



# DENTAL VOCATIONAL TRAINING AUTHORITY

## Annual Report and Accounts 2005-2006

*Presented to Parliament pursuant to Section 98 (1C) of the National Health Service Act 1977*

*Ordered by the House of Commons to be printed 19 July 2006*



INVESTOR IN PEOPLE



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## **Annual Report**

This report brings together in one document the final accounts of the Dental Vocational Training Authority together with the Annual Report in respect of 2005-2006.

The Dental Vocational Training Authority was dissolved on 31 March 2006. Preparation of the final accounts for the year ended 31 March 2006 is the responsibility of the NHS Business Services Authority which is the Residual Body for the Dental Vocational Training Authority.

The accounts for the year ended 31 March 2006 have been prepared in accordance with a direction given by the Secretary of State dated 17 March 2006 under section 98(2) of the National Health Service Act 1977 and in a format as instructed by the Department of Health with the approval of Treasury.

### **History and Dissolution of the Dental Vocational Training Authority**

The Dental Vocational Training Authority was established by order of the Secretary of State in October 1993 as a Special Health Authority under the National Health Service Act 1946. The Dental Vocational Training Authority consisted of a Chairman, a Chief Executive and up to 40 non-officer members.

In October 2003 the Secretary of State announced the intention to review the Department of Health's Arm's Length Bodies of which the Dental Vocational Training Authority was one. Subsequently a detailed report 'Reconfiguring the Department of Health's Arm's Length Bodies' was published which detailed the bodies that would merge, be abolished or see their functions transferred. This was followed in November 2004 by the publication of "An Implementation Framework for reconfiguring the Department of Health's Arm's Length Bodies", setting out the principles, processes and timescales by which the change programme would be implemented. As a result the Dental Vocational Training Authority was dissolved on 31 March 2006 and its remaining functions were transferred to the NHS Business Services Authority with effect from 1 April 2006. NHS Business Services Authority is a Special Health Authority created on 1 October 2005.

All assets and liabilities of the Dental Vocational Training Authority transferred to the NHS Business Services Authority on 1 April 2006 and as the transfer of activities was between NHS bodies they are not considered as 'discontinued'. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the Dental Vocational Training Authority's final financial statements.

### **Principal Activities**

The remit of the Dental Vocational Training Authority was to adjudicate applications for vocational training numbers from dentists who wished to join a Primary Health Care Trust or Welsh Health Board dental list. The requirement for a dentist to be included in a Primary Care Trust or Welsh Health Board dental list was either to have completed a period of vocational training, have acquired experience or training that may be regarded as equivalent of such training, or to be within one of the specified categories of exemption from vocational training requirements.

The Dental Vocational Training Authority was responsible for maintaining a register of the vocational training numbers allocated to dentists who had satisfied the Dental Vocational Training Authority and allocated numbers on behalf of Primary Care Trusts in England and Health Boards in Wales. Similar arrangements are in place for Scotland and Northern Ireland. The Dental Vocational Training Authority was also responsible for the curriculum for and quality assurance of vocational training schemes in England together with the clearing list system and for supplying information on vocational training in England.

The work of the Dental Vocational Training Authority during the year to 31 March 2006 required service continuity to be maintained, whilst preparing for and delivering the transfer of functions to other bodies bringing about a managed closure. Acknowledgement must be made to the staff of the Dental Vocational Training Authority who delivered this agenda.

The work of adjudicating applications has moved to the Primary Care Trusts for England and Local Health Boards for Wales. The responsibility for maintaining a register of vocational training numbers

has passed to the NHS Business Services Authority. The responsibility for the curriculum remains with the NHS working in conjunction with Deaneries who deliver training and the clearing list system duties passed to the Central Office of the Post Graduate Dental Deans.

The transfer to the NHS Business Services Authority took place on 1 April 2006.

### **Going Concern**

As outlined earlier in this report all assets and liabilities of the Dental Vocational Training Authority transferred to the NHS Business Services Authority on 1 April 2006 and it has been considered appropriate to adopt a going concern basis for the preparation of the Dental Vocational Training Authority's final financial statements.

