

MANAGEMENT STATEMENT

THE INDEPENDENT LIVING (EXTENSION) FUND,

THE INDEPENDENT LIVING (1993) FUND and

THE INDEPENDENT LIVING FUND (2006)

Department for Work and Pensions

INDEPENDENT LIVING FUNDS - MANAGEMENT STATEMENT

Date: 1st October 2007

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1. INTRODUCTION

1.1 Interpretation

1.1.1 In this management statement the following expressions shall have the following meanings:

- (a) “**C&AG**” means the Comptroller and Auditor General.
- (b) “**Conditions of Grant Agreement**” means the agreement between the Secretary of State for Work and Pensions and the Trustees, dated 1 October 2007, which provides for the terms and conditions upon or pursuant to which Public Funds are to be paid to the Independent Living (Extension) Fund and the Independent Living (1993) Fund; to be supplemented and later replaced with a new agreement for the Independent Living Fund (2006) when the Secretary of State for Work and Pensions has power to pay Public Funds to it.
- (c) “**Founding Instruments**” are those listed in 1.3.1.
- (d) “**the Independent Living Funds**” means together the Independent Living (Extension) Fund, the Independent Living (1993) Fund and the Independent Living Fund (2006).
- (e) “**Independent Living (Extension) Fund**” means the trust of that name declared by a deed dated 25 February 1993 (as modified from time to time).
- (f) “**Independent Living (1993) Fund**” means the trust of that name declared by a deed dated 25 February 1993 (as modified from time to time).
- (g) “**Independent Living Fund (2006)**” means the trust of that name declared by a deed dated 10 April 2006 (as modified from time to time).
- (h) “**NDPB**” means the non-departmental public body known as the Independent Living Funds.
- (i) “**PSA**” means the Sponsor Department’s Public Service Agreement.
- (j) “**Public Funds**” means monies paid or payable to the Trustees upon the Independent Living (Extension) Fund, the Independent Living (1993) Fund, or upon the Independent Living Fund (2006) by a Minister of the Crown out of monies provided by Parliament.

(k) “**Secretary of State**” means the person who from time to time shall be the Secretary of State for Work and Pensions in Her Majesty’s Government, or, if there shall be no such person, such representative of Her Majesty’s Government as is substantially responsible for performing the duties now performed by the said Secretary of State.

(k) “**Sponsor Department**” means the Department for Work and Pensions.

(l) “**Trustees**” means and includes the trustees for the time being of the Independent Living (Extension) Fund, the Independent Living (1993) Fund, and the Independent Living Fund (2006).

1.1.2 In this management statement expressions used in the Founding Instruments shall be construed in accordance with those Founding Instruments and the definitions contained therein.

1.1.3 In this management statement references to legislation and guidance shall be construed as references to that legislation and guidance as amended or replaced from time to time.

1.1.4 Unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine and vice versa.

1.2 This document

1.2.1 This management statement has been drawn up by the Secretary of State in consultation with the Trustees of the Independent Living (Extension) Fund, the Independent Living (1993) Fund and the Independent Living Fund (2006), PO BOX 7525, Nottingham, NG2 4ZT.

1.2.2 Subject to the Founding Instruments, this management statement sets out the broad framework within which the NDPB will operate, in particular:

- a) the NDPB’s overall aims, objectives and key targets in support of the Sponsor Department’s wider strategic aims and current PSA;
- b) the rules and guidelines relevant to the exercise of the NDPB’s functions, duties and powers;
- c) how the NDPB is to be held to account for its performance.

However, the management statement does not convey any legal powers.

1.2.3 The Founding Instruments set out in greater detail certain aspects of the financial provisions which the NDPB shall observe and this management

statement supplements the requirements contained in the Founding Instruments where necessary.

1.2.4 This management statement shall be periodically reviewed by the Sponsor Department in accordance with the timetable referred to in Section 7 below.

