



Independent  
Living Fund

**Independent Living Fund (2006)  
Annual Report and Accounts  
2014 - 2015**



# *Independent Living Fund (2006)*

## *Annual Report and Accounts 2014-15*

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## Summary of the year

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98%

**98%**  
user outcome satisfaction

17,449

**17,449**  
person-centred user visits undertaken

2%

**2%**  
of funding is spent on administration,  
98p in every £ goes to our users

151

**151**  
face-to-face visits with all English local authorities

12%

**12%**  
increase in direct payments

## Retained

- Customer Service Excellence award
- Investors in People silver award
- Committed 2 Equality gold award
- Positive about Disabled People two ticks symbol

## About us

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The Independent Living Fund (ILF) is an Executive Non-Departmental Public Body of the Department for Work and Pensions (DWP). Our role is to provide a high quality 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 we have supported over 46,000 disabled people. Since 1993 we have worked in partnership with over 200 local authorities across the UK by jointly funding individually tailored care and support packages.

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

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

On the 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 will close on the 30 June 2015. This will allow social care support for ILF users to be delivered through one mainstream system.

Responsibility and funding for ILF users will be transferred to local authorities in England and the devolved administrations in Scotland, Wales and Northern Ireland. The ILF has been delivering a dedicated programme to support users through this transition.

The ILF will continue to maintain support to users, delivering the same high quality service, during the final period of transition leading up to closure on 30 June 2015.

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# Supporting our users

## *A message from the Chairman and Chief Executive*

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The 31 March 2015 marked the end of the final full year of service for the ILF, as we move towards operational closure on 30 June 2015. Consequently, the year was one of unique and complex challenge where our focus was on a resolute determination to achieve strong results for our service users and staff in preparation for the changes that closure will bring.

In March 2013 we had launched a highly ambitious Transfer Review Programme, following the original decision to close the organisation. This was being delivered successfully to target when a court of appeal decision in November of that year quashed the Government's decision. We rapidly established a 'business as usual' operating programme in response to this, ceasing all closure activity. This interim programme was then delivered until 6 March 2014 when the Government announced a new decision to close the ILF on 30 June 2015 with funding and responsibility for support for ILF users being transferred to local authorities in England and the devolved administrations in Scotland, Wales and Northern Ireland.

In the context of this new decision we entered 2014-15 with a new transfer programme that sought to provide users with the same standards of support established by the original programme, but which also sought to address the challenges created by having to halt the initial approach to organisation closure. By continuing to find innovative solutions and maintaining an agile and determined approach we were very pleased to complete substantially all user review visits within our transfer programme ahead of our original target date of 31 December 2014.

During the past year we saw the completion of 17,449 individual person-centred visits to our users in their own homes. These visits enabled us to prepare holistic outcome-focused support plans for all ILF users. In January of this year, as part of our universal outcome programme, we re-issued copies of these plans to ensure everyone had the most up to date version for their records. Additionally, we have also recently provided all users with a specific guide to the transfer and a separate guide to employing a personal assistant that we produced in partnership with Acas (Advisory, conciliation and arbitration service). We are very proud to have achieved a final user outcome satisfaction rating of 98% and feedback from our Advisory Group of disabled people has been extremely positive regarding the approach that we have taken towards supporting users through this transition.

We continued to work closely with key partners throughout the period, holding an extensive programme of engagement with local authorities in the Autumn of 2014, which encompassed a series of informative conferences and face to face meetings with all 151 local authorities in England. In response to the Scottish Government's announcement that they will establish an ILF Scotland to provide support for users following closure of the ILF, we have worked very closely with officials to support the development of the new organisation. We have also recently responded to the decision made by the Welsh Government to establish a grant scheme in Wales administered through local authorities and have commenced an engagement programme with local authorities in Wales to support the implementation of this decision. There was no formal decision on the position of ILF users in Northern Ireland during the year, but we have continued to remain in close contact with officials there and were ready to respond to a future announcement.



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We hope that our actions during this year have served to prepare users as best as we have been able to for the transition of support to new arrangements. Our achievements have once again been down to the strength of commitment and professionalism of all of our staff and the independent assessors we have engaged. Despite the personal challenges individuals have faced with working for a closing organisation, the determination to prioritise the support for our users has been our consistent and constant aim. During the period from April to December 2014 we saw the progressive departure of the independent assessors and on 31 March of this year, we said goodbye to 31% of ILF staff, and we remain ever grateful to those individuals for their contributions.

As we have moved closer to the closure of the organisation we have also spent time reflecting on the learning and knowledge that has been gained over nearly 27 years of the ILF. We will issue a publication in June 2015 that captures this learning in the hope that other organisations and service providers can benefit from our experience and insights.

During the next three and final months of providing a service to our users, we will remain focussed on delivering the same high standards of service that we have been recognised for previously, whilst undertaking careful and detailed activities in order to bring about an orderly organisational closure. We acknowledge there remain a number of challenges ahead, but we are confident in our ability to deliver what is required for those who rely on us.

As this is our last full operational year we would like to take the opportunity to thank all of the staff, Trustees, assessors, partners and friends of the ILF who have contributed to the organisation over the past 27 years.

We hope the ILF provides a legacy beyond its closure which continues to champion the highest possible level of independent living for disabled people.

Stephen Jack OBE  
Chairman

James Sanderson  
Chief Executive

## *Strategic aim 1 - Continue to deliver our service*

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Throughout the year the ILF continued to deliver to its well established performance standards ensuring a continued high quality customer service for our users in respect of accuracy and customer satisfaction.

During the 2014-15 year the ILF focussed upon completing the Transfer Review and Support Programme (TRSP) for all our users to facilitate a robust and effective transition to local authorities or devolved administrations by 30 June 2015. This activity had to be delivered in a difficult environment with a workforce that faced redundancy on the completion of the programme. Nevertheless staff, management and the independent assessors continued to provide a dedicated and professional service that met all requirements, as demonstrated in the table overleaf which shows our performance against our agreed standards and targets.

On a weekly basis throughout the year, the SMB reviewed a comprehensive series of key performance indicators; this process was supported by wide ranging detailed management information reviewed monthly at the ILF's Performance Review Board. This attention to detail served us well and allowed strong assurance to be regularly provided to ILF stakeholders, the Trustee Board and Audit Committee. It also ensured that the delivery of service was to a continuing high standard and planned timescales were achieved.

A total of 6,432 further user visits were undertaken during the year to complete the full user review programme. The visits have ensured that all users are fully informed of the implications of closure from a face to face meeting which was subsequently documented in the user's own individual and bespoke support plan. The support plans clearly identify the Provision, Resources and Outcomes (PRO) for each individual user as a consequence of the ILF support and will in future provide a point of reference for both the user and their local

authority or devolved administration. The independent assessors were scheduled to work at a demanding pace to achieve this volume of visits in the restricted timescale available and as the workload reduced towards the end of the year the logistics of completing the ambitious programme became more difficult as members of the assessor peer group ceased working for the ILF.

Over 71% of user visits were also attended by a representative of the local authority enabling them to have involvement and direct dialogue with the user on the existing ILF award package.

A Code of Practice was established with local authorities and during the year they positively applied the principles of the code to ensure the programme was delivered successfully for the benefit of all parties. The success of the programme is demonstrated by a user outcome satisfaction rating of 98%.

Trustees also sought to continue to drive new ways of providing service through a change in policy to offer flexibility over the way in which payments could be used to achieve desired outcomes. A total of 50 cases were assessed under this policy, and although this is a small number it reflects significant achievements for those individuals. We also ensured our approach to equality has been upheld in the strongest way possible through a dedicated Equality Impact Assessment Board which assessed all policy changes throughout the period.

To assist local authorities to prepare themselves for transfer our ILF Local Authority Liaison team maintained a dedicated secure contact for liaison and information transfer within each of the 205 local authorities and five Northern Ireland Trusts we deal with. Through these contacts each organisation was provided with an electronic version of user support plans for all users in their region, except where a

Group 1 user has not given consent for this to happen (at the 31 March 2015 some 89 users had not given their consent). In addition each local authority and trust was provided with a summarised analysis of the financial award details (for their users) to aide their financial planning and budgetary processes.

The ILF was active in maintaining user communications with several major mailshots in October, January and March. Each letter gave the user a brief notice reminder and helpful information; on each occasion the ILF ensured its telephony resources were strengthened to respond immediately to the increase in telephone calls that inevitably followed from users.

In addition our Customer Service team continued to ensure that our operational review programmes remained cognisant of our users' individual needs to ensure high user outcome satisfaction and for the fifth year in succession we retained our Customer Service Excellence Award. We are proud of our achievements in continuing to deliver high standards of customer service in this challenging year.

Key Performance measures 2014-15	Target required	Actual Result
Award accuracy	98.0%	99.7%
Review visits undertaken*	16,294	16,292
User outcome satisfaction (UOS) overall	92.0%	98.2%
UOS: Quality of life	94.0%	99.0%
UOS: Ability to live independently	94.0%	99.0%
UOS: Choice and control	92.0%	98.9%
UOS: More activities	90.0%	95.8%
Complaint maximum response time	15 days	4 days
Administration expenditure ceiling as a percentage of total expenditure	2.0%	2.0%**

\* this represents the accumulated result of a two year target for the TRSP which was the current user population, available for a visit, as at 31 March 2015; two cases could not be visited by the 31 March but both were completed in early April

\*\* this was contained to 2.0% before the inclusion of any exceptional closure costs

The award accuracy and user outcome satisfaction applies to the period 1 April 2014 to 28 February 2015. Thereafter measures could not be assessed as the user review programme, on which these targets are based, ceased.

## Strategic aim 2 - Preparing for closure

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The organisation had commenced closure preparations during the previous year but then ceased closure activity following the Court of Appeal decision on 6 November 2013. However on 6 March 2014 a new Ministerial decision determined the ILF would close, but with the slightly later date of 30 June 2015 that recognised the pause in the original closure timetable pending the new decision.

All planned closure activity required Trustee Board approval and was overseen by a Project Steering Committee chaired by the DWP, supported by a structured governance framework and comprehensive programme and project management. Planned activities were managed on a day-to-day basis through five work streams centred around Legal & Policy, Human Resources, Finance, Physical Infrastructure and Management Information and the TRSP (Transfer Review and Support Programme).

The new year saw the ILF proceeding at a pace with the TRSP to ensure all users had the opportunity of a face to face review meeting with an ILF independent assessor and in most cases, 71%, accompanied by a representative of the appropriate local authority.

During the first quarter of the 2014-15 financial year, the ILF took soundings from its major stakeholders including Government, the devolved administrations, and user groups on the high level transfer plans it had formulated. This was followed in the second quarter by the ILF initiating an engagement programme with Association of Directors of Adult Social Services (ADASS) and the English local authorities with a view to ensuring, as far as practical, a seamless transfer for their users. Working in partnership with ADASS a joint Code of Practice was agreed which also incorporated provisions on the specific Department of Health guidance relating to the Care Act 2014 where the Act impacted upon ILF users.

In the Autumn the ILF organised a series of local authority engagement meetings across England to allow local authorities the opportunity to discuss the Code of Practice previously agreed by the ILF, ADASS and the Local Government Association to guide the transfer of support. These discussions enabled the ILF to update local authorities on progress with the TRSP, impart critical information, to demonstrate and share best practice whilst also allowing local authorities to assess their own levels of preparedness, alongside their peers, for the transfer. This engagement achieved a 100% attendance of the 151 English local authorities and was very well received by all parties.

In addition we also wrote to over 450 advocacy and disability support organisations with a briefing note in order that they can support users more effectively with any enquiries they may receive.

During the year 6,432 reviews were undertaken taking the total completed under the programme to 16,292 as at 31 March 2015. In addition there had been 4,056 user reviews undertaken during the period 6 December 2013 to 5 March 2014 where there had been no reference to closure. All these cases were then revisited under a Convergence Programme during the year to inform users on the transfer arrangements. This ensured all users were treated in a consistent manner.

There are numerous activities associated with ILF closure which of necessity need to follow the completion of TRSP. The logistical challenge to deliver a seamless transfer is complex so the plan was to complete the TRSP well in advance of the actual June closure date. Consequently the Trustee Board set March 2015 as the target and this was delivered.

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We were required to gather consent from all 2,466 Group 1 users in England, Wales and Northern Ireland to share their information with the relevant local authority. Consent was gathered through correspondence and follow up telephone calls. Where users did not respond or refused consent a Welfare and Wellbeing panel considered their individual circumstances prior to the ILF's closure.

During the autumn the ILF launched the second major stage of operational closure preparations - the Universal Outcome Programme (UOP). The purpose of UOP was to progressively communicate and provide advice to users over the remaining period of the ILF and also ensure both the users and their local authorities were provided with relevant information.

Consequently the UOP included a staged series of user communications at key timing points prior to closure including:

- a notice letter was sent in October as a reminder of the forthcoming closure on 30 June 2015, supported by a timetable of future communications;
- a further notice letter was issued in January as a reminder of future dates when service levels would reduce. Users in Scotland were provided with a factsheet detailing the arrangements in Scotland; and
- in March a further reminder letter was issued to English, Welsh and Scottish users accompanied by an 'Employers Support Guide' together with a 'Your Transfer Guide' that was specifically tailored to each country. Northern Ireland users were provided with a letter explaining that the decision on the approach to be taken from July was pending from the Northern Ireland Assembly.

A final user communication, itemising the final ILF payment, will be issued in May 2015.

In addition each user received a final version of their own personal support plan to ensure they have this for reference post ILF closure. An electronic copy of each of these support plans was also sent to the appropriate local authority to ensure they are equally well informed.

Ongoing regular communications were important with local authorities and the devolved administrations to provide regular updated information on the users falling within their boundaries. In November and December, all English local authorities and Northern Ireland Trusts were provided with a data schedule summarising their users and the key financial details relating to the ILF award.

Whilst in England it was determined at an early stage to transfer users direct to local authorities the devolved administrations took the opportunity to review their individual positions. Issuing reviews to the local authorities in Scotland was not required due to the planned creation of a new body to manage ILF users and issuing was delayed in Wales following discussion with Welsh Government Officials regarding their ongoing consultation on the future options to manage responsibility for ILF users.

The Scottish Government decided to set up an 'ILF Scotland' with offices based in Edinburgh which will initially replicate the policies and procedures developed by the ILF, but will also be open to take on new applicants beyond the 2,800 existing users planned to transfer. We have worked very closely with Scottish officials providing advice, training plus a replica of the ILF's IT software. Users will receive funding direct from ILF Scotland from 1 July 2015.

## *Strategic aim 2 -Preparing for closure*

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The Welsh Government decided initially to transfer their existing 1,600 users to their appropriate local authority but with the user funding ring-fenced. The intention is for local authorities to manage this support until 2017 during which period the Welsh Government will consider the feasibility of the two preferred options, identified in their consultation, of either a Welsh ILF or a National Independent Living Scheme. Users will be funded direct from their local authority during this period. Data schedules were issued to all Welsh local authorities during April 2015.

At the year end the Northern Ireland Assembly had not made a formal announcement on the preferred option from their consultation.

The differing approaches taken by the devolved administrations have added to the complexity of the closure programme but in each case we have supported them as far as practical, adapting our plans accordingly, to help ensure the success of their preferred approach.

The year also saw high levels of preparatory work associated with the corporate closure processes through the other four work streams to allow the Trust to be dissolved in 2015. This included, inter alia, complex legal arrangements to amend the Trust Deed, giving suppliers sufficient contractual notice and reaching agreement on the future transfer of any residual ILF assets or liabilities to our sponsor department the DWP.

During the year the ILF strived to support its people, all of whom were under notice of redundancy, but who in addition to maintaining the pace and quality required by the organisation and its customers were also seeking new opportunities post ILF closure. A recent independent audit of staff showed very high levels of satisfaction with the Senior Management Board (SMB) in the way these potentially conflicting requirements were both achieved.

As the year drew to a close the service delivery teams previously undertaking the TRSP undertook the enormous exercise of reviewing each individual user case paper file, some 16,489 cases, to ensure each file was updated to include not only the latest information but also only with data relevant for storage post closure. This activity was successfully completed in March shortly before the majority of the service delivery staff left the ILF on 31 March 2015.

We are extremely pleased and proud with the progress we made during the year in preparing the ground for closure whilst ensuring those who rely on us have still been supported in the most effective way.

Our governance structure and comprehensive programme plans have proved to be robust and agile enough to deliver the multiple requirements that the preparations for closure have brought.

## Strategic aim 3 - Supporting our people

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This was a challenging year in regard to maintaining the morale and motivation of the workforce, as well as retaining the skilled professionals required to ensure that the delivery of the closure programme was achieved. In pursuit of this, efforts were channelled into helping support everyone to prepare for the future by providing comprehensive career transition support. Everyone was given the opportunity to attend career transition workshops on topics such as CV writing and interview skills as well as one to one coaching. Take up was an average of 3.8 days per person. In addition to this our Learning and Development team supported 34 people with one to one coaching and support.

We were keen to assure ourselves that our programme of support for staff was effective and to this aim an Employer Support and Engagement Audit was undertaken by PricewaterhouseCoopers (PwC) our internal auditors. They reported: “employees we surveyed felt that they had been effectively communicated with, supported to review their options and were aware of their own responsibilities to seek alternative employment both within and outside the civil service.” As a result we believe our people strategy successfully continued to deliver enduring levels of morale and motivation throughout the year.

We focussed on supporting people through a series of comprehensive communications: we held fortnightly exchange briefings with managers or full staff exchange briefings with all staff; and kept people informed of developments through daily intranet messages. We regularly met with representatives of the Union (PCS) on a formal and informal basis and

our relationship remained positive. The Chief Executive’s regular blog also updated people on senior management activity as it happened, in near real time; this helped negate any commencement of ‘rumours’ which can prevail in the stressful and emotional environment of a pending organisational closure. A People and Engagement Committee met regularly to monitor morale and motivation and contribute helpful ideas and proposals. We are pleased to report there were no disciplinary cases or grievances during this period. Not unexpectedly however, in light of the impending closure, sickness absence levels rose to an average of 10.7 days per person per year; nevertheless this continued to be actively addressed by management.

We produced a comprehensive staffing plan which was regularly updated to ensure that we had people with relevant skills available to deliver the business plan objectives. This also gave confidence to staff that management was proactive and moving with pace in a changing environment whilst encouraging and enabling people to find new roles either within the civil service or externally.

We experienced an unprecedented, yet not unexpected, staff turnover of 41%. To respond proactively to this our organisational structures were modified as people left the ILF and new roles were created, from re-distributed responsibilities to meet the changing needs of the business; this also presented our remaining staff with developmental opportunities. In total 26% of the organisation worked on special projects during the year enabling staff to develop and enhance their skill base.

## *Strategic aim 3 -Supporting our people*

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A key focus throughout the year was managing the redundancy programme. We worked closely with the Midlands Redeployment Network and Civil Service Resourcing to enable people to transfer within the civil service. As a result, a total of 17 people transferred to other Government Departments as at 31 March. Negotiations were held regularly with the union to manage the redundancy programme and the Civil Service Protocols for managing surplus staff were followed. In March, 33 people left the ILF having acquiesced to compulsory redundancy terms; nobody was made compulsory redundant against their wishes.

Our learning and development plan demonstrated our clear on-going commitment to invest in our staff and was supported by a number of activities. In May, a 'Learning at Work' day took place to encourage employees to take part in extra learning activities including Civil Service Learning, volunteering and external job shadowing. Throughout the year employees also undertook 29 days volunteering in local charities. We continued to look beyond our own walls to support the local community and our Engaging our Schools project continued to be a success with 12 employees supporting local school children to gain an understanding of the working environment. In addition, eight employees supported local school children with CV writing and interview skills. People continued to undertake further education qualifications and a number undertook NVQ's and business related qualifications. Everyone in the organisation undertook at least one learning and development opportunity during the year.

We also maintained a focus on standards through a continued commitment to the Performance Management System and Focussed Framework and keeping HR policies up to date and relevant to the ILF. All staff completed mandatory Responsible for Information e-learning and were encouraged to complete Equality and Diversity e-learning.

We retained the Positive about Disabled People two-tick symbol and continued to hold and apply the principles of Committed to Equality at gold standard and Investors in People (IiP) at the Silver Standard.

Our aim is to continue to provide a quality programme of support for staff right up until closure and we are pleased that our investment in this area delivered strong results to date despite the challenging environment.



## Strategic aim 4 - Deliver sound governance

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The ILF had effective systems of corporate governance and control that were audited, updated and refined through 2014-15.

We ensured that our controls have remained robust, agile and flexible in meeting the challenges of delivering our transfer review and closure programme, and in meeting our broader responsibilities as an executive Non Departmental Public Body.

The Trustees and SMB recognised the importance of strong governance for our day-to-day operations, our transfer programme and the corporate activity directly associated with the closure of the ILF. During the period where work is transferred and the organisation was preparing for closure, there was a greater potential for risks to crystallise, for errors and mistakes to increase and for reputations to be tarnished. Our systems and processes have sought to address this challenge effectively and decisively.

Our Trustee Board and SMB continued to meet monthly to address our strategic business priorities and the strategic risks associated with the programme and the closure activity. These discussions were shared with the Department through the Programme Steering Committee (PSC) and through the sharing of reports, project papers and other materials.

Review of our strategic risks was a standing item on the Trustee Board, the SMB and the ILF Audit Committee. In addition, our quarterly risk and controls board reviewed and re-assessed the whole risk portfolio at a detailed level.

The ILF maintained three tiers of risk monitoring; at the strategic risk level, at the directorate risk level and at programme risk level. Each of these were managed and updated within the governance team to ensure effective linkage and communication across the business. Each month we referenced the transfer and closure programme risks and strategic risks ensuring a sound read across.

The programme risks were presented at the PSG meetings chaired by a senior official of the DWP.

The ILF Audit Committee provided an independent, high-level resource that tested the adequacy of assurance on our risk management framework and internal control environment. The Audit Committee took assurance from the work of both internal audit (PwC) and external audit (National Audit Office and Deloitte).

The Audit Committee was also provided with reports on the actual plans associated with closure to enable constructive discussion on the deliverability of timescales and products.

A key driver within our corporate governance work in 2014-15 was to ensure that we could deliver and demonstrate that our decisions in the final year are properly supported by legislation and policy, using approved processes, under the appropriate and agreed delegated authorities and that risks have been properly managed. In taking this approach we initiated visits to discuss the transfer with all our users, reviewed and updated their care plans whilst ensuring that communications with all stakeholders were timely and of the highest standard.

These systems were critical in achieving the delivery of our day-to-day operations, in meeting our published key performance indicators, in providing high quality service to our users and other stakeholders and in supporting the challenging customer service priorities through 2014-15.

## *Strategic aim 4 - Deliver sound governance*

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In regard to corporate closure our plans have encompassed a wide variety of required specialisms, programme control, reporting and process steps to successfully bring the organisation to a close, to achieve success in these areas we modified and strengthened our governance to support closure.

We continued to ensure that our business strategy remained appropriately focussed on the needs of our users and sponsors. In response to the changing position during the year we modified the 2013-15 business plan and constructed a single-year plan for 2014-15, this plan more closely reflected the emerging priorities faced by the organisation.

We developed a specific and detailed strategy to guide the overall closure programme, which we called the SPEED framework (Structure, Plan, Engage, Evaluate and Deliver) which looked at the organisational priorities.

SPEED linked with other key tools, such as the PRO-model which supports users, an agreed code of practice to support local authority and devolved administrations, our communications strategy, our support, skill sharing and assistance to the devolved administrations and the effective transfer of user data to facilitate and support the transfer of funding from the ILF to local authorities and devolved administrations. These tools and processes created a strong system of control and governance to manage and support the key objectives, to deliver the Minister's commitments.

Through strong financial management we delivered all targets within budget and the funding allocations set by the DWP. We again managed to hold and deliver administration expenditure, excluding exceptional closure costs, within 2% of the total expenditure, which we believe represented very good value for money and enabling 98 pence in every £1 to go directly to our users.

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

Work was required to ensure the effective and secure transfer of data to local authorities and devolved administrations, and this was a significant priority during the year. We compiled a series of data agreements and minimum measures for our partnering stakeholders to comply with. These measures minimised the risk of a data breach, improved the quotient for accuracy and provided assurance to all stakeholders that we were compliant with the Data Protection Act.

We refreshed all our stakeholder data agreements, provided the necessary formal agreements for the devolved administrations, ensured that we had nominated responsible contacts to both receive and action data and also ensured that secure systems were employed throughout the exchange of data.

## *Strategic aim 4 - Deliver sound governance*

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To bolster information governance, in December 2014, the ILF successfully gained reaccreditation of the Public Services Network (PSN) formerly GSi. This accreditation demonstrates that we continued to meet the stringent PSN standards for both physical and logical security. PSN enables and facilitates the secure transfer of data and other information to key stakeholders, and is a key component in efficiently delivering our programme.

We also addressed the issues of physical file records; user case files, Human Resources personal staff files, corporate files and archive files. We worked closely with the DWP Knowledge Information Management team, and agreed processes for both storage and destruction schedules for all physical files. The majority of our files will be stored at the DWP Heywood secure storage facility, until either records are either prepared for inclusion into the national archives or they reach their agreed destruction date.

We achieved stable pricing from all our suppliers, effective until closure. Where contracts were coming to a natural end, we successfully negotiated extensions on the same pricing structure on delivery throughout the final operational period. Without exception our suppliers have been professional, consistent in provision and supportive of us as we move towards closure.

We also provided timely termination notices to all our suppliers, this properly informed them of our intent and ensured that there were no termination penalties.

This year represented the final year of the three-year flexible internal auditing plan, undertaken by PwC. We continued to seek PwC's expertise to provide advice on our planning activities in advance of closure. They provided updates on the progress of the project, alongside the mandated internal audit activity. Over the course of this year PwC audits raised no material issue.

Internal Auditors met with management on four occasions during the year to discuss and adjust the internal audit programme; in addition our Internal Auditors attended all ILF Audit Committee meetings, one Trustee Board meeting and three internal programme workstream meetings. In the course of their work they provided assurance to the Board of Trustees, the Accounting Officer and the DWP.

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

# *Introducing the people behind the ILF*

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## The ILF Trustees

### **Stephen Jack OBE, Chairman**

Stephen is a Chartered Accountant who has held senior management positions in a number of international financial services organisations. He is currently a Vice Chair of Anchor Trust, England's largest provider of care and housing for older people and a Non-executive Director of the Cambridge Building Society. In May 2014 he also became a trustee of the Royal Mencap Society.

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

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

### **Mike Boyall, Treasurer and Chairman of the Audit Committee**

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

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

Sally was Director of Social Care at Witham Braintree and Halstead Care Trust until March 2007. She is a qualified social worker and previously worked in social care and the voluntary sector in a variety of posts with older people and those with physical and sensory impairments.

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

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

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

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

## **The Senior Management Board (SMB)**

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

### **James Sanderson, Chief Executive and Accounting Officer**

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

### **Steve Jarratt, Finance & Resources Director and Deputy Chief Executive**

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

**Jesse Harris, Strategy & Social Work Director**

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

**John Denore, Head of Operations**

John was responsible for all aspects of service delivery and its performance. This included the administration of user services, casework, the review programmes, payments to users and customer service. John left the ILF on 31 March 2015.

**Gillian Smith, Head of Human Resources**

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

**Gender Analysis**

The table below shows the gender analysis of ILF employees employed at the respective year ends

	2014-15		2013-14	
	Male	Female	Male	Female
SMB	5	2	5	2
Senior Management*	4	7	5	7
Staff	34	55	32	51
<b>Total</b>	<b>43</b>	<b>64</b>	<b>42</b>	<b>60</b>

\*represents the Senior Executive Officer and Higher Executive Officer grades and excludes secondees

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

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

**Jennie Walker, Head of Corporate Affairs**

Jennie is responsible for corporate affairs, internal and external communications and the formulation of operational policy. Jennie also co-ordinates legal activity and ensures the ILF is legally compliant in its operations within the governing documents and wider NDPB responsibilities.

## Sustainable development

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

- manage our resources in a responsible manner by raising awareness of environmental issues amongst our staff;
- review travel plans to encourage our staff to use the most effective modes of transport;
- where possible we reduce consumption of utilities and reduce waste; and
- where disposal is the only option we will consult with relevant experts and do this in an environmentally friendly manner.

We already have contracts in place to provide paper for our publications, envelopes and copier paper which is sourced from 100% recycled paper or from sustainable managed forests. All printer and copier toner cartridges are either refilled or at the end of their useable life recycled.

Our consumption statistics are as follows:

	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
	<b>Total Emissions tCO2e</b>	<b>156</b>	<b>£77,008</b>	<b>143</b>	<b>£65,397</b>
Energy Consumption	Scope 1 (Direct) KWh	66,443	-	47,718	-
	Scope 2 (Energy indirect) KWh	293,246	-	273,844	-
	<b>Total Energy KWh</b>	<b>359,689</b>	<b>-</b>	<b>321,562</b>	<b>-</b>
	Water Consumption (m3)	<b>272</b>	<b>£3,666</b>	<b>236</b>	<b>£2,759</b>
	General Waste (tonnes)	<b>4</b>	<b>-</b>	<b>6</b>	<b>-</b>

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Our external programme of closure during the year required an increased level of face to face engagement with local authorities and devolved administrations to ensure all parties were fully informed.

### **Social Responsibility**

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

As part of the wider Civil Service “Engaging our Schools project” the HR team worked in collaboration with the Gangmasters Licensing Authority to design and deliver a programme of learning about the working environment for students from a local school. This increased the coaching, mentoring and delivery skills of those involved. In addition to this eight employees supported year 10 and 11 students from a local secondary school prepare for their future by helping them with interview skills and CV writing.

### **Engaging in the wider agenda**

As part of on-going business and personal development employees have been encouraged to engage more broadly across government and the third sector agenda.

The table below highlights these unremunerated engagements for senior members of staff:

James Sanderson Chief Executive Officer	Board Member and Honourary Treasurer of the Association of Chief Executives (ACE) Trustee and Director of the Renewal Trust
Jesse Harris Strategy and Social Work Director	Trustee for the Henshaw Trust
Jennie Walker Head of Corporate Affairs	Trustee for Derbyshire District Citizens Advice Bureau (CAB)
John Denore Head of Operations	Premier League and FA Facilities Fund Panel Member

### **James Sanderson, Chief Executive and Accounting Officer**

Signed by the above on 4 June 2015

# Management commentary

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## Principal activity and historical context

The role of the Independent Living Fund (2006) ('the ILF') is to deliver discretionary cash payments to disabled people, allowing them the choice and control to purchase personal support and live independent lives in their communities. The ILF is an Executive Non-Departmental Public Body of the DWP and receives funding in the form of Grant in Aid from DWP for Great Britain and from the Department for Social Development (DSD) for Northern Ireland. The formal governance documents owned by DWP consist of 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 continues to operate to support existing beneficiaries. Our strategic aims are set out on pages 8 to 17. The Government announced on 6 March 2014 that the ILF will close on 30 June 2015 and thereafter users will be supported by local authorities.

### External auditor

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

### Internal auditor

PricewaterhouseCoopers  
Saint Pauls Place  
121 Norfolk Street  
Sheffield  
S1 2JE

Fees paid to the National Audit Office were £49,500 for external audit work (2013-14: £47,250) there was no non-audit work undertaken.

### Solicitor

Shakespeares  
20 New Walk  
Leicester  
LE1 6TX

### Banker

Lloyds Bank  
Colmore Row  
Birmingham  
B3 3SF



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### **Trustees' appointments, training and remuneration**

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

Appropriate training is provided to appoint Trustees on an individual basis, following discussion with the Chairman.

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

Trustees for 2014-15 were Stephen Jack OBE (Chairman), Peter Cooke (Vice Chairman), Mike Boyall (Treasurer), Yogi Amin, Sally Sparrow and Susan Winterburn. Sub-committees operating in the year were the Audit Committee (Mike Boyall as Chairman, Yogi Amin, Peter Cooke and Susan Winterburn), the Remuneration Committee (Sally Sparrow as Chairman and Susan Winterburn and Yogi Amin) and the User Personal Cases Committee (Sally Sparrow as Chairman, Yogi Amin, Peter Cooke and Susan Winterburn). Background details of Trustees are given on page 18.

### **Relationships and related parties**

Trustees are appointed by the Secretary of State for Work and Pensions to administer the ILF. Related parties are Trustees, the DWP (representing the Secretary of State) and the Department for Social Development (DSD) in Northern Ireland which also provides funding. We received Grant in Aid from DWP of £275,700,000 (2013-14: £284,920,000) and DSD £8,276,000 (2013-14: £8,536,000). The DWP make a joint transfer on behalf of DSD to the ILF on a monthly basis. The Trustees are the controlling party.

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

### **Operating and performance review**

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

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

These measures were in existence as ILF targets during 2014-15 and the results for the year were:

- Award processing 99.7% accuracy in all respects, amount and process – against a 98% target (2013-14: 99.5%).
- Administration expenditure 2%, excluding exceptional closure costs, of total ILF expenditure for the year, against a 2% target (2013-14: 2%).
- Users rating their satisfaction with the outcomes they experience as ‘good’ or ‘excellent’ at a level of 98.2%, against a 92% target (2013-14: 97.4%).

An average of 108 staff (full time equivalents) were employed during the year. Staff receive salaries on the ILF scale and are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS) – full details are provided in the Remuneration Report on pages 28 to 37. In addition up to 95, self-employed assessors were engaged during the year under contract to carry out visits to existing beneficiaries under the ILF’s user administration policies.

### **Governance and social responsibility**

The ILF is committed to good employee relations and recognises the PCS as the trade union acting on behalf of staff. In recognition of the continued quality of Human Resources (HR) policies, staff information and consultation, the ILF has continued to hold the Investors in People accreditation silver standard and has also retained the Positive about Disabled People two-ticks symbol for the eighth year in succession. HR policies are regularly reviewed to ensure full compliance with employment legislation, all policies are reviewed by the Equality Impact Assessment Board. We also achieved the Committed to Equality gold standard which recognises that the equality and diversity practices within the ILF meet current equality legislation.

The ILF seeks to actively manage sickness absences and has return to work meetings with staff to improve support on resumption of duties and discuss absence patterns and causes.

The ILF’s procurement policy ensures fair competition and value for money, with specific arrangements to encourage tenders from employers of disabled people in procurement exercises. The ILF is committed to prompt payment of bills for goods and services received. Payments are normally made within the period specified in the contract. Where there is no contractual or other understanding, we endeavour to pay within 14 days of the receipt of the goods or services, or the presentation of a valid invoice or similar demand, whichever is later. In 2014-15 the ILF paid 95% of invoices within 14 days of receipt (2013-14: 95%). The number of creditor days outstanding at the end of 2014-15 was 0.4 days (2013-14: 14 days).

### Financial review

The ILF is financed out of money voted by Parliament as Grant in Aid from DWP and DSD for the purpose of making regular grants to individuals. Grant in Aid of £284 million in addition to cash reserves brought forward of £4.7 million, were utilised to meet the needs of users and related administration costs.

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

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

The accounts have been prepared in accordance with the Trust Deed and directions made by the Secretary of State for Work and Pensions thereunder. The Accounts have been prepared in compliance with International Financial Reporting Standards as adapted or interpreted for the public sector context. We have not included a separate Directors' Report as all the necessary disclosures and information is contained within the various sections of this Annual Report.

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.

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

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

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

### **Future developments and organisational risks**

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

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

Signed by the Accounting Officer and on behalf of the Trustees on 4 June 2015.

**James Sanderson, Chief Executive and Accounting Officer**

**Stephen Jack OBE, Chairman**

**Mike Boyall, Treasurer**

# *Statement of Accounting Officer's and Trustees' Responsibilities*

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

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

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

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

Signed by the Accounting Officer and on behalf of the Trustees on 4 June 2015.

**James Sanderson, Chief Executive and Accounting Officer**

**Stephen Jack OBE, Chairman**

**Mike Boyall, Treasurer**

# Remuneration Report for the year ended 31 March 2015

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## **Service Contracts**

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

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

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

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

The Chief Executive, Finance and Resources Director, Social Work Director, Head of Information and Governance, Head of Corporate Affairs and Head of Operations worked 37 hours per week (full time). The Head of Human Resources worked on a part-time basis of 34 hours.

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

## **The Remuneration Policy**

This report for the year ended 31 March 2015 deals with the remuneration of the Chief Executive, SMB and Trustees of the Independent Living Fund (2006) ('the ILF').

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

## **The Remuneration Committee**

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

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

**Sally Sparrow**, Chairman

**Susan Winterburn**, Member

**Yogi Amin**, Member

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

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

## Remuneration Report for the year ended 31 March 2015

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### Remuneration (including salary) and pensions entitlements

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

#### Trustees

For the year ended 31 March 2015 the total remuneration paid to Trustees, by monthly instalments in arrears, as agreed in the Conditions of Grant Agreement were:

Name	2014-15 £	2013-14 £
Stephen Jack OBE (Chairman)	19,500	19,500
Peter Cooke (Vice chairman)	14,800	14,800
Mike Boyall (Treasurer)	16,300	16,300
Sally Sparrow	16,300	16,300
Yogi Amin	14,800	14,800
Marie Martin <sup>1</sup>	-	6,167
Susan Winterburn	14,800	14,800

In line with the ILF's travel and subsistence policy a Trustee may also be reimbursed all reasonable and proper expenses incurred in carrying out their duties as a Trustee<sup>2</sup>

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1. Marie Martin contractual term ended 31 August 2013

2. Further details in Note 16 to the accounts



### **The Chief Executive and Senior Management Board**

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

The Chief Executive and SMB receive a salary and are members of the PCSPS.

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

- To create a fair and transparent pay structure offering salaries in line with the roles and demands on the personnel in those posts.
- To offer competitive salaries to enable the ILF to attract personnel of the required calibre to fill its senior management posts.
- To align decisions in accordance with the key features and parameters of the DWP's pay policy so as to:
  - align reward with the business objectives to encourage high performance and improve the focus on the delivery of service;
  - create an opportunity to earn bonuses;
  - ensure reward arrangements are affordable; 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).

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

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

All employees must have a minimum of 12 months' service to be eligible for an annual salary review.

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

# Remuneration Report for the year ended 31 March 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		Bonus payments		Benefits in kind (to nearest £100)		Other pension benefits		Total	
	2014 - 2015	2013 - 2014	2014 - 2015	2013 - 2014	2014 - 2015	2013 - 2014	2014 - 2015	2013 - 2014	2014 - 2015	2013 - 2014
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
James Sanderson Chief Executive	105 - 110	95 - 100	5 - 10	0 - 5	Nil	Nil	35 - 40	30 - 35	150 - 155	135 - 140
Steve Jarratt Finance and Resources Director	90 - 95	85 - 90	0 - 5	0 - 5	Nil	Nil	25 - 30	15 - 20	120 - 125	110 - 115
Jesse Harris Strategy and Social Work Director	60 - 65	55 - 60	0 - 5	0 - 5	Nil	Nil	25 - 30	20 - 25	95 - 100	80 - 85
Roland Knell Head of Information and Governance	55 - 60	50 - 55	0 - 5	0 - 5	Nil	Nil	20 - 25	20 - 25	80 - 85	75 - 80
John Denore <sup>3</sup> Head of Operations	50 - 55	50 - 55	0 - 5	0 - 5	Nil	Nil	10 - 15	10 - 15	65 - 70	60 - 65
Gillian Smith Head of HR	55 - 60	50-55	0 - 5	0 - 5	Nil	Nil	30 - 35	55 - 60	90 - 95	110 - 115
Jennie Walker <sup>4</sup> Head of Corporate Affairs	45 - 50	N/A	0 - 5	N/A	Nil	Nil	15 - 20	N/A	70 - 75	N/A

### Salary

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

3. John Denore left under a compulsory redundancy scheme on 31 March 2015, with a compensation payment, for loss of office, of £40,860.

4. Jennie Walker was seconded to SMB from August 2013 and became a permanent member from 1 April 2014

## Remuneration Report for the year ended 31 March 2015

### Bonus Payments

Bonus payments for the Chief Executive and SMB are non-consolidated and are not pensionable. SMB bonuses can be up to 5% of salary based on performance levels attained and are made as part of the appraisal process. Bonuses payable relate to the performance in the year in which they accrue.

### Benefits in kind

There were no benefits in kind provided in 2014-15 (2013-14: 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.

### Pay multiples

	2014-15 Salary £000	2013-14 Salary £000
Band of highest paid director's total remuneration	105-110	95-100
Median total remuneration	21,117	20,918
Ratio	5.2	4.7

The banded remuneration of the highest paid director in the ILF in the financial year 2014-15 was £105-110k (2013-14: £95-100k). This was 5.2 times (2013-14: 4.7 times) the median remuneration of the workforce, which was £21,117 (2013-14: £20,918)

In 2014-15 no employees (2013-14: no employees) received remuneration in excess of the highest paid director. Remuneration ranged from £15k to £109k (2013-14, £15k to £99k).

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

There were no off payroll arrangements during 2014-15 (2013-14 none).

# Remuneration Report for the year ended 31 March 2015

## Pension Benefits

Chief Executive and Directors	Accrued pension at pension age as at 31 March 2015 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 1 April 2014	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	207	175	16	0
Steve Jarratt Finance and Resources Director	15 - 20	0 - 2.5	358	310	26	0
Jesse Harris Strategy and Social Work Director	5 - 10	0 - 2.5	162	124	27	0
Roland Knell <sup>5</sup> Head of Information and Governance	5 - 10	0 - 2.5	89	69	11	0
John Denore <sup>5</sup> Head of Operations	10 - 15	0 - 2.5	137	120	7	0
Gillian Smith Head of HR	25 - 30	0 - 2.5	474	424	27	0
Jennie Walker Head of Corporate Affairs	0 - 5	0 - 2.5	33	24	4	0

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

5. In previous years preserved pensions were identified there is no longer a requirement to provide this information

### **Civil Service Pensions**

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

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% for **premium, classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

New Career Average pension arrangements will be introduced from 1 April 2015 and the majority of **classic, premium, classic plus** and **nuvos** members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

## Remuneration Report for the year ended 31 March 2015

### 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 33 people left under compulsory redundancy terms on 31 March 2015, at a cost of £489,111; all these people acquiesced to the compulsory redundancy terms. There was no compensation for loss of office in 2013-14.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	5	0	5
£10,000 - £25,000	27	0	27
£25,000 - £50,000	1	0	1
£50,000 - £100,000	0	0	0
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
<b>Total number of exit packages</b>	33	0	33
<b>Total cost</b>	<b>£489,111<sup>6</sup></b>	<b>0</b>	<b>£489,111</b>

## *Remuneration Report for the year ended 31 March 2015*

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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 and an additional accrual is made in the Accounts to reflect staff due to leave in 2015-16, see Note 4a.

**James Sanderson, Chief Executive and Accounting Officer**

**Sally Sparrow, Remuneration Committee Chairman**

Signed by the above on 4 June 2015

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6. £9,970 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.

# *ILF Annual Governance Statement for the year ended 31 March 2015*

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## **Scope of responsibility**

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

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

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

Following the Minister's decision on 6 March 2014 to close the ILF on 30 June 2015, I re-focused the 2013-15 business plan and produced a single year business plan for 2014-15. This plan ensured we could deliver a business as usual approach to casework and successfully deliver our Transfer Review and Support Programme (TRSP) for users. The TRSP included a comprehensive review of user's needs and provided an outcomes based assessment, which was shared with the local authorities in order to support users transferring to the new local arrangements. I will continue to encourage my staff to provide the highest standards of customer service to our users and my management team will undertake the necessary business activities to successfully manage the corporate workload, leading to the closure of the ILF.

In preparing my Annual Governance Statement (AGS) for 2014-15 I have incorporated the advice and guidance from HM Treasury DAO (GEN) 02/12, Managing Public Money annex 3.1 and have applied the principles set out in Corporate Governance Code so far as they are applicable to the ILF.

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

## **Sound Corporate Governance**

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

These systems address individual and corporate accountabilities, the roles and effectiveness of our boards and our capacity to identify and effectively manage and report risk. I have referenced the NAO publication; Corporate governance in central government departments: Code of good practice (2011) and reviewed the compliance checklist. I have applied this and other appropriate measures to the ILF for my Annual Governance Statement 2014-15.



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The ILF's strategic aims and objectives were agreed with the ILF Trustees and with our sponsor department the DWP. Along with the Chair of Trustees, I attended seven PSC meetings chaired by senior DWP officials. These meetings discussed significant business and programme risks and reviewed ongoing progress against plan.

The programme meetings chaired by DWP officials are supported by regular operational Keep in Touch meetings with our sponsor team, members of specialist teams and other DWP colleagues to ensure clarity of purpose, sound communication and effective reporting.

The Trustee Board has met 11 times this year (against the requirement of six per year); all meetings had a pre-agreed agenda, are minuted and produced clear actions and matters arising. The meetings were attended by Trustees, appropriate members of the SMB and representatives from DWP are invited to attend.

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

### **Capacity to handle risk**

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

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

The Trustee Board and SMB recognised the importance of strong governance in this area and clearly during a period where work is transferred and the organisation acclimates to a closure position; there is greater potential for risks to crystallise, for error and mistake to increase and for reputations to be tarnished.

Recognising this period of significant change, we developed additional management controls and supported these with specific and targeted management information. These controls were regularly reviewed, agile and modified as business needs changed.

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

## *ILF Annual Governance Statement for the year ended 31 March 2015*

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Reviewing our strategic risks is a standing item on the Trustee Board, the SMB and the ILF Audit Committee. In addition, our internal risk and controls board meet quarterly, attended by the SMB, reviews and re-assesses the whole risk portfolio at a detailed level. In addition to this within the closure programme, we held specific functional workstream meetings to address the detailed day-to-day issues and risks, including succession and continuity issues and risks.

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

The ILF Audit Committee provides a high-level resource that tests the adequacy of assurance on our risk management framework and internal control environment. The Audit Committee includes representatives of both internal audit PricewaterhouseCoopers (PwC) and external audit (National Audit Office and Deloitte). The Audit Committee was also provided with reports on the actual plans associated with closure to enable constructive discussion on the deliverability of timescales and products.

Through directed and committed leadership, management has encouraged, positively engaged and provided clarity of purpose and together we have fostered an open and positive culture of risk management, to support the business. Our teams are practiced at reviewing, discussing and recording potential and actual risks, at team and task level and discussing these through our boards, committees and workstreams. We manage these outputs through the programme office and escalate and de-escalate as required.

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

### **Managing risks**

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

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

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

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

This year our emerging risks were mainly in connection to the Transfer Review and Support Programme, these risks were to do with the pace of the programme, the management of resources, deployment of independent contractors and managing the movement of personal and sensitive information. The TRSP visiting programme was successfully completed by year-end.

Our open risks reside within our ongoing corporate tasks and closure programme. Within the programme we are managing resource risk, specialist skills risks, communication risks, information management risks, reputation risks as well as the practical application of change management. These risks are held on both the strategic risk register and in more granular operational detail on the programme risk register.

Our risks have been discussed within the organisation and where necessary we have defined new roles and responsibilities, we have introduced new measures, with improved management information and where appropriate we have attached a specific manager.

The managers' role is to monitor, report on and manage these issues and risks. Although many of our risks hold a high inherent value at the outset, after controls and measures have been taken, they all hold a medium or low residual value.

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

The Cabinet Office designates requirements for public bodies to provide information on personal data related incidents. During 2014-15 and up to the date of signing of these Accounts, no incidents have occurred for the ILF that would require reporting under these provisions (2013-14: none).

### **Information Assurance**

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

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

## *ILF Annual Governance Statement for the year ended 31 March 2015*

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Over the year we refreshed all stakeholder data agreements, provided the necessary formal agreements for the devolved administrations to ensure that we have the correct nominated responsible contacts, who can both receipt and action our data and that secure systems are employed at both ends of the transfer.

To bolster information governance, in December 2014, the ILF successfully gained reaccreditation of the Public Services Network (PSN) formerly GSi. This accreditation demonstrates that the organisation continues to meet the stringent PSN standards for both physical and logical security. PSN enables and facilitates the secure transfer of data and other information to key stakeholders, and is a key component in efficiently delivering our programme.

We have also addressed the issues of physical file records; user case files, Human Resources personal staff files, corporate files and archive files. We have worked closely with the DWP Knowledge Information Management (KIM) team, and have agreed processes for both storage and destruction schedules for all physical files. We will store the majority of our filing 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.

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

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

### **Review of effectiveness**

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

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

In addition, our internal auditors (PwC) have provided their opinion that adequate and effective governance, risk management and control processes were in place, this is based upon their programme of work during the year.

This has been both a unique and challenging year leading up to the closure of the ILF. I have been keen to see additional controls that are robust, effective and agile to cope with varying speed of

change, and I am content that we have managed our internal control framework diligently, with tenacity and effectively.

The internal control systems SMB have put in place include:

- A comprehensive suite of control checks, which have been refined and adapted to meet our requirements in managing the programme (as reported to the Audit Committee);
- Regular reports to SMB, Trustees and DWP on progress against the ILF's targets and business aims and objectives. The SMB is also supported by two internal boards; the Payment Security Board (PSB) that provides assurance regarding unspent moneys, recovered funds and compliance, and the Performance Review Board (PRB) that reviews operational performance and further develops management information to address issues and risks;
- An appropriate delegated budget management framework;
- A system of mid-year (Quarter 2) and year-end (Quarter 4) Stewardship Reports; these are supplemented by Quarter 1 and Quarter 3, internal progress reports from each Directorate and team;
- A risk management strategy and risk management framework which comply with best practice;
- The organisation's Strategic Risk Register which is reviewed by Trustees at least quarterly, a standing item with Audit Committee and reviewed monthly by SMB both quarterly at the risk and controls board and monthly at SMB meetings;
- A fully managed governance framework, to support the ILF Programmes (Transfer Review Programme TRP, Support Review Programme SRP and Transfer Review and Support Programme TRSP);
- A project governance framework that seeks to manage the responsibilities, resources, reporting and programme milestones in order to deliver the planned outcomes on-time and to pre-agreed quality. This is reviewed and discussed at the PSC;
- The adoption of formal project management arrangements based on PRINCE 2 principles for all key programme and projects, includes the development and maintenance of programme and project risk registers, detailed objectives for each workstream, timeline milestone reports and clear reporting mechanisms;
- The retention and reaccreditation of the Public Services Network (PSN) compliance in December 2014. The organisation has once again met the high standards of information and logical security and compliance, as required by the government's information security specialists. PSN enables the ILF to manage and share information securely across a secure network, this is the means by which we will process and send our user data to the local authorities and devolved administrations, the system also enable us to communicate freely with government;
- A strengthened Information and Governance team with additional and recognised national qualifications in records management and provided additional staff resources in-light of the transfer and the information and data rights issues; and

- Managing our key vacancies by supporting our staff and where possible enhance roles and responsibilities. We introduced a flexible working arrangement, where skills are shared and team members brought up to a good and effective standard, in order to deputise in the event that staff are no longer available. We have done this due to our staff turnover rate moving from an annual average of 2% to over 41%.

### **Board effectiveness and structures that support decisions**

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

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

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

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

The content of information for Board meetings has changed to reflect and meet the changing nature of our work. The Minister's decision necessitated programme changes to accomplish the transfers of users to local authorities and devolved administrations by 30 June 2015.

The Chair of Trustees is appraised by the DWP annually and in turn the Chair held closed session meetings to review the effectiveness and performance of the Board of Trustees. In addition to this the Trustees and SMB attended a business planning day to ensure that the scope, responsibility and focus for the organisation going forward is properly discussed and agreed.

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

Within our business planning process we took soundings from our Advisory Group of disabled people and we also involve our staff within a range of planning activities to inform our discussions and capture insights and innovation. On 23 February 2015 we held our last Advisory Group meeting, at which we provided a full update of current progress.

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

The SMB met formally 12 times in 2014-2015 and is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross-functional issues are considered, and that risk management receives a high profile in planning and delivery of our plans. The SMB along with some of our senior managers meet at the beginning of each the business week, this “start the week” meeting ensures that all attendees understand both the priorities of the week and any emerging issues.

### **Senior Committees**

The Audit Committee met six times during the year and was responsible for ensuring, as far as possible, that appropriate systems are in place within the ILF for the assessment and management of risk and advising the Accounting Officer on the effectiveness of the systems of governance and control, leading to signing off the Annual Governance Statement. In light of the complexity of the programme we held an additional audit committee meeting, early in the year, following the Minister’s decision, to discuss the emerging plan going forwards and to address any issues and risks.

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

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

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

## ILF Annual Governance Statement for the year ended 31 March 2015

### Trustee Board Attendance 2014-15

The additional board meeting day was held to review board effectiveness.

Name	Trustee Board	Additional Board Meeting	Audit Committee	Remuneration Committee	UPCC
Stephen Jack	10/10	1/1	**	**	**
Peter Cooke	9/10	1/1	3/6	**	4/6
Mike Boyall	10/10	0/1	5/6	**	**
Sally Sparrow	10/10	1/1	1/6*	2/2	6/6
Yogi Amin	8/10	1/1	6/6	2/2	5/6
Susan Winterburn	9/10	1/1	5/6	2/2	6/6

\* Sally Sparrow joined the Audit Committee in June 2014 to ensure the Committee quorum was met on that occasion.

\*\* Individual Trustees do not sit on committee shown

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

- Equality Impact Assessment Board;
- Payment Security Board;
- Performance Review Board;
- Risk and Controls Board;
- Joint Negotiating Committee;
- People and Engagement Committee;
- Flexible Funding Panel;
- Welfare and Wellbeing Panel; and
- Senior Management Panel.

Additionally the TRSP is also provided with information and specific technical support drawn from these boards and individual workstreams.

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



**Significant internal control issues**

This year has been one of significant challenge for the ILF. The organisation has applied the necessary and relevant changes to meet its legal and administrative responsibilities and requirements, to support our users and the wider agenda.

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

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

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

In conclusion we believe our internal control and governance systems were fit for purpose.

**James Sanderson**  
**Chief Executive and Accounting Officer**  
**4 June 2015**

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

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I certify that I have audited the financial statements of the Independent Living Fund (2006) for the year ended 31 March 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 of Trustees, Chief Executive and Auditor**

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

## **Scope of the audit of the financial statements**

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

In addition I read all the financial and non-financial information in the Annual Report and Annual Governance Statement to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

## **Opinion on regularity**

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

## **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state Independent Living Fund (2006)'s affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Trust Deed and Secretary of State directions issued thereunder.

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### **Opinion on other matters**

In my opinion:

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

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse      11 June 2015**  
**Comptroller and Auditor General**

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

# Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Notes	2014-15 £000	2013-14 £000
<b>Expenditure</b>			
Grants to individuals	3	271,619	285,580
Staff costs	4	6,654	3,502
Depreciation and amortisation	5	197	217
Other expenditure	5	3,168	3,782
<b>Total expenditure</b>		<b>281,638</b>	<b>293,081</b>
Interest receivable	6	(42)	(57)
<b>Net expenditure</b>		<b>281,596</b>	<b>293,024</b>
Other comprehensive expenditure		-	-
<b>Total comprehensive net expenditure for the year</b>		<b>281,596</b>	<b>293,024</b>

The notes on pages 55 to 71 form part of these accounts

All expenditure relates to continuing operations and staff costs 2014-15 include exit costs.

# Statement of Financial Position as at 31 March 2015

	Notes	31 March 2015 £000	31 March 2014 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	4	28
Intangible assets	9	42	215
Trade and other receivables	11	754	836
<b>Total non-current assets</b>		<b>800</b>	<b>1,079</b>
<b>Current assets</b>			
Trade and other receivables	11	305	319
Cash and cash equivalents	12	10,165	4,655
<b>Total current assets</b>		<b>10,470</b>	<b>4,974</b>
<b>Total assets</b>		<b>11,270</b>	<b>6,053</b>
<b>Current liabilities</b>			
Trade and other payables	13	543	675
Other liabilities – grant liabilities	13	9,124	8,850
Other - redundancy accrual	13	2,695	-
<b>Total current liabilities</b>		<b>12,362</b>	<b>9,525</b>
<b>Non-current assets less net current liabilities</b>		<b>(1,092)</b>	<b>(3,472)</b>
<b>Assets less liabilities</b>		<b>(1,092)</b>	<b>(3,472)</b>
<b>Taxpayers' equity</b>			
General reserve		(1,092)	(3,472)
<b>Total taxpayers' equity</b>		<b>(1,092)</b>	<b>(3,472)</b>

## *Statement of Financial Position as at 31 March 2015*

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

The notes on pages 55 to 71 form part of these accounts.

These accounts were approved and authorised for issue by the Trustees on 4 June 2015.

**James Sanderson, Chief Executive and Accounting Officer**

**Stephen Jack OBE, Chairman**

**Mike Boyall, Treasurer**

# Statement of Cash Flows

## for the year ended 31 March 2015

	Notes	31 March 2015 £000	31 March 2014 £000
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(281,596)	(293,024)
Depreciation and amortisation	5	197	217
Decrease in trade and other receivables	11	96	99
Increase in trade and other payables, grant liabilities and provisions	13	2,837	322
<b>Net cash outflow from operating activities</b>		<b>(278,466)</b>	<b>(292,386)</b>
Purchase of property, plant and equipment	8	-	(11)
Purchase of intangible assets	9	-	(49)
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(60)</b>
<b>Cash flows from financing activities</b>			
Grant in Aid		283,976	293,456
<b>Net financing</b>		<b>283,976</b>	<b>293,456</b>
Net increase in cash and cash equivalents in the year		5,510	1,010
Cash and cash equivalents at the beginning of the year		4,655	3,645
<b>Cash and cash equivalents at the end of the year</b>	12	<b>10,165</b>	<b>4,655</b>

The notes on pages 55 to 71 form part of these accounts.

# Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	General reserve £000	Total reserves £000
<b>Balance at 1 April 2013</b>	<b>(3,904)</b>	<b>(3,904)</b>
Changes in Taxpayers' Equity 2013-14		
Grant in Aid from departments	293,456	293,456
Net expenditure	(293,024)	(293,024)
<b>Balance at 31 March 2014</b>	<b>(3,472)</b>	<b>(3,472)</b>
Changes in Taxpayers' equity 2014-2015		
Grant in Aid from departments	283,976	283,976
Net expenditure	(281,596)	(281,596)
<b>Balance at 31 March 2015</b>	<b>(1,092)</b>	<b>(1,092)</b>

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

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

The notes on pages 55 to 71 form part of these accounts.



# Notes to the Accounts for the year ended 31 March 2015

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

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

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

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

## **2 Statement of Accounting Policies**

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2014-15 (the FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

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

## *Notes to the Accounts for the year ended 31 March 2015*

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

#### *c) Depreciation*

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

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

#### *d) Intangible assets*

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

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

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

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

*e) Financial instruments*

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

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

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

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

*f) Reserves policy*

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

*g) Grant in Aid*

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

*h) Bank interest*

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

## *Notes to the Accounts for the year ended 31 March 2015*

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### *i) Grants to individuals*

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

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

### *j) Formal recovery of grants to individuals*

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

In accounting for recoveries we have adhered to the Conceptual Framework for Financial Reporting which gives guidance that an asset should not be recognised in the statement of financial position when the expenditure has been incurred for which it is considered improbable that economic benefits will flow. Therefore a receivable is only recognised in the accounts when it has been agreed with the individual and there is considered to be a reasonable prospect of recovery

The receivable recognised is disclosed as a reduction to expenditure in the year in which it is recognised. Receivables are assessed at the end of each accounting period and reduced to the estimated recoverable amount where there are circumstances that indicate full recovery is uncertain. The recoverable amount is discounted to present value where material, at the standard Treasury rate of 3.5% (2013-14: 3.5%).

### *k) Operating leases*

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

### *l) Pension costs*

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

### *m) Significant estimates and judgements*

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

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

*n) Reporting segments*

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

*o) Provisions*

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

**3 Grants to individuals**

	<b>2014-15</b> £000	<b>2013-14</b> £000
Payments made in year	278,116	294,688
Grant liabilities at start of year	(8,850)	(8,681)
Grant liabilities at end of year	9,124	8,850
Grant returns received in year	(6,887)	(9,324)
Grant receivables at start of year	1,060	1,107
Grant receivables at end of year	(944)	(1,060)
<b>Grants payable for year</b>	<b>271,619</b>	<b>285,580</b>
Number of individuals in receipt of payment at 31 March	16,101	17,066

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

Returns received comprised £4,886,000 in respect of unused funds returned by individuals, and £2,001,000 received under formal recovery arrangements (2013-14: £7,548,000 and £1,776,000 respectively).

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

*Notes to the Accounts  
for the year ended 31 March 2015*

**4a Staff numbers and related costs**

	<b>2014-15</b> £000	<b>2013-14</b> £000
Directly employed staff:		
Wages and salaries	5,712	2,741
Social security costs	234	192
Other pension costs (see below)	474	482
Seconded staff	27	-
Fixed term appointments:		
Wages and salaries	167	46
Social security costs	12	2
Other pension costs	17	4
Total directly employed staff costs	<u>6,643</u>	<u>3,467</u>
Agency staff costs	<u>11</u>	<u>35</u>
<b>Total staff costs</b>	<b><u>6,654</u></b>	<b><u>3,502</u></b>
	<b>2014-15</b> Number	<b>2013-14</b> Number
Average number of whole-time equivalent persons directly employed:		
on permanent contract	97	99
on loan from DWP	1	-
on fixed-term contract	10	4
	<u>108</u>	<u>103</u>

Wages and salaries in 2014-15 include total exit costs of £3,025,000, this includes an accrual for staff intending to leave under compulsory terms in 2015-16.

#### **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](http://www.civilservice.gov.uk/my-civil-service/pensions)).

For 2014-15, employers' contributions of £469,000 were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2013-14 £454,000 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 2014-15 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 £32,000 (£22,000 in 2013-14) 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 £2000, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (£1,500 and 0.8% in 2013-14).

Contributions due to the pension providers were nil at 31 March 2015 (£53,000 at 31 March 2014). Contributions prepaid were nil at 31 March 2015 (nil at 31 March 2014).

*Notes to the Accounts  
for the year ended 31 March 2015*

**5 Other expenditure and non-cash items**

	<b>2014-15</b> £000	<b>2013-14</b> £000
Running costs:		
Independent assessor fees and expenses	865	1,567
IT and information security costs	556	484
Rates, utilities and other estate costs	180	173
Legal and professional costs	132	127
Services, training, recruitment, travel and subsistence	143	159
Trustees' costs	112	121
Communication and engagement	101	87
Postage costs	114	112
Printing costs	36	40
Auditor's remuneration*	49	47
Total running costs	<u>2,288</u>	<u>2,917</u>
Rentals under operating leases	880	865
<b>Total other expenditure</b>	<b><u>3,168</u></b>	<b><u>3,782</u></b>
Non-cash items		
Depreciation	24	35
Amortisation	173	182
<b>Total non-cash items</b>	<b><u>197</u></b>	<b><u>217</u></b>

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



## 6 Interest receivable

	<b>2014-15</b>	<b>2013-14</b>
Bank interest	<u>42</u>	<u>57</u>

## 7 Analysis of Net Expenditure by Programme and Administration budget

	Programme	Administration	Total 2014-15 £000	Programme	Administration	Total 2013-14 £000
<b>Expenditure</b>						
Grants to individuals	271,619	-	271,619	285,580	-	285,580
Staff costs	-	6,654	6,654	-	3,502	3,502
Running costs	-	2,303	2,303	-	2,215	2,215
Independent assessor costs	865	-	865	1,567	-	1,567
Depreciation	-	24	24	-	35	35
Amortisation	-	173	173	-	182	182
Interest Receivable	-	(42)	(42)	-	(57)	(57)
<b>Net Expenditure after Interest</b>	<u><b>272,484</b></u>	<u><b>9,112</b></u>	<u><b>281,596</b></u>	<u><b>287,147</b></u>	<u><b>5,877</b></u>	<u><b>293,024</b></u>

*Notes to the Accounts  
for the year ended 31 March 2015*

**8 Property, plant and equipment**

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

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

All assets are owned by the ILF.

## 9 Intangible assets

	<b>Information Technology</b>	<b>Total</b>
<b>Cost or valuation</b>		
Balance at 1 April 2014	938	938
Additions in year	-	-
Disposals in year	-	-
Balance at 31 March 2015	938	938
<b>Amortisation</b>		
Balance at 1 April 2014	723	723
Charge for the year	173	173
Balance at 31 March 2015	896	896
<b>Net book values</b>		
At 31 March 2015	42	42
At 31 March 2014	215	215
<b>Cost or valuation</b>		
Balance at 1 April 2013	889	889
Additions in year	49	49
Disposals in year	-	-
Balance at 31 March 2014	938	938
<b>Amortisation</b>		
Balance at 1 April 2013	541	541
Charge for the year	182	182
Balance at 31 March 2014	723	723
<b>Net book values</b>		
At 31 March 2014	215	215
At 31 March 2013	348	348

Intangible assets mainly comprise bespoke software and software licences. There is no significant difference between historic cost and fair value.

## Notes to the Accounts for the year ended 31 March 2015

### 10 Financial instruments and associated risks

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

#### Financial assets – loans and receivables

	31 March 2015	31 March 2014
	£000	£000
Grants under formal recovery	944	1,060
Cash and cash equivalents	10,165	4,655
Other receivables	5	8
	<u>11,114</u>	<u>5,723</u>

**Grants under formal recovery:** these comprise of amounts originally paid to individuals, which are now 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 to minimise the risk.

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

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

#### Financial liabilities

	31 March 2015	31 March 2014
	£000	£000
Grant liabilities	9,124	8,850
Trade payables and accruals	3,238	675
	<u>12,362</u>	<u>9,525</u>

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

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

## 11 Trade and other receivables

	31 March 2015 £000	31 March 2014 £000
<b>Due within one year</b>		
Grants under formal recovery	190	224
Prepayments	110	87
Other receivables	5	8
	305	319
<b>Due after more than one year</b>		
Grants under formal recovery	754	836
<b>Total due</b>	<b>1,059</b>	<b>1,155</b>

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

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

Of the recoveries due over one year, £461,000 is expected to be received within the next two to five years and £293,000 is expected to be received within the next five to ten years (£520,000 and £316,000 respectively at 31 March 2014).

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

All receivables relate to bodies external to Government.

*Notes to the Accounts  
for the year ended 31 March 2015*

**12 Cash and cash equivalents**

	<b>2014-15</b> £000	<b>2013-14</b> £000
Balance at 1 April	4,655	3,645
Net cash inflow/(outflow)	5,510	1,010
<b>Balance at 31 March</b>	<b>10,165</b>	<b>4,655</b>

The following balances at 31 March were held:

	<b>31 March 2015</b> £000	<b>31 March 2014</b> £000
Benefit account	9,503	3,876
Administration account	662	779
	<b>10,165</b>	<b>4,655</b>

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

**13 Current liabilities**

(a) Amounts falling due for payment within one year

	<b>31 March 2015</b> £000	<b>31 March 2014</b> £000
Grant liabilities	9,124	8,850
Trade payables	219	159
Accruals	324	516
Redundancy accrual	2,695	-
	<b>12,362</b>	<b>9,525</b>

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 (2013-14: none).

#### **14 Losses and special payments**

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

Where recovery is deemed to be unachievable, a loss is recorded, 346 losses with a total value of £1,188,000 were recorded in 2014-15 (243 losses with a total value of £1,331,000 for 2013-14). Losses relate to payments originally made by the ILF and cases transferred from the Independent Living (1993) Fund and the Independent Living (Extension) Fund on 1 October 2007.

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

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

No special payments, which fall under the disclosure requirements of the FReM, were made during 2014-15 (2013-14: none).

#### **15 Operating leases**

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

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

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

	<b>31 March 2015</b>	<b>31 March 2014</b>
	£000	£000
Land and buildings (Equinox House)		
Within one year	450	873
Within two to five years	-	450
	<u>450</u>	<u>1,323</u>

## Notes to the Accounts for the year ended 31 March 2015

	31 March 2015	31 March 2014
	£000	£000
Other leases		
Within one year	10	19
Within two to five years	-	10
	<u>10</u>	<u>29</u>

### 16 Trustees' remuneration, interests and indemnities

The Trustees receive remuneration from the DWP, which passes costs on to the ILF. The total remuneration paid to six Trustees was £96,500 for 2014-15 and further information is provided in the Remuneration Report (2013-14: £102,667). Trustees received reimbursement for travel and subsistence expenses amounting to £8,700 for 2014-15 (2013-14: £10,500). For 2014-15, no Trustees were a beneficiary of the ILF and received payments in accordance with the objects of the ILF; a procedure is in place to manage actual or perceived conflicts of interest (2013-14: None)

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

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

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

### 17 Related party transactions

The ILF is administered by Trustees appointed by the Secretary of State for Work and Pensions. Related parties are the Trustees, all parts of the DWP including its agencies (representing the Secretary of State), and the Department for Social Development in Northern Ireland (DSD). The ILF received Grant in Aid from DWP of £275,700,000 (2013-14 £284,920,000) and DSD £8,276,000 (2013-14: £8,536,000). The DWP make a joint transfer on behalf of DSD to the ILF on a monthly basis. The Trustees are the controlling party.

For 2014-15 no Trustees were a beneficiary of the ILF and received discretionary grants in accordance with the objects of the ILF (2013-14: None).

No other related parties, including the Trustees and key management staff, have undertaken any transactions with the ILF during 2014-15 or 2013-14.



### **18 Capital commitments and contingent liabilities**

There were no capital commitments at 31 March 2015 (none at 31 March 2014).

The closure creates a contingent asset as at 31 March 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 of Work and Pensions.

### **19 Endowment Trust Fund**

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

	<b>2014-15</b>	<b>2013-14</b>
	£	£
Balance at 1 April	115	114
Bank interest added in the year	-	1
	<hr/> <b>115</b> <hr/>	<hr/> <b>115</b> <hr/>

### **20 Events after the reporting period**

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

The authorised date for issue is 11 June 2015.

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