The balance sheet at 31 March 2006 shows net liabilities of £1,000 (31 March 2005 £41,000). The figure shown at 31 March 2006 includes liabilities falling due in future years which, to the extent that they are not to be met from other sources of income, may only be met by future direct funding from the Department of Health. This is because, under the normal conventions applying to parliamentary control over income and expenditure, payments may not be made by the Department of Health in advance of need.

Funding for 2006-2007, taking into account the amounts required to meet the Dental Vocational Training Authority's liabilities, as passed to the NHS Business Services Authority, falling due in that year, has already been included in the Department of Health's Estimates for that year, which have been approved by Parliament, and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming.

### **Directors**

A new Chief Executive was not appointed following the resignation of Andrea Goring on 11 June 2004 due to the implications of the Arm's Length Bodies Review which led to the closure of the Dental Vocational Training Authority on 31 March 2006. In the intervening period staff seconded from the Dental Practice Board provided support particularly for office functions and to ensure the functions of the Accounting Officer were covered. Further details together with details of the directors' remuneration is included in the remuneration report on pages 5 to 6.

The Chairman Mr Russ Ladwa was in post throughout the financial year and he was supported by non-officer members who served on a sessional basis.

The Chairman considered all audit and risk management issues and there were no formal audit committee meetings. Actions taken were as appropriate for an organisation with expenditure of under £250,000 and staff equivalent of 3 employees.

The register of directors' interests is now held by the NHS Business Services Authority and details may be obtained by contacting the Acting Divisional Managing Director of the Dental Practice Division.

### **Pension costs for current staff**

The treatment of pension liabilities and relevant pension scheme details are set out in the accounting policies note 1.9 on pages 18 to 19, in the Remuneration note in the financial statements note 2.2 on page 20 and in the remuneration report on pages 5 to 6.

### **Board and Accounting Officer responsibilities**

Statements of the Chief Executive as the Accounting Officer and the Board's responsibilities are set out on page 7.

### **Accounting Officer's disclosure to the auditors**

As far as the Accounting Officer is aware, there is no relevant audit information of which the Dental Vocational Training Authority's auditors are unaware and the Accounting Officer has taken all steps he ought to have taken to make himself aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

## **Principal Risks and Uncertainties**

The Statement on Internal Control on pages 8 to 9 sets out the processes used to identify and manage risks. These processes were in place throughout the financial year.

## **Disabled Employees**

The policy of the Dental Vocational Training Authority was to ensure that ability to do the job is the sole criterion for recruitment or advancement consistent with the principle of fair and open competition. Disabled employees had equal opportunities for training to develop new skills and advance their careers.

## **Equal Opportunities**

The Dental Vocational Training Authority was an equal opportunities employer. This policy means that all employees had equal opportunity for employment and advancement. There is no difference in treatment based on colour, race, national origins, sex, marital status, sexual orientation, religion, politics, age or union affiliation.

## **Health, Safety and Welfare at Work**

The Dental Vocational Training Authority recognised and accepted its responsibilities for the health, safety and welfare at work of its employees.

Health and Safety at work was subject to regular review and with a small workforce individual consultation was possible.

## **Consultation with employees**

During the year which was a period of considerable change meetings were held with employees on an individual basis to ensure they were consulted and had an opportunity to request information.

## **Environment**

The major impact of the Dental Vocational Training Authority on the environment lay in use of utilities, consumption of paper and general waste to landfill. To manage these items there were organisational objectives in place to reduce consumption and generated waste and ensure recycling whenever possible. Environmental considerations were included in all procurement decisions so as to only purchase from sustainable resources where practical.

## **Major Incident Plan**

The Dental Vocational Training Authority (in line with the Dental Practice Board who hosted the Authority) had a major incident plan in place which is fully compliant with "Handling Major Incidents: An Operational Doctrine" and accompanying NHS guidance on major incident preparedness and planning.

## **Freedom of information**

The Dental Vocational Training Authority adopted policies to comply with this legislation.

## **Political and charitable donations**

No political or charitable donations were made during the year. The Dental Vocational Training Authority had no powers to make these donations.

## **Payment Policy**

The Dental Vocational Training Authority applied the Better Payment Practice Code and exceeded the NHS target of 95% paid within 30 days for both Commercial and NHS suppliers (Reference note 2.3 on page 21).

