercise to underpin the emphasis on the quality of data gathered where we undertake periodic reviews of the data held to eradicate data that is considered too old and to address any system generated errors.

In June 2006 the Agency launched a new initiative to collect lettings information and to demonstrate that focus research could be successful. Staff in the BDD identified gaps in the data being held by reference to property size and locality/neighbourhood. We sourced external providers to assist us with a pilot particularly with the collection of evidence in areas of the private rented sector which are harder to reach. The pilot areas were Coventry and Oxfordshire and the project brought the following benefits;

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- a better balance of evidence across all sections of the private rented sector onto our database

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Service Delivery

Service Delivery

- increased landlord contacts
- increased focus on collection techniques; and
- people skills when dealing with customers and stakeholders

As a result of the success of the pilots, we extended the process to collect lettings information in this way to a further group of towns and cities across England. This has led to a more robust and quality assured database.

Efficiency Programme

We continued to look for and deliver more efficiency savings by completing a number of key reviews. The key outcomes from the reviews were;

- agreement in principle to establish a Centralised Processing Unit
- the establishment of separate work streams for rent officers to ensure that the Agency is ready for the implementation of the LHA
- the reorganisation of the Operations Directorate; and
- a reduction in staff complement

The business benefits achieved from the reviews undertaken will feed through into significant financial and staffing savings which will flow to the Agency during 2007-08.

Estates Rationalisation Programme

During 2006-07, The Rent Service undertook the closures of both the Luton and Bromley offices. Refurbishment projects were also undertaken in Warrington, Birmingham, Bristol and Headquarters.

Accommodation Related Projects

The Property and Procurement team undertook a strategic study of the estate to identify the optimum locations for the Agency's offices and a review to determine if the Agency can utilise its accommodation more flexibly with a view to improving space utilisation ratio and maximising value for money.

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Service Delivery

The resulting report consisted of analysis of the way that our accommodation is used and recommendations relating to the ratio of desks to members of staff that we might consider as the basis for future refurbishment plans. The second part of the report analysed the 'ideal' locations suggested by senior operations managers and proposed a 'model estate' based on the suggestions from managers. Analysis was undertaken of travel distances, caseload locations and knowledge of the market. The report was presented in December 2006 and the model estate was accepted as being that to which we should strive when considering business cases in the future.

Procurement

Supplier Relationships

As part of the approved long term purchasing strategy, our Property and Purchasing Team (PPT) held regular meetings with suppliers in order to ensure supplier performance continued to meet Agency expectations and that contracts in place continued to provide value for money.

Value for Money Gains

At the mid year stage, it became apparent that the target originally set for vfm savings was in fact too low. We increased the target from 2.5% to 4% which equates to around £200k.

During the year we have managed vfm savings, calculated on the basis of Office of Government Commerce guidance, of just under £403k excluding VAT and excluding savings on accommodation costs (provisions). Of this just over £163k was cashable. The majority (£210k) is due to the calculated savings (5% is allowed) for using Office of Government Commerce contracts. The Agency still generated almost £200k savings on top of this.

In addition there were quantifiable savings of £191k excluding VAT, on various accommodation activities relating to our surplus office stock. The major success here was in the negotiation of the surrender of the leases.

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Service Delivery

Government Procurement Card

During the year it became clear that the restrictions we had imposed on the use of the cards, both value and commodity, were preventing a complete analysis of the benefits, or otherwise, of the card. Following a submission to the SMB those restrictions were lifted and the card was used to purchase a variety of goods. It was particularly useful for on-line purchases, including screen monitors and travel. The SMB agreed that the unrestricted trial should last until March 2007. SMB agreed as a result of the trial to roll-out cards to Territorial Managers and selected corporate teams, subject to restrictions.

e-Business

Valuation Information Communication Technological Electronic Retrieval System (VICTER)

During 2006-07 we began the upgrade of our core caseload processing system VICTER to remove old and unsupported software that VICTER is dependent on and replace it with the latest technology to minimise any risk to the business. We also undertook further efficiencies to implement changes to the Valuation Information System (VIS) that records lettings information in the system.

The VICTER 4 infrastructure, which consists of user maintenance, neighbourhood maintenance, workflow engine, case list and document management modules, has been completed. Most of the core casework modules have also been completed and testing commenced. It is expected to roll out, in phases, from summer 2007.

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Service Delivery

Network Infrastructure

Throughout the year the network infrastructure concentrated on security issues and minimising business risks. This consisted of 20 operational offices receiving new "Backup" ISDN lines to ensure they have sufficient capacity to operate effectively should they lose the main network link. In addition, security improvements were introduced where IT systems are accessed remotely. New software known as "Portwise" that provides a two stage authentication, as well as a username, login and one time password sent to the users via SMS to mobile phones was successfully implemented before the end of the year.

Recently the business identified problems being experienced with the main file and e-mail servers which resulted in loss of processing time. An extensive upgrade of the hardware firmware and software drivers on these key servers has significantly improved the stability, reliability and processing time of the servers with no issues having been reported since the upgrades were installed.



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Network Infrastructure

Service Delivery

Service Delivery

The Agency successfully implemented an electronic Asset Management System (AMS) consisting of a fully functioning Asset Management and Tracking Module and a Financial Module which will be used to record asset values and produce depreciation values including Modified Historic Cost Accounting depreciation values. As part of this project the AMS has also now been linked to Express Metrix and data has been successfully transferred between the two systems. Express Metrix is a software management tool used by the Agency's Information Technology team to monitor software usage. This tool also has the capability to gather information such as speed and hard disk capacity of business computers. This system will provide the necessary support to track the Agency's assets through their life cycle and has greatly reduced the risks of fraud and theft of assets within the business.

Asset Management System

The Rent Service successfully attained ISO27001 accreditation for the entire organisation in July 2006, and successfully retained the accreditation following an audit in January 2007.

BS7799/ISO27001 Scope Extension Project

We completed the testing and piloting on this e-delivery project that utilises 'handheld' technology to enter data remotely thereby removing the inefficiency of double handling data and enhancing data quality by removing the need to rekey.

e-Connect

Of the 354 local authorities in England that submit Housing Benefit referrals to The Rent Service, 95 are currently using EIS. A further 14 local authorities are currently testing the system. The software is still readily available and free of charge to all local authorities, and the support offered by The Rent Service has continued to be available. Support for this application has been greatly improved by The Rent Service providing automated daily input and output reports that are sent to local authority users. A monthly newsletter is also sent to local authorities, informing them of known issues and future developments.

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Service Delivery

Oracle Systems

Throughout the year we continued to upgrade core Finance and Human Resource systems. We encountered some technical problems with the upgrades which created severe delays, but the upgrades were finally completed in January 2007. Work has since begun on the implementation of a disaster recovery solution for the new system based on replication technology and not backup tapes.

Development of our Website

The Agency's website continues to be reviewed in line with Government e-accessibility and meta data standards.



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Oracle Systems

Service Delivery

3. Staff



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Staff

Staff Numbers

In 2006-07 we employed an average of 687 staff, compared to the 700 that we had originally planned to employ (2% less).

Table 17: Staff numbers by Directorate

Directorate	2004-05 Actual	2005-06 Actual	2006-07 Planned	2006-07 Actual
Chief Executive	47	48	47	48
Finance	36	35	33	34
Human Resources	32	28	27	25
Operations Front Line Staff	634	600	593	580
Total Staff	749	711	700	687

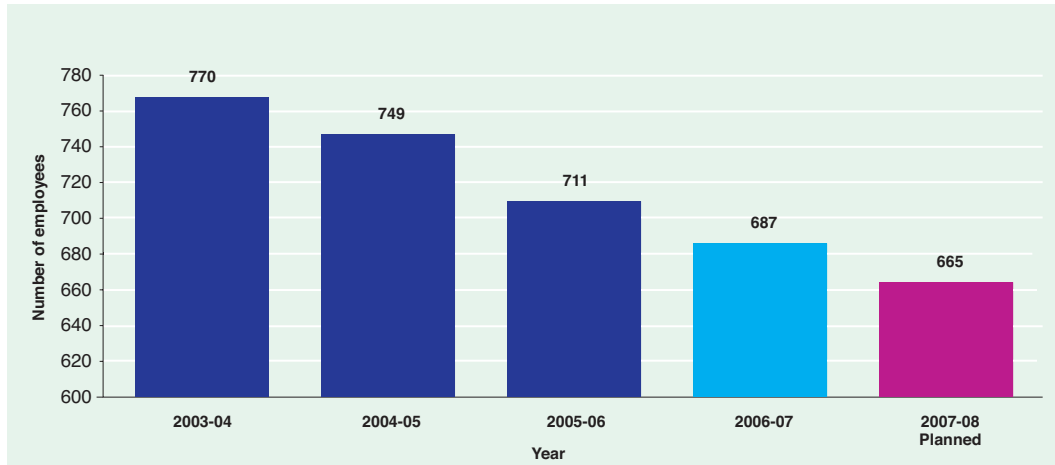


Figure 18: Average staff numbers

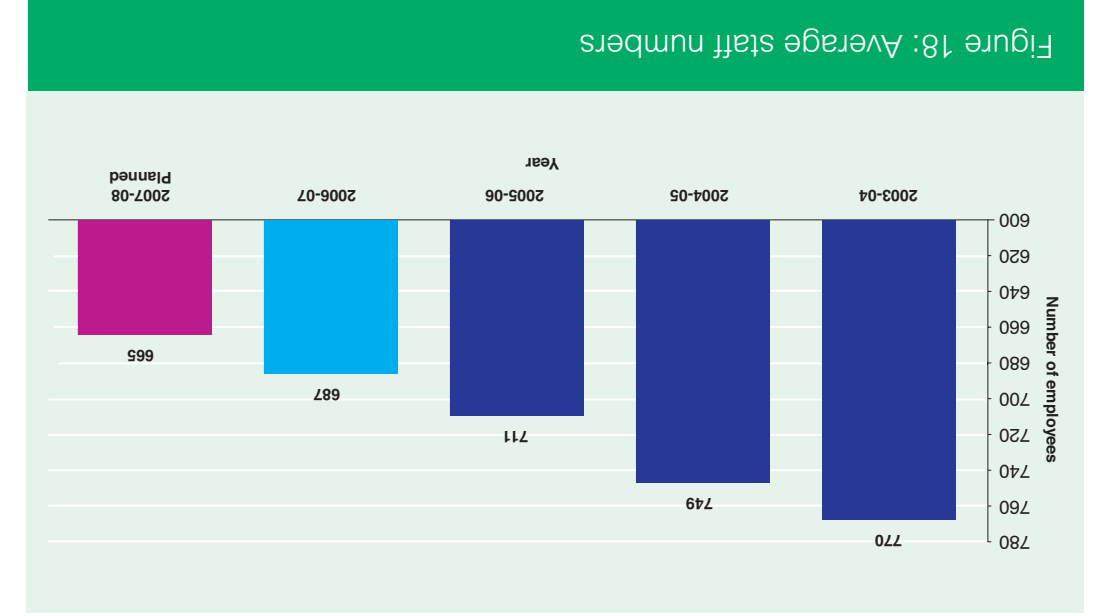
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A key component of our learning strategy over the past year has been the development of our evaluation tool, which enables us to clearly identify not only the initial learning requirement, but how the results of learning activity will add value to both the individual and the organisation. Once the learning activity has been completed we not only seek feedback from the learner and their line manager as to the value of the training, but there is then a second stage built into the process where the learner and the line manager assess the effectiveness of the training around 6 months after the learning has been completed. This helps us to identify whether or not the training has really had long term benefits for both the learner and the organisation.

Learning Evaluation

We continued to develop staff by supporting, mentoring, coaching and work shadowing, encouraging the sharing of knowledge and work experiences. In addition to the learning programme, The Rent Service along with other organisations up and down the country participated in the National Learning at Work Day, which gave our staff an opportunity to break away from their normal routine and learn something new.

Our learning programme for 2006-07 was specifically designed to include all levels of staff, delivered in a variety of methods that included e-learning, in-house training and external providers.

Our learning solutions are designed to meet the specific requirements of individuals, address business priorities, changes in legislation and wider government reforms and continue to be refined in the light of learner feedback. During 2006-07 our staff spent 2,410 days undergoing training. This represents an increase of 211 days (10%) on the previous year despite the fact that we had 24 less staff. Overall more than 93% of the training courses offered to staff were taken up, an improvement of 4% on the previous year.

As in previous years we have invested heavily in the learning and development needs of our staff, and this has been a major contributor towards this year's excellent performance. During 2006-07 we spent the equivalent of 4.3% of our direct staff costs expenditure on learning activities.

Learning

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Staff

It also helps us to ensure that we are maximising the value for money we achieve within the resources allocated to learning activities.

Diversity Awareness and Understanding

As well as completing the detailed training for managers begun in 2004-05, we have also provided training for the majority of our non-managerial staff to enable them to have a better understanding of the value of diversity within our business and to fully understand their roles and responsibilities in this aspect of their working lives.

Technical Training for Rent Officers

As well as continuing training new entrants in their workplaces using workbooks and e-learning tutorials supported by their managers and local training – building on the skills and expertise within the organisation – we have developed a bank of occasional in-house technical trainers to run subject-driven workshops for both new entrants and more experienced staff to assist in developing their valuation skills and knowledge.

Continued Professional Development and Qualifications

We have continued to encourage and support our staff to maintain and update their professional skills and knowledge. We have continued to maintain our Corporate Membership of the Continuous Professional Development Foundation which enables our valuation staff to have access to 150 hours of Continued Professional Development per year.

An increasing number of our staff are studying for qualifications that will lead to membership of a professional body and we have continued to support these staff as well as a number of others who are studying for vocational qualifications, in particular under the NVQ programme.

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Staff

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Outplacement and Transferable Skills

We have continued to support members of staff who have left the organisation, either through planned retirement or through efficiency savings. Training for these skills was delivered by external providers.