1.2.5 The NDPB or the Secretary of State, may propose amendments to this document at any time. Any such proposals by the NDPB shall be considered in the light of evolving policy aims of the Sponsor Department, operational factors and the track record of the NDPB itself. The guiding principle shall be that the extent of flexibility and freedom given to the NDPB shall reflect both the quality of its internal controls and its operational needs. The Secretary of State shall determine what changes, if any, are to be incorporated in this management statement. Legislative provisions and the provisions of the Founding Instruments shall take precedence over any part of this management statement. Significant variations to the document shall be cleared with Her Majesty's Treasury and/or the Cabinet Office as appropriate. (The definition of "significant" will be determined by the Sponsor Department in consultation with Her Majesty's Treasury and/or Cabinet Office).

1.2.6 Any question regarding the interpretation of the document shall be resolved by the Sponsor Department after consultation with the NDPB and, as necessary, with Her Majesty's Treasury and/or the Cabinet Office.

1.2.7 Copies of this document and any subsequent substantive amendments shall be placed in the Libraries of both Houses of Parliament. Copies shall also be made available to members of the public on the NDPB's website.

1.3 Founding Instruments

1.3.1 The Founding Instruments of the NDPB are:

- The Independent Living (Extension) Fund,
- The Independent Living (1993) Fund,
- The Independent Living Fund (2006), and
- The Conditions of Grant Agreement(s), which include specific requirements of financial management.

1.4 The functions, duties and powers of the NDPB

1.4.1 The NDPB's specific functions, duties and powers are contained in the Founding Instruments, all of which are appended to this management statement.

1.4.2 The NDPB does not carry out its functions on behalf of the Crown.

1.5 Classification

1.5.1 For policy/administrative purposes the NDPB is classified as an executive non-departmental public body.

1.5.2 For national accounts purposes the NDPB is classified to the central government sector.

1.5.3. The prior written consent of the Secretary of State is required for the creation of a subsidiary or joint venture with the NDPB. If so created, there shall be a document setting out the arrangements between it and the NDPB. If so created, references to this NDPB include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes.

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aims

2.1.1. The Secretary of State, within the Founding Instruments has stated that the overall aim for the NDPB is to make financial provision for certain severely disabled people to enable them to live independently, from trusts funded with monies provided by Parliament.

2.2 Objectives and key targets

2.2.1 The Sponsor Department determines the NDPB's performance framework in the light of the Sponsor Department's wider strategic aims and current PSA. The NDPB's aims, objectives and key targets shall be agreed by the Sponsor Department, within the NDPB's corporate and business planning process (Section 4 below).

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Secretary of State

3.1.1 The Secretary of State is accountable to Parliament for the activities and performance of the NDPB. His or her responsibilities, which may be discharged by the Sponsor Department, include:

- a) approving the NDPB's strategic objectives and policy framework;
- b) keeping Parliament informed about the NDPB's performance;

- c) approving the amount of grant-in-aid to be paid to the NDPB, and securing Parliamentary approval;
- d) carrying out his or her responsibilities specified in the Founding Instruments including appointing trustees; approving the appointment of the Chief Executive and laying the annual report and audited annual accounts before Parliament (in the Library of the House of Commons).

3.2 The Accounting Officer of the Sponsor Department

3.2.1 The Permanent Secretary, as the Sponsor Department's principal Accounting Officer, is responsible for the overall organisation, management and staffing of the Sponsor Department and for ensuring that there is a high standard of financial management in the Sponsor Department as a whole. The Sponsor Department's principal Accounting Officer is accountable to Parliament for the issue of any grant-in-aid to the NDPB. The principal Accounting Officer has designated the Chief Executive of the NDPB as the NDPB's Accounting Officer and may withdraw the accounting officer designation if he or she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular the Sponsor Department's principal Accounting Officer shall ensure that:

- a) the NDPB's aims, objectives and key targets support the Sponsor Department's wider strategic aims and current PSA;
- b) the financial and other management controls applied by the Sponsor Department to the NDPB are appropriate and sufficient to safeguard Public Funds and for ensuring that the NDPB's compliance with those controls is effectively monitored;
- c) the internal controls applied by the NDPB conform to the requirements of regularity, propriety and good financial management;
- d) any grant-in-aid to the NDPB is within the ambit and the amount of the Request for Resources and that Parliamentary authority has been sought and given.

3.2.3 The responsibilities of the Sponsor Department's principal Accounting Officer are currently set out in more detail in Chapter 3 of *Managing Public Money* and Annex 2 to the *Government Financial Reporting Manual*.

