

Presented pursuant to Acts 29 and 30 Vict., c.39, s.22, and 11 and 12 Geo. 5, c.52, ss.4 and 6

# **Appropriation Accounts 1996–97**

## **Volume 9: Class IX— Education and Employment**

# Volumes of Appropriation Accounts 1996–97

1	Class I	Ministry of Defence
2	Class II	Foreign and Commonwealth Office
3	Class III	Ministry of Agriculture, Fisheries and Food, and the Intervention Board – Executive Agency
4	Class IV	Trade and Industry and Export Credits Guarantee Department
5	Class V	Transport
6	Class VI	Environment
7	Class VII	Home Office and Charity Commission
8	Class VIII	Lord Chancellor’s and Law Officer’s Departments
9	Class IX	Education and Employment
10	Class X	National Heritage
11	Class XI	Department of Health
12	Class XII	Department of Social Security
13	Class XIII	Scotland and the Forestry Commission
14	Class XIV	Wales
15	Class XV	Northern Ireland
16	Class XVI	Departments of the Chancellor of the Exchequer
17	Class XVII	Cabinet Office: Office of Public Service and Science etc
18	Classes XVIII, XVIIIA and Class XVIII B	Cabinet Office: other services, Privy Council office and Parliament, etc; House of Commons; National Audit Office
19		General Report of the Comptroller and Auditor General for 1996–97 on Appropriation and Other Accounts

Presented pursuant to Acts 29 and 30 Vict., c.39, s.22, and 11 and 12 Geo. 5, c.52, ss.4 and 6

# **Appropriation Accounts 1996–97**

## **Volume 9: Class IX— Education and Employment**

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# Contents

	<b>Page</b>
<b>Report of the Comptroller and Auditor General</b>	i
Class IX, Vote 1	i
<b>Appropriation Accounts:</b>	
Education and Employment	1
Statement of Accounting Officers' responsibilities	3
Summary	4
Class IX, Vote 1	6
Class IX, Vote 2	26
Class IX, Vote 3	30
Class IX, Vote 4	36

## **Other Reports of the Comptroller and Auditor General**

In addition to his reports published with the Appropriation Accounts, the Comptroller and Auditor General reports separately to the House of Commons on the results of his examination of economy, efficiency and effectiveness. These reports are published during the year as House of Commons papers.

# Report of the Comptroller and Auditor General

## Class IX, Vote 1:

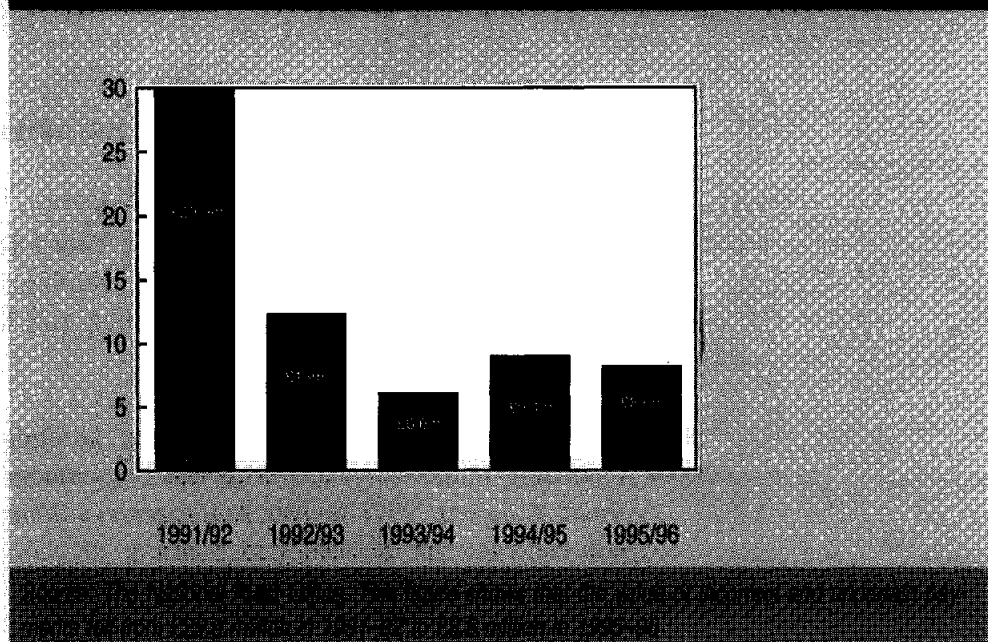
### Department for Education and Employment: Programmes and Central Services

- 1 The Appropriation Account for Class IX, Vote 1 for 1996-97 includes expenditure of £1.2 billion on youth and adult training and other vocational training delivered mainly through the 74 Training and Enterprise Councils (TECs) in England.
- 2 The major training programmes are administered in England by TECs operating under contracts with the Department for Education and Employment. Although TECs deliver some services themselves, for the most part they sub-contract the provision of training to training providers which include private companies, local authorities, colleges and voluntary bodies.
- 3 The Department fund TECs for training in two ways:
  - payments based on claims for training weeks for time that trainees have spent undergoing training; and
  - output related payments for specific outcomes achieved by trainees during or following their training, such as obtaining a National Vocational Qualification or a job.
- 4 My audit of the Department's expenditure on training programmes includes a test examination of a sample of payments, selected on a random basis, made by the Department to TECs. The sampling techniques used enable me to extrapolate the results to provide a quantified statement of financial error in payments to all TECs.
- 5 On this basis I have been able to report previously that between 1991-92, when I qualified my audit opinion on the accounts of the then Department of Employment, and 1995-96 the estimate of incorrect and uncertain payments to TECs had fallen significantly from £29.9 million to £8.6 million (Figure 1).

#### Audit findings 1991-92 to 1995-96

*continued . . .*

Figure 1: Value of incorrect and uncertain payments in the Department's Appropriation Accounts



- 6 In their 14th report of 1996-97 on the Financial Control of Payments Made under the Training for Work and Youth Training Programmes in England, the Committee of Public Accounts noted that the estimate of incorrect and uncertain payments to TECs had reduced from £9.4 million in 1994-95 to £8.6 million in 1995-96. However, the Committee concluded that this was still too high a figure and urged the Department to do all they could to reduce it further.
- 7 In their response in July 1997 to the Committee's report, the Department accepted that there could be scope for further reductions and said that they had introduced further measures aimed at improving TECs' financial controls. These included the introduction of a hot-line for cases of alleged irregularities, the development of trainee checks, the introduction of direct notification of National Vocational Qualifications to TECs by the four major awarding bodies and the provision of additional guidance for TECs in meeting the evidence requirements of their contracts. In addition, the Department had introduced new arrangements for assessing the standard of financial control in TECs. These additional measures will take some time to have an effect on the overall level of error in payments to TECs.
- 8 My audit of the Department's expenditure in 1996-97 on training programmes included visits by the National Audit Office to 13 TECs and 56 training providers. As a result of this examination I have been able to estimate that net overpayments to TECs in 1996-97 totalled £14.6 million. When account is taken of the precision of this estimate the overall level of error in payments to TECs could be between £3.3 million and £25.9 million. An analysis of the type of errors found by the National Audit Office is shown in Figure 2.

