

Independent Living Fund (2006)
Report and Accounts
for the period 1 April 2015 to 30 September 2015

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Presented to Parliament pursuant to Article 3 of the Government
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Performance report: Overview

About the Independent Living Fund

The Independent Living Fund (ILF) was an Executive Non-Departmental Public Body of the Department for Work and Pensions (DWP). Its role was to provide a high quality service to over 16,000 disabled people across the United Kingdom (UK), supporting them to achieve positive independent living outcomes, and to have greater choice and control over their lives.

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

Operating from offices in Nottingham it employed up to 126 dedicated people and had engaged up to 95 self-employed social care professionals across the UK. These independent assessors visited users in their own homes every two years to identify their needs in conjunction with local authority social services departments.

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

On 6 November 2013 the Court of Appeal quashed the Government's decision to close the ILF on the grounds more documentary evidence was required to demonstrate that Ministers were aware of the full extent of the potential impact of closure on ILF users and they had given due regard to the Public Sector Equality Duty. Following a period of reflection, the Minister of State for Disabled People announced on 6 March 2014 that the ILF would close on the 30 June 2015. This allowed social care support for ILF users to be delivered through one mainstream system.

Responsibility and funding for ILF users was transferred to local authorities in England and the devolved administrations in Scotland, Wales and Northern Ireland on the 1 July 2015. The ILF delivered a dedicated comprehensive programme to support users through their transition into the mainstream care system.

During the period from 1 July to 30 September 2015 a small team carried out a corporate closure of the organisation leading to the dissolution of the Trust on 30 September 2015.

Website: www.dwp.gov.uk/ilf

Summary

This report and accounts cover the final six months of the ILF showing the income and expenditure to 30 September 2015.

The ILF ceased its operational activities on the 30 June 2015 with support for its users transferring to either Local Authorities or Devolved Administrations' responsibilities with effect from 1 July 2015.

A small team of ILF staff then remained in post for the final three months to 30 September 2015 to ensure an orderly corporate closure.

With effect from 00:01am on the 1 October 2015 all the ILF's residual rights, obligations and assets were transferred to the Department for Work and Pensions, the ILF's sponsoring department, acting on behalf of the Secretary of State.

A draft of this report and accounts was reviewed and recommended by the ILF's Audit Committee on 11 September 2015. The report and accounts were then forwarded to DWP for them to finalise.

In my capacity as the Principal Accounting Officer for the Department for Work and Pensions, I have reviewed the effectiveness of the system of internal control used to close the Independent Living Fund as one of the Department's arm's length bodies. Recognising that the ILF closed on 30 June 2015 and during the period from 1 July 2015 to 30 September 2015 a small team carried out the statutory closure actions I believe that there has been a robust governance and risk management framework in operation on which I can rely as the Principal Accounting Officer of the sponsoring department.

Sir Robert Devereux (KCB)
Accounting Officer

14 January 2016

Performance report: Performance Analysis

All the ILF's activities were brought to a very successful conclusion in September 2015.

With effect from 2013 the ILF had extensively prepared the ground for a smooth transition of its users into their new providers through the ILF Transfer Review and Support Programme (TRSP); this enabled both continued support to the users to the 30 June 2015 whilst also preparing and reducing activities in preparation for closure.

The final plans were delivered in two stages; the first stage covered the period April to June which focused on an effective transfer of users, followed by the second stage which focused on closing the organisation in an orderly manner.

April 2015 to June 2015

This period focused on ensuring all work in progress associated with individual user awards was completed in advance of a transfer to the new provider. The TRSP was timed to ensure the final face to face reviews with users had been completed earlier in the year which significantly reduced the incidence of new work arising.

In anticipation of reducing work levels the ILF had reduced its workforce by 33% on the 31 March 2015 so the April to June period was challenging for those staff remaining, the large majority of whom were facing redundancy within a matter of weeks. Nevertheless the following activities were positively undertaken and successful outcomes were delivered to the great credit of the individuals involved.

Communications with users had been frequent over the preceding months highlighting that changes to an award should be advised as early as possible as the ILF could not guarantee that changes received after May would be actionable. During early May the final formal communication regarding the final award payments to be made in June and further advice pending closure was sent to all users.

Each user was provided a copy of their own dedicated outcome focused support plan to ensure they had this for reference post ILF closure. The comprehensive, regular written communications to users had a positive impact as incoming correspondence and telephone enquiry volumes dropped dramatically over the final weeks enabling the ILF to action all outstanding items of work on user cases; this in turn simplified and smoothed the transfer to Local Authorities and the Devolved Administrations.

Simultaneously over this period there were significant communications with Local Authorities and the Devolved Administrations in Scotland, Wales and Northern Ireland to inform them on their portfolio of users, their care arrangements and responsibilities. This included, inter alia, the data necessary to provide the independent living support package for each user within the specific Local Authority or Devolved Administration; it also included an electronic version of the personal support plan of each user.

The only exception related to 61 specific Group 1 users who had refused to give their

consent to a transfer of their data to English Local Authorities (58 cases) or the Welsh Government (3 cases); whilst data was not transferred the authorities involved were provided with the related funding just in case the users changed their minds after 30 June 2015 and subsequently contacted their authority.

In the case of Scotland it had been decided to set up an 'ILF Scotland' adopting initially the existing ILF policies and procedures. To contribute to the successful start-up of this organisation the ILF provided a copy of the existing ILF IT software loaded with Scottish user data, in addition training for the new ILF Scotland staff based in Livingston was undertaken at the ILF offices in Nottingham before live running in July.

During June each user received the final payment of their award; this paid for ILF support up to and including the 30 June 2015. Throughout the period the ILF continued to support its employees in preparation for their future. A huge effort was focused on individuals who wished to continue their careers within the Civil Service and most local departments were very helpful in accommodating individuals notably these were HM Revenue and Customs, Office of the Public Guardian, Valuation Office Agency, and Skills Funding Agency.

The Trustee Board met monthly throughout this period to provide a high level overview and challenge whilst seeking assurance that plans were being delivered to timescale.

On the 3 June the ILF launched a reference document simply termed as "Twenty-Seven" which intended to capture the intellectual capital regarding the provision of independent living support, accumulated over the 27 years of the ILF's existence. This document provides an insight into the way that the ILF delivered independent living support and the areas of success which have been externally acknowledged as making a significant contribution in the field of independent living. The document identifies 27 reflections each being a learning piece recognised over the life of the ILF and has been very well received.

In late June a financial analysis was provided to Department for Communities and Local Government (DCLG) and individual English local authorities summarizing the existing funding commitment for each user within local authority. This was used by DCLG to distribute funds accurately across the 151 English local authorities to meet user commitment. The funding level received by each local authority was sufficient to meet the level of expenditure that the ILF would have incurred for the nine months ending 31 March 2016; no adjustment to funding was made for future attrition in users numbers, users currently in suspense i.e. not in live payment or grant monies recovered that may be returned over future months.

On 30 June 2015 most of the remaining workforce left the ILF leaving in situ a small team of individual specialists to undertake corporate closure activities.

July 2015 to September 2015

The corporate closure process required a large number of disparate and often unique activities to be undertaken in several areas, for example, finance, legal, governance, data, management and facilities.

Plans had been formulated in advance with dedicated work streams reviewing closure requirements in the areas of finance, human resources, management information, physical inventories, legal and policy.