3.3 The sponsoring team in the Department

3.3.1 Within the Sponsor Department, the Disability and Carers Directorate (or such other part of the Sponsor Department as is substantially responsible for performing the duties now performed by the Disability and Carers Directorate) is the sponsoring team for the NDPB. The sponsoring team, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Secretary of State on the discharge of his or her responsibilities in respect of the NDPB and the primary point of contact for the NDPB in dealing with the Sponsor Department. The sponsoring team shall carry out its duties under a Senior Accountable Officer who shall have primary responsibility for overseeing the activities of the NDPB.

3.3.2 In particular, the Senior Accountable Officer is responsible for monitoring the activities of the NDPB with a view to ascertaining that they are accordance with the Founding Instruments. This responsibility will be discharged formally through two review meetings held each year with the Chairperson and Chief Executive.

3.3.3 The sponsoring team shall advise the Secretary of State on:

- a) an appropriate framework of aims, objectives and key targets for the NDPB in the light of the Sponsor Department's wider strategic aims and current PSA;
- b) an appropriate budget for the NDPB in the light of the Sponsor Department's overall public expenditure priorities;
- c) how well the NDPB is achieving its aims, objectives and key targets and whether it is delivering value for money.

3.3.4 In support of the Sponsor Department's principal Accounting Officer the sponsoring team shall:

on performance and risk management –

- a) monitor the NDPB's activities on a continuing basis through an adequate and timely flow of information from the NDPB on performance, budgeting, control and risk management;
- b) address in a timely manner any significant problems arising in the NDPB, whether financial or otherwise, making such interventions in the affairs of the NDPB as the sponsoring team judges necessary;
- c) periodically carry out a risk assessment of the NDPB's activities to inform the Sponsor Department's oversight of the NDPB;

strengthen these arrangements if necessary and amend this management statement accordingly. The risk assessment shall take into account the nature of the NDPB's activities; the Public Funds at stake; the NDPB's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between the NDPB and the Sponsor Department and any other relevant matters;

on communication with the NDPB –

- a) inform the NDPB of relevant Government policy in a timely manner; advise on the interpretation of that policy and issue specific guidance to the NDPB as necessary;
- b) bring concerns about the activities of the NDPB to the attention of the Trustees and require explanations and assurances from the Trustees that appropriate action has been taken.

3.4 The Chairperson of the NDPB

3.4.1 The Chairperson is elected by the Trustees in accordance with the trust deeds of the Independent Living Funds and/or any policies made thereunder.

3.4.2 The Chairperson is responsible to the Secretary of State. The Chairperson shall aim to ensure that the NDPB's policies and actions support the wider strategic aims and current PSA of the Sponsor Department; and that the NDPB's affairs are conducted with probity. The Chairperson shares with other Trustees the corporate responsibilities set out in paragraph 3.5.2, and in particular for ensuring that the NDPB fulfils the overall aims set by the Sponsor Department.

3.4.3 The Chairperson has a particular leadership responsibility on the following matters:

- a) formulating the Trustees' strategy;
- b) ensuring that the Trustees, in reaching decisions, take proper account of guidance provided by the Secretary of State or the Sponsor Department;
- c) promoting the efficient and effective use of staff and other resources;
- d) encouraging high standards of propriety;
- e) representing the views of the Trustees to the general public.

3.4.4 The Chairperson shall also:

- a) ensure that all Trustees, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- b) advise the Sponsor Department of the needs of the NDPB when Trustee vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- c) on request by the Sponsor Department, assess the performance of individual Trustees when they are being considered for re-appointment.

3.4.5 The Chairperson shall also ensure that a Code of Practice for Trustees is in place, based on the Cabinet Office's model *Code of Practice for Board Members of Public Bodies*. The Code shall commit the Chairperson and other Trustees to the Nolan seven principles of public life, and shall include a requirement for a comprehensive and publicly available register of Trustees' interests.

3.5 The NDPB's Trustees

3.5.1 Trustees are appointed by the Secretary of State in accordance with the trust deeds of the Independent Living Funds, for a term of 5 years, renewable for a further 5 years (the maximum for Upper Tier bodies as specified by the Commissioner for Public Appointments) and their appointment is made in accordance with the Code of Practice issued by the Commissioner for Public Appointments.