## Audit findings 1996-97

Figure 2: Type of errors found by the National Audit Office during their 1996-97 audit

Type of Error	1996	1997	Other	Total Error
Accounting errors by TECs	(1.2)	0.6	—	(0.6)
Claims for training weeks not covered by DfEE's contract with the TEC	—	6.0	—	6.0
Claims for training weeks and outcomes not properly supported by evidence	1.4	3.2	—	4.6
Claims for NVQ's for which the trainees concerned were ineligible	—	3.5	—	3.5
Claims at incorrect contract rates	(2.6)	—	—	(2.6)
Incorrect claims for investors in People and out of school child care	—	—	3.7	3.7
<b>Net Total</b>				<b>14.6</b>

9 At one TEC they visited, the National Audit Office found a high level of errors in the TEC's claims on the Department. At the same TEC, the Government Office had already raised concerns about the adequacy of the financial controls. A subsequent investigation by the Government Office and the Department identified potentially invalid claims from the TEC in respect of one training provider, totalling an estimated £800,000 for 1996-97. Claims on other TECs by the training provider concerned are under investigation by the Department (paragraph 13).

**The Department's investigation of alleged irregularities**

10 Since February 1995 the Department have maintained a record of alleged and suspected irregularities in the vocational training system. And in September 1996, they established a Financial Scrutiny Unit headed by an accountant to investigate such allegations referred to them including, from July 1997, those received through the hot-line.

11 As at 31 October 1997 the Department had noted in their record a total of 85 alleged irregularities. Their investigations have been concluded in 65 of these cases; enquiries are continuing in the remaining 20. Since July 1995, as a result of these investigations the Department have succeeded in recovering overpayments of £1,386,000 from TECs.

12 In one of the cases where investigations are continuing, the Department have identified overpayments to 22 TECs in England totalling £4.5 million in respect of claims for training by a large training provider. The Department is recovering the overpayments from the TECs concerned and the Police are carrying out their own investigations into alleged malpractice by the training



provider. These overpayments have arisen because claims were made for:

- trainees who were ineligible for training;
- trainees who were not competent but had received National Vocational Qualifications; and
- trainees who could not be traced or who were non-existent.

- 13 In a further case in which investigations are continuing, the Department have identified potential overpayments in 1996-97 to 11 TECs (including the TEC noted in paragraph 9) totalling an estimated £3.3 million, in respect of claims for training by another large training provider. These overpayments have arisen mainly because trainees were in employment prior to starting Training for Work and therefore had not been unemployed for six months to enable them to be eligible for the scheme. The Department had already raised concerns about another of the 11 TECs involved in this case, concerning its difficulty in establishing effective partnerships in its area, the adequacy of its internal audit arrangements and its long-term viability. The amount recoverable by the Department from the TEC in respect of claims from this training provider for 1996-97 could be around £500,000.
- 14 Of the remaining 18 cases under investigation, several involve similar serious allegations which the Department are pursuing with vigour. The Police are making their own investigations in seven of these cases. Although it is too early to assess the precise extent of any further overpayments to TECs arising from these cases, the Department's view is that in 11 of them a total of a further £2 million of Departmental funds may have been improperly paid to TECs. In the remaining seven cases the Department's investigations have not yet reached the point where they can estimate the likely scale of any overpayments. Taken with the two large cases referred to in paragraphs 12 and 13 above, the evidence available now suggests that the total overpayments in 1996-97 and previous years arising from alleged or reported irregularities could be of the order of £10.3 million.

## Conclusion

- 15 My examination of payments to TECs in 1996-97 has shown an increase of £6 million, from £8.6 million to £14.6 million, in the amount of incorrect or uncertain payments compared with the previous year. The £14.6 million represents 1.2 per cent of total programme expenditure on training. In addition, the Department's own investigations into allegations of serious irregularities at training providers, have so far identified possible overpayments to TECs in 1996-97 and previous years which could be of the order of £10.3 million.
- 16 While the evidence of errors and uncertainties available to me at present does not necessitate a qualified audit opinion, it is of concern that the value of such payments significantly increased in 1996-97. As noted in paragraphs 6 and 7 above, the Committee of Public Accounts concluded that the £8.6 million of estimated errors in 1995-96 was too high and that the Department should do all they could to reduce it. Against this background, I have decided to report the increase in estimated errors in payments to TECs and the various other

alleged irregularities that are under investigation by the Department, recognising that the Department is taking significant steps to address these issues. During my examination of the 1997-98 account I shall continue to monitor the measures introduced by the Department to improve further the financial controls in TECs and training providers.

*John Bourn*  
Comptroller and Auditor General

18 December 1997

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**Class IX—  
Education and Employment**



## **Statement of Accounting Officers' responsibilities**

Section 22 of the Exchequer and Audit Departments Act 1866 requires all departments to prepare accounts of the appropriation of supply grants comprised in each year's Appropriation Act. The Treasury appoint an Accounting Officer for each Vote and determine the form of the accounts. The accounts are prepared on a cash basis and must properly present the expenditure and receipts for each Vote in the financial year. The relevant responsibilities of Accounting Officers, including their responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in Government Accounting.

## Class IX:

Page	No. of Vote	Service	Estimated Gross Expenditure	Authorised Appropriations in Aid	Supply Grant
			£000	£000	£000
6	1	Department for Education and Employment: programmes and central services	14,225,565	1,715,616	12,509,949
26	2	Teachers' superannuation, England and Wales	3,289,663	1,816,330	1,473,333
30	3	Employment Service	1,302,047	13,070	1,288,977
36	4	Office of Her Majesty's Chief Inspector of schools in England	122,894	227	122,667
<b>Total</b>			<b>18,940,169</b>	<b>3,545,243</b>	<b>15,394,926</b>

**Education and Employment**

Gross Expenditure	Appropriations in Aid applied	Net Expenditure	Gross Expenditure compared with Estimate: Saving or (Excess)	Deficiency of Appropriations in Aid	Amount to be surrendered	Extra Receipts payable to Consolidated Fund	No. of Vote
£000	£000	£000	£000	£000	£000	£000	
14,098,418	1,634,208	12,464,210	127,147	81,408	45,739	330,863	1
3,260,753	1,816,330	1,444,423	28,910	—	28,910	15,731	2
1,268,293	11,680	1,256,613	33,754	1,390	32,364	16,257	3
122,093	227	121,866	801	—	801	331	4
<b>18,749,557</b>	<b>3,462,445</b>	<b>15,287,112</b>	<b>190,612</b>	<b>82,798</b>		<b>363,182</b>	
Total amount to be surrendered					<b>107,814</b>		
Actual total amount to be surrendered					<b>£107,814,332.16</b>		