## **Audit**

The Comptroller and Auditor General is appointed by statute as the auditor for the Dental Vocational Training Authority. The fee for the audit of the 2005-2006 accounts is £7,200. There was no remuneration paid to the auditors for non-audit work.

## **Management Commentary**

The accounts report a net operating cost of £231,000 which compares with £255,000 for the previous year. This decrease is due to the managed closure which minimised cost at all stages.

The Agenda for Change evaluation of jobs as required by the NHS was completed. The arrangements in respect of seconded staff ended on 31 March 2006 and the one remaining permanent member of the administrative staff was made redundant on that date.

At 31 March 2006 the only remaining costs to be dealt with were the audit fee for the final accounts and cost of producing the final annual report and accounts. Funding for the year ended 31 March 2006 was designed so that all outstanding liabilities could be met and this was substantially achieved with only a small residual liability transferring to the NHS Business Services Authority.

Dental Vocational training activity in 2005-2006 in terms of adjudicating and issuing numbers continued at a similar level to the previous year. The Dental Vocational Training Authority also maintained its workload due to its duties under the Race Relations (Amendment) Act 2000, the Freedom of Information Act, maintaining the system to audit the Dental Vocational Training Authority's decision making processes, presentations to dental bodies and its responsibilities for vocational training in England.

**Nick Scholte**  
Chief Executive and Accounting Officer  
NHS Business Services Authority  
Residual Body for the Dental Vocational Training Authority

7 July 2006

## Remuneration Report

The Dental Vocational Training Authority as a small body with only 3 permanent employees did not have a formal remuneration committee but followed NHS Guidelines and policies in relation to staff remuneration. Agenda for Change job evaluations were carried out and Agenda for Change was fully implemented.

The Chairman received sessional fees for the days worked. In the year ended 31 March 2006 payments made to the Chairman totalled £22,000 (2004-2005 £27,000).

Members were also paid on a sessional basis.

As payments to the Chairman and members were on a sessional basis there was no related pensionable remuneration.

### Emoluments of Chief Executive

There was no Chief Executive in post during the year.

The following secondees from the Dental Practice Board acted as Accounting Officers:

Patrick Kavanagh	18 March 2005 to 30 June 2005	Part Time
Trevor Homewood	1 July 2005 to 31 March 2006	Full Time

These staff were paid by the Dental Practice Board and their costs were recharged to the Dental Vocational Training Authority.

Emoluments paid to seconded employees who acted as Accounting Officer were:

Name	2005-2006			2004-2005		
	Salary in £5,000 bands £000	Other remuneration in £5,000 bands £000	Benefits in kind (rounded to nearest £hundred) £00	Salary in £5,000 bands £000	Other remuneration in £5,000 bands £000	Benefits in kind (rounded to nearest £hundred) £00
P Kavanagh	0 - 5	Nil	Nil	0 - 5	Nil	Nil
T Homewood	25 - 30	Nil	Nil	N/A	N/A	N/A

Name	Real increase in pension and related lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 Mar 2006 & related lump sum (bands of £2,500) £000	Cash Equivalent Transfer Value at 31 Mar 2006 £000	Cash Equivalent Transfer Value at 31 Mar 2005 £000	Real increase in cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension (rounded to nearest £hundred) £00
P Kavanagh	0 - 2.5	30 - 32.5	100	80	2*	Nil
T Homewood	0 - 2.5	40 - 42.5	147	128	8	Nil

\* Adjusted for part time working as main employment was with the Dental Practice Board.

The Accounting Officers were members of the NHS Pension Scheme. Further details of the NHS Pension Scheme are given in note 1.9 on pages 18 to 19.

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 CETV figures and other pension details include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

#### **Other emoluments**

There was no Non Cash remuneration, amounts payable to a third party for services as a senior manager, non-contractual payments for loss of office or payments to former senior managers.

**Nick Scholte**  
Chief Executive and Accounting Officer  
NHS Business Services Authority  
Residual Body for the Dental Vocational Training Authority

7 July 2006

## **STATEMENT OF THE BOARD'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

Under the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of Treasury, the Dental Vocational Training Authority is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the approval of Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Dental Vocational Training Authority's state of affairs at the year end and of its net resource outturn, recognised gains and losses and cash flows for the financial year.