3.5.2 The Trustees have corporate responsibility for ensuring that the NDPB fulfils its aims, objectives and key targets and for promoting the efficient and effective use of staff and other resources by the NDPB. To this end and in pursuit of its wider corporate responsibilities, including governance and propriety issues, the Trustees shall:

- a) establish the overall strategic direction of the NDPB within the policy and resources framework of the Sponsor Department;
- b) ensure that the requirements of the Founding Instruments for the use of Public funds are complied with; that the Trustees operate within the limits of their authority as set out in the Founding

Instruments and that, in reaching decisions, the Trustees take into account any guidance issued by the Sponsor Department;

- c) ensure that they receive and review regular financial information concerning the management of the NDPB and are informed in a timely manner (by the sponsoring team in accordance with 3.3.3 above or otherwise) about any concerns about the activities of the NDPB and provide positive assurance to the Sponsor Department that appropriate action has been taken on such concerns;
- d) demonstrate high standards of corporate governance at all times, including by using the NDPB's audit committee (paragraph 4.6.2) to help the Trustees to address the key financial and other risks facing the NDPB;
- e) appoint a Chief Executive in accordance with the trust deeds of the Independent living Funds and in consultation with the Sponsor Department, set performance objectives and remuneration terms linked to these objectives for the Chief executive which give due weight to the proper management and use of Public funds.

3.5.3 Individual Trustees shall:

- a) comply at all times with the Code of Practice (paragraph 3.4.5 above) that is adopted by the NDPB and with the rules relating to the use of Public Funds and to conflicts of interest;
- b) not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- c) comply with the NDPB's rules on the acceptance of gifts and hospitality and of business appointments;
- d) act in good faith and in the best interests of the NDPB.

3.6 The Chief Executive of the NDPB

3.6.1 In accordance with clause 8(5) of the Independent Living Fund (2006) the Chief Executive shall have the functions and responsibilities set out in the Fourth Schedule of those deeds and shall have such other functions and responsibilities as set out in 3.6.2 and 3.7 to 3.10 below.

3.6.2 Communications between the Trustees and the Secretary of State shall normally, but not exclusively, be through the Chief Executive to the Sponsor

Department. The Chief Executive shall ensure that the Trustees are kept informed of such communications.

3.7 The Chief Executive's role as Accounting Officer

3.7.1 The Chief Executive of the NDPB is designated as the NDPB's Accounting Officer by the departmental Accounting Officer and as such is personally responsible for safeguarding the Public Funds for which he or she has charge; for ensuring propriety and regularity in the handling of those Public Funds and for the day-to-day operations and management of the NDPB.

3.7.2 The Chief Executive, as Accounting Officer of the NDPB, shall exercise the following responsibilities in particular:

on planning and monitoring –

- a) establish, subject to approval by the Trustees and in agreement with the Sponsor Department, the NDPB's corporate and business plans in the light of the Sponsor Department's wider strategic aims and current PSA;
- b) inform the Sponsor Department of the NDPB's progress in helping to achieve the Sponsor Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- c) ensure that timely forecasts and monitoring information on performance and finance are provided to the Sponsor Department; that the Sponsor Department is notified promptly if overspends or under spends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise are notified to the Sponsor Department in a timely fashion;

on advising the Trustees –

- a) assist the Trustees, where appropriate, on the discharge of their responsibilities as set out in this management statement and in the Founding Instruments and shall ensure that the Trustees observe all relevant legislation and any relevant guidance that may be issued from time to time;
- b) advise the Trustees on the NDPB's performance compared with its aims and objectives;

- c) ensure that financial considerations are taken fully into account by the Trustees at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical;
- d) take action as set out in paragraphs 3.85 and 3.86 of *Managing Public Money* if the Trustees, or their Chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

on managing risk and resources –

- a) ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- b) ensure that an effective system of programme and project management and contract management is maintained;
- c) ensure that all Public Funds made available to the NDPB, including any approved income or other receipts, are used for the purpose intended by Parliament, and that such monies, together with the NDPB's assets, equipment and staff, are used economically, efficiently and effectively;
- d) ensure that adequate internal management and financial controls are maintained by the NDPB, including effective measures against fraud and theft;
- e) maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- f) ensure that effective personnel management policies are maintained (within the arrangements approved by the Secretary of State and Her Majesty's Treasury, including those specified in the Founding Instruments).