## Department for Education and Employment: Programmes and Central Services

### See also Report of the Comptroller and Auditor General

**Summary of Outturn**, and the Account of the sum expended, in the year ended 31 March 1997, compared with the sum granted, for expenditure by the Department for Education and Employment on grant-maintained schools and schools conducted by Education Associations; voluntary and special schools; the Assisted Places Scheme; the provision of education for under-fives; City Colleges and other specialist schools; music and ballet schools; direct grant schools; the school curriculum and its assessment; the youth service and other educational services and initiatives; careers guidance and services; payments for or in connection with teacher training; higher and further education provision and initiatives; loans to students, student awards and other student grants and their administration; the payment of access funds; reimbursement of fees for qualifying European Union students; compensation payments to teachers and staff of certain institutions; expenditure on other central government grants to local authorities; the provision of training and assessment programmes for young people and adults; initiatives to improve training and qualifications arrangements; the promotion of enterprise and the encouragement of self employment; payments for education, training and employment projects assisted by the European Union; on help for unemployed people; the promotion of equal opportunities and co-ordination of certain issues of particular importance to women; the payment of certain fees to the Home Office Department's own administration and research and that of Capita; information and publicity services; and expenditure via Training and Enterprise Councils and amounts retained by them as surpluses and spent by them on training and other initiatives within their articles and memoranda of association.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Central government's own expenditure</b>						
A	6,635,399	2,211	6,633,188	6,644,755	2,154	6,642,601
B	1,803,663	—	1,803,663	1,769,839	—	1,769,839
C	259,181	—	259,181	246,814	—	246,814
D	19,472	202	19,270	19,881	969	18,912
E	67,018	—	67,018	65,906	—	65,906
F	23,956	—	23,956	24,331	—	24,331
G	4,034	—	4,034	3,949	—	3,949
H	2,169,009	1,700,121	468,888	2,084,577	1,618,634	465,943
I	98,692	70	98,622	95,946	39	95,907



Summary of Outturn—continued

Section	Estimated			Actual		
	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000
J	473,526	—	473,526	460,963	—	460,963
K	15,625	—	15,625	15,396	—	15,036
L	25,540	2,795	22,745	25,064	1,835	23,229
M	1,518	—	1,518	1,381	—	1,381
N	402,734	9,593	393,141	410,758	9,744	401,014
O	6,497	—	6,497	5,938	—	5,938
P	11,570	599	10,971	5,464	809	4,655
<b>Central government grants to local authorities</b>						
Q	172,864	—	172,864	172,580	—	172,580
R	2,007,609	—	2,007,609	2,007,609	—	2,007,609
S	21,510	25	21,485	30,882	24	30,858
T	6,143	—	6,143	6,475	—	6,475
U	2	—	2	—	—	—
<b>Other expenditure not included in the control total</b>						
V	1	—	1	—	—	—
<b>Other government's own expenditure</b>						
W	2	—	2	—	—	—
<b>Total</b>	<b>14,225,565</b>	<b>1,715,616</b>	<b>12,509,949</b>	<b>14,098,418</b>	<b>1,634,208</b>	<b>12,464,210</b>

**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Central government's own expenditure</b>				
To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training				
A2 Direct expenditure: other current	277,630	58,509	219,121	—
A4 Grants and transfers: current	5,932,620	6,518,374	—	585,754
A5 Grants and transfers: capital	425,149	67,872	357,277	—
To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training				
B4 Grants and transfers: current	1,054,000	1,054,000	—	—
B5 Grants and transfers: capital	749,663	715,839	33,824	—
To equip young people for the responsibilities of adult life and the world of work				
C2 Direct expenditure: other current	245,359	234,932	10,427	—
C4 Grants and transfers: current	13,822	11,882	1,940	—
To encourage life time learning so that people can use their skills and knowledge to compete effectively in a changing labour market				
D2 Direct expenditure: other current	1,000	1,378	—	378
D4 Grants and transfers: current	4,604	4,653	—	49
D5 Grants and transfers: capital	13,868	13,850	18	—

**Explanation of the Causes of Variation between Expenditure and Grant.**

- A2 Mainly due to change in the categorisation of expenditure on Work Based Training for Young People and the fact that the funding councils were given a block grant rather than one split according to the indicative figures in the Estimates (See A4 and A5).
- A5 Mainly due to change in the categorisation of expenditure on Work Based Training for Young People and the fact that the funding councils were given a block grant rather than one split according to the indicative figures in the Estimates (See A2 and A4).
- C4 Lower than anticipated spending on contracted out Careers Services, Local Education Authority careers services matched by a corresponding increase in spending on Local Education Authority Careers Services, S4.

*Account—continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
To develop a coherent framework of high quality national qualifications for all ages reflecting both academic and vocational achievement				
E2 Direct expenditure: other current	26,712	9,607	17,105	—
E4 Grants and transfers: current	40,306	56,299	—	15,993
To promote the advancement of understanding and knowledge across all disciplines, including the support of high quality research				
F4 Grants and transfers: current	23,956	24,331	—	375
To promote the advancement of understanding and knowledge across all disciplines, including the support of high quality research				
G4 Grants and transfers: current	4,034	3,949	85	—
To enhance choice, diversity and excellence in education and training				
H2 Direct expenditure: other current	48,407	46,285	2,122	—
H4 Grants and transfers: current	1,976,167	1,889,489	86,678	—
H5 Grants and transfers: capital	144,435	148,803	—	4,368
To provide a framework to encourage employers to invest in the skills needed for competitive business				
I2 Direct expenditure: other current	53,390	22,355	31,035	—
I4 Grants and transfers: current	45,302	73,591	—	28,289

**Explanation of the Causes of Variation between Expenditure and Grant.**

- E2 Mainly due to change in the categorisation of expenditure on the Standards programme and the fact that the School Curriculum and Assessment Authority was given a block grant rather than one split according to the indicative figures in the Estimates (See E4).
- E4 Mainly due to change in the categorisation of expenditure on the Standards programme and the fact that the School Curriculum and Assessment Authority was given a block grant rather than one split according to the indicative figures in the Estimates (See E2).
- I2 Mainly due to change in categorisation of expenditure on the Skills for Small Businesses programme (See I4).
- I4 Mainly due to change in categorisation of expenditure on the Skills for Small Businesses programme (See I2).