The Dental Vocational Training Authority was dissolved on 31 March 2006 and overall responsibility for the operation of the Dental Vocational Training Authority lies with the newly established NHS Business Services Authority. The Accounting Officer for the Department of Health has appointed the Chief Executive of the NHS Business Services Authority as the Accounting Officer with responsibility for preparing the Dental Vocational Training Authority's accounts in its final year and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Board and Accounting Officer are required to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Dental Vocational Training Authority will continue in operation.

The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public funds and assets vested in the Dental Vocational Training Authority, and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by the Department of Health.

## **STATEMENT ON INTERNAL CONTROL 2005-2006**

### **1. Scope of responsibility**

The Dental Vocational Training Authority ceased to exist on 31 March 2006. The Statement on Internal Control for the Dental Vocational Training Authority 2005-2006 has been completed by the NHS Business Services Authority in its capacity as the body incorporating functions previously carried out by the Dental Vocational Training Authority.

Due to the closure of the Dental Vocational Training Authority I have signed this statement on Internal Control being the Chief Executive and Accounting Officer of the NHS Business Services Authority.

As Accounting Officer, together with the former Office Managers of the Dental Vocational Training Authority who were Accounting Officers during the year to 31 March 2006, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accounting Officer's Memorandum.

### **2. The purpose of the system of internal control**

The system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the Dental Vocational Training Authority's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This system of internal control was in place in the Dental Vocational Training Authority for the year ended 31 March 2006.

The Chairman exercised strategic control over the operation of the organisation through a system of corporate governance which included the continual review of procedures to ensure they are appropriate for an entity with expenditure of under £250,000.

### **3. Capacity to handle risk**

The Chairman was accountable for having in place an effective system of risk management and internal control and reviewed the effectiveness of the systems as appropriate to an organisation with 3 employees and expenditure of under £250,000.

### **4. The risk and control framework**

The Dental Vocational Training Authority operated within the Dental Practice Board's premises and was supported by the Dental Practice Board's financial processes as paying agency arrangements existed.

The Chairman consulted on a personal basis with staff on all aspects of risk including health, safety and administrative processes.

## 5. Review of effectiveness

As disclosed on page 5, Patrick Kavanagh was Accounting Officer from 18 March 2005 to 30 June 2005 and Trevor Homewood was Accounting Officer from 1 July 2005 to 31 March 2006 and together they had responsibility for reviewing the effectiveness of the system of internal control during the course of the year.

This was informed in a number of ways including the work of the Dental Practice Board's internal audit department, particularly in respect of the review of the financial systems used, and the external auditor's annual report.

## 6. Conclusion

As a result of the comprehensive review of the system of internal control that the former Office Managers in their role as Accounting Officers conducted and on the basis of documentation provided by the Dental Vocational Training Authority to the NHS Business Services Authority, I feel that no significant control issues have been identified.

**Nick Scholte**  
Chief Executive and Accounting Officer  
NHS Business Services Authority  
Residual Body for the Dental Vocational Training Authority

7 July 2006

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

I certify that I have audited the financial statements of the Dental Vocational Training Authority for the year ended 31 March 2006 under the National Health Service Act 1977. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet and the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective responsibilities of the Board of the Dental Vocational Training Authority, the Accounting Officer and Auditor**

The Board of the Dental Vocational Training Authority and Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of Treasury and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board's and Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of Treasury. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Dental Vocational Training Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 8 and 9 reflects the Dental Vocational Training Authority's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Dental Vocational Training Authority's corporate governance procedures or its risk and control procedures.

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

### **Basis of audit opinion**

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

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

## **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of Treasury, of the state of the Dental Vocational Training Authority's affairs as at 31 March 2006 and of the net resource outturn, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

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

12 July 2006

## Operating Cost Statement for the year ended 31 March 2006

		2005-2006	2004-2005
	Notes	£000	£000
<b>Continuing Operations</b>			
Programme costs	2.1	231	289
Operating income	4	-	(34)
<b>Net operating cost</b>		<u>231</u>	<u>255</u>
<b>Net Resource Outturn</b>	3.1	<u>231</u>	<u>255</u>

The notes on pages 15 to 26 form part of this account.

The Dental Vocational Training Authority has no recognised gains or losses other than those reported in the Operating Cost Statement for the year.

## Balance Sheet as at 31 March 2006

	Notes	31 March 2006 £000	31 March 2005 £000
<b>Fixed assets</b>			
Tangible assets	5.1	-	10
		<hr/>	<hr/>
		-	10
<b>Current assets</b>			
Debtors	6	9	-
Cash at bank and in hand	7	-	-
		<hr/>	<hr/>
		9	-
<b>Creditors: amounts falling due within one year</b>	8	(10)	(51)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(1)	(51)
		<hr/>	<hr/>
<b>Net liabilities</b>		(1)	(41)
		<hr/>	<hr/>
<b>Taxpayers' equity</b>			
General fund	10	(1)	(41)
		<hr/>	<hr/>
		(1)	(41)
		<hr/>	<hr/>

The notes on pages 15 to 26 form part of this account.

**Nick Scholte**  
 Chief Executive and Accounting Officer  
 NHS Business Services Authority  
 Residual Body for the Dental Vocational Training Authority

7 July 2006

## Cash Flow Statement for the year ended 31 March 2006

	Notes	2005-2006 £000	2004-2005 £000
Net cash (outflow) from operating activities	11	<u>(272)</u>	<u>(244)</u>
Capital expenditure and financial investment (Payments) to acquire tangible fixed assets		<u>-</u>	<u>(11)</u>
Net cash inflow / (outflow) from investing activities		<u>-</u>	<u>(11)</u>
Net cash outflow before financing		<b>(272)</b>	(255)
Financing			
Net Parliamentary funding	10	<u>272</u>	<u>255</u>
Increase in cash in the year	7	<u>-</u>	<u>-</u>

The notes on pages 15 to 26 form part of this account.

## Notes to the Accounts

### 1 Accounting Policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by the Dental Vocational Training Authority are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

#### Going Concern

Activities are considered to be “acquired” only if they are acquired from outside the public sector. Activities are considered to be “discontinued” only if they cease entirely. They are not considered to be “discontinued” if they transfer from one body to another.

As discussed in the Annual Report the Dental Vocational Training Authority has been dissolved as part of the Arm’s Length Bodies Review announced by the Secretary of State for Health. The assets, liabilities, and contractual obligations of the Dental Vocational Training Authority were transferred to the NHS Business Services Authority on 1 April 2006 and the activities have not been ‘discontinued’. The Accounting Officer therefore considers it appropriate to prepare the 2005-2006 financial statements on a going concern basis.

#### 1.1 Accounting Convention and accounts

This account is prepared under the historical cost convention, modified to account for the revaluation of tangible fixed assets and stock where material, at their value to the business by reference to current cost. This is in accordance with directions issued by the Secretary of State for Health and approved by HM Treasury.

#### 1.2 Income

Income is accounted for applying the accruals convention. The main source of funding for the Dental Vocational Training Authority is Parliamentary grant from the Department of Health from Request for Resources within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it is received. The Dental Practice Board holds funds on behalf of the Dental Vocational Training Authority, and acts as a paying agent.

Operating income is income which relates directly to the operating activities of the Dental Vocational Training Authority. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, but it also includes other income such as that from investments. It includes both income appropriated-in-aid and income to the Consolidated Fund which HM Treasury has agreed should be treated as miscellaneous income. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

#### 1.3 Taxation

The Dental Vocational Training Authority is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

#### 1.4 Capital charges

The treatment of fixed assets in the account is in accordance with the principal capital charges objective to ensure that such charges are fully reflected in the cost of capital. The interest rate applied to capital charges in the financial year 2005-2006 was 3.5% (2004-2005 3.5%) on all assets less liabilities, except for cash balances with the Office of the Paymaster General, (OPG), where the charge is nil.

## **1.5 Fixed Assets**

### **a Capitalisation**

All assets falling into the following categories are capitalised:

- i Intangible assets where they are capable of being used for more than one year and have a cost, individually or as a group, equal to or greater than £5,000.
- ii Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.
- iii Tangible assets which are capable of being used for more than one year, and they:
  - individually have a cost equal to or greater than £5,000;
  - collectively have a cost of at least £5,000 where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
  - form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

### **b Valuation**

#### ***Intangible fixed assets***

Intangible fixed assets held for operational use are valued at historical cost. Surplus intangible assets are valued at the net recoverable amount.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### ***Tangible fixed assets***

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

- i Land and buildings (excluding dwellings)

Valuations are carried out by the District Valuer of the Valuation Office Agency at five yearly intervals in accordance with FRS 15. Between valuations price indices appropriate to the category of asset are applied to arrive at the current value. The buildings indexation is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office. The valuations were carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. In respect of non-operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

To meet the underlying objectives established by the Department of Health the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

- specialised operational assets have been valued on a replacement rather than a modern substitute basis;
  - no adjustment has been made to the cost figures of operational assets in respect of dilapidations; and
  - additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.
- ii Operational equipment is valued at net current replacement costs through annual uplift by the change in the value of the Gross Domestic Product (GDP) deflator. Equipment surplus to requirements is valued at net recoverable amount.
  - iii Assets in the course of construction are valued at current cost, using the index as for land and buildings. These assets include any existing land or buildings under the control of a contractor.
  - iv All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

### **c Depreciation and Amortisation**

Depreciation is charged on each individual fixed asset as follows:

- i. Intangible assets are amortised, on a straight-line basis, over the estimated lives of the assets.
- ii. Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives.
- iii. Land and assets in the course of construction are not depreciated.
- iv. Buildings are depreciated evenly on their revalued amount over the assessed remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.
- v. Each equipment asset is depreciated evenly over the expected useful life:

	Years
Furniture and fittings:	
Furniture	10
Soft furnishings	7
Transport Equipment	7
Information Technology:	
Mainframe information technology installations	8
Office information technology	5

### **1.6 Donated Fixed Assets**

The Dental Vocational Training Authority did not have any Donated Fixed Assets.

### **1.7 Stocks and work in progress**

The Dental Vocational Training Authority did not normally hold stocks.

## 1.8 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings, including losses which would have been made good through insurance cover had the Dental Vocational Training Authority not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

## 1.9 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for the Dental Vocational Training Authority to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period. The total employer's contribution payable in 2005-2006 were £4,000 (2004-2005: Nil).

The Scheme is subject to a full valuation for FRS17 purposes every four years. The last valuation on this basis took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employer's contribution rates. This valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the scheme is contained in the Scheme Actuary Report, which forms part of the NHS Pension Scheme (England and Wales) Resource Accounts, published annually. These accounts can be viewed on the NHS Pensions Agency website at [www.nhspa.gov.uk](http://www.nhspa.gov.uk). Copies can also be obtained from the Stationery Office.

The conclusion from the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1billion. It was recommended that employer's contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

NHS Bodies are directed by the Secretary of State to charge employer's pension cost contributions to operating expenses as and when they become due.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80<sup>th</sup> of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. Additional pension liabilities arising from early retirement are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement account at the time the Dental Vocational Training Authority commits itself to the retirement, regardless of the method of payment.

A death gratuity of twice final years pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pensions already paid, subject to a maximum amount equal to twice the member's final years pensionable pay less their retirement lump sum for those who die after retirement is payable.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee can make contributions to enhance their pension benefits. The benefits payable relate directly to the value of the investments made.

### 1.10 Research and Development

The Dental Vocational Training Authority did not incur Research and Development expenditure.

### 1.11 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used.

### 1.12 Leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or primary lease term. Rentals under operating leases are charged on a straight-line basis over the terms of the leases.

## 2.1 Programme costs

	Notes	2005-2006		2004-2005
		£000	£000	£000
Salaries and related costs	2.2		141	162
Transport, travel and subsistence			10	31
Conference and meeting costs			3	24
Service charges			10	10
Postage, printing, stationery and telephone			32	31
Capital:				
Depreciation	5.1	2		1
Capital charges interest		(1)		(2)
Loss on disposal	5.2	8		-
			9	(1)
Auditor's remuneration: audit fees			7	7
Training			-	5
Special project costs			10	9
Other administration costs			9	11
			231	289

## 2.2 Staff numbers and related costs

	Permanently employed staff £000	Other £000	2005 – 2006 Total £000	2004 – 2005 Total £000
Salaries and wages	35	31	66	50
Recharges in respect of Chief Executive	-	-	-	8
Social security costs	2	3	5	4
Employer contributions to NHS Pensions Agency	-	4	4	-
Redundancy costs	3	-	3	-
Session costs to Chairman and Members	-	63	63	100
	<u>40</u>	<u>101</u>	<u>141</u>	<u>162</u>

The Chief Executive (resigned 11 June 2004) was employed by the Department of Health and the costs were paid when recharged.

The Accounting Officers were employed by the Dental Practice Board and costs were recharged monthly.

The Chairman was paid on a sessional basis. In the year ended 31 March 2006, payments were made totaling £22,000 (2004-2005 £27,000).

Members who received payments from the Dental Vocational Training Authority on a sessional basis may also be employed by/provide services to other NHS bodies, and/or may receive General or Personal Dental Services payments in respect of their professional services. These payments are outside the scope of these accounts.

The average number of employees during the year was:

	Permanently employed staff Number	Other Number	2005-2006 Total Number	2004-2005 Total Number
Total	<u>2</u>	<u>1</u>	<u>3</u>	<u>3</u>

### Expenditure on staff benefits

The expenditure on staff benefits during 2005-2006 was Nil (2004-2005 Nil).

### Retirements due to ill health

During 2005-2006 there were no early retirements from the Dental Vocational Training Authority on the grounds of ill-health (2004-2005 Nil).

### 2.3 Better Payment Practice Code – measure of compliance

	Number	£000
Total non-NHS bills paid 2005-2006	294	135
Total non-NHS bills paid within target	294	135
Percentage of non-NHS bills paid within target	100.0%	100.0%
<hr/>		
Total NHS bills paid 2005-2006	5	1
Total NHS bills paid within target	5	1
Percentage of NHS bills paid within target	100.0%	100.0%
<hr/>		

### The late Payment of Commercial Debts (Interest) Act 1998

No interest or compensation for debt recovery costs was paid under the legislation (2004-2005 Nil).

### 3.1 Reconciliation of net operating cost to net resource outturn

	2005-2006 £000	2004-2005 £000
Net operating cost	231	255
Net resource outturn	231	255
Revenue resource limit	231	255
Under spend against limit	-	-
<hr/>		

### 3.2 Reconciliation of gross capital expenditure to capital resource limit

	2005-2006 £000	2004-2005 £000
Gross capital expenditure	-	11
Net Book Value of assets disposed	(8)	-
Net capital resource outturn	(8)	11
Capital resource limit	-	11
(Over) / Under spend against limit	8	-
<hr/>		

## 4 Operating Income

Operating income analysed by classification and activity, was as follows:

	Appropriated in aid £000	2005-2006 £000	2004-2005 £000
Programme income:			
Other	-	-	34
<b>Total</b>	-	-	34
<hr/>			

## 5.1 Tangible Fixed Assets

	Furniture & fittings £000	Total £000
Cost or Valuation at 1 April 2005	11	11
Additions - purchased	-	-
Disposals	(11)	(11)
<b>Gross cost at 31 March 2006</b>	<b>-</b>	<b>-</b>
Accumulated depreciation at 1 April 2005	1	1
Provided during the year	2	2
Disposals	(3)	(3)
<b>Accumulated depreciation at 31 March 2006</b>	<b>-</b>	<b>-</b>
Net book value as at 1 April 2005	10	10
<b>Net book value as at 31 March 2006</b>	<b>-</b>	<b>-</b>

## 5.2 Profit / loss on disposal of fixed assets

	2005-2006 £000	2004-2005 £000
Loss on disposal of furniture and fittings	(8)	-
	<b>(8)</b>	<b>-</b>

## 6 Debtors

	31 March 2006 £000	31 March 2005 £000
Amounts falling due within one year		
Dental Practice Board	9	-
	<b>9</b>	<b>-</b>

## 7 Analysis of changes in cash

The Dental Practice Board held funds on behalf of the Dental Vocational Training Authority and acted as a paying agent. For this reason no cash balances are shown within these accounts. The amount due from the Dental Practice Board shown in note 6 represents the cash surplus with the paying agent, held for the payment of creditors and accrued expenses.

## 8 Creditors

	<b>31 March 2006 £000</b>	<b>31 March 2005 £000</b>
Amounts falling due within one year		
Dental Practice Board	-	34
Creditors	-	4
Department of Health	-	-
Accruals	<b>10</b>	<b>13</b>
	<hr/> <b>10</b> <hr/>	<hr/> <b>51</b> <hr/>

## 9 Movements in working capital other than cash

	<b>2005-2006 £000</b>	<b>2004-2005 £000</b>
Increase / (Decrease) in debtors	<b>9</b>	(2)
Decrease / (Increase) in creditors	<b>41</b>	(10)
	<hr/> <b>50</b> <hr/>	<hr/> (12) <hr/>

## 10 Movements on reserves

<b>General Fund</b>	<b>2005-2006 £000</b>	<b>2004-2005 £000</b>
Balance at 31 March 2005	<b>(41)</b>	(39)
Net operating costs for the year	<b>(231)</b>	(255)
Net Parliamentary funding	<b>272</b>	255
Non-cash items:		
Capital charge interest	<b>(1)</b>	(2)
	<hr/> <b>(1)</b> <hr/>	<hr/> (41) <hr/>

## 11 Reconciliation of operating cost to operating cash flows

	Notes	2005-2006 £000	2004-2005 £000
Net operating cost before interest for the year		(231)	(255)
Adjust for non-cash transactions	2.1	9	(1)
Adjust for movements in working capital other than cash	9	(50)	12
Net cash outflow from operating activities		<u>(272)</u>	<u>(244)</u>

## 12 Contingent liabilities

At 31 March 2006, there were no known contingent liabilities (2004-2005 Nil).

## 13 Capital commitments

At 31 March 2006, there were no capital commitments (2004-2005 Nil).

## 14 Losses and special payments

There were no losses or special payments approved during 2005-2006 (2004-2005 Nil).

## 15 Related parties

The Dental Vocational Training Authority is a Special Health Authority which is a body corporate established by order of the Secretary of State for Health.

The Department of Health and Welsh Assembly Government are regarded as controlling related parties. During the year the Dental Vocational Training Authority has had a significant number of material transactions with the Department of Health and Welsh Assembly Government, and with other entities for which they are regarded as the parent including:

The Dental Practice Board provided paying agency services and managed services accommodation.

During the year none of the Board members or members of the key management staff or other related parties has undertaken any material transactions with the parties listed above.

Dentists who receive payments from the Dental Vocational Training Authority on a sessional basis may also be employed by / provide services to other NHS bodies, and / or may receive General or Personal Dental Services payments in respect of their professional services.

## 16 Post balance sheet events

Except for the dissolution of the Dental Vocational Training Authority there were no events after the year-end materially affecting any figures in the accounts.

## **17 Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the way the Dental Vocational Training Authority is financed, the Dental Vocational Training Authority is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Dental Vocational Training Authority has no powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Dental Vocational Training Authority in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than from the currency profile.

### **Liquidity risk**

The Dental Vocational Training Authority's net operating costs are financed from resources voted annually by Parliament and it is not, therefore, exposed to significant liquidity risks.

### **Interest-rate risk**

All the Dental Vocational Training Authority's financial assets and financial liabilities carry nil rates of interest and it is not, therefore, exposed to interest-rate risk.

### **Foreign currency risk**

The Dental Vocational Training Authority has no foreign currency income or expenditure and it is not, therefore, exposed to foreign currency risk.

### **Fair Values**

The Dental Vocational Training Authority has no financial assets or liabilities at 31 March 2006 requiring disclosure.

**18 Intra-government balances**

	<b>Debtors: Amounts falling due within one year £000</b>	<b>Creditors: Amounts falling due within one year £000</b>
Balances with other central government bodies	9	-
Balances with bodies external to government	-	10
	<hr/>	<hr/>
At 31 March 2006	<b>9</b>	<b>10</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>Debtors: Amounts falling due within one year £000</b>	<b>Creditors: Amounts falling due within one year £000</b>
Balances with other central government bodies	-	34
Balances with bodies external to government	-	17
	<hr/>	<hr/>
At 31 March 2005	<b>-</b>	<b>51</b>
	<hr/> <hr/>	<hr/> <hr/>

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