on accounting for the NDPB's activities

- a) sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Sponsor Department or by Her Majesty's Treasury;

- b) sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts equivalent to that in Annex 2 of the *Government Financial Reporting Manual*;
- c) sign a Statement on Internal Control regarding the NDPB's system of internal control, for inclusion in the annual report and accounts;
- d) ensure that effective procedures for handling complaints about the NDPB are established and made widely known within the NDPB;
- e) act in accordance with the terms of this management statement, the Founding Instruments and with the instructions and guidance in Her Majesty's Treasury documents *Managing Public Money*, the *Government Financial Reporting Manual* and in *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety*, (both of which the Chief Executive shall receive on appointment) and any other instructions and guidance issued from time to time by the Sponsor Department, Her Majesty's Treasury and the Cabinet Office;
- f) give evidence, normally with the Sponsor Department's principal Accounting Officer when summoned before the Committee of Public Accounts on the use and stewardship of Public Funds by the NDPB.

on banking arrangements

- a) ensure that the Funds' banking arrangements are in accordance with the requirements of *Managing Public Money* and the Treasury guidance document *Departmental Banking: a Manual for Government Departments*;
- b) ensure that the arrangements safeguard Public Funds and are carried out efficiently, economically and effectively;
- c) ensure that these arrangements are suitably structured and represent value-for-money, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- d) ensure that sufficient information about banking arrangements is supplied to the Sponsor Department's Accounting Officer to enable the latter to satisfy his own responsibilities (Section 3.2 of the Management Statement);

- e) ensure that the Funds' banking arrangements shall be kept separate and distinct from those of any other person or organisation;

ensure that adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

3.8 The Chief Executive's role as Consolidation Officer

3.8.1 For the purposes of *Whole of Government Accounts*, the Chief Executive of the NDPB is appointed by Her Majesty's Treasury as the NDPB's Consolidation Officer.

3.8.2 As the NDPB's Consolidation Officer the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the NDPB, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by Her Majesty's Treasury.

3.8.3 As the NDPB's Consolidation Officer, the Chief Executive shall comply with the requirements of the *Consolidation Officer Memorandum* and shall, in particular:

- a) ensure that the NDPB has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
- b) prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions - "Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters, issued by Her Majesty's Treasury on the form, manner and timetable for the delivery of such information.

3.9 Delegation of duties

3.9.1 The Chief Executive may delegate the day-to-day administration of his or her responsibilities, including his or her Accounting Officer and Consolidation Officer responsibilities to the Finance Director or such other person as appropriate. However, he or she shall not assign absolutely to any other person any of the responsibilities set out in this management statement or the Founding Instruments.

3.9.2 Information relating to the delegation of banking duties is detailed in clause 11 of the Conditions of Grant Agreement.

3.10 The Chief Executive's role as Principal Officer for Ombudsman cases

3.10.1 From the date on which the NDPB is listed in schedule 2 of the Parliamentary Commissioner Act 1967, the Chief Executive shall be the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he or she shall inform the Permanent Secretary of the Sponsor Department of any complaints about the NDPB accepted by the Ombudsman for investigation, and about the NDPB's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

4. PLANNING, BUDGETING AND CONTROL

4.1 The corporate plan

4.1.1 Consistent with the timetable for public spending reviews the NDPB shall submit annually to the Sponsor Department a draft of the NDPB's updated corporate plan covering three years ahead. The NDPB shall have agreed with the Sponsor Department the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 The plan shall reflect the NDPB's aims, objectives and key targets and, within those, the priorities set from time to time by the Secretary of State. In particular, the plan shall demonstrate how the NDPB contributes to the achievement of the Sponsor Department's wider strategic aims and PSA targets.

4.1.3 The corporate plan shall set out:

- a) the NDPB's aims, objectives and key targets for the three years ahead and its strategy for achieving those objectives;
- b) a review of the NDPB's performance in the preceding Financial Year, together with comparable outturns for the previous 2 years, and an estimate of performance in the current year;
- c) alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
- d) other matters as agreed between the Sponsor Department and the NDPB.