Human Resource Developments

Competencies

We have developed a new competency framework for The Rent Service, which will ensure we recruit, train and reward our staff on the basis of the skills and level of skills that we require to better deliver our business. We have reviewed all The Rent Service job descriptions in the light of the new framework. The competencies have also been incorporated into both our recruitment and selection and personal development processes.

Succession Planning

A succession planning model has also been developed and integrated within our management review processes. This will enable managers to identify possible successors for key roles and to consider the development needs of those individuals and will ensure that the Agency's service delivery does not suffer from a sudden skills shortage in key areas.

Investors in People

During the last year the whole of the DWP were accredited under this scheme and we were assessed as part of this process.

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Investors in People

A succession planning model has also been developed and integrated within our management review processes. This will enable managers to identify possible successors for key roles and to consider the development needs of those individuals and will ensure that the Agency's service delivery does not suffer from a sudden skills shortage in key areas.

Succession Planning

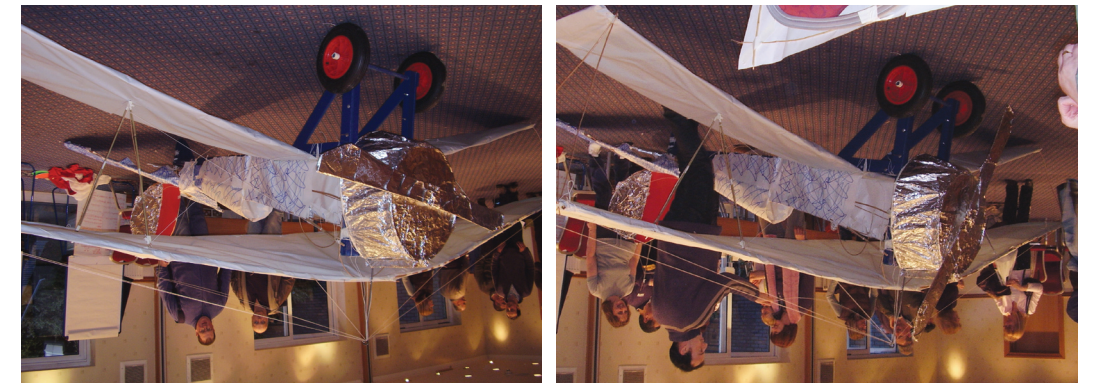
We have developed a new competency framework for The Rent Service, which will ensure we recruit, train and reward our staff on the basis of the skills and level of skills that we require to better deliver our business. We have reviewed all The Rent Service job descriptions in the light of the new framework. The competencies have also been incorporated into both our recruitment and selection and personal development processes.

Competencies

Human Resource Developments

We have continued to support members of staff who have left the organisation, either through planned retirement or through efficiency savings. Training for these skills was delivered by external providers.

Outplacement and Transferable Skills



Eclipse Awards

The Eclipse Awards recognise individual achievement and are awarded on a monthly basis. The scheme has been in operation since November 2004, and is proving to be a popular and successful form of recognition. Each monthly winner receives a £300 bonus, and at the end of each year, the four winners judged to have made the most significant contribution during the year receive an additional £1,000 bonus. Annual Eclipse winners for 2006-07 and Eclipse winners were;

Christine White Administrative Assistant, Birmingham

(Left) being presented with her annual award by Pat Elliot (Regional Director North). Nominated by: Suzanne Richards, Senior Property and Purchasing Manager.



Nominated for her work, making detailed arrangements for the closure of the old Birmingham and Stone offices and the move to the new Birmingham office. This took place over a number of months on top of her normal workload. Christine tackled each task with enthusiasm and her considerable efforts in preparation for the move and set up at the new office helped to ensure that the move went smoothly.

Helen Bashford Rent Officer, Bromley

(Right) being presented with her annual award by Dame Stella Rimington at our Staff Conference. Nominated by: John Gowers, Valuation Team Manager.



Nominated for her outstanding contribution to her team, over and above what would be expected. Helen has shown an extremely positive attitude and made a significant input over an extremely difficult period.

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Staff

Paula Quirke

Rent Officer, New Barnet (Right) being presented with her annual award by Nigel Bravery (Regional Director South).
Nominated by: Gethin Hughes, Customer Service Manager



Paula was nominated for receiving three compliments from external stakeholders in the space of one month. The comments came from tenants who were impressed by the way she had dealt with their cases. Such comments are relatively uncommon and therefore to receive three shows a particularly high level of customer service.

April 2006



Sheila Nicholson Newcastle
Isabel Holdbrook Southampton
Sarah Mills Welbeck Street, London

May 2006



Celia Jackson Warrington
Helen Bashford Bromley
Cabrina Milford Welbeck Street, London
Roland Knell Welbeck Street, London

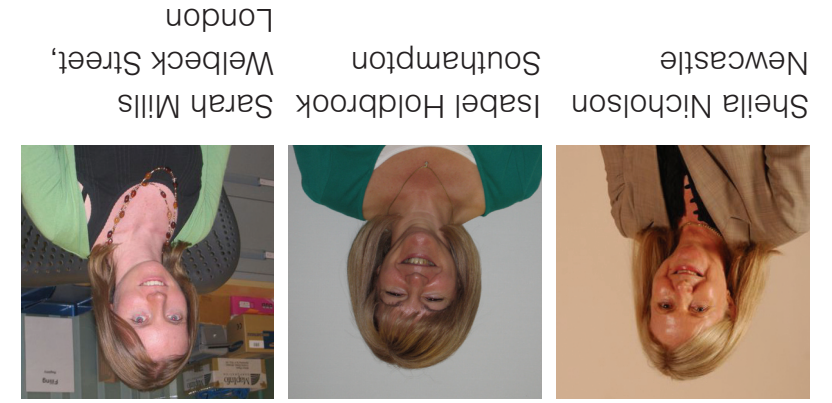
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June 2006



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Southampton

Gary Whitehead
Leeds

July 2006



Amanda Webb
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Anita Etienne
Welbeck Street,
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August 2006



Daniel Scotland
Warrington

October 2006



Sheila Nicholson
Newcastle

Betty Bryson-Bassett
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December 2006



Neil Smith
Chichester

Paul Luk
Preston

January 2007



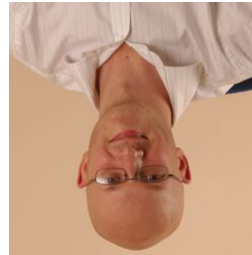
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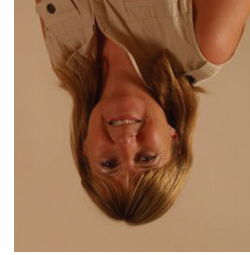
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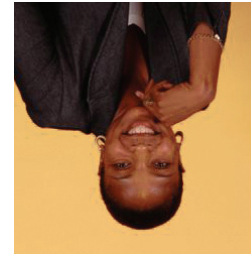


July 2006

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Southampton



Anita Etienne
Welbeck Street,
London



Staff

February 2007



Julie Trower
Chichester



Steven Beresford
Warrington



Julie Gregory
Bournemouth

March 2007



Elaine Darkes
Birmingham



Angela McGrath
Southampton



Matthew Lear
Exeter

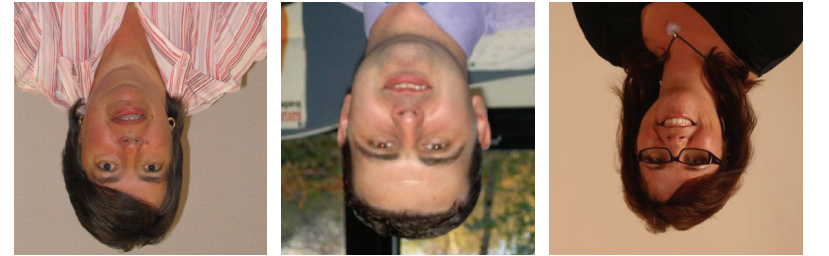
In addition, the following were also Eclipse Award winners: July 2006 – Philip Marshall, York, August 2006 – Paul Griffin, Birmingham, September 2006 – Sara Pederson, Luton, Chris Brand, Wimbledon, November 2006 – Anne Aubury, Norwich, Joanne Falconer, Birmingham, January 2007 – Keith Carter, Norwich, Alison Cottier, Workington.

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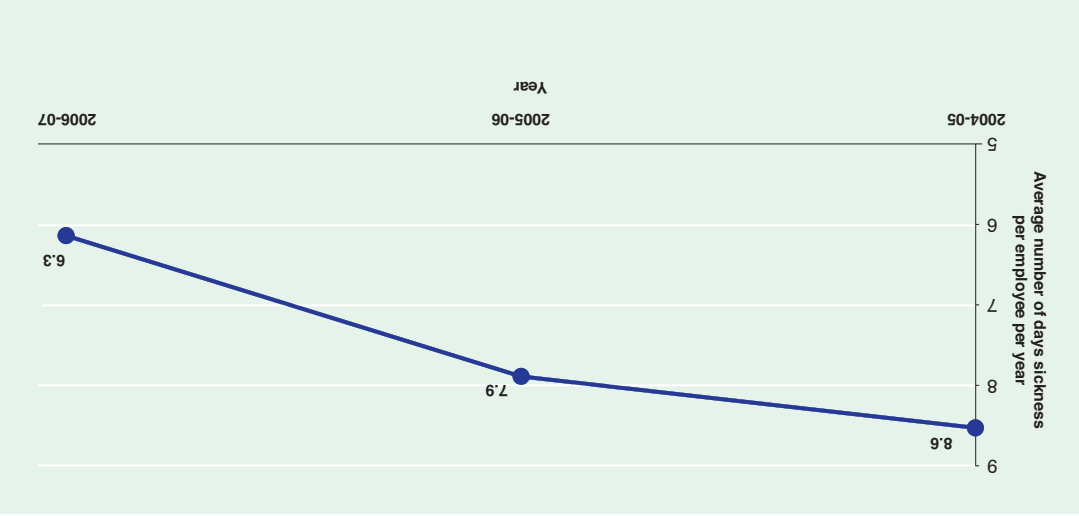
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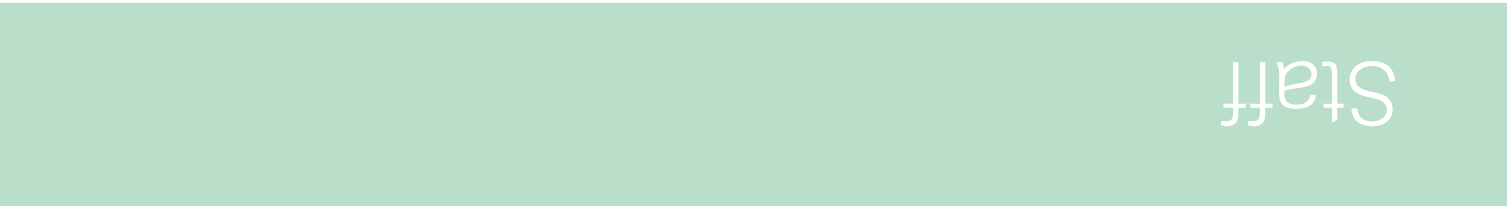


Figure 19: Reduction in Sickness Absence 2004-05 to 2006-07



In 2006-07 we aimed to reduce sickness absence to no more than 8 working days per employee per year. This was a challenging target. Average sickness absence per member of staff during the 2006-07 financial year was **6.3 days** (almost 21% below our target).

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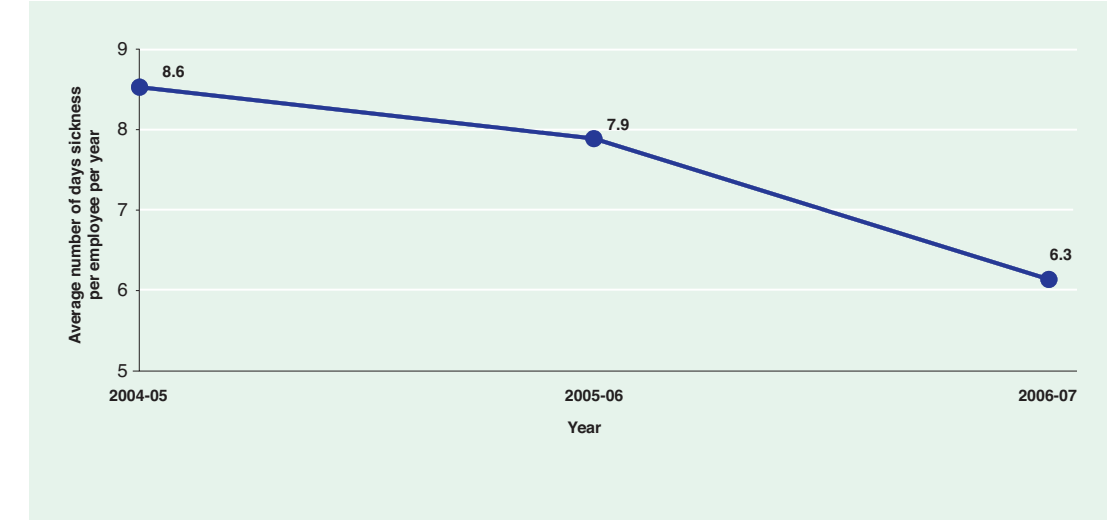


Figure 19: Reduction in Sickness Absence 2004-05 to 2006-07



Staff

We were able to achieve this excellent improvement in performance by taking a number of actions during the last year. As well as continuing with the Absence Control Group, where senior managers from all parts of the organisation meet with HR staff to discuss individual cases and to share best practice, we have also issued a DVD on improving attendance. This year we have also examined the number of occurrences of sickness absence, as this helps to identify staff who have a number of short term absences that might not have been identified if we were just reviewing the total days lost to sickness absence. We have also completed the process of reviewing our "Managing Attendance" policy and guidance. We have also continued to support our staff and managers' during periods of sickness absence to help facilitate a timely return to work.

A major factor in maintaining the Agency's success in the area of sickness absence continues to be the encouragement and support provided to managers in taking direct responsibility and action for their teams.

We have made further improvements to our information systems to deliver more timely and detailed information to managers and staff at all levels and in all parts of the organisation.

Welfare

During the year our Welfare team continued to provide support to all staff to assist with the management of work related or personal issues. We continue to provide an external counselling service which we encourage our staff to use when appropriate. In addition, the Welfare team have introduced and issued guidance on an in-house mediation service to deal with potential conflict situations.

The Welfare team were instrumental in setting up a number of Health Awareness Seminars which were held in offices across the country. The seminars concentrated on nutrition, cholesterol blood pressure and how this impacts on staff's general health and wellbeing.

In January 2007 a 6 week stop smoking programme was established in partnership with the Westminster Primary Care Trust to assist those staff wishing to quit smoking, following the introduction of a ban on smoking in the work place at the start of 2007.

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The review of our Health and Safety policy commenced in September 2006. The policy and all annexes have been equality-proofed and updated to account for legislative changes.

Health and Safety

As part of our commitment to diversity and in anticipation of legal requirements to come into force in April 2007, an Equal Pay Audit was commissioned. We will be taking forward any actions arising from the audit during 2007-08.

Equal Pay Audit

We have issued guidance for Senior Managers to enable them to carry out impact assessments on policy and procedural changes. A total of 21 impact assessments were carried out during the year.

The principal diversity policy "Different but Equal" was reviewed and republished in November 2006, and updated with new information and legislative changes. Other HR guidance and policies were also reviewed to incorporate new legislation for age, disability and gender. We continued to build and update the Diversity Intranet site to support the roll out of diversity training to all staff.

In preparation for the introduction of General Duties under the Disability Discrimination and Equality Acts, substantial preparations as well as consultation were invested in the preparation of the Equality Schemes. These were published on 4 December 2006 and incorporate all the previously separate action plans into a single document to ensure that all diversity actions are taken forward. The final document outlines the diversity strategy for The Rent Service for the period 2006 – 2009.

We recognise the value gained from a diverse and representative workforce both to the organisation and to our customers and, as planned, we continued our commitment to raising awareness of diversity through a comprehensive programme of diversity training for all our staff. The overall aim was to maximise the business benefits through demonstration of continued commitment to valuing and respecting all customers and employees of The Rent Service.

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As part of the integration of the management of the diversity and health and safety functions staff have been encouraged to declare disabilities where reasonable adjustments were made to their working environment. During the year 14 additional staff have declared a disability, bringing our total disabled staff to 25.

Staffing Information

As part of our diversity strategy we continue to monitor and review our staffing statistics to ensure equality of opportunity for all. The Agency employed 695 people at the end of March 2007 of whom 366 were female (53%) and 329 (47%) were male. Of the total staff, 25 had declared a disability which is 3.6% of staff. This compares with 11 people or 1.5% of staff at the time last year. Of the 545 staff who have declared their ethnicity 83 (15%) come from an ethnic minority background.

The results of our monitoring by age, ethnicity and gender are shown in Figures 20 to 22.

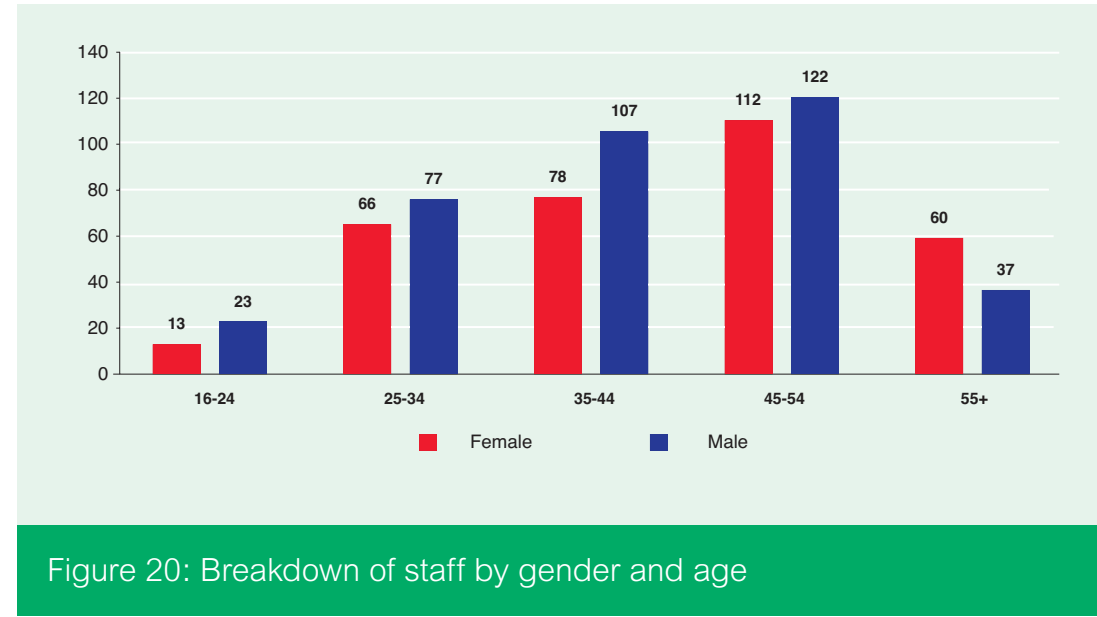


Figure 20: Breakdown of staff by gender and age

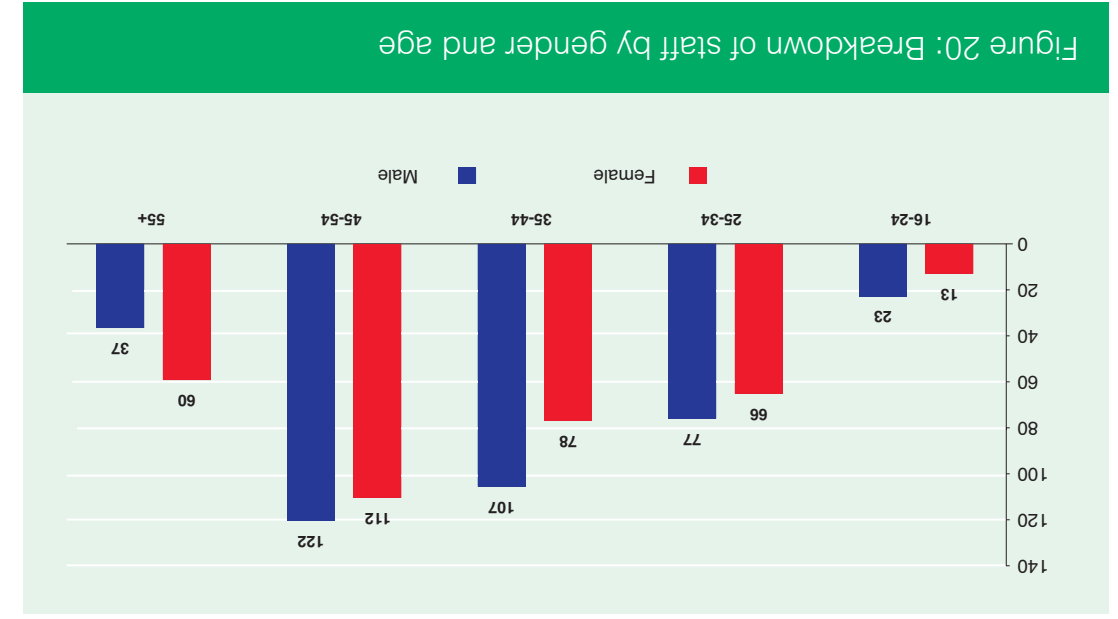


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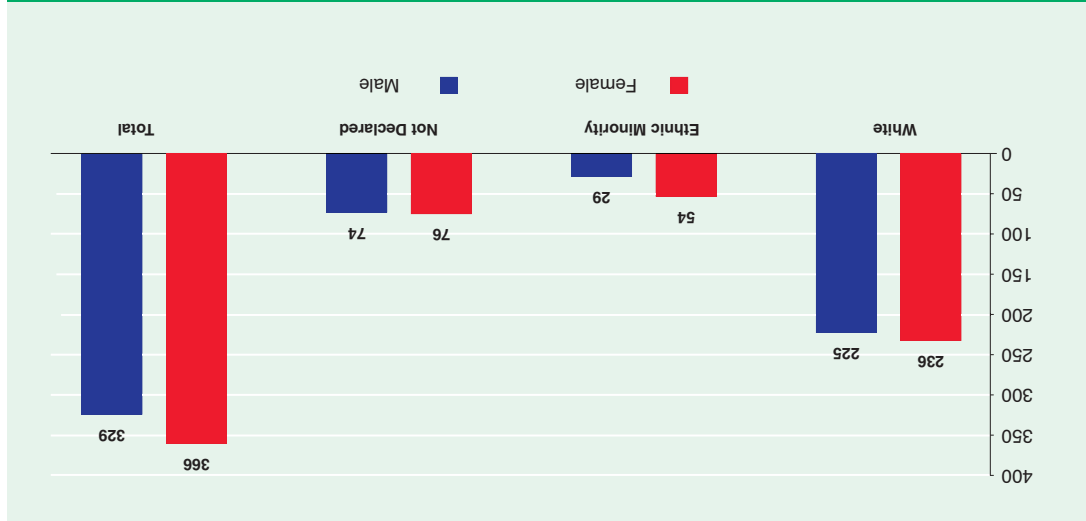
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The Agency continued its commitment to learning during the reporting period. The total number of learning days attended increased from 2,199 days in 2005-2006 to 2,410 during the reporting period. Where staff have declared their ethnicity 16.5% of attendees were from an ethnic minority background. 55% of attendees were female and 45% male. 3.6% of attendees had declared themselves as disabled.

Figure 22: Breakdown of staff by gender and grade



Figure 21: Breakdown of staff by gender and ethnicity



Staff

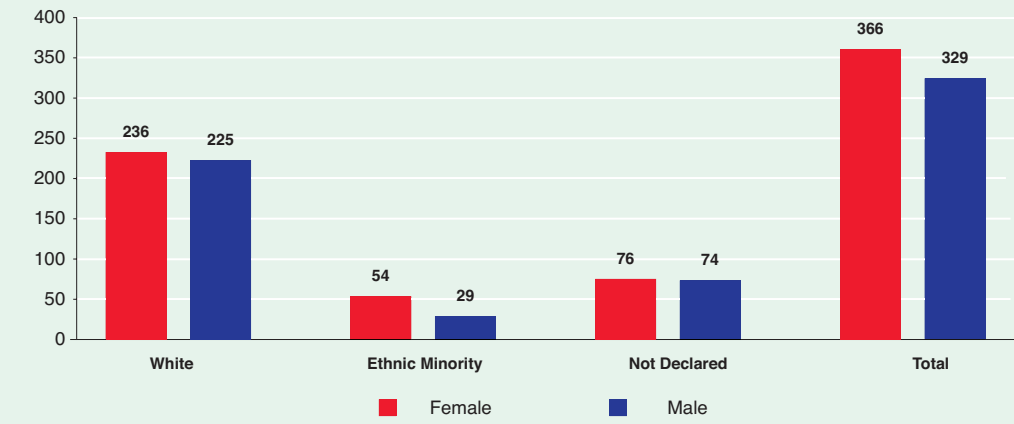


Figure 21: Breakdown of staff by gender and ethnicity

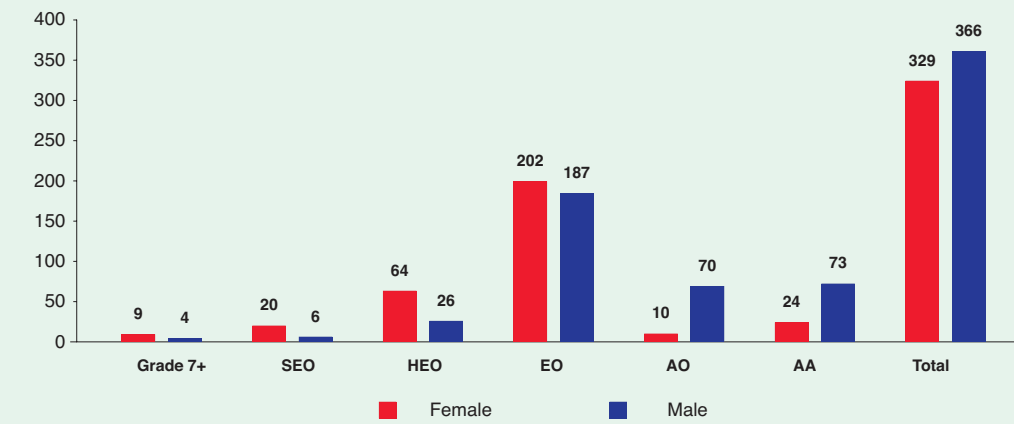


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More than 480 staff attended the conference which was held over two days. The theme of the conference was "Change", as we prepared both the organisation and staff for the changes deriving from the introduction of the LHA, BRMA and the transfer to the Valuation Office Agency in April 2009.

In December 2006, the Agency held its staff conference at the London Novotel Hotel in Hammersmith. The Staff conference is a vital medium used to cascade the latest information available on legislative and policy changes, progress on Parliamentary Bills as well as structural and organisational changes. It provides an opportunity for staff to meet on a one to one basis and share ideas, information and best practice.

Staff Conference

In addition, the trade unions contributed to Agency decision making at the highest level via their attendance at the Senior Management Board, and will continue to be invited to participate in major projects.

We also continue to consult on key matters of organisational change, which will become an increasingly important subject for all our staff during the coming year.

- Local Government Pension Scheme: compensation regulations
- removal of the contractual retirement age; and
- 2006 salary award
- terms and conditions for remote working

We have consulted and negotiated with our joint trade unions on a variety of significant issues during the year, including:

Trade Unions

58 staff were appointed to new positions during 2006-2007, including those selected on level transfer and promotion. Of these 34 were male and 24 were female. Of the 58 staff appointed 26 declared their ethnicity and 9 (35%) came from an ethnic minority background. 5 (9%) appointees have declared themselves as disabled.

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This year we have continued to develop and promote policies and activities which help to promote a healthy work/life balance.

Work Life Balance

We secured excellent speakers for the event from within DWP, as well as some excellent external guests such as Professor Ivan Robertson, an expert on organisational change management, Andrew Hudson Chief Executive of the Valuation Office Agency, Steve Carey Head of Leeds City Council Benefit Services and our inspirational speaker, Dame Stella Rimington.



The participative workshops were centred around the introduction of the LHA and BRMA's and the impact this will have upon the Agency as we expect the Agency's workload to reduce by as much as 70% over a two year period.



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The Rent Service Sports and Recreational Trust (TRSSRT)

TRSSRT has continued to built on its success and popularity amongst staff during the year through the introduction of new activities as well as continuing with established favourites. Dedicated space provided on the intranet site has assisted in raising awareness of events, as well as publishing the results of both team and individual successes.

Much credit is due to the committee and their support team, who are a dedicated, valued, enthusiastic and committed team of volunteers, all of who give much of their time to encourage staff participation to promote a healthier work life balance.

Being a national organisation operating across England, TRSSRT events and social activities have assisted with bringing together work colleagues who would otherwise not necessarily meet on a day to day basis. Putting a face to a name is proving to ensure communications between offices is effective, particularly as the organisation is preparing for much change. Communication and team work have also been enhanced through the support that TRSSRT gives to individuals and teams competing in Civil Service wide national events which during 2006-07 included, volleyball, pool, rounders and squash.

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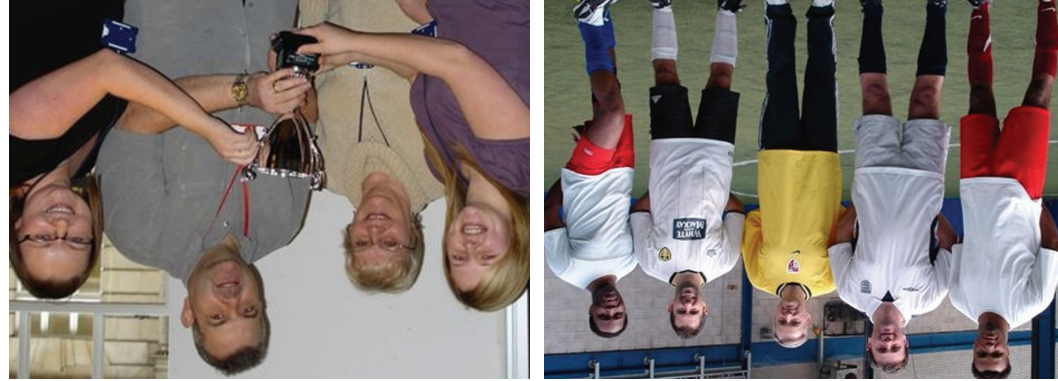
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For those persons who prefer not to participate in sporting activities, social days were incorporated in the 2006-07 programme, the most successful being a day out at Ascot Races and the evening entertainment provided at the Staff Conference. This included a large dance mat, giant connect 4, nostalgic space invaders, pool, darts and table football competitions.



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- Netball
- Photography competitions
- Sudoku
- Monthly Quiz
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- Indoor Putting Challenge

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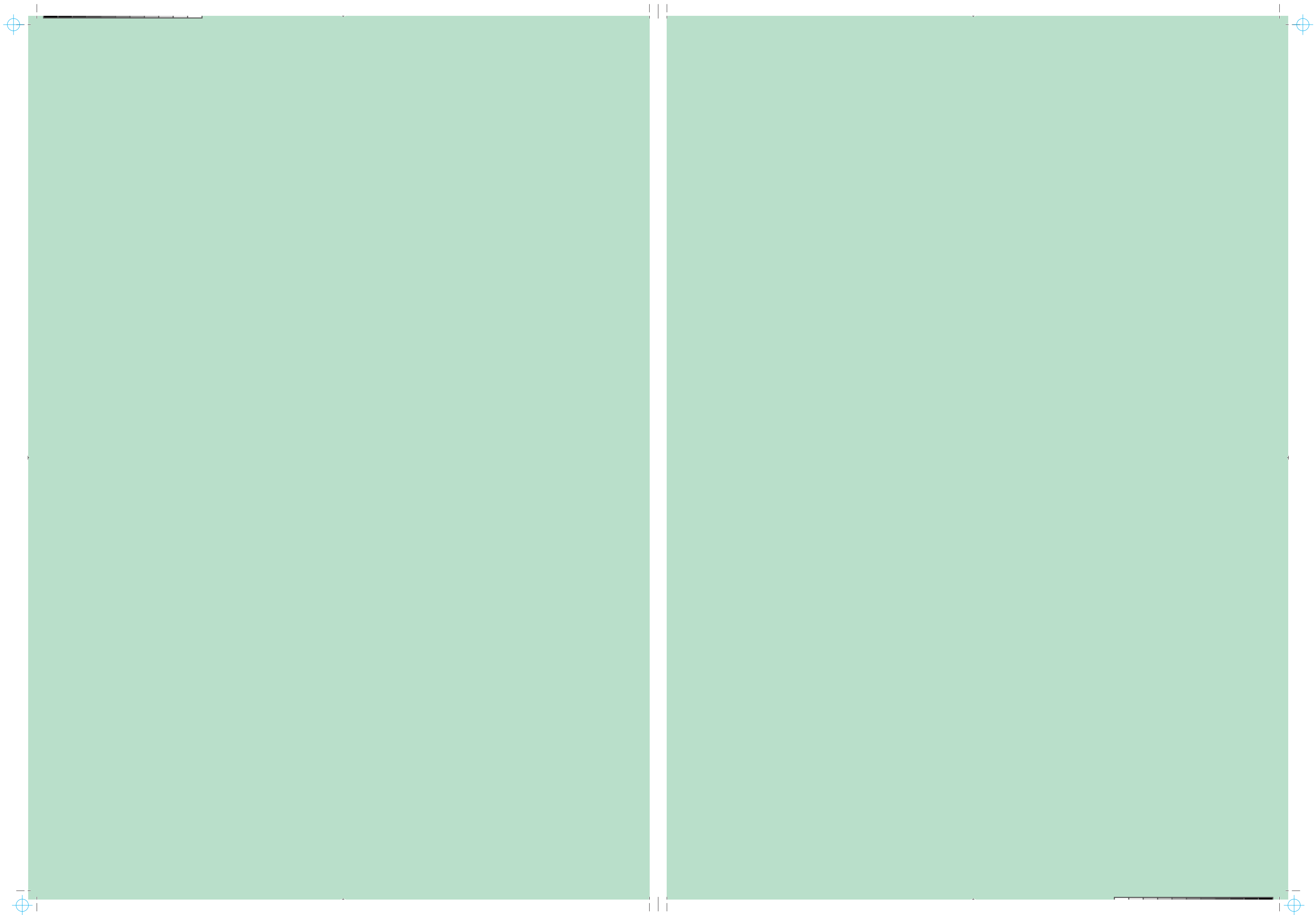
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4. Forward Look



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Foward look

The coming year presents a challenging period for the Agency and its staff requiring strong leadership and focus. The passage of the Welfare Reform Act 2007, the advent of the LHA's and the announcement that the Agency's residual services will transfer to the Valuation Office Agency (VOA) on the 1 April 2009 has confirmed our future direction.



The impact on The Rent Service is unchanged from previous reports in that, by the time LHA's are fully introduced our workload is expected to have reduced to around a quarter of the current level. The pace at which this happens will depend upon the rate at which existing Housing Benefit claimants move onto the new LHA.

The key priorities for The Rent Service in the coming year are:

- to continue to deliver high quality services to all our customers and to achieve our key performance targets
- to continue to implement our efficiency programme and achieve key stretching in-year targets
- to work in partnership with our parent Department and Local Authority Stakeholders to successfully implement the new LHA and BRMA policy
- to work in partnership with our parent Department and the VOA to effect a smooth transition of The Rent Service residual functions to the VOA by 1 April 2009
- to restructure the Agency to ensure that we have the necessary skills and capacity to effectively maintain service delivery whilst managing substantial change
- to work in partnership with our staff and their representatives ensuring that they have the necessary skills to meet the challenges ahead and are fully consulted on our future direction

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To achieve this in 2007-08 we plan to:

Employ an average of **665** staff to deliver our services and we plan to spend approximately **£36m**, which includes capital investment of approximately **£0.673m** and ring fenced funding of **£3.4m** from the DWP Early Release Fund.

Finally, I am committed to ensuring that change is communicated effectively to all involved and I look forward to working with staff and stakeholders to make 2007-08 another successful year for The Rent Service.



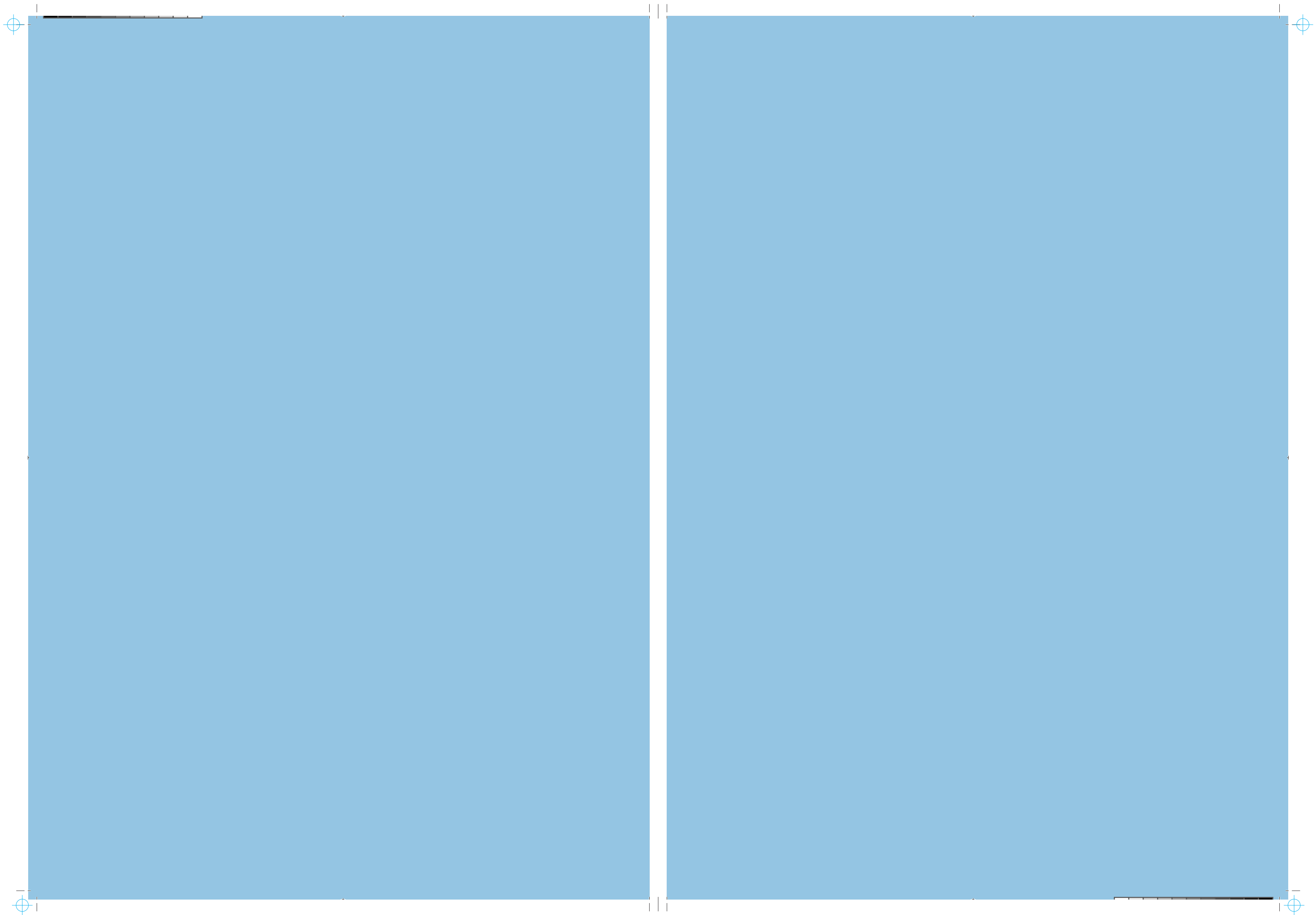
Patrick Boyle
Chief Executive

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To achieve this in 2007-08 we plan to:
Employ an average of **665** staff to deliver our services and we plan to spend approximately **£36m**, which includes capital investment of approximately **£0.673m** and ring fenced funding of **£3.4m** from the DWP Early Release Fund.
Finally, I am committed to ensuring that change is communicated effectively to all involved and I look forward to working with staff and stakeholders to make 2007-08 another successful year for The Rent Service.

Forward look



5. Financial Summary (audited)



5. Financial Summary (audited)

Financial Summary (audited)

Accounts Direction

These financial statements have been prepared in accordance with a direction issued by HM Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

Summary

The accounts for the 12 months ended 31 March 2007 have been prepared in accordance with the Financial Reporting Manual (FRM) issued by HM Treasury.

During the 12 months, the Agency was wholly funded by the Department for Work and Pensions (DWP) through Request For Resource 2 Line F (RFR2F). The total funding received during the period was £37.9 million (2005-06 £33.6 million).

Net operating costs for the financial year were £35.8 million (2005-06 £36.5 million). Taxpayers' equity amounted to liabilities of £4.1 million as at 31 March 2007 (2006 liabilities of £9.8 million).

Fixed Assets

The total net book value of the Agency's fixed assets at 31 March 2007 was £3.5 million (31 March 2006 £4.3 million). The movements in fixed assets for the year are set out in notes 6 and 7 to the financial statements. There were no costs incurred on Research and Development during the 12 months ended 31 March 2007.

Pension Liabilities

For the purposes of Financial Reporting Standard 17, pension scheme liabilities of £4.2 million (2005-06 £8.9 million) have been recognised in the balance sheet. An actuarial gain of £3.7 million (2005-06 £0.7 million) is shown in the Statement of Recognised Gains and Losses.

Events since the end of the financial year

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements.

Financial Summary (audited)

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Going Concern

The balance sheet at 31 March 2007 shows negative Taxpayers Equity of £4.1 million (2005-06 £9.8 million). This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet the Net Cash Requirement of DWP of which The Rent Service is part. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund by DWP other than required for the service of the specified year or retained in excess of that need.

In common with government departments, the future financing of The Rent Service's liabilities is accordingly to be met by future grants of Supply to DWP and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2007-08 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

Auditors

The accounts of the Agency are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. His certificate and report appear on pages 95 to 97. The audit fee charged in the Income and Expenditure Account was £46,000 (2005-06 £45,000). The auditors received no fees for non-audit services. An internal audit service for the Agency is provided by Deloitte through a contractual agreement.

The Accounting Officer confirms:

- there is no relevant audit information of which the auditors are unaware; and
- he has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Financial Summary (audited)

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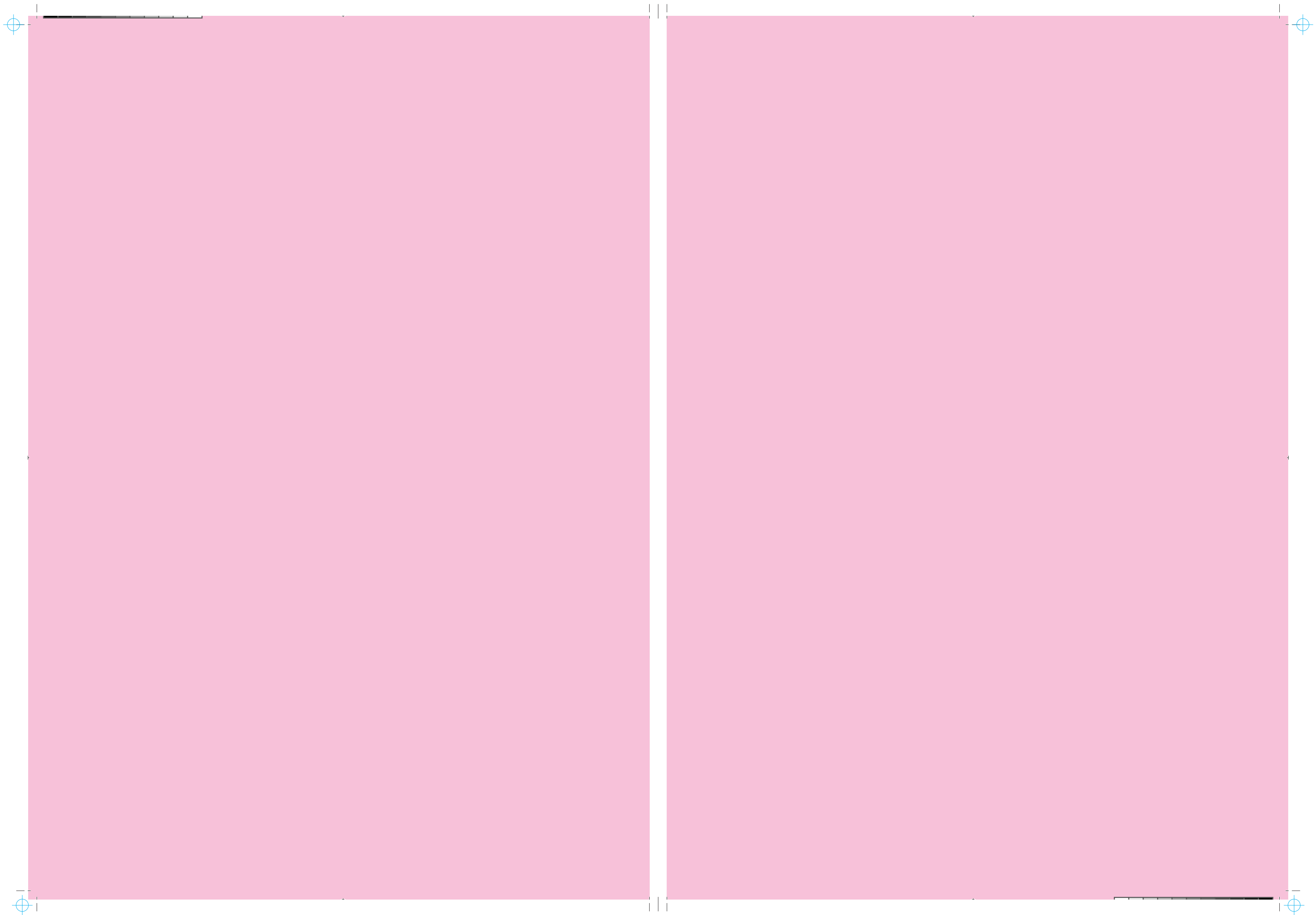
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Remuneration Report



Remuneration Report

Remuneration Report

Remuneration Policy

The Agency's remuneration policy, including rewards and recognition schemes, is determined by the Remuneration Committee.

In reaching its recommendations, the Remuneration Committee has responsibility for ensuring the following:

- that all awards given are within the approved financial allocations, and within the pay remit granted by HM Treasury; and
- that all schemes, policies and awards adopted by the Agency are within the guidelines issued from time to time by HM Treasury and the Cabinet Office, in particular, those relating to diversity and equal pay.

Members of the Remuneration Committee during 2006-07 were:

Norman Foster (from 26/02/07)	Chief Executive
Charlotte Copeland (to 25/02/07)	Chief Executive
Joanne Lang	Finance Director
Neil Prosser	Human Resources Director

The Remuneration Committee met eleven times during the period under review.

Assessment of senior managers / directors

The remuneration of senior managers and directors is determined by The Rent Service's performance related remuneration scheme. Each year the performance of all staff is assessed by their line managers. Where a member of staff, including senior managers and directors receive an "outstanding" performance rating in their Annual Review, they will be recommended for a one off bonus payment in addition to the basic annual pay increase. The outstanding rating applies to staff who have exceeded their performance objectives and produced a consistently high standard, which is above the standard you might normally expect at their grade. It is the role of the Remuneration Committee to ratify the outstanding performance and bonus payment.

Remuneration Report

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Remuneration Report

Service Contracts

The Chief Executive is on a permanent contract with remuneration determined by the Senior Civil Service section at DWP in accordance with the Civil Service Management Code. DWP or the Chief Executive may terminate the contract by giving three months notice. With effect from 26 February 2007, Charlotte Copeland was on secondment to the Home Office. Norman Foster replaced her as Chief Executive on a temporary basis, pending a permanent recruitment exercise. On Monday 4 June 2007, Patrick Boyle took up the permanent post of Chief Executive.

The Agency's directors are on open-ended contracts that may be terminated by the Agency or director by giving three months notice.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in their respective pension schemes. During the period under review, there were no significant awards made to past senior employees in respect of early termination.

Details of the salary and pension entitlements of senior employees are shown below.

Salary and pension entitlements of Senior Employees (audited)

The following number of senior employees received remuneration falling within the following bands:

	2006-07 No.	2005-06 No.
£50,000 – £59,999	3	2
£60,000 – £69,999	2	3
£70,000 – £79,999	1	1

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	2006-07 No.	2005-06 No.
£50,000 – £59,999	3	2
£60,000 – £69,999	2	3
£70,000 – £79,999	1	1

The salary and pension entitlements of the most senior managers of the Agency were as follows:

	2006-07 £'000	2006-07 £'000	2005-06 £'000	2005-06 £'000	2006-07 £'000	2006-07 £'000	2005-06 £'000	2005-06 £'000	2006-07 £'000	2006-07 £'000	2006-07 £'000	2005-06 £'000
	Salary	Benefits in Kind (to the nearest £100)	Salary	Benefits in Kind (to the nearest £100)	Total Accrued pension at 60 ('65) and related lump sum	Real Increase in pension and lump sum at age 60('65)	2006-07 £'000	2006-07 £'000	CETV at 31/03/06 £'000	CETV at 31/03/07 £'000	Real Increase in CETV after adjustment for inflation and changes in market investment factors 2006-07 £'000	2006-07 £'000
Chief Executive Charlotte Copeland (to 25/02/07)	80-85	-	85-90	-	25-30 plus 75-80 lump sum	0-2.5 plus 0-2.5 lump sum	409	420	409	420	5	5
Chief Executive (from 26/02/07) Norman Foster	65-70	100	65-70	200	25-30 plus 85-90 lump sum*	(0-2.5) plus (0-2.5) lump sum*	521	538	521	538	(12)	(12)
Finance Director Joanne Lang	65-70	-	60-65	-	15-20 plus 45-50 lump sum	0-2.5 plus 0-2.5 lump sum	194	210	194	210	15	15
Human Resources Director Neil Prosser	55-60	-	60-65	-	0-5 plus 10-15 lump sum	0-2.5 plus 0-2.5 lump sum	66	79	66	79	11	11
Operations Director Rebecca Lawrence (to 02/05/05)	N/A	-	5-10	200	N/A	N/A	145	N/A	145	N/A	N/A	N/A
Regional Director Nigel Bravery	50-55	-	50-55	200	15-20 plus 55-60 lump sum*	0-2.5 plus 0-2.5 lump sum*	306	332	306	332	8	8
Head of Financial Services Mark Brookfield	50-55	-	50-55	-	10-15 plus 40-45 lump sum	0-2.5 plus 0-2.5 lump sum	184	193	184	193	7	7
Regional Director Pat Elliot	45-50	-	45-50	-	20-25 plus 65-70 lump sum*	0-2.5 plus 0-2.5 lump sum*	389	416	389	416	5	5
Head of Property and Purchasing William Goldfinch	45-50	-	40-45	300	20-25 plus 55-60 lump sum	0-2.5 plus 2.5-5 lump sum	368	409	368	409	28	28
Head of IT Dino Joseph	45-50	-	40-45	-	0-5 plus N/A lump sum	0-2.5 plus N/A lump sum	15	25	15	25	9	9
Head of HR Operations and Learning Pauline Moore	40-45	-	40-45	-	5-10 plus 20-25 lump sum	0-2.5 plus 2.5-5 lump sum	84	89	84	89	8	8
Head of Communications Jim O'Donnell	40-45	-	35-40	-	10-15 plus 40-45 lump sum	0-2.5 plus 5-7.5 lump sum	177	206	177	206	27	27
Business Development Director John Swinerton (from 26/02/07)	40-45**	-	N/A	N/A	15-20 plus 55-60 lump sum*	0-2.5 plus 0-2.5 lump sum*	N/A	279	N/A	279	6	6

The retirement age for employees in the Local Government Pension Scheme is 65*. The retirement age for employees in the Principal Civil Service Pension Scheme (PCSPS) is 60. ** Full year salary.

Remuneration Report

The salary and pension entitlements of the most senior managers of the Agency were as follows:

	2006-07 £'000	2006-07 £'000	2005-06 £'000	2005-06 £'000	2006-07 £'000	2006-07 £'000	2005-06 £'000	2005-06 £'000	2006-07 £'000	2006-07 £'000	2006-07 £'000	2005-06 £'000
	Salary	Benefits in Kind (to the nearest £100)	Salary	Benefits in Kind (to the nearest £100)	Total Accrued pension at 60 ('65) and related lump sum	Real Increase in pension and lump sum at age 60('65)	2006-07 £'000	2006-07 £'000	CETV at 31/03/06 £'000	CETV at 31/03/07 £'000	Real increase in CETV after adjustment for inflation and changes in market investment factors 2006-07 £'000	2006-07 £'000
Chief Executive Charlotte Copeland (to 25/02/07)	85-90	-	85-90	-	25-30 plus 75-80 lump sum	0-2.5 plus 0-2.5 lump sum	409	420	409	420	5	5
Chief Executive (from 26/02/07) Norman Foster	65-70	200	65-70	200	25-30 plus 85-90 lump sum*	(0-2.5) plus (0-2.5) lump sum*	521	538	521	538	(12)	(12)
Finance Director Joanne Lang	65-70	-	60-65	-	15-20 plus 45-50 lump sum	0-2.5 plus 0-2.5 lump sum	194	210	194	210	15	15
Human Resources Director Neil Prosser	55-60	-	60-65	-	0-5 plus 10-15 lump sum	0-2.5 plus 0-2.5 lump sum	66	79	66	79	11	11
Operations Director Rebecca Lawrence (to 02/05/05)	N/A	200	5-10	200	N/A	N/A	145	N/A	145	N/A	N/A	N/A
Regional Director Nigel Bravery	50-55	200	50-55	200	15-20 plus 55-60 lump sum*	0-2.5 plus 0-2.5 lump sum*	306	332	306	332	8	8
Head of Financial Services Mark Brookfield	50-55	-	50-55	-	10-15 plus 40-45 lump sum	0-2.5 plus 0-2.5 lump sum	184	193	184	193	7	7
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Business Development Director John Swinerton (from 26/02/07)	**54-04	N/A	N/A	N/A	15-20 plus 55-60 lump sum*	0-2.5 plus 0-2.5 lump sum*	N/A	279	N/A	279	6	6

The retirement age for employees in the Local Government Pension Scheme is 65*. The retirement age for employees in the Principal Civil Service Pension Scheme (PCSPS) is 60. ** Full year salary.

Remuneration Report

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by the Inland Revenue as a taxable emolument. In 2006-07 this relates to the provision of a season ticket loan (Norman Foster).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but The Rent Service is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2003. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2006-07, employers' contributions of £1,102,795 were payable to the PCSPS (2005-06 £932,081) at one of four rates in the range 17.1 to 25.5 per cent (2005-06: 16.2 to 24.6 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2007-08, the salary bands will be revised but the rates will remain the same. The contribution rates are set to meet the cost of the benefits accruing during 2006-07 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £3,106 (2005-06 £0) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £341 (2005-06 £0), 0.8 per cent of pensionable pay were payable to the

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Principal Civil Service Pension Scheme (audited)

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Local Government Pension Scheme (audited)

Details of the Local Government Pension Scheme is shown in the Statement of accounting policies at 1(f).

The Cash Equivalent Transfer Value (CETV)

Columns 7 & 8 of the table shown on page 82, shows the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. Column 9 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

A 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 CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional

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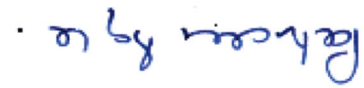
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Remuneration Report

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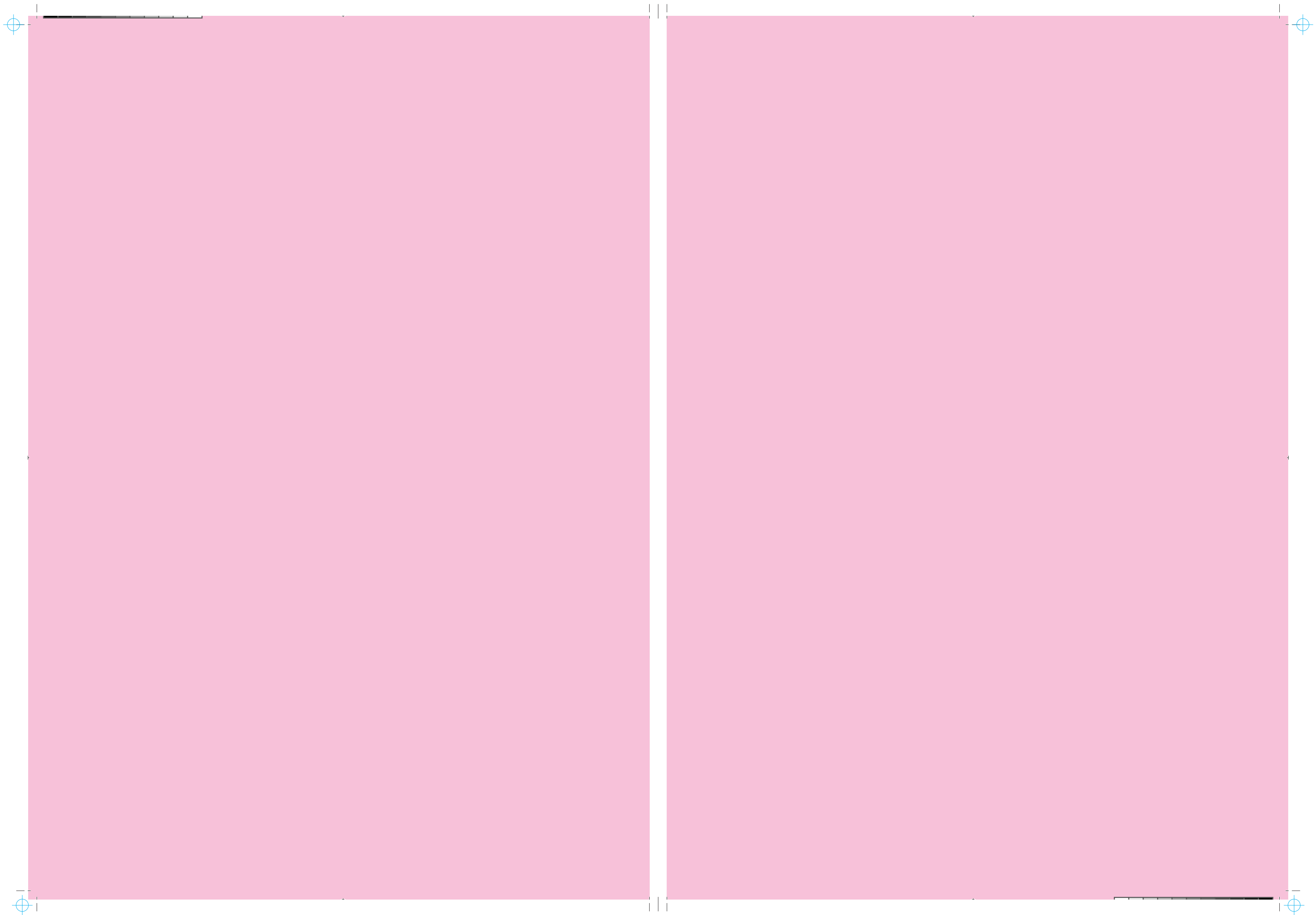
Patrick Boyle
Accounting Officer
Dated: 15 June 2007



Patrick Boyle
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Remuneration Report



Financial Statements

For the year 1 April 2006 to 31 March 2007



Financial Statements

For the year 1 April 2006 to 31 March 2007

Statement of the Agency's and Chief Executive's Responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed The Rent Service to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year-end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Agency will continue in operation.

The Accounting Officer for the DWP has designated the Chief Executive of The Rent Service as the Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Agency's *Framework Document* and the Accounting Officers' Memorandum, issued by HM Treasury and published in *Government Accounting*.

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Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of The Rent Service's policies, aims and objectives, set by the department's Ministers, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to an acceptable and reasonable level rather than eliminate risk altogether, whilst achieving the policies, aims and objectives of the Agency; 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 the Agency'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 Rent Service for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to Handle Risk

Whilst every member of staff within The Rent Service has a responsibility to ensure that the Agency's exposure to risk is minimised, overall leadership of the Agency's 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 Rent Service, which includes setting the risk management framework within which The Rent Service operates.

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Financial Statements

As Accounting Officer I act as the Risk Champion for the Agency, whilst lead responsibility for ensuring that appropriate mechanisms are in place for identifying, monitoring and controlling risk and advising SMB on the actions needed in order to comply with our corporate governance requirements rest with the Finance Director.

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 2006-07, we provided the necessary support to our managers and project workers by updating our risk framework and associated guidance, by arranging both formal and informal advice to individual managers. We have also provided advice to project boards, committees, management meetings and other internal working groups.

The Risk and Control Framework

The key strands of the Agency'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 and controlling the key risks faced by the Agency in delivering its corporate agenda. This includes maintaining a structured system of risk registers which log risks at a strategic, directorate, office/team and project level;
- 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 maintain, review, update and test the business continuity plans that are in place for all areas of the business where a potential event may have a catastrophic effect on the Agency and its business capability; and
- to operate a system of annual and mid-year stewardship reporting whereby at the end of each financial year and at the end of quarter two, 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 risk within their Directorate.

Financial Statements

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Financial Statements

During the year, the Business Continuity Team (BCT) and Support Services Recovery Team (SSRT) received training in the form of two separate desktop exercises facilitated by external consultants. We have also maintained and updated our Business Continuity Plans (BCPs) and carried out a local office desktop exercise at our Preston office. The HQ test originally planned for January 2007 was deferred to the summer of 2007 due to the purchase of new IT equipment and our systems being reconfigured. The HQ test will provide assurance that we have the capability to deliver our business, to a predetermined and agreed level, from our Wimbledon backup Disaster Recovery Site (DRS).

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 internal control is informed by the work of the internal auditors and the senior managers within The Rent Service who have responsibility for the development of the internal control framework, and comments made by external audit in their management letter and other reports.

These discussions have given rise to the revisions to our risk reporting information in order to review and continuously improve our own systems and processes.

We continued to update our corporate and regional plans during the year to ensure they were effectively focussed, reflected organisational changes and took into account staff movements.

Throughout 2006-07, we continued to seek advice from our internal auditors, on emerging best practice for Corporate Governance and internal control mechanisms, as well as attended meetings with DWP and their respective business risk managers and corporate governance managers. This dialogue has led to fruitful discussion, exchanging information, reviewing and improvements to our own systems and processes.

As one of the business units for the Department for Work and Pensions, our risk strategy and performance is also reported to and discussed on at least a quarterly basis with DWP's Risk Assurance Division (RAD). This involves meetings with DWP's risk managers and corporate governance managers.

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Financial Statements

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

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

- a Senior Management Board, which is comprised of the Agency Directors and key Corporate Heads, meets at least 10 times a year to consider the plans and the strategic direction of the Agency. It is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross directorate issues are considered and that the importance of risk management receives a high profile within individual directorates;
- an Audit Committee which meets at least 3 times a year and is responsible for ensuring, as far as possible, that appropriate mechanisms are in place within the Agency for the assessment and management of risk and advising the Accounting Officer on the effectiveness of the systems of internal control within the organisation prior to signing off the Statement on Internal Control;
- regular reports by internal audit, to Government Internal Audit Standards, which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement;
- periodic reports from the Chair of Audit Committee, to the Agency's Advisory Board concerning internal control;
- regular reports to the Agency's Advisory Board and Senior Management Board on progress against the Agency's key targets, objectives and projects;
- the establishment of an appropriate delegated budget management framework;
- the establishment and further embedding of a system of mid year and end of year stewardship reporting by Directors;
- the further development of our risk management strategy, risk management framework and guidance which comply with best practice;

Financial Statements

- I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement is in place.
- The processes that have been put in place to maintain an effective system of internal control include:
- a Senior Management Board, which is comprised of the Agency Directors and key Corporate Heads, meets at least 10 times a year to consider the plans and the strategic direction of the Agency. It is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross directorate issues are considered and that the importance of risk management receives a high profile within individual directorates;
 - an Audit Committee which meets at least 3 times a year and is responsible for ensuring, as far as possible, that appropriate mechanisms are in place within the Agency for the assessment and management of risk and advising the Accounting Officer on the effectiveness of the systems of internal control within the organisation prior to signing off the Statement on Internal Control;
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Financial Statements

Overall, substantial or full assurance levels were achieved for 92% of the applicable systems subject to internal audit.”

Our Internal Audit Programme for the period covered 14 systems operating within TRS:

- one project received “full” assurance;
- 11 projects received “substantial” assurance;
- One project received “limited” assurance; and
- The QA Assurance Processes- Efficiency report was not provided with an assurance rating because the report focussed on the efficiency of the valuations teams and did not specifically address the related internal controls.

“Based on the internal audits completed in our Internal Audit Programme covering the financial period 1 April 2006 to 31 March 2007, as approved by the Audit Committee and limited to the audit scopes as agreed by the Audit Sponsor, with the exception of the control weaknesses identified in our detailed reports, in our opinion TRS has adequate and effective processes over risk, control and governance which provide reasonable assurance regarding the effective and efficient achievement of the Agency’s objectives.

The 2006-07 Head of Internal Audit’s opinion stated:

our Project Management Guidance in 2006-07.

we follow the DWP/OGC Gateway process. In addition, we also updated risk registers, in addition, for all large and potentially high-risk projects projects, which includes the development and maintenance of project the adoption of formal project management arrangements for all key asset management system (AMS); and

- we improved the management, tracking and control of our information, physical and intellectual assets through the introduction of a new electronic records management system (EROS) and a new electronic
- the establishment and further embedding of our Strategic Risk Register, which is supported by Directorate risk registers, and is reviewed by the Senior Management Board on a periodic basis (at least quarterly);
- we improved the management, tracking and control of our information, physical and intellectual assets through the introduction of a new electronic records management system (EROS) and a new electronic asset management system (AMS); and
- the adoption of formal project management arrangements for all key projects, which includes the development and maintenance of project risk registers, in addition, for all large and potentially high-risk projects we follow the DWP/OGC Gateway process. In addition, we also updated our Project Management Guidance in 2006-07.

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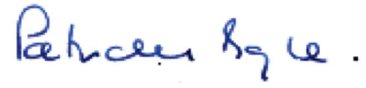
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Financial Statements

Significant Internal Control Problems

Through 2006-07 there have been no significant control weaknesses reported within TRS.

Our audit and internal management reporting continue to identify issues to be addressed within normal day to day business and none of these have identified significant control weaknesses.



Patrick Boyle
Accounting Officer
Dated: 15 June 2007

Financial Statements

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The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of The Rent Service for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement 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 being audited.

Respective responsibilities of the Agency, the Chief Executive and Auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Annual Report introduction, the Management Commentary and unaudited parts of the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Financial Statements

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Financial Statements

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

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

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Financial Statements

Financial Statements

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2007, and of the net operating cost, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Annual Report, which comprises the Introduction by the Chief Executive, Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.



John Bourn
Comptroller and Auditor General

6 July 2007

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

John Bourn
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In my opinion:

Audit Opinion

Opinions

Financial Statements

Income and Expenditure Account for the year ended 31 March 2007				
	Note	2006-07 £'000	2005-06 £'000	
Income				
Other Income	5	7		6
Operating Costs				
Staff Costs	2a	(22,694)	(22,126)	
Depreciation	3	(2,502)	(3,477)	
Other Administration Costs	3	(10,583)	(10,896)	
Gross Operating Cost		<u>(35,779)</u>	<u>(36,499)</u>	
Net Operating Cost	20	<u>(35,772)</u>	<u>(36,493)</u>	

All income and expenditure are derived from continuing operations

Statement of Recognised Gains and Losses for the year ended 31 March 2007			
	Note	2006-07 £'000	2005-06 £'000
Net gain on revaluation of tangible fixed assets	14	40	63
Pension fund actuarial gain	13	3,714	719
Recognised gain for the financial year		<u>3,754</u>	<u>782</u>

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Financial Statements

Financial Statements

Balance Sheet as at 31 March 2007

	Note	2007 £'000	2006 £'000
Fixed Assets			
Intangible Assets	6	594	182
Tangible Assets	7	2,893	4,113
		3,487	4,295
Current Assets			
Debtors	9a	2,228	2,254
Cash at bank and in hand	10	38	3
		2,266	2,257
Creditors (due within one year)	11a	(3,172)	(3,371)
Bank overdraft	10	(167)	(2,092)
		(3,339)	(5,463)
Net current (liabilities)		(1,073)	(3,206)
Total Assets less Current Liabilities		2,414	1,089
Creditors (amounts falling due after more than one year):			
Provisions for liabilities and charges	12	(2,290)	(2,035)
Provision for pension liability	13	(4,247)	(8,894)
Total Assets less liabilities		(4,123)	(9,840)
Financed By			
General Fund	20	(4,518)	(10,195)
Revaluation Reserve	14	395	355
		(4,123)	(9,840)

Accounting policies and notes forming part of these accounts are on pages 101 to 114

Patrick Boyle

Patrick Boyle
Accounting Officer
Dated: 15 June 2007

Patrick Boyle
Accounting Officer
Dated: 15 June 2007

Patrick Boyle

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Financial Statements

Cash Flow Statement for the year ended 31 March 2007

	Note	2006-07 £'000	2005-06 £'000
Net cash outflow from operating activities	15a	(34,142)	(35,031)
Capital expenditure	15b	(1,792)	(963)
Payments of amounts due to the Consolidated Fund		(7)	(6)
Financing from the Consolidated Fund (Supply)	15c	37,901	33,626
Increase/(Decrease) in cash in the period	10	1,960	(2,374)

Cash Flow Statement for the year ended 31 March 2007

	Note	2006-07 £'000	2005-06 £'000
Net cash outflow from operating activities	15a	(34,142)	(35,031)
Capital expenditure	15b	(1,792)	(963)
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Financing from the Consolidated Fund (Supply)	15c	37,901	33,626
Increase/(Decrease) in cash in the period	10	1,960	(2,374)

Financial Statements

- The financial statements have been prepared in accordance with the 2006-07 *Government Financial Reporting Manual (FRM)* issued by HM Treasury. The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.
- ### 1. Statement of accounting policies
- #### (a) Basis of Accounting
- The accounts follow the accruals concept of accounting and have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.
- #### (b) Fixed Assets and Depreciation
- i. Capitalisation threshold**
Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £2,000, excluding VAT. Individual items valued at less than this threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.
 - ii. Land & Buildings**
The Agency does not hold any financial interest in land or buildings. The Agency occupies various premises rented or leased from a number of landlords.
 - iii. Revaluation**
The Agency re-values its tangible fixed assets in March of each year using appropriate indices provided by HM Treasury.
 - iv. Depreciation**
The straight line method of depreciation is used, i.e. depreciation is provided at rates calculated to write off the valuation of fixed assets less the estimated residual value by equal annual instalments over their estimated useful lives. The Agency reviews the asset lives annually. The asset lives currently applied to the Agency's main categories of assets are as follows:

Financial Statements

Notes to the Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2006-07 *Government Financial Reporting Manual (FRM)* issued by HM Treasury. The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

(a) Basis of Accounting

The accounts follow the accruals concept of accounting and have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

(b) Fixed Assets and Depreciation

i. Capitalisation threshold

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £2,000, excluding VAT. Individual items valued at less than this threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

ii. Land & Buildings

The Agency does not hold any financial interest in land or buildings. The Agency occupies various premises rented or leased from a number of landlords.

iii. Revaluation

The Agency re-values its tangible fixed assets in March of each year using appropriate indices provided by HM Treasury.

iv. Depreciation

The straight line method of depreciation is used, i.e. depreciation is provided at rates calculated to write off the valuation of fixed assets less the estimated residual value by equal annual instalments over their estimated useful lives. The Agency reviews the asset lives annually. The asset lives currently applied to the Agency's main categories of assets are as follows:

Telecoms and ICT 3-5 years
 Furniture and Office Equipment 2-5 years
 Leasehold Improvements up to 20 years (over the terms of the lease)

Leasehold Improvements are included within Furniture and Office Equipment in Note 7.

Depreciation is calculated from the month following that of acquisition and is charged in the month of asset disposal.

v. Intangible Fixed Assets and amortisation

Software licences are capitalised as Intangible Fixed Assets and shown in Note 6. These licences are amortised by equal annual instalments over the length of the licence.

vi. Assets under construction

These represent the accumulated expenditure incurred in constructing assets that enhance the Agency's infrastructure. Assets under construction are not depreciated until brought into use.

(c) Stocks

The Agency aims to hold stock at a level that is commensurate with immediate business needs. Therefore stock holdings are minimal and have no significant realisable value outside the Agency. It has been given a nil value in the Agency's accounts for the year ended 31 March 2007.

(d) Income

Income is accounted for on a receivable basis.

(e) Capital Charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the government's standard rate of 3.5% (2005-06 3.5%) in real terms on all assets less liabilities, except for donated assets, and cash balances with the Paymaster General, which do not attract a charge.

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 Furniture and Office Equipment 2-5 years
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(f) Pensions

The majority of the Agency's staff are members of the Local Government Pension Scheme (LGPS). The LGPS is a funded multi-employer contributory defined benefit scheme. The London Pensions Fund Authority (LPFA) administers the LGPS on behalf of the Agency. Every three years independent actuaries carry out a valuation of the pension fund and set the rate at which the Agency must contribute to fully fund the payment of Scheme benefits for the Fund's membership. The latest formal valuation of the LGPS was carried out as at 31 March 2004. For 2006-07 contributions of £2,675,000 (2005-06 £3,308,000) were paid to the LGPS at a rate of 15.7% (2005-06 15.5) per cent of pensionable pay. Other employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the details of which are given in the Remuneration Report.

(g) Early departure pension costs

The Agency bears the full cost of the PCSPS and LGPS benefits for employees who retire early until the employee reaches the normal retirement age.

For PCSPS employees, the total cost is charged to the Income and Expenditure account and a provision for future pension payments is created. Payments to the retired employee until normal retirement age are then charged annually against the provision.

For LGPS employees there is a one off cost which is paid up front and charged to the Income and Expenditure account.

(h) Operating Leases

Rentals payable under operating leases are charged to the Income and Expenditure account in the year to which the payments relate.

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For LGPS employees there is a one off cost which is paid up front and charged to the Income and Expenditure account.

(h) Operating Leases

Rentals payable under operating leases are charged to the Income and Expenditure account in the year to which the payments relate.

(i) Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to operating costs over the period of the lease at a constant rate in relation to the balance outstanding.

(j) Provisions

Onerous lease provisions are made for the future running costs associated with buildings which the Agency has moved out of.

Dilapidation provisions are made for leases on buildings which the Agency still occupies. The expected timing of payment is uncertain but would normally be when the buildings are vacated. Where buildings have already been vacated, these have been included in creditors.

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Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to operating costs over the period of the lease at a constant rate in relation to the balance outstanding.

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2005-06 Total Number	2006-07 Total Number	2006-07 Others Number	2006-07 Permanent staff Number	
52	79	9	70	Chief Executive's Office
56	54	3	51	Finance Directorate
28	25	2	23	Human Resources Directorate
287	278	15	263	Operations Directorate
288	251	3	248	North
711	687	32	655	South

FRS17 charges associated with the Local Government Pension Scheme has been analysed between pension costs £1,237,000 (2005-06 £912,000) and Early Retirement costs £956,000 (2005-06 £1,110,000). The overall net FRS 17 Pension cost recognised in the year is therefore £2,193,000 (2005-06 £2,022,000) as shown in note 13. In addition, pension costs include contributions of £1,106,000 (2005-06 £932,000) which were payable to the Principal Civil Service Pension Scheme.

(b) The average number of full-time equivalent persons employed by The Rent Service (including senior management) during the financial year was as follows:

2005-06 Total £'000	2006-07 Total £'000	2006-07 Others £'000	2006-07 Permanent employed staff £'000	
17,210	16,955	544	16,411	Wages and salaries
1,261	1,227	-	1,227	Social security costs
3,130	2,808	-	2,808	Pension costs
1,728	1,362	-	1,362	Early Retirement Costs
				Non cash staff costs:
83	824	-	824	Early Retirement Costs
(1,286)	(482)	-	(482)	Pension costs
22,126	22,694	544	22,150	Sub total

2. Staff numbers and related costs

(a) Staff costs consist of:

Financial Statements

2. Staff numbers and related costs

(a) Staff costs consist of:

	2006-07 Permanently employed staff £'000	2006-07 Others £'000	2006-07 Total £'000	2005-06 Total £'000
Wages and salaries	16,411	544	16,955	17,210
Social security costs	1,227	-	1,227	1,261
Pension costs	2,808	-	2,808	3,130
Early Retirement Costs	1,362	-	1,362	1,728
Non cash staff costs:				
Early Retirement Costs	824	-	824	83
Pension costs	(482)	-	(482)	(1,286)
Sub total	22,150	544	22,694	22,126

FRS17 charges associated with the Local Government Pension Scheme has been analysed between pension costs £1,237,000 (2005-06 £912,000) and Early Retirement costs £956,000 (2005-06 £1,110,000). The overall net FRS 17 Pension cost recognised in the year is therefore £2,193,000 (2005-06 £2,022,000) as shown in note 13. In addition, pension costs include contributions of £1,106,000 (2005-06 £932,000) which were payable to the Principal Civil Service Pension Scheme.

(b) The average number of full-time equivalent persons employed by The Rent Service (including senior management) during the financial year was as follows:

	2006-07 Permanent staff Number	2006-07 Others Number	2006-07 Total Number	2005-06 Total Number
Chief Executive's Office	70	9	79	52
Finance Directorate	51	3	54	56
Human Resources Directorate	23	2	25	28
Operations Directorate				
South	263	15	278	287
North	248	3	251	288
	655	32	687	711

3. Other Administration costs

	2006-07 £'000	2005-06 £'000
Administration Costs		
Hire and use of office equipment	1,442	1,322
Rent and Rates	4,626	4,894
Professional services	597	357
IT consultancy and expenditure	403	486
Training and Conferences	852	605
Travel and subsistence	1,210	1,198
Dilapidations	3	(110)
Auditor's remuneration and expenses	46	45
Other Provisions	11	359
Other Finance Costs	(451)	(141)
	2,041	3,865
Other expenditure	1,820	1,691
	13,085	14,373
Non-Cash Items		
Depreciation and amortisation	2,502	3,477
Loss on disposal of fixed assets	84	84
Cost of capital credit	(205)	(272)
Impairment on tangible fixed assets	54	313
Auditor's remuneration and expenses	46	45
Dilapidations	3	(110)
Travel and subsistence	1,210	1,198
Training and Conferences	852	605
IT consultancy and expenditure	403	486
Professional services	597	357
Rent and Rates	4,626	4,894
Hire and use of office equipment	1,442	1,322
	9,224	8,817
Other expenditure	1,820	1,691
	13,085	14,373

Included in other provisions are increases in dilapidation provisions of £130,000 (2005-06 £7,000) and decreases in onerous lease provisions of £119,000 (2005-06 £352,000 increase) as shown in Note 12. Other Finance costs of £(451,000) (2005-06 £(141,000)) represents costs associated with the Local Government Pension Scheme as shown in Note 13.

Included in other provisions are increases in dilapidation provisions of £130,000 (2005-06 £7,000) and decreases in onerous lease provisions of £119,000 (2005-06 £352,000 increase) as shown in Note 12. Other Finance costs of £(451,000) (2005-06 £(141,000)) represents costs associated with the Local Government Pension Scheme as shown in Note 13.

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	2006-07 £'000	2005-06 £'000
Administration Costs		
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Rent and Rates	4,626	4,894
Professional services	597	357
IT consultancy and expenditure	403	486
Training and Conferences	852	605
Travel and subsistence	1,210	1,198
Dilapidations	3	(110)
Internal Auditor's remuneration and expenses	91	65
	9,224	8,817
Non-Cash Items		
Depreciation and amortisation	2,502	3,477
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	2,041	3,865
Other expenditure	1,820	1,691
	13,085	14,373

Software Licences £000	
Cost or valuation	
At 1 April 2006	1,521
Additions	583
Disposals	(524)
At 31 March 2007	1,580
Amortisation	
At 1 April 2006	1,339
Charge in the year	171
Disposals	(524)
At 31 March 2007	986
Net book value at 31 March 2007	594
Net book value at 31 March 2006	182

6. Intangible Fixed Assets

Other income of £7,000 (2005-06 £6,000) represents income from sale of rent registers, and interest received on bank balances. It does not represent income appropriated-in-aid.

Income		2006-07		2005-06	
	£'000	A-in-Aid £'000	Not A-in-Aid £'000	Total £'000	Total £'000
Other income analysed by classification and activity, is as follows:					
Interest receivable	4	–	6	6	4
Other fees and charges to external customers	2	–	1	1	2
	6	–	7	7	6

5. Other Income

There were no programme costs incurred during the period covered by these statements.

4. Net Programme costs

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Financial Statements

4. Net Programme costs

There were no programme costs incurred during the period covered by these statements.

5. Other Income

	2006-07			2005-06		
	A-in-Aid £'000	Not A-in-Aid £'000	Total £'000	A-in-Aid £'000	Not A-in-Aid £'000	Total £'000
Income						
Other income analysed by classification and activity, is as follows:						
Interest receivable	–	6	6	–	4	4
Other fees and charges to external customers	–	1	1	–	2	2
	–	7	7	–	6	6

Other income of £7,000 (2005-06 £6,000) represents income from sale of rent registers, and interest received on bank balances. It does not represent income appropriated-in-aid.

6. Intangible Fixed Assets

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7. Tangible Fixed Assets

Cost or valuation	Furniture and Office Equipment £'000	Telecoms and ICT £'000	Assets under construction £'000	Total £'000
At 1 April 2006	5,754	9,684	–	15,438
Additions	559	298	352	1,209
Disposals	(655)	(1,965)	–	(2,620)
Permanent diminution in value	–	(258)	–	(258)
Revaluation Reserve	87	–	–	87
At 31 March 2007	5,745	7,759	352	13,856
At 31 March 2006	5,754	9,684	–	15,438
Net book value at 31 March 2007	1,673	868	352	2,893
Net book value at 31 March 2006	1,982	2,131	–	4,113

Cost or valuation	Furniture and Office Equipment £'000	Telecoms and ICT £'000	Assets under construction £'000	Total £'000
At 1 April 2006	3,772	7,553	–	11,325
Charge in the year	826	1,505	–	2,331
Disposals	(573)	(1,963)	–	(2,536)
Permanent diminution in value	–	(204)	–	(204)
Revaluation	47	–	–	47
At 31 March 2007	4,072	6,891	–	10,963
At 31 March 2006	4,113	2,131	–	6,244
Net book value at 31 March 2007	1,673	868	352	2,893
Net book value at 31 March 2006	1,982	2,131	–	4,113

Depreciation	Furniture and Office Equipment £'000	Telecoms and ICT £'000	Assets under construction £'000	Total £'000
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8. Movements in working capital other than cash

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	Note	2006-07 £'000	2005-06 £'000
(Decrease) in debtors	9a	(26)	(266)
Decrease in creditors	11a	199	756
		173	490

7. Tangible Fixed Assets

Cost or valuation	Furniture and Office Equipment £'000	Telecoms and ICT £'000	Assets under construction £'000	Total £'000
At 1 April 2006	5,754	9,684	–	15,438
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Revaluation	47	–	–	47
At 31 March 2007	4,072	6,891	–	10,963
At 31 March 2006	4,113	2,131	–	6,244

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9a. Debtors

	2006-07 £'000	2005-06 £'000
Amounts falling due within one year:		
Trade debtors	9	-
Deposits and advances	28	48
Other debtors	55	36
Prepayments and accrued income	1,977	2,013
VAT	85	142
Pension Contributions	48	-
Sub total	2,202	2,239
Amounts falling due after more than one year:		
Prepayments	26	15
	2,228	2,254

9b. Intra-Government balances

The following table analyses total debtor balances across the categories shown:	Amounts falling due within one year:		Amounts falling due after more than one year:	
	2006-07 £'000	2005-06 £'000	2006-07 £'000	2005-06 £'000
Balances with other central government bodies	134	142	-	-
Balances with local authorities	817	786	-	-
Balances with public corporations and trading funds	49	-	-	-
Sub total	1,000	928	-	-
Balances with bodies external to government	1,202	1,311	26	15
Total debtors at 31 March	2,202	2,239	26	15

The following table analyses total debtor balances across the categories shown:			
2006-07 £'000	2005-06 £'000	2006-07 £'000	2005-06 £'000
Amounts falling due within one year:			
15	26	1,311	1,202
-	-	928	1,000
-	-	-	49
-	-	786	817
-	-	142	134
Amounts falling due after more than one year:			
15	26	1,311	1,202
-	-	928	1,000
-	-	-	49
-	-	786	817
-	-	142	134
Total debtors at 31 March			
15	26	2,239	2,202

9b. Intra-Government balances

Amounts falling due within one year:	
2006-07 £'000	2005-06 £'000
48	26
142	26
2,013	26
36	26
48	26
-	26
-	26
Sub total	
2,239	2,228
Amounts falling due after more than one year:	
15	26
2,254	26

9a. Debtors

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10. Cash at Bank and in Hand

	2006-07 £'000	2005-06 £'000
Balance at 1 April	(2,089)	285
Net cash inflow/(outflow)	1,960	(2,374)
Balance at 31 March	(129)	(2,089)
The Office of HM Paymaster	(167)	(2,092)
Commercial banks and cash in hand	38	3
	(129)	(2,089)

11a. Creditors amounts falling due within one year

	2006-07 £'000	2005-06 £'000
Trade creditors	166	247
Other Creditors	804	784
Accruals and deferred income	1,151	1,428
Early departure costs	1,051	853
Pension Contributions	-	59
	3,172	3,371

11b. Intra-Government balances

	2006-07 £'000	2005-06 £'000
Balances with other central government bodies	579	303
Balances with local authorities	-	40
Balances with public corporations and trading funds	185	-
Sub total	764	343
Balances with bodies external to government	2,408	3,028
Total creditors at 31 March	3,172	3,371

10. Cash at Bank and in Hand

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Financial Statements

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Pension Contributions	-	59
	3,172	3,371

11b. Intra-Government balances

The following table analyses total creditor balances across the categories shown:	Amounts falling due within one year:		Amounts falling due after more than one year:	
	2006-07 £'000	2005-06 £'000	2006-07 £'000	2005-06 £'000
Balances with other central government bodies	579	303	-	-
Balances with local authorities	-	40	-	-
Balances with public corporations and trading funds	185	-	-	-
Sub total	764	343	-	-
Balances with bodies external to government	2,408	3,028	-	-
Total creditors at 31 March	3,172	3,371	-	-

Financial Statements

12. Provision for liabilities and charges

	2006-07			Total £'000
	Onerous Leases £'000	Dilapidation £'000	Early Departure £'000	
At 1 April 2006	919	898	218	2,035
Amounts paid	(263)	(184)	(133)	(580)
(Released) / Provided for in year	(119)	130	824	835
At 31 March 2007	537	844	909	2,290
Payable within one year	79	322	907	1,308
Payable after more than one year	458	522	2	982
At 31 March 2007	537	844	909	2,290

Onerous lease provisions are made for the future running costs associated with buildings which the Agency has moved out of.

Dilapidation provisions are made for leases on buildings which the Agency still occupies. The expected timing of payment is uncertain but would normally be when the buildings are vacated. Where buildings have already been vacated, these have been included in creditors.

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2006-07				2005-06			
Onerous Leases £'000	Dilapidation £'000	Early Departure £'000	Total £'000	Onerous Leases £'000	Dilapidation £'000	Early Departure £'000	Total £'000
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12. Provision for liabilities and charges

Financial Statements

13. Pension Liability

For the purposes of Financial Reporting Standard 17, The Rent Service commissioned a qualified independent actuary to carry out an assessment of the LGPS as at 31 March 2007. The results of the actuarial assessment are shown below.

Assumptions as at		31/03/2007 % per annum	31/03/2006 % per annum
Inflation		3.2%	3.1%
Salary increases		4.7%	4.6%
Pension increases		3.2%	3.1%
Discount rate		5.4%	4.9%

Assets	Long Term Return % per Annum	Fund value at 31/03/2007 £'000	Fund value at 31/03/2006 £'000
Equities	7.7	32,026	28,948
Bonds	6.4	11,498	8,746
Property	6.8	6,520	5,414
Cash	4.9	1,380	2,821
Total	7.2	51,424	45,929

Net pensions deficit as at	31/03/2007 £'000	31/03/2006 £'000
Estimated Employer Assets	51,424	45,929
Present Value of Scheme Liabilities	55,252	54,487
Present Value of Unfunded Liabilities	419	336
Total value of Liabilities	55,671	54,823
Net Pension Deficit	(4,247)	(8,894)

The implication for the going concern basis for the preparation of the financial statements is explained on page 77.

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31/03/2007		31/03/2006	
£'000		£'000	
Amounts charged to staff cost			
Current Service Costs	2,182	1,873	
Past Service Costs	–	35	
Curtailments and Settlements	11	114	
Total Operating Charge	2,193	2,022	
Amounts charged to Other Administration Costs			
31/03/2007		31/03/2006	
£'000		£'000	
Expected Return on Employer Assets	3,171	2,589	
Interest on Pension Scheme Liabilities	(2,720)	(2,448)	
Net Administration Costs	451	141	
Analysis of Amount Recognised in Statement of Recognised Gains and Losses			
31/03/2007		31/03/2006	
£'000		£'000	
Actual return less expected return on pension scheme assets	449	5,812	
Experience losses arising on the scheme liabilities	(105)	(46)	
Changes in Financial Assumptions Underlying the Present Value of the Scheme Liabilities	3,370	(5,047)	
Actuarial gain in Pension Plan	3,714	719	
Movement in Deficit During the Year			
31/03/2007		31/03/2006	
£'000		£'000	
Deficit at beginning of the year	(8,894)	(11,040)	
Current Service Costs	(2,182)	(1,873)	
Employer Contributions	2,655	3,288	
Contributions in respect of Unfunded Benefits	20	20	
Past Service Costs	–	(35)	
Impact of settlements and curtailments	(11)	(114)	
Other Finance Costs	451	141	
Actuarial Gains	3,714	719	
Deficit at end of the year	(4,247)	(8,894)	
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Financial Statements

History of Experience Gains and Losses	31/03/2007 £'000	31/03/2006 £'000	31/03/2005 £'000	31/03/2004 £'000	31/03/2003 £'000
Difference Between the Expected and Actual Return on Assets	449	5,812	923	1,944	(4,493)
Value of Assets	51,424	45,929	33,660	16,129	11,074
Percentage of Assets	0.9%	12.7%	2.7%	12.1%	(40.6%)
Experience (Losses)/Gains on Liabilities	(105)	(46)	(253)	(44)	7
Total Present Value of Liabilities	55,671	54,823	44,700	19,954	16,712
Percentage of the Total Present Value of Liabilities	(0.2%)	(0.1%)	(0.6%)	(0.2%)	0.0%
Actuarial (Losses) / Gains Recognised in SRGL	3,714	719	(6,715)	1,900	(4,486)
Total Present Value of Liabilities	55,671	54,823	44,700	19,954	16,712
Percentage of the Total Present Value of Liabilities	6.7%	(1.0%)	(15.0%)	9.5%	(26.8%)

14. Revaluation Reserve

	2006-07 £'000	2005-06 £'000
Balance at 1 April	355	292
Arising on revaluation during the year	40	63
	395	355

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

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Percentage of the Total Present Value of Liabilities	6.7%	(1.0%)	(15.0%)	9.5%	(26.8%)

Financial Statements

15. Notes to the Cash Flow Statement

Note	2006-07 £'000	2005-06 £'000
(a) Reconciliation of net operating cost to operating cash flows		
Net operating cost	(35,772)	(36,493)
Adjust for non-cash transactions	2,383	2,662
Adjust for movements in working capital other than cash	(173)	(490)
Use of provisions	(580)	(710)
Net cash outflow from operating activities	(34,142)	(35,031)
(b) Analysis of capital expenditure and financial investment		
Intangible fixed asset additions	(583)	(73)
Tangible fixed asset additions	(1,209)	(890)
Net cash outflow from investing activities	(1,792)	(963)
(c) Analysis of financing		
From Consolidated Fund (Supply): current year	37,901	33,626
Net Financing	37,901	33,626
(d) Reconciliation of Net Cash Requirement to increase/(decrease) in cash		
Net Cash Requirement	(35,941)	(36,000)
From Consolidated Fund (Supply): current year	37,901	33,626
	1,960	(2,374)

16. Capital Commitments

The Contracted capital commitments at 31 March 2007 for which no provision has been made in these accounts were as follows:

	2006-07 £'000	2005-06 £'000
Electronic Interface System	-	12
	-	12

16. Capital Commitments

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Note	2006-07 £'000	2005-06 £'000
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	1,960	(2,374)

15. Notes to the Cash Flow Statement

Financial Statements

17. Reconciliation of net cash requirement

	2006-07 £'000	2005-06 £'000
Cash Payments	37,032	36,754
Cash Receipts	(1,091)	(754)
Net Cash Requirement	35,941	36,000

18. Commitments under operating leases

	2006-07 £'000		2005-06 £'000	
	Land & Buildings	Other	Land & Buildings	Other
At 31 March the Agency was committed to making the following payments during the next year in respect of operating leases expiring:				
Within one year	89	48	14	13
Between one and five years	594	138	726	115
After five years	2,211	–	2,263	–
	2,894	186	3,003	128

19. Contingent Liabilities

There are a number of legal claims against The Rent Service, the outcome of which cannot at present be stated with certainty. None of these claims have been settled. A cost of £90,000 has been estimated based on previous experience of similar claims. A cost of £60,000 has also been estimated for two pending Employment Tribunal cases. These costs have not been provided for in these financial statements.

	2006-07 £'000	2005-06 £'000
Costs associated with pending Judicial Reviews, and Employment Tribunal cases:		
Legal costs	90	55
Payment to individuals	60	40
	150	95

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Payment to individuals	60	40
	150	95

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20. Reconciliation of net operating cost to changes in general fund

	2006-07 £'000	2005-06 £'000
General Fund at 1 April	(10,195)	(7,814)
Net operating cost for the year	(35,772)	(36,493)
Pension Reserve actuarial gains	3,714	719
Payable to Consolidated Fund	(7)	(6)
Financing from the Consolidated Fund	37,901	33,626
Notional Costs	(159)	(227)
Increase / (Decrease) in the General Fund	5,677	(2,381)
General Fund	(4,518)	(10,195)
The above balance comprises:		
General Fund	(271)	(1,301)
Pension Reserve	(4,247)	(8,894)
	(4,518)	(10,195)

21. Statement of movement on Government Funds

	Note	2006-07 £'000	2005-06 £'000
Opening Funds Balance		(9,840)	(7,522)
Movement on Revaluation Reserve	14	40	63
Movement on General Fund	20	5,677	(2,381)
Closing Funds Balance		(4,123)	(9,840)

22. Authorised Date for Issue

The Rent Service's financial statements are laid before the House of Commons by the Secretary of State for Work and Pensions. FRS 21 requires The Rent Service to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by The Rent Service's management to the Secretary of State for Work and Pensions.

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20. Reconciliation of net operating cost to changes in general fund

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Financial Statements

The authorised date for issue is 20 July 2007.

23. Related-Party Transactions

During 2006-07 The Rent Service was an Executive Agency of the Department for Work and Pensions (DWP). The DWP is regarded as a related party. During the year, the Agency has had various material transactions with the DWP.

During the year ended 31 March 2007, none of the Board Members, members of the key management staff or other related parties has undertaken any transactions with the Agency.

24. Financial Instruments

The Agency's treasury operations are governed by the Rent Act 1977 as supplemented by the Framework Document agreed with DWP, which has been approved by HM Treasury.

Due to the non-trading nature of the Agency's activities and the way in which government agencies are financed, The Rent Service is not exposed to the degree of financial risk faced by business entities. The Agency has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

i. Interest rate risk

The Agency finances its operations totally through RfR2F. Cash is deposited monthly into the Agency's main bank account held at Office of HM Paymaster General by DWP. No interest is payable on this account.

ii. Liquidity risk

Resources voted annually by Parliament finance the Agency's gross running costs and capital expenditure requirements. The Agency is not therefore exposed to significant liquidity risks.

iii. Foreign currency risk

The Agency has no dealings in foreign currency and therefore is not exposed to any foreign currency risk.

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