These plans included the following key activities which required progression and completion during the final three months:

- Continued monthly accounts and this final set of Accounts and accompanying Report;
- Closure of contracts, suppliers had been advised of the impending position when the Ministerial decision had been made;
- Final payments and financial settlements with suppliers with minimal and clearly identified transactions required post closure;
- Continued advice, as requested from Government Departments notably the DWP, DCLG, Department of Health (DoH), and Devolved Administrations;
- Transfer of all the paper based user files from Equinox House to the DWP's secure storage facility for a retention period of two years;
- The identification of all documentation necessary to be retained within the National Archives – including the redaction of all personal details within this documentation prior to it being released by the ILF;
- Continued activity to support remaining staff some of whom wished to remain within the Civil Service and were seeking a transfer;
- Cessation of all IT software systems during late September followed by the on-site destruction of data disks removed from hardware, plus the decommissioning of the business continuity site;
- Disposal of all ILF office equipment and furniture, including cleansed IT kit and server room equipment in compliance with the Waste Electrical and Electronic Equipment (W.E.E.E.) recycling directive, prior to exit of the building;
- Liaison with Trillium (and DWP) on the estate contract;
- Health and safety and building inspections;
- Audit Committee and Board of Trustees to review risk registers internal control reports, governance reporting and progress against plans and quality assurance generally;
- Liaison with internal audit (PwC LLP) on all final governance issues;
- Liaison with external audit (Deloitte LLP) on behalf of the NAO on the final closure accounts;
- Transfer of all cash held in banks to the DWP and subsequent closure of all bank accounts;
- Continued liaison with key stakeholders;
- Accounting Officer Report/ letter on the closure arrangements to the Permanent Secretary, DWP; and
- Arranging legal transfer of any remaining rights, assets (including debt) and obligations to the DWP with effect from 1 October 2015.

The above is not an exhaustive list but demonstrates the main areas addressed by the closure team.

In addition to the closure plan, the presence of the team allowed quick and effective advice to Departments (DWP, DoH, DCLG) who received a number of external general queries, Freedom of Information requests and the occasional Parliamentary Question.

The management of staff resources during this period was difficult as most remaining staff were actively looking for new jobs. The team had to be very flexible and self-supportive particularly during the last month to cover work as individuals became successful in acquiring new careers. In the event however individuals that left the organisation under compulsory redundancy terms did so on a voluntary basis.

By late September all the above had been successfully delivered, this ensured there were absolutely minimal requirements for the DWP to progress after the final staff members left on 30 September 2015.

Sir Robert Devereux (KCB)
Accounting Officer

14 January 2016

Accountability Report: Corporate Governance

Principal activity and historical context

The role of the Independent Living Fund (2006) was to deliver discretionary cash payments to disabled people, allowing them the choice and control to purchase personal support and live independent lives in their communities. The ILF was an Executive Non-Departmental Public Body of the DWP and received funding in the form of Grant in Aid from DWP for Great Britain and from the Department for Social Development (DSD) for Northern Ireland for the period up to 30th June 2015. The formal governance documents owned by DWP consisted of a Management Statement, the Trust Deed and the Conditions of Grant Agreement.

The original ILF was established in 1988 and ran for five years to March 1993. In April 1993 the Independent Living (Extension) Fund was established to continue payments to the beneficiaries of the original Fund, and the Independent Living (1993) Fund was established to take new applications. The current ILF commenced operations from October 2007, continuing payments to beneficiaries of the predecessor Funds and receiving the closing assets and liabilities of those Funds. The ILF closed to applications in 2010-11 and continued to operate to support existing beneficiaries to the 30 June 2015. The Government announced on 6 March 2014 that the ILF would close on 30 June 2015 and thereafter users would be supported by local authorities or Devolved Administrations in Scotland, Wales and Northern Ireland.

External auditor

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

Internal auditor

PricewaterhouseCoopers
Saint Paul's Place
121 Norfolk Street
Sheffield
S1 2JE

Fees paid to the National Audit Office during 2015-16 were £37,500 for external audit work (2014-15: £49,500); there was no non-audit work undertaken.

Solicitor

Shakespeares
20 New Walk
Leicester
LE1 6TX

Banker

Lloyds Bank
Colmore Row
Birmingham
B3 3SF

Directors Report

The Ministers of State for Disabled People over the duration of this report were the Rt Hon Mark Harper MP to 7 May 2015 and thereafter the Rt Hon Justin Tomlinson MP.

The Trustee Board and its Committees

Trustees were appointed by the Secretary of State for Work and Pensions to administer the ILF. Trustees for the 2015-16 half year to 30 September 2015 were:

- Stephen Jack OBE (Chairman);
- Peter Cooke (Vice Chairman);
- Mike Boyall (Treasurer);
- Yogi Amin;
- Sally Sparrow; and
- Susan Winterburn.

Sub-committees and their membership operating during the half year were:

- Audit Committee: Mike Boyall as Chairman, Yogi Amin, Peter Cooke and Susan Winterburn;
- Remuneration Committee: Sally Sparrow as Chairman, Susan Winterburn and Yogi Amin; and
- User Personal Cases Committee: Sally Sparrow as Chairman, Yogi Amin, Peter Cooke and Susan Winterburn.

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

Accounting Officer and the Senior Management Team

The Chief Executive was the formally nominated Accounting Officer for the ILF to 30 September 2015. His responsibilities were set out in the Trust Deed and Management Statement. There was a Scheme of Delegated Authority approved by Trustees and the Chief Executive for day-to-day operations and responsibilities of the ILF's staff.

The Senior Management Team membership during the period was:

		<u>Term ended</u>
James Sanderson	Chief Executive	30 September 2015
Steve Jarratt	Deputy Chief Executive and Finance Director	30 September 2015
Roland Knell	ILF Closure Programme and Governance Director (SIRO)	30 September 2015
Jesse Harris	Strategy & Social Work Director	30 June 2015
Gillian Smith	Head of Human Resources	30 June 2015
Jennie Walker	Head of Corporate Affairs	30 June 2015

Operating and performance review

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

An average of 65 staff (full time equivalents) were employed during the period 1 April to 30 June 2015, thereafter a small corporate closure team remained in place until the 30 September 2015. Staff received salaries on the ILF scale and are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS) – full details are provided in the Remuneration Report on pages 23 to 31.

Governance and social responsibility

The ILF was committed to good employee relations and recognised the Public and Commercial Services Union (PCS) as the trade union acting on behalf of staff. In recognition of the continued quality of Human Resources (HR) policies, staff information and consultation, the ILF continued to hold the Investors in People accreditation silver standard until its closure.

The ILF's procurement policy ensured fair competition and value for money, with specific arrangements to encourage tenders from employers of disabled people in procurement exercises. The ILF was committed to prompt payment of bills for goods and services received. Payments were normally made within the period specified in the contract. Where there was no contractual or other understanding the ILF endeavored to pay within 14 days of the receipt of the goods or services, or the presentation of a valid invoice or similar demand, whichever was the latter. In 2015-16 the ILF paid 97% of invoices within 14 days of receipt (2014-15: 95%). The number of creditor days outstanding at the end of 2015-16 was nil (2014-15: 0.4 days).

Sustainable Development

The ILF was committed to supporting sustainability in all its operations; this was delivered through various initiatives including: raising awareness amongst staff, reducing the carbon footprint of travel, energy efficiency, environmentally friendly waste disposal, sourcing from 100% recycled paper, refilling or recycling all printer and copier toner cartridges.

Consumption statistics for the six months to 30 September 2015 are not available. The consumption statistics for the 2014-15 year were:

	Area	2014-15 Non-financial indicators	2014-15 Financial information	2013-14 Non-financial indicators	2013-14 Financial information
Greenhouse Gas Emissions	Scope 1 (Direct) GHG Emissions tCO2e	12	£2,080	9	£1,898
	Scope 2 (Energy Direct) Emissions tCO2e	131	£33,140	122	£35,838
	Scope 3 Official Business Travel Emissions tCO2e	13	£41,788	12	£27,661
	Total Emissions tCO2e	156	£77,008	143	£65,397
Energy Consumption	Scope 1 (Direct) KWh	66,443	-	47,718	-
	Scope 2 (Energy indirect) KWh	293,246	-	273,844	-
	Total Energy KWh	356,689	-	321,562	-
	Water Consumption(m3)	272	£3,666	236	£2,759
	General Waste (tonnes)	4	-	6	-

Financial review

The ILF was financed out of money voted by Parliament as Grant in Aid from DWP and DSD for the purpose of making regular grants to individuals. Grant in Aid of £67.8 million in addition to cash reserves brought forward of £10.2 million, were utilised to meet the needs of users and related administration costs.

Assets were held only for the purpose of managing the ILF.

The ILF requested and received Grant in Aid on a monthly basis to meet its immediate cash needs. Procurement policies were designed to secure goods and services for immediate consumption during the year with best value for money at current cost, and without setting up complex financial instruments. The ILF's exposure to financial instrument risk was therefore low compared with non-public sector organisations.

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

All financial and other matters necessary for an effective external audit have been disclosed to

the auditors. As far as the Chief Executive and Trustees are aware there is no relevant audit information of which the auditors are unaware; the Chief Executive and Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to ensure that the auditors are aware of that information.

These accounts are prepared on a 'going concern' basis. Grant in Aid was received on a cash basis to meet immediate need, and not accrued to match liabilities. Grants to individuals were paid up to and including the 30 June 2015.

On 6 March 2014 the Minister of State for Disabled People announced that the ILF would close on 30 June 2015 and reiterated the commitment to continue to support the organisation and our users until June 2015.

From 1 July 2015 funding was provided to Local Authorities in England and the Devolved Administrations of Scotland, Wales and Northern Ireland in order to meet the eligible care and support needs of current ILF users, the funding was distributed from that date in line with current expenditure patterns during June 2015. As the expectation is that the Local Authorities in England and the Devolved Administrations will continue to support ILF users after 30 June 2015, we consider that the ILF continues to meet the criteria set out in Managing Public Money to prepare its accounts as a going concern.

Statement of Accounting Officer's and Trustee's Responsibilities

In my capacity as the Principal Accounting Officer for the Department for Work and Pensions, the sponsoring body for the Independent Living Fund, I have based this statement on assurances I received from the outgoing Accounting Officer and Chief Executive of ILF, James Sanderson.

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

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

The Principal Accounting Officer of the Department for Work and Pensions appointed James Sanderson as Accounting Officer of the ILF to 30 September 2015. The Accounting Officer has responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the ILF's assets, as set out in the Management Statement for the ILF issued by the Department.

The Trustees were responsible for the Management Statement to ensure the ILF fulfilled its aims, objectives and targets, and prepared a statement of accounts each financial year.

Governance Statement

In my capacity as the Principal Accounting Officer for the Department for Work and Pensions, the sponsoring body for the Independent Living Fund, I have based this statement on assurances I received from the outgoing Accounting Officer and Chief Executive of ILF, James Sanderson.

Scope of responsibility

The Accounting Officer for the Independent Living Fund (2006) was responsible for maintaining sound corporate governance systems that supported the achievement of ILF policies, aims and objectives and safeguarded public funds and assets.

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

The role of the ILF was to deliver discretionary cash payments directly to disabled people, allowing them the choice and control to purchase personal support and live independent lives in their communities.

This Governance Statement for the 2015-16 half year incorporates guidance from HM Treasury DAO (GEN) 02/12, Managing Public Money annex 3.1 and principles set out in Corporate Governance Code so far as they are applicable to the ILF.

Sound Corporate Governance

The ILF corporate governance systems were drawn from central government good practice guidance and then strengthened through internal scrutiny, legislative and process compliance and through collaborative working with both internal and external auditors. These systems addressed individual and corporate accountabilities plus the roles and effectiveness of ILF boards and their capacity to identify, effectively manage and report risk.

The ILF's strategic aims and objectives were agreed with the ILF Trustees and with the DWP sponsor department in advance of these six months. Programme steering committee meetings chaired by DWP were held to discuss significant business and programme risks and reviewed on-going progress against plan.

The Trustee Board maintained their responsibility for upholding sound systems of control to address key financial and other risks including a review of the effectiveness of the systems of internal control. The Trustee Board met 4 times during this half year; all meetings had a pre-agreed agenda, were minuted and produced clear actions and matters arising. The meetings were attended by Trustees, appropriate members of the SMB and representatives from DWP were invited.

Capacity to handle risk

Lead responsibility for ensuring that appropriate mechanisms were in place for identifying,

monitoring and controlling risk, and advising SMB on the actions needed in order to comply with corporate governance requirements, rested with the ILF Closure Programme and Governance Director who also acted in the capacity of the ILF Senior Information Risk Owner (SIRO).

ILF systems and processes were designed to manage risk to a reasonable and appropriate level rather than to eliminate all risk; therefore it only provided reasonable and not absolute assurance of effectiveness.

The Trustee Board and SMB recognised the importance of strong governance during a period where work was transferring and the organisation acclimated to its closure position as there was greater potential for risks to crystallize, for error and mistake to increase and for reputations to be tarnished. Consequently through this period of significant change additional management controls were developed and supported with specific management information. The controls were regularly reviewed and modified if necessary.

The Trustee Board and SMB continued to meet monthly to address strategic business priorities and the strategic risks associated with finalising the transfer programme and closure activity. These discussions were shared with the Department through the PSC and through other reporting measures for example circulated meeting papers, project reports and shared minutes.

Additionally the internal risk and controls board met quarterly, attended by the SMB, to review and re-assesses the whole risk portfolio at a detailed level. In addition to this within the closure programme the specific functional work stream strands addressed detailed day-to-day issues and risks.

The ILF had three tiers of risk monitoring; there were the strategic level risks, the directorate level risks and programme level risks. Each of these was managed and updated by the governance team to ensure effective linkage and communication across the business. Each month the transfer and closure programme risks and strategic risks were cross referenced to ensure there was accuracy, a sound read across through the organisation and to 'sense' test through open discussion. The programme risks were presented at the PSC meeting chaired by a senior official of the DWP.

Also the ILF Audit Committee provided a high-level resource to test the adequacy of assurance on the risk management framework and internal control environment. The Audit Committee included representatives from internal audit PricewaterhouseCoopers, external audit (National Audit Office and Deloitte) were also invited to attend. The Audit Committee were provided with reports on the actual plans associated with closure to enable constructive discussion on the deliverability of timescales and products.

Managing risks

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

The overall risk appetite was risk averse. This did not mean that the ILF avoided opportunities to improve and modernise, however, it did mean the organisation was rightly cautious when challenges might hinder or put at risk core business and service provision to users.

Emerging risks were mainly in connection to the finalisation of the Transfer Review and Support Programme relating to the pace of the programme, the management of resources and managing the movement of personal and sensitive information.

Risks were discussed within the organisation and where necessary new roles and responsibilities were defined to provide mitigation alongside improved management information; where appropriate these were attached a specific manager.

The Cabinet Office designates requirements for public bodies to provide information on personal data related incidents. During 2015-16 no incidents have occurred for the ILF that would require reporting under these provisions (2014-15: none).

Information Assurance

Within the programme there was significant challenge and risk involved in transferring sensitive user and confidential corporate data to partners and client departments. This required close liaison with the DWP and the National Archives to ensure that legal responsibilities under the data Protection Act were met.

Data and information security was managed as a high priority item, given the planned movement and transfer of user data to Local Authorities and the Devolved Administrations during 2015. The ILF also set its information management and destruction policies to align with DWP's policy, to meet responsibilities under the Data Protection Act and also enable the DWP to manage the flow of ILF information to the National Archives at the appropriate point after 2015.

The ILF agreed processes for both storage and destruction schedules with the DWP for all physical files. The majority of files will be held at the DWP Heywood secure storage facility, until either records are either prepared for inclusion into the national archive or they reach their destruction date.

In terms of data and information security breaches the organisation had no instances (or potential breaches) that constituted a significant breach of sensitive data or were significant enough to warrant informing the DWP Information and Assurance team, the Information Commissioners Office nor the Cabinet Office.

Review of effectiveness

The SMB held the responsibility for development and maintenance of the internal control framework, guided by advice from internal and external auditors and reviewed by the Audit Committee. This was applied consistently over the half year and was proven to be effective.

The internal control systems SMB put in place included:

- A comprehensive suite of control checks, which were refined and adapted to meet the requirements to manage the programme;
- Regular reports to SMB, Trustees and DWP on progress against the ILF's targets and business aims and objectives;
- An appropriate delegated budget management framework;

- A system of Stewardship Reports and internal progress reports from each Directorate and team;
- A risk management strategy and risk management framework which complied with best practice;
- The organisation's Strategic Risk Register was reviewed monthly by SMB;
- A fully managed governance framework, to support the ILF Programmes;
- A project governance framework to manage the responsibilities, resources, reporting and programme milestones in order to deliver the planned outcomes on-time and to pre-agreed quality. Reviewed and discussed at the PSC;
- The adoption of formal project management arrangements based on PRINCE 2 principles for all key programme and projects, including project risk registers, timeline milestone reports and clear reporting mechanisms;
- The retention and reaccreditation of the Public Services Network (PSN) compliance in December 2014; and
- A strengthened Information and Governance team with additional and recognised national qualifications in records management.

In addition, the internal auditors (PwC) have provided their opinion that adequate and effective governance, risk management and control processes were in place, as based upon their programme of work in the months prior to closure to respond to ongoing and emerging risks, which included specific audit reviews on the following areas: final user payments; key financial systems; and the transfer and closure programme. PwC concluded "we have not identified any high risk or specific findings though our work during 2015-16 that would impact on your Annual Governance Statement for the period ended 30 September 2015."

Given the above the Board of Trustees drew significant assurance from the activity and reporting from SMB.

The Board and structures that supported decisions

The Trustee Board derived its governance arrangements and compliance from the organisation's founding documents, legislative position and cross government expectations, HMT's Managing Public Money and The Code of Governance.

The Board of Trustees was committed to uphold the seven principles of public life.

In terms of compliance with the Code of Governance, in the final six months the Trustee Board with the Executive continued with its existing annual processes for governance but in addition sought more assurance from management information and the management of organisational risk leading up to closure. The content of information for Board meetings changed to reflect and meet the changing nature of the work.

The Trustees identified and undertook specific tasks to support the ILF, this included meeting with DWP Officials, attendance at public events and supporting the staff through the changes.

The governance processes and mechanisms to manage ILF boards were consistently applied to capture discussions, actions, risks and progress. These provided a basis for consistent reporting and ease of read-across to inform recommendations, actions and outcomes within the SMB, the Audit Committee and the Remuneration Committee.

The SMB met monthly ensuring that corporate risks were identified as early as possible and then properly managed. Risk management received a high profile in planning and delivery of plans and SMB along with some of the senior managers met at the beginning of each business week, this “start the week” meeting ensured that all attendees understood both the priorities of the week and any emerging risk issues. These arrangements were continued right up to 30 September 2015 despite the reduced workforce and operations.

Senior Committees

The Audit Committee met three times during the half year and was responsible for ensuring, as far as possible, that appropriate systems were in place within the ILF for the assessment and management of risk and advising the Accounting Officer and Board on the effectiveness of the systems of governance and control.

In light of the complexities associated with closure, the Audit Committee received a number of reports on progress on the various aspects of closure to gain assurance the plans were robust and timely and that risk management was in place through its challenge and question role. The Audit Committee also reviewed ILF Strategic Risks as a standing item, particular attention was given to the risks around the records transfer issues during closure and how the ILF would remain compliant with the Data Protection Act when transferring records.

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

The User Personal Cases Committee was a sub-committee of the Trustee Board established to independently review appeals made by users or their representatives. The Committee reviewed user cases until June 2015.

Trustee Board Attendance 2015-16

Name	Trustee Board	Audit Committee	Remuneration Committee	User Personal Cases Committee
Stephen Jack	4/4	**	**	**
Peter Cooke	2/4	1/3	**	2/2
Mike Boyall	4/4	3/3	**	**
Sally Sparrow	4/4	**	2/2	2/2
Yogi Amin	4/4	3/3	2/2	2/2
Susan Winterburn	4/4	3/3	2/2	2/2

** Individual Trustees do not sit on committee shown

The senior boards were supported by a number of executive sub-boards and committees which were successful in delivering the ILF's objectives and targets in delivering a seamless transfer and closure process.

Significant internal control issues

The final six months was a period of significant challenge for the ILF. The organisation applied the necessary changes to meet its legal and administrative responsibilities to support users through to the 30 June, followed by the corporate closure requirements delivered within the final three months ending 30 September 2015.

Over this period there were no significant control weaknesses reported within the ILF, nor has any report been made externally, independently nor via the ILF Whistleblower policy.

The audit and internal management reporting remained vigilant to ensure early identification of issues and no significant issues emerged.

Risks were managed and issues highlighted with foresight and decisions taken as required; the financial position was forecast and reported in a timely accurate manner and delivered within budget.

In conclusion, the ILF board and its Senior Management believe the internal control and governance systems were proven fit for purpose.

Sir Robert Devereux (KCB)
Accounting Officer

14 January 2016

Remuneration and Staff Report

Service Contracts

The Constitutional Reform and Governance Act 2010 required Civil Service appointments to be made on merit on the basis of fair and open competition.

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

The Remuneration Policy

This report for the half year ended 30 September 2015 deals with the remuneration of the Chief Executive, SMB and Trustees of the Independent Living Fund (2006) ('the ILF').

The ILF was managed by a Board of Trustees appointed by the Secretary of State for Work and Pensions. The Trustees received remuneration as post-holders and were reimbursed for out-of-pocket expenses in line with the ILF's travel and subsistence policy. They did not receive any other benefit. Trustees did not receive any compensation on the termination of their contracts on 30 September 2015

There were no unpaid persons or volunteers upon whose services the ILF depended.

The Remuneration Committee

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

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

Sally Sparrow, Chairman

Susan Winterburn, Member

Yogi Amin, Member

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

- To ensure that the SMB and staff were fairly, but responsibly rewarded for their joint and individual contributions to the ILF's management and overall performance;
- To agree the Chief Executive's remuneration in discussion with the ILF Chair of Trustees and ensure that it was managed under the terms and conditions agreed with the ILF. As a result of these discussions the Chair of Trustees in conjunction with the Head of Human Resources will make recommendations to the Remuneration Committee;
- To review and where appropriate, approve the Chief Executive's proposals for the

remuneration of the SMB. This included approval of the annual Treasury pay remit, setting pay bands and individual bonuses; and

- To review and where appropriate approve the SMB's remuneration proposals for all ILF staff below SMB level. This included approval of the annual Treasury pay remit and setting pay bands and bonuses.

Remuneration (including salary) and pension entitlements

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

Trustees

For the half year ended 30 September 2015 the total remuneration paid to Trustees, by monthly instalments in arrears, as agreed in the Conditions of Grant Agreement were:

	2015-16	2014-15
Name	£	£
Stephen Jack OBE (Chairman)	9,750	19,500
Peter Cooke (Vice chairman)	7,400	14,800
Mike Boyall (Treasurer)	8,150	16,300
Sally Sparrow	8,150	16,300
Yogi Amin	7,400	14,800
Susan Winterburn	7,400	14,800

In line with the ILF's travel and subsistence policy Trustees were reimbursed for reasonable and proper expenses incurred in carrying out their duties as a Trustee.

The Chief Executive and Senior Management Board (SMB)

The Chief Executive and the SMB were employed on ILF terms and conditions. The Chief Executive and SMB received a salary and were members of the PCSPS.

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

- To create a fair and transparent pay structure offering salaries in line with the roles and demands on the personnel in those posts.
- To offer competitive salaries to enable the ILF to attract personnel of the required calibre to fill its senior management posts.
- To align decisions in accordance with the key features and parameters of the DWP's pay policy so as to:

- align reward with the business objectives to encourage high performance and improve the focus on the delivery of service;
- create an opportunity to earn bonuses;
- ensure reward arrangements are affordable; and
- create a level of salary progression which is subject to performance expectations (performance below the expectation would mean no progression and management action would be necessary for less than adequate performance).

Remuneration and Staff Report

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

Under the terms of early severance, compensation was paid in accordance with ILF terms and conditions and in accordance with the relevant provisions of the Civil Service Compensation Scheme.

Gender Analysis

The table below shows the gender analysis of ILF employees employed at the respective year ends i.e. 30 September 2015 and 31 March 2015.

	2015-16		2014-15	
	Male	Female	Male	Female
SMB	3	0	5	2
Senior Management*	2	1	4	7
Staff	1	5	34	55
Total	6	6	43	64

* represents the Senior Executive officer and Higher Executive officer grades and excludes secondees.

On 30 June 2015 the majority of the workforce, comprising of all residual operations staff plus a number from other functions, left the organisation under compulsory redundancy terms, leaving in situ a small team of specialists to close all corporate activities on 30 September 2015.

Remuneration of Chief Executive and SMB

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

	Salary & CILON payments		Performance payment		Redundancy		Benefits in kind (to nearest £100)		Other pension benefits		Total	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
James Sanderson Chief Executive	105-110	105-110	5-10	5-10	85-90	Nil	Nil	Nil	20-25	35-40	215-220	150-155
Steve Jarratt Finance and Resources Director	150-155	90-95	0-5	0-5	45-50	Nil	Nil	Nil	10-15	25-30	210-215	120-125
Jesse Harris Strategy and Social Work Director	50-55	60-65	0-5	0-5	45-50	Nil	Nil	Nil	10-15	25-30	110-115	95-100
Roland Knell ILF Closure Programme and Governance Director (SIRO)	25-30	55-60	0-5	0-5	Nil	Nil	Nil	Nil	10-15	20-25	70-75	80-85
John Denore Head of Operations	Nil	50-55	Nil	0-5	Nil	40-45	Nil	Nil	Nil	20-25	Nil	120-125
Gillian Smith Head of HR	40-45	55-60	0-5	0-5	45-50	Nil	Nil	Nil	10-15	30-35	100-105	90-95
Jennie Walker Head of Corporate Affairs	25-30	45-50	0-5	0-5	15-20	Nil	Nil	Nil	5-10	15-20	50-55	70-75

Salary

'Salary' includes gross salary and compensation in lieu of notice (CILON). SMB do not receive overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Performance Payments

Performance payments for the Chief Executive and SMB were non-consolidated and not pensionable. SMB bonuses were a maximum of 5% of salary based on performance levels achieved and awarded as part of the management appraisal process. Bonuses payable relate to the performance in the year in which they accrue.

Redundancy Payments

Compulsory redundancy terms were applied, payable under the redundancy terms of the Civil Service Compensation Scheme, as amended at 22nd December 2010. There were no enhanced terms, all redundancy payments were made under the standard terms. All recipients of redundancy had acquiesced to the conditions of the compulsory redundancy terms contained within the Civil Service Compensation Scheme.

Benefits in kind

There were no benefits in kind provided in 2015 - 16 (2014 -15: none).

Other Pension Benefits

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

Off Payroll arrangements

There were no off payroll arrangements during 2015 - 16 (2014-15 none).

Retention Payments

There were no retention payments during 2015-16 (2014 - 2015 none).

Pay multiples

	2015-16 Salary £000	2014-15 Salary £000
Band of highest paid director's total remuneration	105-110	105-110
Median total remuneration	28,020	21,117
Ratio	3.9	5.2

The banded remuneration of the highest paid director in the ILF in the financial year 2015-16 was £105-110k (2014-15: £105-110k). This was 3.9 times (2014-15: 5.2 times) the median remuneration of the workforce, which was £28,020 (2014-15:£21,117).

All figures quoted are based on annualised, full-time equivalent salary, excluding CILON payments at the reporting date. The increase in the median remuneration since prior year reflects the closure of the ILF with all operational staff exiting at 30th June 2015 and only corporate closure staff remaining at 30 September 2015.

In 2015-16 no employees (2014-15: no employees) received remuneration in excess of the highest paid director. Remuneration ranged from £17k to £109k (2014-15, £15k to £109k).

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

Pension Benefits

Chief Executive and Directors	Accrued pension at pension age as at 30 September 2015 related lump sum	Real increase in pension and related lump sum at pension age	CETV at 30 September 2015	CETV at 1 April 2015	Real increase in CETV	Employer contribution to Partnership Pension account
To nearest	£000	£000	£000	£000	£000	£000
James Sanderson Chief Executive	15 - 20	0 – 2.5	223	207	12	0
Steve Jarratt Finance and Resources Director	15 - 20	0 – 2.5	379	358	21	0
Jesse Harris Strategy and Social Work Director	5 - 10	0 – 2.5	176	162	12	0
Roland Knell ILF Closure Programme and Governance Director (SIRO)	5 - 10	0 – 2.5	76	89	(13)	0
Gillian Smith Head of HR	25 - 30	0 – 2.5	493	474	18	0
Jennie Walker Head of Corporate Affairs	5 - 10	0 – 2.5	18	33	(14)	0

Civil Service Pensions

The Chief Executive and SMB were all members of the PCSPS.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and

chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

Real increase in CETV

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

Compensation for loss of office

A total of 50 people left under compulsory redundancy terms during the half year ending 30 September 2015 at a cost of £942,023; all these people acquiesced to the compulsory redundancy terms. There were 33 people who left under compulsory redundancy terms in 2014-15 at a cost of £489,111.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<£10,000	6	5	-	-	6	5
£10,000 - £25,000	38	27	-	-	38	27
£25,000 - £50,000	5	1	-	-	5	1
£50,000 - £100,000	1	-	-	-	1	-
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
Total number of exit packages	50	33	-	-	50	33
Total cost £000	£942¹	£489	-	-	£942¹	£489

1. £23,490 of this value was payment on top of the CSCS for those who qualified for the old ILF redundancy terms as agreed by Cabinet Office

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are disclosed in the year of departure however an accrual was made in the 2014-15 Accounts to reflect staff due to leave in 2015-16 half year (see note 4a).

Sir Robert Devereux (KCB)
Accounting Officer

14 January 2016

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of Independent Living Fund (2006) for the period ended 30 September 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

In addition I read all the financial and non-financial information in the Annual Report and Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Independent Living Fund (2006)'s affairs as at 30 September 2015 and of the net expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with the Trust Deed and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Trust Deed and directions issued by the Secretary of State thereunder; and
- the information given in the Performance Report and Accountability Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date 19 January 2016

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

Financial Statements

Statement of Comprehensive Net Expenditure for the six months ended 30 September 2015

	Notes	2015-16 £000	2014-15 £000
Expenditure			
Grants to individuals	3	64,618	271,619
Staff costs	4	485	6,654
Depreciation and amortisation	5	46	197
Other expenditure	5	<u>1,011</u>	<u>3,168</u>
Total expenditure		66,160	281,638
Interest receivable	6	<u>(14)</u>	<u>(42)</u>
Net expenditure		66,146	281,596
Other comprehensive expenditure		-	-
Total comprehensive net expenditure for the year		<u>66,146</u>	<u>281,596</u>

The notes on pages 38 to 55 form part of these accounts.

All expenditure relates to continuing operations and staff costs include exit costs.

Statement of Financial Position as at 30 September 2015

	Notes	30 September 2015 £000	31 March 2015 £000
Non-current assets			
Property, plant and equipment	8	0	4
Intangible assets	9	0	42
Trade and other receivables	11	666	754
Total non-current assets		666	800
Current assets			
Trade and other receivables	11	174	305
Cash and cash equivalents	12	0	10,165
Total current assets		174	10,470
Total assets		840	11,270
Current liabilities			
Trade and other payables	13	37	543
Other liabilities – grant liabilities	13	0	9,124
Other – redundancy accrual	13	255	2,695
Total current liabilities		292	12,362
Non-current assets less net current liabilities		548	(1,092)
Assets less liabilities		548	(1,092)
Taxpayers' equity			
General reserve		548	(1,092)
Total taxpayers' equity		548	(1,092)

The notes on pages 38 to 55 form part of these accounts.

Sir Robert Devereux (KCB)
Accounting Officer
14 January 2016

Statement of Cash Flows
for the six months ended 30 September 2015

	Notes	2015-16	2014-15
		£000	£000
Cash flows from operating activities			
Net expenditure after interest		(66,146)	(281,596)
Depreciation and amortisation	5	46	197
Decrease in trade and other receivables	11	219	96
(Decrease)/increase in trade and other payables, grant liabilities and provisions	13	<u>(12,070)</u>	<u>2,837</u>
Net cash outflow from operating activities		<u>(77,951)</u>	<u>(278,466)</u>
Purchase of property, plant and equipment	8	(0)	(0)
Purchase of intangible assets	9	<u>(0)</u>	<u>(0)</u>
Net cash flow from investing activities		<u>(0)</u>	<u>(0)</u>
Cash flows from financing activities			
Grant in Aid		<u>70,864</u>	<u>283,976</u>
Return of Grant in Aid to Sponsor		<u>(3,078)</u>	<u>(0)</u>
Net financing		<u>67,786</u>	<u>283,976</u>
Net (decrease)/increase in cash equivalents in the year		(10,165)	5,510
Cash and cash equivalents at the beginning of the year		<u>10,165</u>	<u>4,655</u>
Cash and cash equivalents at the end of the year		<u><u>0</u></u>	<u><u>10,165</u></u>

The notes on pages 38 to 55 form part of these accounts.

**Statement of Changes in Taxpayers' Equity
for the six months ended 30 September 2015**

	Notes	General Reserve £000	Total Reserve £000
Balance at 1 April 2014		<u>(3,472)</u>	<u>(3,472)</u>
Changes in Taxpayers' Equity 2014-15			
Grant in Aid from Departments		<u>283,976</u>	<u>283,976</u>
Net expenditure		<u>(281,596)</u>	<u>(281,596)</u>
Balance at 31 March 2015		<u>(1,092)</u>	<u>(1,092)</u>
Changes in Taxpayers' equity 2015-2016			
Grant in Aid from departments	17	<u>67,786</u>	<u>67,786</u>
Net expenditure		<u>(66,146)</u>	<u>(66,146)</u>
Balance at 30 September 2015		<u><u>548</u></u>	<u><u>548</u></u>

General reserve – relates to the ongoing operation of regular payments to individuals and the associated administration costs, financed by Grant in Aid.

Grant in Aid received gross was £70,864,000 however £3,078,000 was returned to the DWP resulting in a net grant in aid of £67,786,000 (see note 17).

The notes on pages 38 to 55 form part of these accounts.

Notes to the Accounts for the six months ended 30 September 2015

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

The Independent Living Fund (2006) (the ILF) was established on 10 April 2006 with an initial endowment of £100 from the Secretary of State for Work and Pensions. This money was held in perpetuity with any interest earned being added to the original sum. At the end of the specified period of operation of the ILF, the 30 September 2015, all assets after payment of liabilities were disposed of, as directed by the Secretary of State.

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

The ILF was financed by Grant in Aid from the Department for Work and Pensions (Great Britain) and the Department for Social Development (Northern Ireland) in order to provide assistance with the cost of qualifying support and services to disabled applicants meeting the terms of the Trust Deed which ceased on 30 June 2015, further funding was provided to meet corporate closure costs.

2 Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2015-16 (the FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

The Accounts are prepared on a 'going concern' basis as this public sector function continues albeit undertaken in future by either local authorities or Devolved Administrations.

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

International Financial Reporting Standards Amendments and Interpretations effective in 2015-16

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

a) Accounting convention

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

b) Property, plant and equipment

Property, plant and equipment consists of IT hardware and equipment held only for the purpose of managing the ILF. All property, plant and equipment was carried at valuation in accordance with the FReM. The ILF did not have land or buildings, and took advantage of the option available under the FReM to adopt a depreciated historical cost basis as a proxy for fair value of its plant and equipment, as these were assets that had short useful economic lives or low values (or both). The ILF believed that the useful economic life is a realistic reflection of the life of its plant and equipment, and the depreciated historical cost method provides a realistic reflection of the consumption of those assets. The ILF therefore carried plant and equipment at cost less accumulated depreciation and any recognised impairment in value. At 30 September 2015 all book values were zero and all IT hardware and equipment was disposed of, in a sustainable manner and in accordance with ILF policy.

c) Depreciation

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

d) Intangible assets

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

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

Software licences were capitalised in the accounts in the year of acquisition. Amortisation was provided on a straight line basis over the estimated useful life (being the period of the software licence) except where this period exceeded 30 June 2015. Licenses were depreciated on a straight line basis ending either on 30 June 2015 or 30 September 2015 dependent upon whether the assets were in use by the closure team between 1 July 2015 and 30 September 2015. On closure all intangible assets were de-recognised.

e) Financial instruments

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

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

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

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

f) Reserves policy

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

g) Grant in Aid

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

h) Bank interest

Money was held in current accounts and interest was received on credit balances.

i) Grants to individuals

Grants to individuals were discretionary grants, made within the terms of the Trust Deed. Grants were paid four weekly in arrears on the basis of authorised awards however in June 2015 an extra payment was made to each individual to ensure their award was paid up to and including the 30 June 2015.

Unused grants returned by individuals in the normal course of business were recognised on receipt with no accrual for potential future returns of unspent grants.

j) Formal recovery of grants to individuals

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

In accounting for recoveries the ILF adhered to the Conceptual Framework for Financial Reporting which gives guidance that an asset should not be recognised in the statement of

financial position when the expenditure has been incurred for which it is considered improbable that economic benefits will flow. Therefore a receivable was only recognised in the accounts when it had been agreed with the individual and there was considered to be a reasonable prospect of recovery.

The receivable recognised was disclosed as a reduction to expenditure in the year in which it was recognised. Receivables were assessed at the end of each accounting period and reduced to the estimated recoverable amount where circumstances indicated full recovery was uncertain. The recoverable amount was discounted to present value where material, at the standard Treasury rate of 3.5% (2014-15: 3.5%).

k) Operating leases

Operating leases were charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease. The main lease was for accommodation and managed facilities under a sub-lease with the DWP. Charges were set in accordance with a head lease between the Department and the service provider and were subject to annual inflation using a specified index.

l) Pension costs

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

m) Significant estimates and judgments

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

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

n) Reporting segments

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

o) Provisions

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

p) Current assets and current liabilities

At 30 September 2015 all remaining current assets valued at £840,000 and remaining current liabilities valued at £292,000 were transferred to the DWP with effect from 00.01 on 1st October 2015. Further information is provided in note 20.

3 Grants to individuals

	2015-16	2014-15
	£000	£000
Payments made in year	76,695	278,116
Grant liabilities at start of year	(9,124)	(8,850)
Grant liabilities at end of year	0	9,124
Grant returns received in year	(3,060)	(6,887)
Grant receivables at start of year	944	1,060
Grant receivables at end of year	(837)	(944)
Grants payable for year	64,618	271,619
Number of individuals in receipt of payment as at 30 June 2015 and 31 March 2015 respectively:	15,954	16,101

Grants to individuals were paid four-weekly in arrears; with a final payment made up to 30 June 2015. Grant liabilities consisted of accrued amounts from awards made by the end of the financial year but not fully paid up to the end of the financial year. Grant liabilities do not exist in 2015/16 as all individuals were paid up to and including 30 June 2015.

Returns received comprised £2,838,000 in respect of unused funds returned by individuals, and £222,000 received under formal recovery arrangements (2014-15: £4,886,000 and £2,001,000 respectively).

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

4a Staff numbers and related costs

	2015-16 £000	2014-15 £000
Directly employed staff:		
Wages and salaries	260	5,712
Social security costs	45	234
Other pension costs (see below)	134	474
Seconded staff	35	27
Fixed term appointments:		
Wages and salaries	9	167
Social security costs	1	12
Other pension costs	1	17
Total directly employed staff costs	485	6,643
Agency staff costs	-	11
Total staff costs	485	6,654
	2015-16 Number	2014-15 Number
Average number of whole-time equivalent persons directly employed:		
on permanent contract	38	97
on loan from DWP	1	1
on fixed-term contract	1	10
	40	108

Wages and salaries in 2014-15 included total exit costs of £3,025,000, this included an accrual for staff intending to leave under compulsory terms in 2015-16. Wages and salaries in 2015-16 included a credit of (£355,000) in respect of exit costs over accrued in 2014-15 as a result of some staff securing roles elsewhere in the Civil Service.

4b Other pension costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme and as such the ILF is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For 2015-16, employers' contributions of £128,000 were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands (2014-15 £469,000

in a range of 16.7% to 24.3%). The scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £6,000 (£32,000 in 2014-15) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £182 of pensionable pay, 0.5% were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (£2,000 and 0.8% in 2014-15).

Contributions due to the pension providers were nil at 31 March 2015 (nil at 31 March 2015). Contributions prepaid were nil at 30 September 2015 (nil at 31 March 2015).

5 Other expenditure and non-cash items

	2015-16 £000	2014-15 £000
Running costs:		
Independent assessor fees and expenses	5	865
IT and information security costs	298	556
Rates, utilities and other estate costs	39	180
Legal and professional costs	64	132
Services, training, recruitment, travel and subsistence	49	143
Trustees' costs	53	112
Communication and engagement	22	101
Postage costs	(10)	114
Printing costs	4	36
Auditor's remuneration*	38	49
Total running costs	562	2,288
Rentals under operating leases	449	880
Total other expenditure	1,011	3,168
Non-cash items:		
Depreciation	4	24
Amortisation	42	173
Total non-cash items	46	197

*There are no non-audit fees included within the auditor's remuneration

6 Interest receivable

	2015-16 £000	2014-15 £000
Bank interest	14	42

7 Analysis of Net Expenditure by Programme and Administration budget

	Programme Administration		Total 2015- 16 £000	Programme Administration		Total 2014-15 £000
Expenditure						
Grants to individuals	64,618	-	64,618	271,619	-	271,619
Staff costs	-	485	485	-	6,654	6,654
Running costs	-	1,006	1,006	-	2,303	2,303
Independent assessor costs	5	-	5	865	-	865
Depreciation	-	4	4	-	24	24
Amortisation	-	42	42	-	173	173
Interest Receivable	-	(14)	(14)	-	(42)	(42)
Net Expenditure after interest	64,623	1,523	66,146	272,484	9,112	281,596

8 Property, plant and equipment

	Information Technology	Total
Cost	£000	£000
Balance at 1 April 2015	620	620
Additions in year	0	0
Disposals in year	(620)	(620)
Balance at 30 September 2015	0	0
Depreciation		
Balance at 1 April 2015	616	616
Charge for the year	4	4
Disposals in year	(620)	(620)
Balance at 30 September 2015	0	0
Net book value		
At 30 September 2015	0	0
At 31 March 2015	4	4

	Information Technology	Total
Cost	£000	£000
Balance at 1 April 2014	664	664
Additions in year	0	0
Disposals in year	(44)	(44)
Balance at 31 March 2015	620	620
Depreciation		
Balance at 1 April 2014	636	636
Charge for the year	24	24
Disposals in year	(44)	(44)
Balance at 31 March 2015	616	616
Net book value		
At 31 March 2015	4	4
At 31 March 2014	28	28

All assets were owned by the ILF and disposals were undertaken in the final months. Asset values stood at nil having been fully written down in accordance with ILF depreciation policy, see Note 1. Physical assets were disposed of in accordance with ILF policy, in a suitable manner and where appropriate in accordance with the WEEE directive.

9 Intangible assets

	Information Technology £000	Total £000
Cost or valuation		
Balance at 1 April 2015	938	938
Additions in year	0	0
Disposals in year	(938)	(938)
Balance at 30 September 2015	<u>0</u>	<u>0</u>
Amortisation		
Balance at 1 April 2015	896	896
Charge for the year	42	42
Balance at 30 September 2015	<u>0</u>	<u>0</u>
Net book values		
At 30 September 2015	0	0
At 31 March 2015	<u><u>42</u></u>	<u><u>42</u></u>
Cost or valuation		
Balance at 1 April 2014	938	938
Additions in year	0	0
Disposals in year	<u>0</u>	<u>0</u>
Balance at 31 March 2015	<u>938</u>	<u>938</u>
Amortisation		
Balance at 1 April 2014	723	723
Charge for the year	173	173
Net book values		
At 31 March 2015	42	42
At 31 March 2014	<u><u>215</u></u>	<u><u>215</u></u>

Intangible assets mainly comprised of bespoke software and software licenses, these were all fully depreciated at 30 September 2015 and on closure were de-recognised.

10 Financial instruments and associated risks

As the majority of the ILF's cash requirements were met through Grant in Aid, financial instruments played a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments related to contracts to purchase non-financial items in line with the ILF's expected usage requirements, so the ILF exposure to credit, liquidity or market risk was limited. The value of financial instruments were considered to be a proxy of their fair value.

Financial assets – loans and receivables

	2015-16	2014-15
	£000	£000
Grants under formal recovery	837	944
Cash and cash equivalents	0	10,165
Other receivables		
- Interest receivables & staff loans	0	5
- Monies collected by the DWP	3	0
	<u>840</u>	<u>11,114</u>

Grants under formal recovery: these comprise of amounts originally paid to individuals, which were under a planned recovery arrangement mostly through instalments or deductions from on-going payments. Further details of the risks related to grants under formal recovery are provided in note 11.

Cash and cash equivalents: represents money with Lloyds held in current accounts.

Other receivables: represents monies due in the short term. The monies held by the DWP are in respect of grants under formal recovery.

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

Financial liabilities

	2015-16	2014-15
	£000	£000
Grant liabilities	0	9,124
Trade payables and accruals	292	3,238
	<u>292</u>	<u>12,362</u>

Grant liabilities: Represented in 2014-15 the awards authorised but unpaid at the year end, which were subsequently paid within one to two months out of the cash Grant in Aid provision in

the following year.

Trade payables and accruals: Represents amounts payable in the short term. Balances at 30 September 2015 form part of the balance sheet transfer to the DWP at 00.01hours on 1 October 2015.

11 Trade and other receivables

	2015-16 £000	2014-15 £000
Due within one year		
Grants under formal recovery	171	190
Prepayments	0	110
Other receivables	3	5
	<hr/> 174 <hr/>	<hr/> 305 <hr/>
Due after more than one year		
Grants under formal recovery	666	754
Total due	<hr/> 840 <hr/>	<hr/> 1,059 <hr/>

Formal recovery was managed by a specialist team within the ILF until the 30 June 2015 and amounts with repayment arrangements in place are recorded for debt management purposes. Unspent monies were returned outside the formal recovery process. Unspent monies are not considered overpayments, these arise predominantly as a consequence of periods of time when care is not required or occasions when the award is not fully expended and are surrendered voluntarily in line with the ILF policy.

Grants under formal recovery comprise amounts originally paid to individuals, which are under formal recovery, mostly by instalments or deductions from on-going payments until 30 June 2015. Recoveries are profiled over the expected repayment period, and the amounts are discounted to present day value. Impairment is also considered, in particular where there is a probability that recovery arrangements may not be sustained for a prolonged period.

Of the recoveries due over one year, £397,000 is expected to be received within the next two to five years and £269,000 is expected to be received within the next five to ten years (£461,000 and £293,000 respectively at 31 March 2015).

Grants under formal recovery were managed by the DWP from 1 July until 30 September 2015 on behalf of the ILF. On the formal dissolution of the Trust these assets were transferred to the ownership of the DWP with effect from 1 October 2015.

A receivable is only recognised in the accounts when it is probable that economic benefits will flow to the ILF or the DWP post 30 September 2015.

12 Cash and cash equivalents

	2015-16 £000	2014-15 £000
Balance at 1 April	10,165	4,655
Net cash inflow/(outflow)	(10,165)	5,510
Balance at 30 September 2015/31 March 2014	<u>0</u>	<u>10,165</u>

The following balances at 30 September 2015/31 March were held:

	2015-16 £000	2014-15 £000
Benefit account	0	9,503
Administration account	0	662
	<u>0</u>	<u>10,165</u>

Cash and cash equivalents comprised of bank balances held in a UK commercial bank. Cash balances were transferred to the DWP on the closure of the ILF; all bank accounts were then closed.

13 Current liabilities

(a) Amounts falling due for payment within one year

	2015-16 £000	2014-15 £000
Grant liabilities	0	9,124
Trade payables	0	219
Accruals	37	324
Redundancy accrual	255	2,695
	<u>292</u>	<u>12,362</u>

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

(b) There were no amounts falling due for payment after one year (2014-15: none).

14 Losses and special payments

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

Where recovery is deemed to be unachievable, a loss is recorded. 93 losses with a total value of £292,000 were recorded in 2015-16 (346 losses with a total value of £1,188,000 for 2014-15). Losses relate to payments originally made by the ILF and cases transferred from the Independent Living (1993) Fund and the Independent Living (Extension) Fund on 1 October 2007.

Losses were recorded when it became evident that there were no practical avenues remaining by which to pursue recovery, and therefore no further action. As these payments were recorded as costs when originally advanced they did not represent a further cost once deemed irrecoverable.

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

No special payments, which fall under the disclosure requirements of the FReM, were made during 2015-16 (2014-15: none).

15 Operating leases

The sub-lease for accommodation and facilities with the DWP expired on 30 September 2015.

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

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

	2015-16 £000	2014-15 £000
Land and buildings (Equinox House)		
Within one year	0	450
Within two to five years	0	-
	<u>0</u>	<u>450</u>

Formal notice on the lease had been given within the terms of the contract to ensure no further lease costs were incurred post 30 September 2015.

	2015-16 £000	2014-15 £000
Other leases		
Within one year (Ceridian IT system)	0	10
Within two to five years	0	0
	<u>0</u>	<u>10</u>
	<u><u>0</u></u>	<u><u>10</u></u>

16 Trustees' remuneration, interests and indemnities

The total remuneration paid to six Trustees was £48,250 for 2015-16, further information is provided in the Remuneration Report (2014-15: £96,500). Trustees received reimbursement for travel and subsistence expenses amounting to £1,735 for 2015-16 (2014-15: £8,700). For 2015-16, no Trustee was a beneficiary of the ILF or received a discretionary grant payment (2014-15: None)

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

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

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

17 Related party transactions

The ILF was administered by Trustees appointed by the Secretary of State for Work and Pensions. Related parties are the Trustees, all parts of the DWP including its agencies (representing the Secretary of State), and the Department for Social Development in Northern Ireland (DSD). The ILF received Grant in Aid from DWP of £68,870,000 (2014-15: £275,700,000) and DSD £1,994,000 (2014-15: £8,276,000). £3,078,000 of unused Grant in Aid was returned to DWP on the closure of the ILF. The Trustees were the controlling party.

No other related parties, including the Trustees and key management staff, have undertaken any transactions with the ILF during 2015-16 or 2014-15.

18 Capital commitments and contingent liabilities

There were no capital commitments at 30 September 2015 (none at 31 March 2015).

The closure creates a contingent asset as at 30 September 2015 in respect of future potential recoverables associated with overpayments not recognised in the accounts as described in Notes 2j and 11. It is probable in future years, post ILF closure, there will be an inflow of economic benefits to the Department for Work and Pensions.

19 Endowment Trust Fund

The ILF was created by Trust Deed between the original Trustees and the Secretary of State on 10 April 2006, who paid £100 into an endowment trust fund on 13 April 2006. This capital sum together with accrued interest was repaid on 30 September 2015. (The following statement is not in £000).

	2015-16	2014-15
	£	£
Balance at 1 April	115	115
Bank interest added in the year	0	0
Repayment to Secretary of State	(115)	0
	<u>0</u>	<u>115</u>

20 Transfer of functions to the DWP

The assets, liabilities and functions of the ILF are to be transferred to the Department for Work and Pensions on 1 October 2015. This will have the following effect on the Statement of Financial Position of the ILF post transfer:

Statement of Financial Position	As at 30 September 2015	Transfer to Department for Work and Pensions	As at 1 October 2015
	£000	£000	£000
Non-current assets:			
Property, plant and equipment	0	0	-
Intangible assets	0	0	-
Trade and other receivables	666	(666)	-
Total non-current assets	666	(666)	-
	<hr/>	<hr/>	
Current assets:			
Trade and other receivables	174	(174)	-
Cash and cash equivalents	-	-	-
Total current assets	174	(174)	-
	<hr/>	<hr/>	
Total assets	840	(840)	-
	<hr/> <hr/>	<hr/> <hr/>	
Current liabilities			
Trade and other payables	37	(37)	-
Other liabilities - redundancy	255	(255)	-
Total current liabilities	292	(292)	-
	<hr/> <hr/>	<hr/> <hr/>	
Non-current assets less net current liabilities	548	(548)	-
Assets less liabilities	548	(548)	-
	548	(548)	-
Taxpayers' Equity			
General Reserve			
Total Taxpayers' Equity	548	(548)	-
	<hr/> <hr/>	<hr/> <hr/>	

21 Events after the reporting period

There have been no other events which affect the accounts since the reporting date.

The assets, liabilities and functions of ILF transferred to its sponsoring department – Department for Work and Pensions on 1 October 2015. See Note 20.

The authorised date for issue is 14 January 2016

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