4.1.4 The main elements of the plan - including the aims, objectives and key targets – shall be agreed between the Sponsor Department and the NDPB in the

light of the Sponsor Department's decisions on policy and resources taken in the context of the Government's wider public expenditure plans and decisions.

4.1.5 To reflect the rolling Annually Managed Expenditure forecast, the Sponsor Department shall aim to give the NDPB greater planning certainty by notifying the Independent Living Funds in good time of their grant-in-aid, to assist the Independent Living Funds in reaching annual decisions on the NDPB's rolling corporate plan and in monitoring progress.

4.2 The business plan

4.2.1 The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include aims, objectives, key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to specific objectives can readily be identified by the Sponsor Department.

4.3 Publication of plans

4.3.1 Subject to any commercial considerations the corporate and business plans shall be made available on the internet.

4.4 Reporting performance to the Sponsor Department

4.4.1 The NDPB shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.

4.4.2 The NDPB shall ensure that the Secretary of State is informed of any changes which are likely to impact on the strategic direction of the NDPB or on the attainability of its targets and together will determine the steps needed to deal with such changes. Further, the NDPB shall take the initiative in informing the Secretary of State of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.

4.4.3 If a Local Authority is not meeting its statutory obligations to provide care and assistance to any severely disabled person, which means that that person can not satisfy the eligibility criteria for assistance from either the Independent Living (1993) Fund or the Independent Living Fund (2006), the NDPB shall report this matter immediately to the Sponsor Department, along with the details of the Local Authority and the number of severely disabled people affected (including the amount of any existing assistance being provided to them by either of the above funds).

4.4.4 The NDPB's performance in helping to deliver the Sponsor Department's wider strategic aims and PSA targets, including the achievement of key objectives of the NDPB, shall be reported to the Sponsor Department on a regular basis. Performance will be formally reviewed twice yearly by officials of the Sponsor Department and the Senior Accountable Officer shall meet the Chairperson and Chief Executive formally twice each year to discuss the NDPB's performance, its current and future activities and any policy developments relevant to those activities.

4.4.5 Where the NDPB provides copies of the papers for the Trustees' meetings to the Sponsor Department, which contain the information required in this management statement, there shall be no further requirement to supply this information again separately, provided that any timeframes for supplying such information are complied with.

4.4.6 The NDPB's performance against its aims, objectives and key targets shall be reported in the NDPB's annual report and accounts (see Section 5.1 below).

4.5 Budgeting procedures

4.5.1 The NDPB's budgeting procedures are set out in the Founding Instruments.

4.6 Internal audit

4.6.1 The NDPB shall establish and maintain arrangements for internal audit in accordance with the Treasury's *Government Internal Audit Standards*. The Head of Audit post may be delegated to an external contractor.

4.6.2 The NDPB shall set up an audit committee as a committee of its Trustees in accordance with the Cabinet Office's *Guidance on Codes of Practice for Public Bodies* and Her Majesty's Treasury's *Audit Committee Handbook*.

4.6.3 The Trustees may request the Secretary of State to provide an internal audit service and support and advice on governance, risk management and internal control.

4.6.4 The Secretary of State will carry out and provide to the Trustees at such time as he thinks fit an internal audit of the NDPB, free of charge.

4.6.5 The Sponsor Department's Risk Assurance Division shall also have a right of access to all documents prepared by the NDPB's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the NDPB's audit committee's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the Sponsor Department's Head of Risk Assurance Division as appropriate.

4.6.6 In addition, the NDPB shall forward to the Sponsor Department an annual report on overpayments, fraud and theft suffered by the NDPB; notify any unusual or major incidents as soon as possible and notify any changes to the NDPB's internal audit's terms of reference, the NDPB audit committee's terms of reference or the NDPB's Fraud Policy and Fraud Response Plan.

4.7 Additional access to the NDPB by the Sponsor Department

4.7.1 In addition to the right of access referred to in paragraph 4.6.5 above and set out in the trust deeds of the Independent Living Funds, the Sponsor Department shall, subject to the NDPB's compliance with the Data Protection Act 1998, have a right of access to all the NDPB's records, including staff records, for purposes such as sponsorship audits and operational investigations.