Account—continued

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
To help unemployed people into work				
J2 Direct expenditure: other current	217,897	16,479	201,418	—
J4 Grants and transfers: current	255,629	444,484	—	188,855
To promote equality of opportunity in education, training and at work with regard to gender, race, disability and age; and women's issues more generally				
K2 Direct expenditure: other current	5,995	5,994	1	—
K4 Grants and transfers: current	9,630	9,312	318	—
To pursue the Government's aims for employment and for education and training in the European Union and more widely				
L4 Grants and transfers: current	25,160	24,687	473	—
L5 Grants and transfers: capital	380	377	3	—
To pursue the Government's aims for employment and for education and training in the European Union and more widely				
M4 Grants and transfers: current	1,518	1,381	137	—
Activities supporting all objectives—not including Teachers' Pensions Agency				
N1 Direct expenditure: running costs	362,488	368,188	—	5,700
N2 Direct expenditure: other current	22,634	25,625	—	2,991
N3 Direct expenditure: capital	16,746	16,013	733	—
N4 Grants and transfers: current	866	932	—	66
Activities supporting all objectives—not including Teachers' Pensions Agency				
O4 Grants and transfers: current	6,497	5,938	559	—
Activities supporting all objectives Teachers' Pensions Agency				
P1 Direct expenditure: running costs	11,420	5,399	6,021	—
P3 Direct expenditure: capital	150	65	85	—

Explanation of the Causes of Variation between Expenditure and Grant.

- J2 Mainly due to change in categorisation of expenditure on the Training for Work programme and an underspend on that programme (See J4).
- J4 Mainly due to change in categorisation of expenditure on the Training for Work programme and an underspend on that programme (See J2).
- N2 Increase in expenditure on publicity.
- P1 Underspend due to transfer of work on teachers' pensions from the Teachers' Pensions Agency to Capita in the course of the year.

Account—continued

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Central government grants to local authorities</b>				
To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training				
Q4 Grants and transfers: current	162,602	172,580	—	9,978
Q5 Grants and transfers: capital	10,262	—	10,262	—
To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training				
R4 Grants and transfers: current	2,007,609	2,007,609	—	—
To equip young people for the responsibilities of adult life and world of work				
S4 Grants and transfers: current	21,510	30,882	—	9,372
To enhance choice, diversity and excellence in education and training				
T4 Grants and transfers: current	6,143	6,475	—	332
To pursue the Government's aim for employment and for education and training (including education and training exports) in the European Union and more widely (net)				
U4 Grants and transfers: current	2	—	2	—
<b>Other expenditure not included in the control total</b>				
To pursue the Government's aims for employment and for education and training in the European Union and more widely (net)				
V5 Grants and transfers: capital	1	—	1	—

**Explanation of the Causes of Variation between Expenditure and Grant.**

Q5 Grants for Education Support and Training expenditure paid as a block rather than according to the indicative capital and current split.

S4 Greater than anticipated spending on Local Education Authority careers services matched by a corresponding decrease in spending on contracted out services, C4.

Account—continued

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Central government's own expenditure</b>				
To pursue the Government's aim for employment and for education and training in the European Union and more widely (net)				
W4 Grants and transfers: current	2	—	2	—
<b>Gross Total</b>				
Original (Revised sum)	14,238,232			
Supplementary	2,168			
Supplementary	(14,835)			
	14,225,565	14,098,418	979,647	852,500
			Surplus of Gross Estimate over expenditure <u>127,147</u>	
<b>Deduct</b>				
Z Appropriations in Aid				
Original (Revised sum)	1,745,965			
Supplementary	1,971			
Supplementary	(32,320)			
	1,715,616	1,634,208		Deficiency of Appropriations in Aid realised <u>81,408</u>
<b>Net Total</b>				
Original (Revised sum)	12,492,267			
Supplementary	197			
Supplementary	17,485			
	12,509,949	12,464,210		Net Surplus <u>45,739</u>
			Actual surplus to be surrendered <u>£45,739,225.13</u>	

## Explanatory Notes on Expenditure and Receipts

### 1 Expenditure items

#### *Section A:*

To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training (£6,635,399,000)

	Current £000	Capital £000
Youth Training	734,348	—
Voluntary and aided schools	37,753	63,399
Research and miscellaneous	6,879	—
Under five's voucher scheme	9,111	—
Higher Education Funding Council for England (GIA)	3,447,543	—
Teacher Training Agency (GIA)	191,909	4,473
Other Teacher Training	1,796	—
Further Education Funding Council (GIA)	2,100,340	—
Further Education	67	—
Other Higher Education	3,855	—
Student Loans Company (GIA)	15,549	—
Access Funds	27,733	—
<b>Total</b>	<b>6,576,883</b>	<b>67,872</b>

#### *Section B:*

To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training (£1,803,663,000)

Student Loans (GIA)	715,839	—
FEFC Demand Led Element (GIA)	1,054,000	—
<b>Total</b>	<b>1,769,839</b>	<b>—</b>

**Section C:**

To equip young people for the responsibilities of adult life and the world of work (£259,181,000)

	Current £000	Capital £000
FECDF	28,627	—
Work Experience	6,357	—
Enterprise and Job Growth	6,392	—
Careers Service	190,461	—
Promotion of individual choice and removal of barriers	3,315	—
Youth services	3,616	—
Equipping young people for adult life and work	4,817	—
National Council for Educational Technology (GIA)	3,229	—
<b>Total</b>	<b>246,814</b>	<b>—</b>

**Section D:**

To encourage life time learning so that people can use their skills and knowledge to compete effectively in a changing labour market (£19,472,000)

Adult Information and Guidance CDL's	15,228	—
Adult Education	4,653	—
<b>Total</b>	<b>19,881</b>	<b>—</b>

**Section E:**

To develop a coherent framework of high quality national qualifications for all ages reflecting both academic and vocational achievement (£67,018,000)

Standards	9,540	—
Educational Qualifications	15,506	—
School Curriculum and Assessment Authority (GIA)	40,860	—
<b>Total</b>	<b>65,906</b>	<b>—</b>

**Section F:**

To promote the advancement of understanding and knowledge across all disciplines, including the support of high quality research (£23,956,000)

British Academy	24,331	—
<b>Total</b>	<b>24,331</b>	<b>—</b>



**Section G:**

To promote the advancement of understanding and knowledge across all disciplines, including the support of high quality research (£4,034,000)

	Current £000	Capital £000
Post Graduate Awards	3,949	—
<b>Total</b>	<b>3,949</b>	<b>—</b>

**Section H:**

To enhance choice, diversity and excellence in education and training (£2,169,009,000)

TEC Performance Related Funding	33,785	—
Assisted Places Scheme	117,553	—
Specialist Schools	9,505	3,423
City Technology Colleges	51,650	2,053
Grant Maintained Schools	1,702,207	143,327
Education Assets Board (GIA)	693	—
Funding Agency for Schools (GIA)	12,500	—
Music and Ballet Schools	7,881	—
<b>Total</b>	<b>1,935,774</b>	<b>148,803</b>

**Section I:**

To provide a framework to encourage employers to invest in the skills needed for competitive business (£98,692,000)

EIP and Skills for Small Business	76,113	—
ITM and MD and IIP (UK)	18,179	—
Investors in People (GIA)	1,654	—
<b>Total</b>	<b>95,946</b>	<b>—</b>

**Section J:**

To help unemployed people into work (£473,526,000)

Help for unemployed people (Training for Work)	1,026	—
Skills and Competence for Work	459,937	—
<b>Total</b>	<b>460,963</b>	<b>—</b>

**Section K:**

To promote equality of opportunity in education, training and at work with regard to gender, race, disability and age; and women's issues more generally (£15,625,000)

	Current £000	Capital £000
Childcare Initiative	9,312	—
Initiatives for Disadvantaged Groups	53	—
Statutory rights awareness and equal opportunities	120	—
Equal Opportunities Commission (GIA)	5,821	—
<b>Total</b>	<u>15,306</u>	<u>—</u>

**Section L:**

To pursue the Government's aims for employment and for education and training in the European Union and more widely (£25,540,000)

Europe and International Issues	11,008	—
International Services	10,691	377
Expenditure supporting the Government's aims in the European Union	597	—
European Union Grants	2,391	—
<b>Total</b>	<u>24,687</u>	<u>377</u>

**Section M:**

To pursue the Government's aims for employment and for education and training in the European Union and more widely (£1,518,000)

EUI Bursaries	207	—
Universities: EC Student Fees	1,174	—
<b>Total</b>	<u>1,381</u>	<u>—</u>

**Section N:**

Activities supporting all objectives—not including Teachers' Pensions Agency (£402,734,000)

Departmental Administration	368,188	—
Other Non Running Costs	2,607	16,013
Programmes supporting all Departmental activities	23,950	—
<b>Total</b>	<u>394,745</u>	<u>16,013</u>

**Section O:**

Activities supporting all objectives—not including Teachers' Pensions Agency (£6,497,000)

	Current £000	Capital £000
Compensation to College of Education Staff	5,938	—
<b>Total</b>	<u>5,938</u>	<u>—</u>

**Section P:**

Activities supporting all objectives Teachers' Pensions Agency (£11,570,000)

Departmental Administration	5,399	65
<b>Total</b>	<u>5,399</u>	<u>65</u>

**Section Q:**

To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training (£172,864,000)

Under 5's voucher scheme	11,358	—
Grants for Education Support and Training	154,451	—
Children of travellers, refugees and displaced persons	6,771	—
<b>Total</b>	<u>172,580</u>	<u>—</u>

**Section R:**

To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training (£2,007,609,000)

Mandatory Awards: Fees	2,007,609	—
<b>Total</b>	<u>2,007,609</u>	<u>—</u>

**Section S:**

To equip young people for the responsibilities of adult life and world of work (£21,510,000)

TVEI	17,916	4,038
Help for unemployed people—Careers Service	8,928	—
<b>Total</b>	<u>26,844</u>	<u>4,038</u>

**Section T:**

To enhance choice, diversity and excellence in education and training  
(£6,143,000)

	Current £000	Capital £000
Specialist Schools	6,475	—
<b>Total</b>	<u>6,475</u>	<u>—</u>

**Section U:**

To pursue the Government's aim for employment and for education and training  
(including education and training exports) in the European Union and more  
widely (net)

Europe and International Issues	—	—
<b>Total</b>	<u>—</u>	<u>—</u>

**Section V:**

To pursue the Government's aims for employment and for education and training  
in the European Union and more widely (net)

<b>Total</b>	<u>—</u>	<u>—</u>
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**Section W:**

To pursue the Government's aim for employment and for education and training  
in the European Union and more widely (net)

<b>Total</b>	<u>—</u>	<u>—</u>
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**2 Receipts payable to the Consolidated Fund**

	Estimated £000	Realised £000
(i) Receipts of classes authorised as Appropriations in Aid	1,715,616	1,634,208
(ii) Receipts of other classes	552,270	330,863
Gross Total	2,267,886	1,965,071
Appropriated in Aid		1,634,208
Net Total		<u>330,863</u>
Actual sum payable separately to the Consolidated Fund		<u>£330,862,843.55</u>

**Details of Receipts**

(i) Receipts of classes authorised as Appropriations in Aid

	Estimated £000	Realised £000
<b>a Section A</b>		
Voluntary Aided Schools repayment of grant overpaid in previous years	210	602
Voluntary Aided Schools repayments of Section 105 loans	1,600	1,138
Under five's Vouchers contributions from Scottish and Welsh Office	293	315
Others	108	99
<b>b Section D</b>		
Loan Default Recovery (Career Development Loans)	199	959(a)
Others	3	10
<b>c Section H</b>		
Funding Agency for Schools Annual Maintenance Grants Recoupment	1,700,000	1,618,423
Funding Agency for Schools Grant Maintained School Loan Repayments	120	211
Others	1	—
<b>d Section I</b>		
Others	70	39
<b>e Section L</b>		
European Social Fund Administration Receipts	2,734	1,771(b)
Culham Rent Receipts	13	16
ERASMUS Receipts	48	48
<b>f Section N</b>		
Recovery by the Department of administrative and other costs including the sale of publications, recoveries of salaries and superannuation costs for seconded staff, recoveries of rent, Training and Development Division receipts and recoveries from the private mileage scheme	9,151	9,002
Publicity	235	236
Research and Evaluation	207	506
<b>g Section P</b>	599	809
<b>h Section S</b>	25	24
<b>Total</b>	<u>1,715,616</u>	<u>1,634,208</u>

**Explanation of the Causes of Variation between Expenditure and Grant.**

- (a) Greater than expected Career Development Loan repayments by banks due to successful recoveries from loan defaulters.
- (b) These receipts and related expenditure are in respect of payments to external contractors. The proportion of European Social Fund paid in this way was less than expected as not all contracts had been agreed at that point.

	Estimated £000	Realised £000
(ii) Receipts of other classes		
To enable children, young people and adults to achieve skills and qualifications at the highest standard of which they are capable and to ensure progress towards the National Targets for Education and Training	68,520	71,300
To pursue the Government's aims for employment and for education and training in the European Union and more widely	483,750	243,221(c)
Others	—	16,342(d)
<b>Total</b>	<u>552,270</u>	<u>330,863</u>

**Explanation of the Causes of Variation between Expenditure and Grant.**

- (c) At the start of the year, undispersed receipts of £297.5m were held. During the year, a further total of £582.1m was received from the Commission. Of these, £234.4m was paid to the Government under receipts of other classes. A further £283.9m was paid to parties under sections U and W, and £74.8m to parties under other Votes. The residual balance of funds will be dispersed when valid claims are received.
- (d) Other extra receipts including surrender of VAT due to change in accounting practice, recovery of girocheque discrepancy from DSS and recoveries of payments to TECs and others that were overpaid in prior financial years.

<b>Losses Statement</b>	<b>£000</b>
Total (19,359 cases)	1,269

**Notes**

**Details**

The Losses Statement includes:

- (a) £230,000 relating to an out of court settlement to a third party in respect of a second advance payment made on the department's behalf which occurred in 1994 in Class V, Vote 1.

<b>Special Payments</b>	<b>£000</b>
Total 96 cases	278

**Other Notes**

1 Section A

The accounts of the Further Education Funding Council, the Higher Education Funding Council for England and the Teacher Training Agency are published separately as White Papers.

2 Section B

*Loans remitted in the year*

Loans totalling £769,549 issued by the Student Loans Company were remitted during the year mainly due to 520 deaths (£765,595), and 3 borrowers whose loans have been written off (£3,954). Of this total £658,349 is attributable to funds provided from Section B. The remainder is attributable to the separate Votes for the Student Awards Agency for Scotland (£84,574) and the Department for Education for Northern Ireland (£26,626).

*Shares held at 31 March 1997*

Cost of  
Shares

Student Loans Company Limited  
Five ordinary shares of £1

£  
5

3 Section E

The account of the School Curriculum and Assessment Authority is published separately as a White Paper.

4 Section H

The accounts of the Education Assets Board and the Funding Agency for Schools are published separately as White Papers.

5 Section K

The account of the Equal Opportunities Commission is published separately as a White Paper.

6 Section N

On 1 April 1994 the regional offices of the Department for Education and Employment joined with those of three other Departments: Transport; Environment; and Trade and Industry to form ten integrated and jointly funded Government Offices for the regions. With effect from 1 April 1995 a proportion, agreed at the beginning of each financial year, of the administrative costs of these offices is to be brought to account by each Department. Accordingly, in the above section is expenditure of £22,463,895 and receipts of £6,005 relating to the Government Offices for the Regions.

7 The Department is currently investigating possible incorrect and irregular payments relating to a number of TEC Funded training providers. The extent of any potential losses are not known at this stage, and all sums in dispute may be recoverable in due course. If losses do arise these will be disclosed in the account year in which any write off occurs.

**Details of Expenditure**

Section U	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Communities (net)</b>				
Payments to local authorities for training and employment projects assisted by the European Social Fund and the European Communities initiative				
Perifra	48,499	46,383	—	—
Less Refunds from 3rd Parties	—	1,180	—	—
<b>Total Expenditure</b>	<b>48,499</b>	<b>45,203</b>	<b>3,296</b>	<b>—</b>
<i>Less</i>				
Receipts from the EC to meet the above payments	48,498	45,203	—	3,295
<b>Net Total</b>	<b>1</b>	<b>—</b>	<b>3,296</b>	<b>3,295</b>
			<b>Net Saving</b>	<b><u>1</u></b>

Section U	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Regional Development Fund (net)</b>				
Payments to local authorities for training and employment projects assisted by the European Regional Development Fund				
	1,860	2,029	—	—
<b>Total Expenditure</b>	<b>1,860</b>	<b>2,029</b>	<b>—</b>	<b>169</b>
<i>Less</i>				
Receipts from the EC to meet the above payments	1,859	2,029	170	—
<b>Net Total</b>	<b>1</b>	<b>—</b>	<b>170</b>	<b>169</b>
			<b>Net Saving</b>	<b><u>1</u></b>

**Explanation of the Causes of Variation between Expenditure and Grant.**

U The effects of the late start to the 1994 programming period were still being felt during the 1996-97 financial year and payment of 1996 and 1997 claims were therefore not as advanced as planned. As the European Social Fund process is competitive, it is therefore difficult to assess the likely take-up by Local Authorities.



**Details of Expenditure—continued**

Section V	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency Payments on behalf of the European Regional Development Fund (net)</b>				
Capital payments to local authorities for training and employment projects assisted by the European Regional Development Fund	200	—	—	—
<b>Total Expenditure</b>	<b>200</b>	<b>—</b>	<b>200</b>	<b>—</b>
<i>Less</i>				
Receipts from the EC to meet the above payments	199	—	—	199
<b>Net Total</b>	<b>1</b>	<b>—</b>	<b>200</b>	<b>199</b>
			<b>Net Saving</b>	<b>1</b>

Section W	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Communities (net)</b>				
Payments to non-exchequer bodies other than local authorities for training and employment projects assisted by the European Social Fund and the European Communities initiative Perifra	406,475	244,459	—	—
<i>Less Refunds</i>	—	5,745	—	—
<b>Total Expenditure</b>	<b>406,475</b>	<b>238,714</b>	<b>167,761</b>	<b>—</b>
<i>Less</i>				
Receipts from the EC to meet the above payments	406,474	238,714	—	167,760
<b>Net Total</b>	<b>1</b>	<b>—</b>	<b>167,761</b>	<b>167,760</b>
			<b>Net Saving</b>	<b>1</b>

**Explanation of the Causes of Variation between Expenditure and Grant.**

**W European Social Fund**

The effects of the late start to the 1994 programming period were still being felt during the 1996-97 financial year and payment of 1996 and 1997 claims were therefore not as advanced as planned. The regulations for drawing down funds from the European Commission has impacted on the speed with which we are able to receive and make payments.

**Details of Expenditure—continued**

Section W	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Regional Development Fund (net)</b>				
Payments to non-exchequer bodies other than local authorities for training projects assisted by the European Regional Development Fund	43,782	15,932	—	—
<b>Total Expenditure</b>	<b>43,782</b>	<b>15,932</b>	<b>27,850</b>	<b>—</b>
<i>Less</i>				
Receipts from the EC to meet the above payments	43,781	15,932	—	27,849
<b>Net Total</b>	<b>1</b>	<b>—</b>	<b>27,850</b>	<b>27,849</b>
			<b>Net Saving</b>	<b><u>1</u></b>

**Explanation of the Causes of Variation between Expenditure and Grant.**

**W European Regional Development Fund**

There is no fixed allocation for the department from this fund and it is therefore difficult to assess the amount likely to be attributed to the department in any one year. Maximisation of spend has proved difficult as claims have arrived later than expected.

*Michael Bichard*  
Accounting Officer

9 September 1997

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

I certify that I have audited the financial statements on pages 6 to 24 under the Exchequer and Audit Departments Acts 1866 and 1921.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 3 the Accounting Officer is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them, and to report my opinion to you.

### Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

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 are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and receipts have been applied to the purposes intended by Parliament and 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.

### Opinion

In my opinion:

- the appropriation account properly presents the expenditure and receipts of Class IX, Vote 1 for the year ended 31 March 1997; and
- in all material respects the expenditure and receipts have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

*John Bourn*  
Comptroller and Auditor General

18 December 1997

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

## Teachers' Superannuation, England and Wales

**Summary of Outturn**, and the Account of the sum expended, in the year ended 31 March 1997, compared with the sum granted, for expenditure by the Department for Education and Employment on superannuation allowances and gratuities, etc, in respect of teachers and the widows, widowers, children and dependants of deceased teachers, and for premature retirement compensation payments made to members of the Teachers' Superannuation Scheme on behalf of their employees.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Other expenditure not included in the control total:</b>						
A	3,289,663	1,816,330	1,473,333	3,260,753	1,832,061	1,428,692
<b>Total</b>	<b>3,289,663</b>	<b>1,816,330</b>	<b>1,473,333</b>	<b>3,260,753</b>	<b>1,832,061</b>	<b>1,428,692*</b>

\*This figure is £15,731,458 less than the net total of expenditure on the Appropriation Account, being the difference between the Appropriations in Aid realised (£1,832,061,458) and those authorised to be applied (£1,816,330,000).

## Account

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Pensions and associated payments</b>				
A4 Grants and transfers: current	3,289,663	3,260,753	28,910	—
<b>Gross Total</b>				
<i>Original</i>	3,172,031			
<i>Supplementary</i>	1			
<i>Supplementary</i>	<u>117,631</u>			
	3,289,663	3,260,753	28,910	—
			Surplus of Gross Estimate over Expenditure <u>28,910</u>	
<i>Deduct</i>		<b>Estimated £000</b>		<b>Applied £000</b>
Z Appropriations in Aid				
<i>Original</i>	1,795,699			
<i>Supplementary</i>	<u>20,631</u>			
		1,816,330		1,816,330
<b>Net Total</b>				
<i>Original</i>	1,376,332			
<i>Supplementary</i>	1			
<i>Supplementary</i>	<u>97,000</u>			
		1,473,333		1,444,423
			Net Surplus <u>28,910</u>	
			Actual surplus to be surrendered <u>£28,909,841.36</u>	

**Receipts payable to the Consolidated Fund**

	Estimated £000	Realised £000
Receipts of classes authorised as Appropriations in Aid	<u>1,816,330</u>	<u>1,832,061</u>
Gross total	1,816,330	1,832,061
Appropriated in Aid		<u>1,816,330</u>
Net total		<u>15,731</u>
Actual sum payable separately to the Consolidated Fund		<u>£15,731,458.22</u>

**Losses Statement**

	Realised £000
Total 6,648 cases	328

**Other Notes**

The account of the Teachers' Pensions Agency (1 April 1996 to 30 September 1996) has been published separately as a White Paper.

*Michael Bichard*  
Accounting Officer

9 September 1997

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

I certify that I have audited the financial statements on pages 26 to 28 under the Exchequer and Audit Departments Acts 1866 and 1921.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 3 the Accounting Officer is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them, and to report my opinion to you.

### Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

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 are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and receipts have been applied to the purposes intended by Parliament and 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.

### Opinion

In my opinion:

- the appropriation account properly presents the expenditure and receipts of Class IX, Vote 2 for the year ended 31 March 1997; and
- in all material respects the expenditure and receipts have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

*John Bourn*  
Comptroller and Auditor General

14 October 1997

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

## Employment Service

**Summary of Outturn**, and the **Account** of the sum expended, in the year ended 31 March 1997, compared with the sum granted, for expenditure by the Employment Service of the Department for Education and Employment on measures to help people into work, particularly unemployed people; on support for people with disabilities; including a grant in aid to Remploy Ltd; on allowances to participants on Community Action as well as Jobmatch, and Project Work pilots; on the payment of temporary subsidies to employers taking part in Workstart pilots; on administering unemployment benefit and associated payments; on those functions which the Employment Service undertakes as part of the delivery of the Jobseeker's Allowance; on assistance to Eastern Europe on labour market issues, in co-operation with the Foreign and Commonwealth Office and other agencies; on European Employment Services on behalf of the European Commission; and on research publicity and administration.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Central Government's own expenditure:</b>						
<b>To help unemployed people into work</b>						
A	1,266,755	13,070	1,253,685	1,233,735	11,680	1,222,055
<b>Central Government Grants to local authorities:</b>						
<b>To help unemployed people into work</b>						
B	35,292	—	35,292	34,558	—	34,558
<b>Total</b>	<b><u>1,302,047</u></b>	<b><u>13,070</u></b>	<b><u>1,288,977*</u></b>	<b><u>1,268,293</u></b>	<b><u>11,680</u></b>	<b><u>1,256,613</u></b>

\*The original cash limit on this Vote was subsequently reduced to £1,269,424,000.



## Account

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Central Government's own expenditure: To help unemployed people into work</b>				
Section A:				
<b>Direct expenditure</b>				
A1 Running costs	910,151	905,606	4,545	—
A2 Other current	111,571	83,204	28,367	—
A3 Capital	86,200	96,193	—	9,993
<b>Grants and transfers</b>				
A4 Current	139,466	138,360	1,106	—
A5 Capital	19,367	10,372	8,995	—
<b>Central Government Grants to local authorities: To help unemployed people into work</b>				
Section B:				
<b>Grants and transfers</b>				
B4 Current	31,647	31,952	—	305
B5 Capital	3,645	2,606	1,039	—

**Explanation of the Causes of Variation between Expenditure and Grant.****A2 Other current**

The underspend resulted from a lower intake than anticipated to some labour market programmes caused by the falling number of unemployed people, fewer people than expected ending their claim to Incapacity/Invalidity Benefit and therefore not returning to the unemployment register and new funding arrangements for elements of the Access to Work programme. As part of an arranged Parliamentary Question in January 1997 the original provision against A2 was reduced by £21,000,000 to £90,571,000.

**A3 Capital**

The overspend arose because of additional expenditure on personal computers for the Labour Market System (LMS) and on the Labour Market System Implementation and Infrastructure Management Project (LIIMP). As part of the arranged Parliamentary Question the original capital provision was increased by the take-up of £3,000,000 of the capital end year flexibility entitlement plus £690,000 transferred from the Department of Social Security. The remaining overspend will be funded by viring £6,303,000 from programme underspends.

**A5 Capital and AZ: Appropriations in Aid**

These variances are intrinsically linked. £5,000,000 of the underspend against A5 was because Remploy Ltd did not take up their temporary loan facility, therefore no recoveries were necessary. The remaining underspend of £3,995,000 was because Remploy Ltd and the Voluntary Bodies took some of their capital grant provision as current grants.

**B5 Capital**

The underspend resulted from the ES undertaking that shortfalls in current grant provisions to participants in the Supported Employment Scheme would be met from the Capital Grant provision.

## **Explanatory Notes on Expenditure and Receipts**

### **1 Expenditure items**

In line with Estimates, expenditure—except on contracted-out services—is included gross of VAT. Expenditure on contracted-out services is included net of VAT. The ES monitors recoverable VAT on contracted-out services using suspense accounts.

### **Central Government's Own Expenditure**

#### **2 Remploy Ltd Grant in Aid**

Remploy Ltd is a Government sponsored private company and is the largest single provider of supported employment. The performance of Remploy is measured against targets negotiated annually with the Secretary of State for Education and Employment. For 1996-97 the grant in aid to Remploy totalled £94,161,000. This expenditure is recorded on the Appropriation Account as follows:—

Subhead A4: Current Grants and Transfers—£85,070,000

Subhead A5: Capital Grants and Transfers—£9,091,000

## Account

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Gross Total</b>				
<i>Original</i>	1,300,630			
<i>Supplementary</i>	<u>1,417</u>			
	1,302,047	1,268,293	44,052	10,298
			Surplus of Gross Estimate over Expenditure <u>33,754</u>	
<b>Deduct</b>		Estimated £000		
Z Appropriations in Aid		Realised £000		
<i>Original</i>	13,070			Deficiency of Appropriations in Aid realised
<i>Supplementary</i>	<u>—</u>			<u>1,390</u>
	13,070	11,680		
<b>Net Total</b>				
<i>Original</i>	1,287,560			Net Surplus
<i>Supplementary</i>	<u>1,417</u>			<u>32,364</u>
	1,288,977	1,256,613		
				<b><u>£32,364,204.72</u></b>
				Actual surplus to be surrendered

The net expenditure of £1,256,613,000 is recorded in the Cash Flow Reconciliation Statement of the Agency's Account. This Account is incorporated within the published Employment Service Annual Report and Accounts.

<b>Details of Receipts</b>	<b>Estimated £000</b>	<b>Realised £000</b>
<b>Extra Receipts payable to the Consolidated Fund</b>		
Receipts of classes not authorised to be used as Appropriations in Aid	16,000	16,257
Actual sum payable separately to the Consolidated Fund		<u>£16,257,108.49</u>

	<b>Estimated £000</b>	<b>Realised £000</b>
(i) Receipts of classes authorised to be used as Appropriations in Aid		
Subhead Z (see Note below)	13,070	11,680

**Note:** This total comprises the amount that may be applied as Appropriations in Aid in addition to the net total, arising from the recovery of the costs of administering Training for Work allowance payments in Scotland and Wales; property disposals; rent and similar receipts; the Employment Service private mileage scheme; sales of surplus equipment; IT services; recovery of salary costs of Employment Service staff seconded to other organizations; recovery from the European Commission of costs of work on European Services (EURES); the Employment Service Revenue Generation Scheme; work undertaken on labour market issues in Eastern Europe; sponsor of supported placements in the Employment Service; repayment of temporary loans to Remploy Ltd; capital assets, and recovery of excess payments made on ES employment measures.

	<b>Estimated £000</b>	<b>Realised £000</b>
(ii) Receipts of other classes		
Receipts of classes not authorised to be used as Appropriations in Aid	16,000	15,455
Other receipts	—	802
<b>Total</b>	<u>16,000</u>	<u>16,257</u>

<b>Losses Statement</b>	<b>£000</b>
Total (894 cases)	321

<b>Notes</b>	<b>£000</b>
<b>Special Payments</b>	
Total (258 cases)	304

*Leigh Lewis*  
Accounting Officer

28 August 1997

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

I certify that I have audited the financial statements on pages 30 to 34 under the Exchequer and Audit Departments Acts 1866 and 1921.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 3 the Accounting Officer is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them, and to report my opinion to you.

### Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

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 are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and receipts have been applied to the purposes intended by Parliament and 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.

### Opinion

In my opinion:

- the appropriation account properly presents the expenditure and receipts of Class IX, Vote 3 for the year ended 31 March 1997; and
- in all material respects the expenditure and receipts have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

*John Bourn*  
Comptroller and Auditor General

3 November 1997

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

## Office of Her Majesty's Chief Inspector of Schools in England

**Summary of Outturn**, and the **Account** of the sum expended, in the year ended 31 March 1997, compared with the sum granted, for expenditure by the Office of Her Majesty's Chief Inspector of Schools in England on administration and inspection, including the inspection of nursery education which is funded or under consideration for funding.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
A	122,894	227	122,667	122,093	434	121,659
<b>Total</b>	<b>122,894</b>	<b>227</b>	<b>122,667</b>	<b>122,093</b>	<b>434</b>	<b>121,659*</b>

\*This figure is £207,000 less than the net total of expenditure on the Appropriation Account, being the difference between the Appropriations in Aid realised (£434,000) and those authorised to be applied (£227,000).

**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section A:</b>				
<b>Direct Expenditure</b>				
Administration and inspection				
A1 Running Costs	29,614	28,649	965	—
A2 Other Current	92,705	92,669	36	—
A3 Capital	575	775	—	200
<b>Gross Total</b>				
Original	117,827			
Supplementary	5,067			
	122,894	122,093	1,001	200
			Surplus of Gross Estimate over Expenditure 801	
<i>Deduct</i>	Estimated £000	Applied £000		
Z Appropriations in Aid				
Original	227	227		
<b>Net Total</b>				
Original	117,600			
Supplementary	5,067			
	122,667	121,866		Net Surplus 801
				<u>£801,060.95</u>
				Actual surplus to be surrendered

**Receipts payable to Consolidated Fund**

	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid	227	434
(ii) Receipts of other classes	<u>1</u>	<u>124</u>
Gross Total	228	558
Appropriated in Aid		<u>227</u>
Net Total		<u>331</u>
Actual sum payable separately to Consolidated Fund		<u>£331,118.47</u>

**Details of Receipts**

	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
(1) Recovery of costs of services provided to departmental, non-departmental public and other bodies	68	10
(2) Sale and use of official cars and equipment, sale of publications and other receipts	49	105
(3) Registration fees	45	158
(4) Charges for training of inspectors other than OHMCI staff	<u>65</u>	<u>161</u>
Total	<u>227</u>	<u>434</u>
(ii) Receipts of other classes		
(1) Miscellaneous	<u>1</u>	<u>124</u>

*C Woodhead*  
Accounting Officer

28 August 1997



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

I certify that I have audited the financial statements on pages 36 to 38 under the Exchequer and Audit Departments Acts 1866 and 1921.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 3 the Accounting Officer is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them, and to report my opinion to you.

### Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

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 are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and receipts have been applied to the purposes intended by Parliament and 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.

### Opinion

In my opinion:

- the appropriation account properly presents the expenditure and receipts of Class IX, Vote 4 for the year ended 31 March 1997; and
- in all material respects the expenditure and receipts have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

*John Bourn*  
Comptroller and Auditor General

23 September 1997

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