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 The Trustees shall arrange for the accounts of the NDPB to be audited annually (by a suitably qualified and regulated external auditor) and such audit shall be completed not later than 4 months after the end of each Financial Year. Following this, the NDPB shall publish an annual report of its activities together with its audited annual accounts. The annual report shall also cover the activities of any subsidiaries or joint ventures under the control of the NDPB. A draft of the annual report shall be submitted to the Sponsor Department two weeks before the proposed publication date.

5.1.2 The annual report and audited annual accounts shall comply with Her Majesty's Treasury document *Government Financial Reporting Manual*. The audited annual accounts shall be prepared in accordance with the relevant statutes and the Model Accounts Direction at Appendix 5.

5.1.3 The annual report and audited annual accounts shall outline the NDPB's main activities and performance during the previous Financial Year and set out in summary form the NDPB's forward plans. Information on performance against aims, objectives and key targets shall be included in the notes to the accounts.

5.1.4 The annual report and audited annual accounts shall be laid before Parliament by the Secretary of State in accordance with 3.1.1 above and made available on the Internet, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Her Majesty's Treasury document *Government Financial Reporting Manual*.

5.2 External audit

5.2.1 The C & AG will, from a date to be determined by Her Majesty's Treasury, audit the NDPB's annual accounts and send a copy of the accounts with his report on them to the Secretary of State who shall lay them before Parliament in accordance with 3.1.1(d).

5.2.2 The C & AG:

- a) will consult the department and the NDPB on whom – the National Audit Office or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C & AG;
- b) has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the NDPB;
- c) will share with the Sponsor Department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the NDPB;
- d) will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 Value For Money examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NDPB has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the NDPB shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

6. STAFF MANAGEMENT

6.1 General

6.1.1. Within the arrangements approved by the Secretary of State and Her Majesty's Treasury, including those specified in the Founding Instruments, the NDPB shall have responsibility for the recruitment, retention and motivation of its staff. To this end the NDPB shall ensure that:

- a) its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- b) the level and structure of its staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- c) the performance of its staff at all levels is satisfactorily appraised and the NDPB's performance measurement systems are reviewed from time to time;
- d) its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the NDPB's objectives;
- e) proper consultation with staff takes place on key issues affecting them;
- f) adequate grievance and disciplinary procedures are in place;
- g) whistle-blowing procedures consistent with the Employment Rights Act 1996, as amended by the Public Interest Disclosure Act 1998 are in place;
- h) a code of conduct for staff is in place based on the Cabinet Office document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

7. REVIEWING THE ROLE OF THE NDPB

7.1 The NDPB shall be reviewed every five years, in accordance with the Cabinet Office guidance on "light touch" reviews. The last review of the NDPB concluded in January 2007.

7.2 This management statement will normally be reviewed at least every 5 years or following a review of the NDPB.

Appendix 1 – Trust Deed – Independent Living (Extension) Fund

Appendix 2 – Trust Deed – Independent Living (1993) Fund

Appendix 3 – Trust Deed – Independent Living Fund (2006)

Appendix 4 – The Conditions of Grant Agreement

Appendix 5 – Model Accounts Direction

Signed by authority of the
Secretary of State for
Work and Pensions

Signature:

Date:

Signed by: STEPHEN ANDREW JACK (Chairman of the Board of Trustees)

Signature:

Date:

Signed by: PROFESSOR PETER NICHOLAS COLLINS COOKE (Trustee)

Signature:

Date:

Signed by: MARIE THERESA MARTIN (Trustee)

Signature:

Date:

Signed by: NICHOLAS PAUL DANAGHER (Trustee)

Signature:

Date:

Signed by: MICHAEL BERESFORD BOYALL (Trustee)

Signature:

Date:

Signed by: SALLY ROWAN SPARROW (Trustee)

Signature:

Date:

Signed by: MRS MARGARET MCGLADE (Trustee)

Signature:

Date:

Signed by: MRS SUSAN WINTERBURN (Trustee)

Signature:

Date:

Signed by: MR YOGI AMIN (Trustee)

Signature:

Date:

Signed by: ELAINE MORTON (Chief Executive)

Signature:

Date: