

Annual Report and Accounts 2005/06

NHS

*Appointments
Commission*



Annual Report and Accounts 2005/06

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NHS
*Appointments
Commission*

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Introduction
by the
Chairman



Introduction by the Chairman

Rt. Hon Patricia Hewitt MP
Secretary of State
Department of Health
Richmond House
79 Whitehall
London SW1A 2NS

Dear Secretary of State

I am writing to account to you for the fifth year of operation of the NHS Appointments Commission.

2005/2006 has been a year in which the NHS has faced some significant challenges and these have highlighted the importance of chairs and non-executives in providing NHS boards with wider expertise and leadership.

During the year we have largely focussed on the reconfiguration of SHAs and PCTs arising from the consultation process following *Commissioning a Patient-led NHS* and your subsequent decision on the new structures and boundaries.

We have worked with your Ministerial team to develop our joint understanding of the skills and expertise which you expect to see on NHS boards and to ensure our recruitment procedures can reach people from a diverse range of backgrounds.

As you are aware, we have already appointed chairs to the new SHAs who we are confident will provide outstanding leadership as standard bearers for your reforms. We are currently in the midst of selecting their non-executives. The new SHA chairs, in turn, will assist us in the selection of what I hope will be an equally impressive team of PCT chairs.

Although the reconfiguration has dominated our considerations, we have not neglected our other workstreams. In support of Monitor's requirement, we have assisted aspirant Foundation Trusts in assembling non-executive teams with the necessary expertise.

Within our training remit, we have continued to play our part in raising the understanding of board members through our residential induction training programmes. Equally important has been our continued emphasis on annual appraisal which establishes benchmarks for performance and helps people to maximise their contribution to the board.

If Parliament agrees to the proposal to establish the Commission as an NDPB in October, we are looking forward to sharing our expertise more widely with other Government departments. We are grateful to you for supporting this measure and the confidence in our abilities which your support implies. I can assure you that we will rise to the challenge.

I would like to thank my team of Regional Commissioners for their wise counsel; our chief executive, Roger Moore, for his continued leadership; and last but not least, profound thanks to our appointments and training teams for all their hard work and dedication. It is on them that our success ultimately rests.

It is my pleasure to present this report for your attention.

A handwritten signature in black ink, appearing to read 'Will Wells', written in a cursive style.

Sir William Wells
Chairman

The Board of the Appointments Commission



*The Appointments Commission Board,
as at 31 March 2006*

*Front row from left
Sir William Wells, Brenda Sills,
Rosie Varley, Bob Nicholls.*

*Back row from left
Roger Moore, Miranda Hughes,
Penny Bennett, Janardan Sofat,
Mike Taylor.*



The Board of the Appointments Commission and Senior Staff (2005-2006)

Chairman

Sir William Wells

Eastern Regional Commissioner

Rosie Varley

London Regional Commissioner

Bob Nicholls

**East Midlands Regional
Commissioner**

Brenda Sills

**West Midlands Regional
Commissioner**

Jane Isaacs (until 31 August 2005)

**North West Regional
Commissioner**

Mike Taylor

**Northern & Yorkshire Regional
Commissioner**

Miranda Hughes

**South East Regional
Commissioner**

Janardan Sofat

**South West Regional
Commissioner**

Penny Bennett

Chief Executive

Roger Moore

Director of Appointments

Janice Scanlan

Director of Corporate Affairs

Ruth Whitlam

**Director of Marketing and
Training**

Chris Dye

Head of Finance

Lynn Shadford

Head of National Unit

Jan Nicholls

Head of Central Unit

Ness Clarke

Head of London and Eastern Unit

Anne Bancroft

Head of Northern Unit

Joy Everall

**Head of Appointments Business
Management**

Alan Eatwell



About the
Commission



About the Commission

Background

The Appointments Commission was established on 1 April 2001 and is currently a Special Health Authority within the NHS. However the Commission expects to become a non-departmental public body (NDPB) at 1 October 2006, subject to legislation.

Its original establishment was heralded in the *NHS Plan* published by the Secretary of State for Health in July 2000. The intention was for the Commission to take over from health ministers the statutory duty of appointing chairs and non-executives to all local NHS boards.

The Commission was also expected to ensure that chairs and non-executives had annual performance appraisals, received proper training and were given full support for their board work

In addition, from April 2003 the Commission was formally directed to take responsibility for all ministerial appointments to Special Health Authorities.

It was also empowered through the Health and Social Care (Community Health and Standards) Act 2003 to make appointments on behalf of ministers to the Department of Health's NDPBs from November 2003.

Organisation

The Commission currently consists of a chairman, Sir William Wells, eight Commissioners, with local responsibilities across regions of England, and its chief executive, Roger Moore. The Commission is currently supported by 58 staff (March 2006).

It has offices at Cheapside House, London and Blenheim House, Leeds so that it maintains a presence in both the north and the south of England. These two bases are managed as a cohesive unit operating consistent processes throughout the country. Team members in London and Leeds provide daily support to Commissioners and the wider NHS. The London office is widely used as a venue for selection panels.

Eight staff are based at other NHS sites from where they provide support to Regional Training Boards.

The Commission is committed to providing an environment where equality of opportunity is truly available to all. It has adopted an Equal Opportunities Policy which aims to ensure that, in their relationship with the Commission, as employee or a job applicant, people will be treated equally irrespective of sex, marital status, age, sexual orientation, disability, race, colour, nationality, ethnic or national origin or religion. The Commission's Race Equality Scheme has been accepted as compliant by the Commission for Racial Equality.

Work of the Commission

The Commission's task is to ensure excellence in the contribution that chairs and non-executives make to the NHS. There are four main duties:

Appointments

The first is the task of appointing the right people. These are people who have the ability to lead and govern wisely, who have the skills and vision to make a difference, and who care passionately about the healthcare their community needs and wants. The Commission's recruitment approach should actively encourage them to come forward from as wide a cross-section of the community as possible. Effective and transparent selection procedures ensure the right candidates are appointed.

Training

Few appointees come to the NHS with a full understanding of its challenges and complexities. The Commission ensures that chairs and non-executives receive induction and follow-up training to provide essential knowledge, skills and the ability to work together constructively with their board.

The Commission undertakes some training itself, working with partners such as the *Healthcare Financial Management Association (HFMA)* and facilitating and co-ordinating the activities of other training providers.

Performance Review

Regular feedback on performance is essential to enable chairs and non-executives to maximise contributions to their board. The Commission operates an annual review process which is supportive but hard-edged. It enables reviewers to give credit for good performance, to identify where skills need to be developed and to be frank about poor performance.

During the period of this report the Commission entered the 4th year of the review cycle.

The Commission has the power, as a last resort, to remove chairs and non-executives whose performance is not up to the required standard.

Mentoring

Being a chair or non-executive is a great responsibility which can be lonely, difficult and daunting. The Commission's task is to ensure that people appointed feel supported through semi-formal and informal networks of experienced colleagues. Commissioners also provide pastoral support when needed.

Accountability

... to the Secretary of State and Parliament

Like other Special Health Authorities, the chief executive as Accounting Officer of the Commission is accountable to the Secretary of State for Health for the delivery of its objectives and for the money it spends.

The Accounting Officer can also be called upon to account to Parliamentary Select Committees and has given evidence to the Health Select Committee and the Public Administration Select Committee.

The Commission recognises that MPs have a legitimate interest in the people who run their local NHS and aims to keep them informed about vacancies and new appointments to their local boards.

... to the Commissioner for Public Appointments (OCPA)

The Commission must ensure that all appointments are made according to the OCPA Code. This Code is intended to ensure that all public appointments are made in a way which is open and transparent.

OCPA have worked with the Commission to produce a version of the Code tailored to its processes. This recognises that the Commission rather than ministers make board appointments.

... to the public

Because most of the Commission's business relates to appointments of people, it would not be appropriate to hold public board meetings. To compensate for this, two of OCPA's central panel of independent observers are invited to attend all board meetings on an alternate basis. This means that there is always an independent observer when appointment decisions are made. The observers have provided a valuable source of advice and expertise.

The Commission also presents this annual report at an annual public meeting.

The public, candidates and appointees can have confidence in the appointments made by the Commission. They are made on merit without any political influence or involvement in decisions.

Chief Executive's Report

*The Chief Executive
Dr Roger Moore OBE*



Chief Executive's Report

Introduction

It is my pleasure to present this fifth Annual Report on the work of the Appointments Commission.

The year has been dominated by our need to respond to two factors – firstly the consultation process and decisions on the reconfiguration of Strategic Health Authorities, Ambulance Trusts and Primary Care Trusts, and secondly the welcome decision to increase the remuneration of SHA and PCT chairs and non-executives.

Taken together these factors have meant that in the early part of the year we followed a policy of maintaining board capability through re-appointments. In the last quarter we commenced the largest recruitment campaign for chairs and non-executives ever known to the NHS or the Appointments Commission.

At the time of writing, the Commission has appointed the new SHA chairs and Ambulance Trust chairs and is in the midst of the selection process for their non-executives, as well as for 130 PCT chairs and 850 PCT non-executives. Our aim throughout is to play our part in ensuring that the NHS has the skilled chairs and non-executives that it needs for its future success.

Whilst the Department of Health remains our main client we have continued to work with a number of other Government departments to assist them in recruitment campaigns for their public bodies.

We firmly believe that the expertise which we have developed can not only help raise the standard of public appointments but provides a cost-effective alternative to 'in-house' recruitment by departments to their public bodies. We are continuing to promote our services across Whitehall.

If Parliament agrees to the measures in the current Health Bill, we expect to become a non-departmental public body from 1 October this year. In anticipation of this, and the reduction in NHS workload arising from the reconfiguration of the NHS, we are currently reviewing our strategies for the next three years.

It is our intention to widen significantly our client base for our recruitment, training and support services in the years ahead and ensure that our organisation is shaped to take advantage of new opportunities.

I am grateful to Sir William and the Commissioners for their guidance and support; to my Senior Team for their capable management and leadership; and to the rest of the team who, in their many different ways, have contributed to another successful year.

The challenges set by 2005/06 will extend into most of 2006/07. We will complete the recruitment exercise and begin the training programmes for the new board teams. We will metamorphose into the new Appointments Commission and we will shape our organisation to the workload ahead.

We face the challenge with enthusiasm and confidence.

A handwritten signature in black ink, appearing to read 'R. Moore', written in a cursive style.

**Roger Moore,
Chief Executive**

Dated 7 July 2006

Appointments

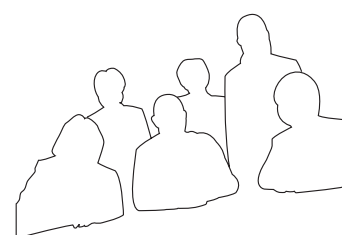
During 2005/06 the Commission made 1,291 appointments, broadly in line with 2004/05.

Whilst the number of appointments made during 2005/06 was similar to the previous year, the figure includes a 47% increase in appointments to national bodies. The figure also includes an increased number of re-appointments to local NHS bodies. Re-appointments made up 61% of the 942 appointments to this group.

The publication in July 2005 of *Commissioning a Patient-led NHS* and the announcement of a public consultation process on reconfiguration was influential in shaping the pattern of the Commission's recruitment and appointment activity for Primary Care Trusts and Strategic Health Authorities. Similarly the review of Ambulance Services determined our approach to appointments to NHS Ambulance Trusts.

For most of the year this has meant that the Commission maintained the stability of existing PCTs, SHAs and Ambulance Trusts through re-appointments, rather than external recruitment.

However, although there was a reduction in appointments workload, it was more than matched by a very significant planning and development exercise in preparation for the anticipated major overhaul of organisations after the consultation process.



Janice Scanlan, director of appointments (back right) with the senior appointments team.

Front row, from left, Ness Clarke, Alan Eatwell and Joy Everall;

Back row, from left, Jan Nicholls and Anne Bancroft

The decision by Ministers in January 2006 to increase substantially the remuneration of all PCT and SHA chairs and non-executives meant that all PCT boards would need to be subject to open competition during the course of 2006/07.

The Commission used the planning period to identify and agree with Ministers the breadth of expertise which the new boards would require to fulfil their demanding new roles. It was agreed to ensure that all boards had a template of essential skills. Key to this was getting the right balance between the financial, governance and commercial skills and the ever-important community focus perspective.

The Commission also developed new tools to test fully the competencies of chair candidates. A half-day 'assessment centre' approach was introduced involving role-play and written exercises. Whilst the approach is customary for executive recruitment, our use for chairs represents a 'first' for the Commission and we are hoping to report fully on the benefits of the system later this year.

In the last quarter of 2005/06 we began the recruitment of SHA chairs and non-executives, Ambulance chairs and non-executives, PCT chairs and non-executives. Working to a very tight timetable, we expect to have made the board appointments to all 10 SHAs and 12 Ambulance Trusts by 1 July 2006. PCT chairs will follow by 1 August, whilst PCT non-executives and the London PCTs will provide a major workload until April 2007.

In parallel with this unprecedented activity for SHAs and PCTs, we have continued in our support for NHS Trusts preparing for Foundation status. Most of the 364 new appointments made during the year were to this group.

Throughout our recruitment activity we have remained mindful that NHS boards are acting on behalf of the community they serve and need to retain public confidence. Part of this confidence will come from the way in which the make-up of boards reflects their community.

As in previous years, we have continued our efforts to maintain the number of women, disabled people, and people from the black and minority ethnic communities on our boards. The tables in *Annex 4* show that we have been generally successful, although the gradual erosion of the number of women appointees remains a cause for concern. We are redoubling our efforts to attract women candidates in our current campaigns.

It is worth noting that during 2005/06 the impact of EU Directives brought public appointments within the remit of Employment Tribunals for all types of discrimination. This means that the Commission must be scrupulous in appointing only on the merits of a candidate and avoiding any form of positive discrimination.

In other areas of work undertaken for the Department of Health, the Commission has seen a substantial increase in its workload. For national health-related bodies the Commission made 349 appointments, an

increase of 59% over the previous year's activity and accounting for 27% of our appointment activity this year.

At the same time we have continued to expand our client base in other Government departments. This was boosted by the inclusion of the Commission on the Cabinet Office List of Preferred Suppliers after a competitive tendering process.

During this year we have managed important recruitment and selection campaigns for Defra, the Department for Constitutional Affairs, the Home Office and the Ministry of Defence.

In response to this growing area of activity we have increased our national team in both number and professional expertise.

Annual performance review

The annual performance review process continues to support chairs and non-executives in the effective performance of their roles and responsibilities. It has been particularly successful for local NHS bodies where it is now seen as a key personal development tool. Some chairs have taken part in a 360° appraisal process and, if successful, it is intended to incorporate this as a formal part of the review process for chairs in the future.



Members of the national appointments team at the Leeds office



*Sunita Devi-Paul,
appointments manager at the
Commission's London office*

Staff Profile

At 31 March 2006, the Commission employed 58 staff – 16 based in London, 32 in Leeds, eight were based at other NHS sites and one was peripatetic. Of these, nine members of staff were seconded from the Department of Health (two in the London office and seven in Leeds). Seven members of staff were working part-time. One member of staff was seconded out to another NHS organisation.

A profile of the Commission's staff follows:

- **Ethnicity** – 13 members of staff (22.41%) are from a black and minority ethnic (BME) background, ten of whom worked in the London office. That is 62.5% of those who worked there. Three (9.38%) members of staff in the Leeds office were from these communities as were two (22.22%) of the out-posted staff.

Eleven staff were senior managers, none from the BME communities.
- **Gender** – 43 (74.14%) members of staff were women and of the 11 senior managers, eight (72.73%) were women.
- **Disability** – one member of staff declared that they were disabled.
- **Training** – the Commission operates an appraisal process during which training and development needs are identified. All staff have a personal development plan and all training needs (where identified) were met. 16 (27.58%) members of staff undertook individual training courses or personal development. Of the staff from the BME communities, 5 (38.46%) undertook training.
- **Promotions** – four staff were promoted after limited internal competition, one was from a BME background.
- **Recruitment** – a total of 54 people applied for the three posts advertised externally during 2005/06. Of these seven (12.96%) were from the BME communities and one was appointed.

Training

Training and development continues to be a major part of the Commission's business. Demand for training is expected to remain high to enable organisations to meet the challenges of a changing NHS.

The structure introduced in late 2003, of a training officer in the Leeds office and seven regional training facilitators (RTFs) reporting to the head of training has been successful in providing over 5000 training places during the year.

All chairs and non-executives across the country have a representative local RTF working to a regional training board. These boards review training needs and plan and design a variety of local training solutions. The seven boards are made up of non-executives, chairs, the regional commissioner and the local RTF.

The chairs of the local boards meet, on average, three times a year as a National Training Board (NTB) to plan the overall strategic direction of Commission training. Mike Taylor, regional commissioner for the North West, chairs the NTB.

The Board Leadership Programme, which provides training opportunities for chairs and non-executives in the London region, has been running for over five years. The programme has a Management Group of a similar structure to each of the Regional Training Boards and includes the King's Fund as the partner provider of training in London.

Each region and London produce a quarterly calendar of events of training opportunities and distributes it to non-executives and chairs. National, regional and local events may be selected from this calendar and bookings can be made through the contacts featured. Other organisation's events, for example the Healthcare Financial Management Association (HFMA), are also included on the calendar to help non-executives and chairs plan their time.

The Commission is starting to work with other Government departments to share its experience of training, networking and mentoring in order to recognise our expected wider remit from October 2006 as a non-departmental public body.

Induction events

The two-day residential induction events for newly-appointed non-executives have continued to develop and are now viewed as an integral part of a non-executive's introduction to the NHS. During the last year nine events were held in Leeds, Peterborough, Bristol, Accrington, Nottingham, Cheltenham and three in London.

In addition to the non-executives' event, induction events for newly-appointed chairs are on-going. These are run, usually bi-monthly, for between six and nine chairs per event and include sessions on the role of the Board, accountability, the chair-chief executive relationship, appraisal and competence based interviews.

Finance events

The Commission continues to build on the successful and mutually beneficial partnership with the HFMA. Training topics from 'Introduction to NHS Finance' and 'The NED Role in the Future of NHS Finance' to more specialised topics such as 'Payment by Results' and conferences for Audit Committees have been provided across the country. New events for 2006 are 'Finance Skills – Understanding Board Finance Papers' and 'The NED Role in Commissioning a Patient-led NHS'.

Other events

Conferences run in partnership with the National Patient Safety Agency the previous year were back by demand. These took place across our regions in Taunton, London, Cambridge, Harrogate, Nottingham, and Manchester.

The whole programme has been funded from the £1000 levy on each Strategic Health Authority, NHS Trust and Primary Care Trust. This continues to represent excellent value for all organisations.

Complaints

During the year to 31 March 2006, the Commission received 46 complaints compared to 69 in 2004/05. Three of the complaints were referred to the Office of the Commissioner for Public Appointments (OCPA) compared to five in 2004/05.

Ten of the complaints were upheld wholly or in part representing 22% of the total compared to 16% in 2004/05. The three complaints referred to OCPA were not upheld.

Overall the number of complaints is down by 33% from 2004/05. The number of complaints about merit (16) and openness and transparency (23) remain the largest categories. Complaints in the category of 'merit' are from applicants disappointed that they had not been shortlisted for interview or appointed, or who disagreed with the feedback they were given either following shortlisting or interview. Complaints falling into the category of 'openness and transparency' are generally about process.

Of the 41 replies sent in response to the initial letter of complaint, 37 (90.24%) were sent within the 20 working day deadline. Six responses were outstanding at year end. This response time is a significant improvement over 2004/05 when 75% of replies were sent within the 20 working day deadline. The average response time in 2005/06 was 13 working days and the longest time to reply was 29 days compared to 15 days and 43 days respectively for 2004/05.



**Roger Moore,
Chief Executive**

Dated 7 July 2006



Aims of the
Appointments
Commission
2006/07

The Commission has identified 11 principal aims under which its work programme for 2006/07 may be presented:

Staff

To maintain a trained workforce, managed in a way that maximises involvement and job satisfaction for individuals consistent with taking forward the business of the Commission. Acting as a responsible employer with regard to safety, equal opportunity and issues of staff welfare.

Organisation

To maintain the Commission as a properly funded and staffed organisation capable of fulfilling its functions effectively and operating according to defined business procedures and holding the confidence of the public, consumers and Parliament.

Recruitment and selection process for local NHS boards

To continue the development of procedures to recruit and select chairs and non-executives who will be able to meet the governance requirements for NHS boards and who are drawn from all sections of the community.

Training

To maintain and develop current training for chairs and non-executives to ensure they are fully equipped for their board role and functions. To develop new training programmes and support board development for newly-configured SHAs and PCTs. To meet training needs of client Foundation Trusts and other Government Departments.

Performance Review

To establish and maintain performance review as a valuable tool for personal and organisational development and to improve the effectiveness of chairs and non-executives over time.

Communications

To ensure that the Commission maintains effective lines of communication with external stakeholders.

Recruitment and selection process for Department of Health national appointments, other Government departments and Foundation Trusts

To ensure that the Commission is able to meet its delegated obligations to recruit, select, appoint, support and train appointees to national boards of the Department of Health and other Government departments and to provide recruitment services to Other Government Departments and Foundation Trusts.

Marketing

To market the range of activities offered by the Commission to Foundation Trusts and other Government Departments with the aim of securing additional specific work in recruitment, training and appraisal.

Transition to non-departmental public body (NDPB) status

To ensure the Commission makes the transition to NDPB status smoothly and is fully equipped to take on new work.

Strategy

To develop a three-year strategic plan for the Appointments Commission NDPB, taking into account projected workloads and client base and ensuring that the Commission is staffed and located to provide a cost-effective service to the Department of Health and other clients.

Department of Health support

To provide support to the Department of Health on policy development, administration and communication matters related to the general areas of activity of the Commission.



Annexes

Annex 1

Profiles of the Commissioners

Sir William Wells

Sir William Wells was a member of the Board of Governors of the Royal Free Hospital (1968-74); a member of the Camden and Islington Health Authority (Teaching) (1974-82); chairman of the Hampstead Health Authority (1982-1990); chairman of the Royal Free Hampstead NHS Trust (1990-94). In 1994 he was appointed regional chairman of the South Thames Regional Health Authority and, upon its abolition in 1996 he became chairman of the South Thames Region until 1999. In January 1999 he was appointed chairman of the NHS Executive South East Region until 2001 when he was appointed chairman of the NHS Appointments Commission. Additionally in January 2003 he was appointed chairman of the Department of Health's Commercial Advisory Board.

He is also currently: chairman of the Council of the University of Surrey; a member of the General Council and Management Committee of the King's Fund; vice president of the National Association of Hospital and Community Friends; Honorary Treasurer of the Royal College of Nursing and an Honorary Fellow of the Royal College of Physicians.

He is a chartered surveyor by profession and retired in 1997 as chairman of Chesterton International plc. He is a former director of : Pearl Group Limited and Pearl Assurance plc; Norwich & Peterborough Building Society; AMP (UK) Public Limited Company, AMP (UK) Holdings Limited, AMP Invest Public Limited Company and AMP (NPI) Holdings Limited, HHG plc and Exel plc. He is chairman of Covenant Healthcare and the Advisory Board for St Wenceslas Property Trust and director of Arc Fund Management.

He has declared that he is not politically active.

Eastern Region – Rosie Varley

Rosie Varley became a Regional Commissioner of the Commission in 2001.

She was chair of an independent review of the cancer services at Mount Vernon Hospital and from 1997 to 2001 was chair of the NHS Executive Anglia and Oxford Region and subsequently the Eastern Region. She previously served on NHS boards as a member of West Suffolk Health Authority (1984-92) and chair of Mid Anglia Community Health Trust (1992-97). She was a member of the NHS National Training Authority from 1989 to 1991.

She is also: chairman of the General Optical Council; a member of the Mental Health Review Tribunal; disability adviser to the Independent Tribunal Service; president of West Suffolk MIND and member of the Council for St Nicholas Hospice.

Brought up in a medical family in the North East, Rosie Varley pursued an academic career at the Health Service Management Unit at Manchester University before moving to Suffolk in 1983. She has a particular interest in mental health, substance misuse and palliative care, and is actively involved in a number of voluntary organisations in these fields.

She has declared that she is not politically active.

London Region – Bob Nicholls CBE

Bob Nicholls had 35 years' experience in the NHS, working as a manager at hospital, district and regional levels.

He is a Fellow and past president of the Institute of Healthcare Management and was awarded the CBE for services to health care in 1995. From 1988 to 1993, he was the chief executive of Oxford Regional Health Authority and from 1993 to 1996 the executive director of the London Implementation Group and a member of the NHS Executive.

Since April 1996, Bob Nicholls has been an independent health sector consultant, both in the UK and overseas. He was a consultant adviser to the British Council and, until 2003, was the senior non-executive director of Nestor Healthcare plc. From 2003 to 2005 he was chairman of the National Clinical Assessment Authority.

Bob served as a lay member of the General Medical Council from 1996 until 2005, serving as chairman of the Preliminary Proceedings Committee and as a member of the Standards and Fitness to Practice Committees. He continues as a member of the Clinical Education Committee of Oxford Medical School.

He has declared that he is not politically active.

East Midlands Region – Brenda Sills

Brenda Sills has a career background in human resources in the private sector, having been an HR director for 15 years.

An NHS non-executive director for the Trent Regional Health Authority from 1994 to 1995, she was chairman of the Lincolnshire Ambulance Service Trust (1995-98) and chairman of Lincolnshire Health Authority (1998-2001). She was appointed as Regional Commissioner to the Appointments Commission in 2001.

Brenda Sills is also a governor of a further education college and a freelance lecturer on aspects of personnel development.

She has declared that she is not politically active.

West Midlands Region – Jane Isaacs Until 31 August 2005

Jane Isaacs lives in Wolverhampton and has a working background in the voluntary sector, as an employee, board member and consultant, with particular interests in training and development.

She has been involved in a wide range of organisations, including Councils for Voluntary Service, childcare projects and work supporting tenant and resident-led regeneration initiatives.

She was a non-executive member of Wolverhampton Health Authority from 1994 to 1998 and chairman of Wolverhampton Health Care NHS Trust from 1998 to 2001 before becoming a Regional Commissioner with the Appointments Commission.

Jane Isaacs is an associate lecturer at the Open University Business School, tutoring public and non-profit managers. She also works independently as a trainer/educational consultant creating management training and learning materials and is a member of Soroptimists International, Wolverhampton and of Wolverhampton Voluntary Sector Council Women's Advisory Group.

She has declared that she is not politically active.

North West Region – Mike Taylor CBE TD DL

Mike Taylor is vice chair of the Appointments Commission, having become a Regional Commissioner in 2001. He is a former Audit Committee chair and chairs the National Training Board.

He had a management career with Shell in the UK and overseas from 1969 to 1991. He was: chief executive of the Management Charter Initiative then National Assessor and Chief External Verifier for Investors in People (IIP) until 2001; chairman of the National Artillery Association until 2003; chairman of the Council of Reserve Forces and Cadet Associations (and thus a member of the Land Command Board and its Audit Committee) until 2004 and vice chairman of West Cheshire College until 2004.

He is currently: chair of West Chester Regeneration Board (and on the Chester LSP); chair of Chester Aid to the Homeless (CATH); Honorary Colonel Commandant of the Royal Regiment of Artillery and Deputy Lieutenant of the County of Cheshire.

He has declared that he is not politically active.

Northern & Yorkshire Region – Miranda Hughes

Miranda Hughes lives in Leeds. She is chair of the Appointments Commission's Audit Committee.

Her professional background is as a Chartered Psychologist and over the past 15 years she has held a range of public appointments in the education, health and criminal justice sectors. From April 2001 to December 2005 she was the chair of the West Yorkshire Probation Board. She was chair of Connexions West Yorkshire (2001-2003). She was a non-executive director with Leeds Health Authority (1996-1999) and also for Leeds East Primary Care Group (1999-2001).

Her professional career began as a lecturer in psychology at the University of Leeds. She moved into the private sector as the head of Research and Planning with Kidds Advertising and subsequently to KPMG as a management consultant before establishing her own consultancy company.

She has declared that she is not politically active.

South East Region – Janardan Sofat

Janardan Sofat lives in Halling, Kent and has been involved in the NHS as a non-executive since 1994.

Prior to joining the NHS Appointments Commission, he was chair of Medway NHS Trust and he also chaired the Medway Racial Equality Council.

An accountant by profession, he has spent many years advising small businesses in both private and public sector capacities. He is a director of a small financial services company and is a Co-opted Trustee of MENCAP and sits on the Governance Committee.

His other community involvement in the past has included activity as both a school governor and local councillor.

He has declared that he is not politically active

South West Region – Penny Bennett

Penny Bennett became a Regional Commissioner of the Commission in 2003. She has a professional background as a solicitor in the private sector.

She was appointed as an NHS non-executive director for the East Gloucestershire NHS Trust in 1994 until 1998 and was chairman (1998-2002). She was then appointed a non-executive for the Avon, Gloucestershire and Wiltshire Strategic Health Authority and was vice chair (2002-October 2003).

She is a group board member of the Hanover Housing Association where she is also chair of the Audit Committee.

Penny Bennett is also an Independent Member of the Standards Committee for Cotswold District Council.

She has declared that she is not politically active.

Annex 2

The Black and Minority Ethnic (BME) Advisory Group

The Group began the year by agreeing its priorities and work programme for the coming two years. It identified five areas on which we would wish to focus our activities. These are the recruitment of BME chairs and non-executives particularly to the new NHS organisations; training and development; support, sharing good practice and regional networking; recruitment of independent assessors and promoting the work of the group.

In considering the implications of *Commissioning a Patient-led NHS* the group was pleased to have the opportunity to discuss its concerns about maintaining diversity on the new NHS boards with Roger Moore when he attended a meeting of the group in January 2006. The group welcomed the opportunity to contribute to the development of the Commission's recruitment strategy and to suggest ways in which applications could be attracted from members of the BME communities and BME professionals.

In our last annual report the group expressed its concern that the Commission's pool of independent assessors was not sufficiently diverse and hoped that this under-representation would be addressed in the forthcoming recruitment campaign. The group was pleased to note that an additional four BME independent assessors have now been appointed.

Regional networks are seen by the group as important vehicles for providing mutual support to BME non-executives once appointed. A successful London BME network conference was held in July 2005 and the group will look at ways to encourage networking and similar events elsewhere where there is support for them.

The group has made a number of recommendations to the Commission around whole board training; the role of chairs, through the appraisal process, in encouraging all non-executives to develop to their full potential; and succession planning. It is hoped to pursue these further in 2006/07.

Finally, the group took the lead in the review of the Commission's Race Equality Scheme.

Our forward work programme was very well received by the Commission and our contribution valued. We look forward to continuing to provide advice to the Commission on issues relating to the BME chair and non-executive community both within the NHS and across Whitehall as the Commission's role expands.

Evelyn Asante-Mensah
Chair of the BME Advisory Group

Annex 3

Disability Advisory Group

The year 2005/06 was one of review for the Disability Advisory Group.

In the first year of operation the Advisory Group undertook an audit of the Commission's process and procedures to identify any potential barriers to the appointment of disabled people and, once appointed, measures that could be taken to support them.

The Group made 25 recommendations and we are pleased that our review this year has shown that the majority of our recommendations have been fully implemented and developed over the intervening years. To test that the recommendations of the Group have made a difference, we intend to undertake a 'reality check' in the form of a questionnaire and sample interviews in 2007.

The Group continues to be concerned about the potential benefits barrier and we are grateful for the Commission's support in our efforts to seek recognition of this in the benefits rules. The recent announcement of changes to the remuneration of chairs and non-executives may have a bearing on this issue as may imminent welfare reforms. The Group will keep this under review in 2006/07.

The Group monitors the performance of the Commission's interview access scheme for disabled applicants for local NHS appointments. This has shown that there has been some improvement in the chances of appointment of disabled people. But it is not clear whether this is due to a revision of the interview access scheme aimed at permitting disabled applicants to compete more equally on merit, or to the introduction of competency based recruitment. The group will keep this under review.

At 31 March, 7.27% of all chairs and non-executives on local NHS boards declared that they were disabled (and 4.95% were chairs). Whilst the Group is satisfied with this performance, it is concerned that diversity on the new local NHS boards is maintained. We were pleased to be able to contribute to the development of the Commission's strategy for ensuring diversity and were able to endorse the positive approach adopted.

A major piece of work for the group in 2006/07 will be to advise the Commission on the production of a Disability Equality Scheme which it is required to publish by December 2006.

The Group hopes that its deliberations and recommendations continue to be helpful to the Commission and that our comments, whilst sometimes critical, are always constructive. We look forward to continuing to support and advise the Commission on disability issues and particularly as the Commission widens its role across other Government departments.

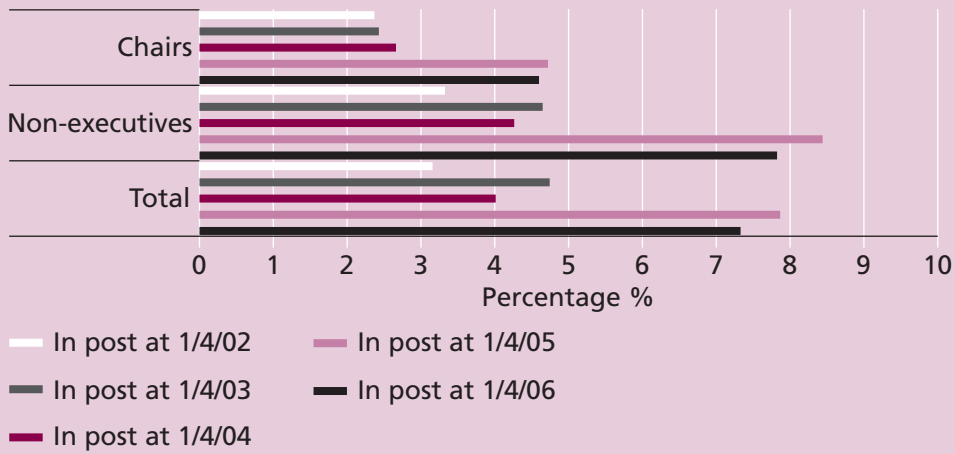
Sarah Phillips
Chair, Disability Advisory Group

Annex 4

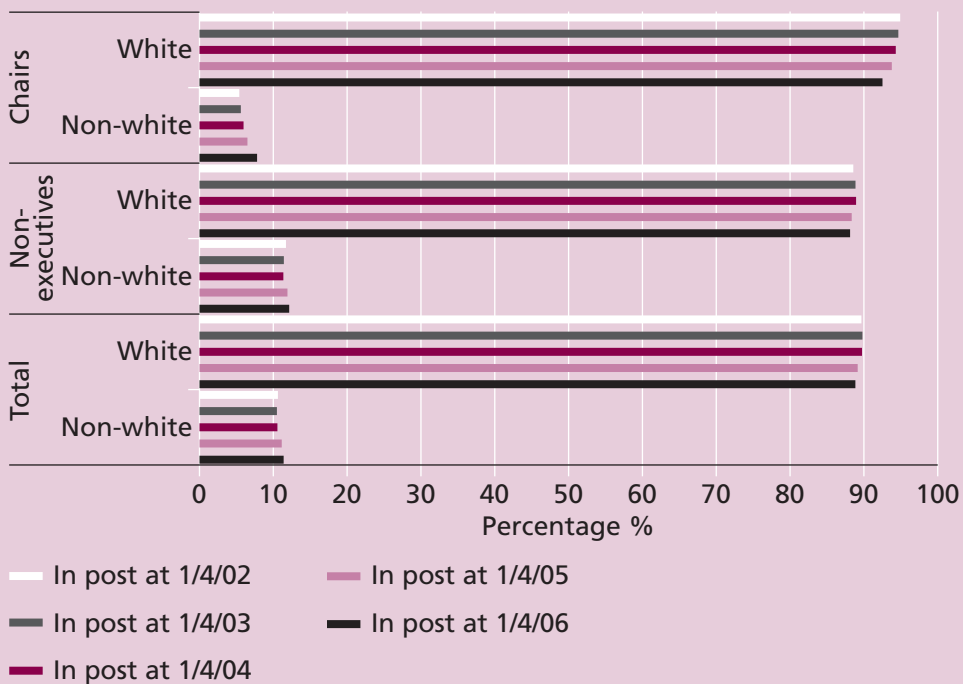
Appointments Analysis



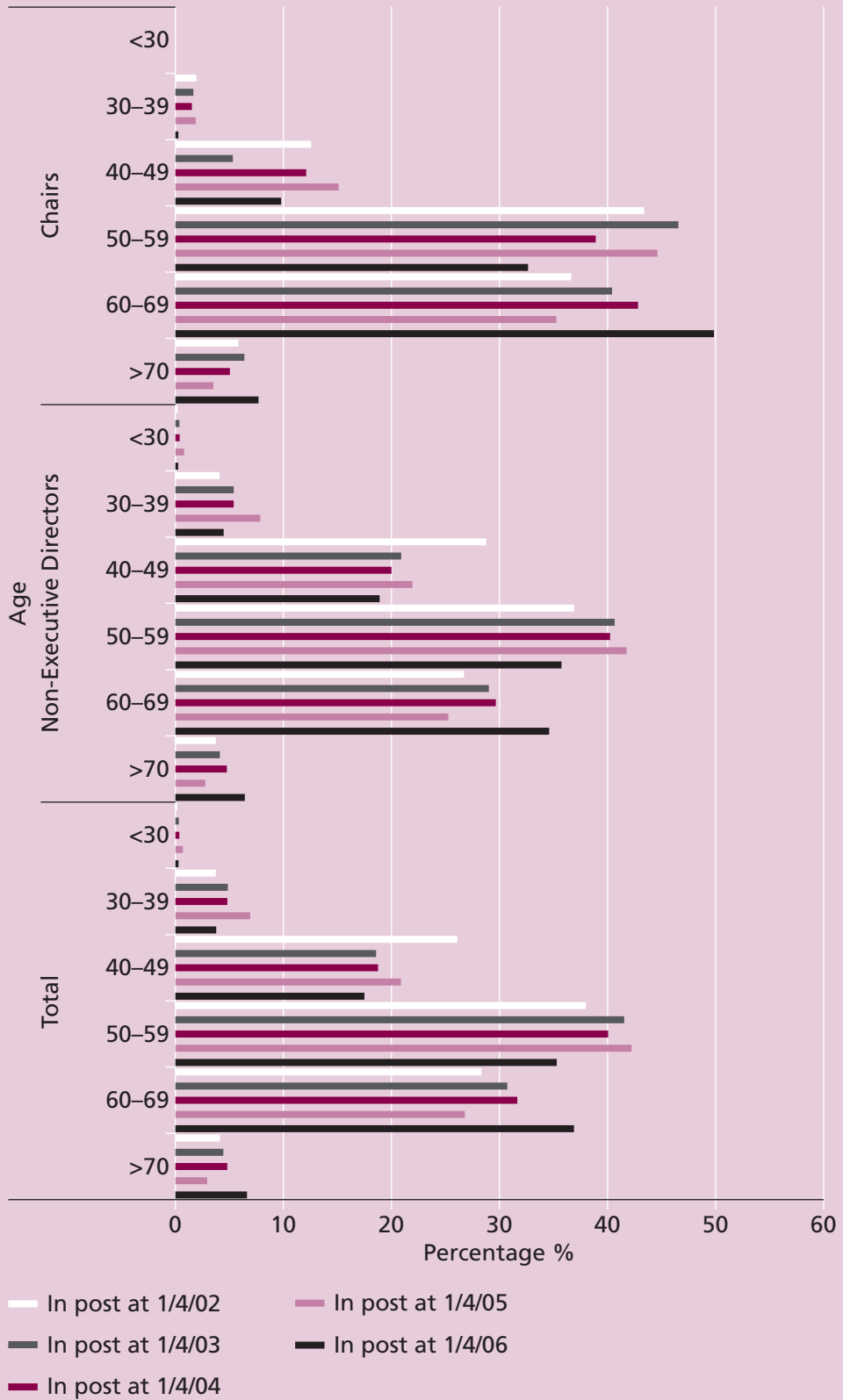
Disability - people in post



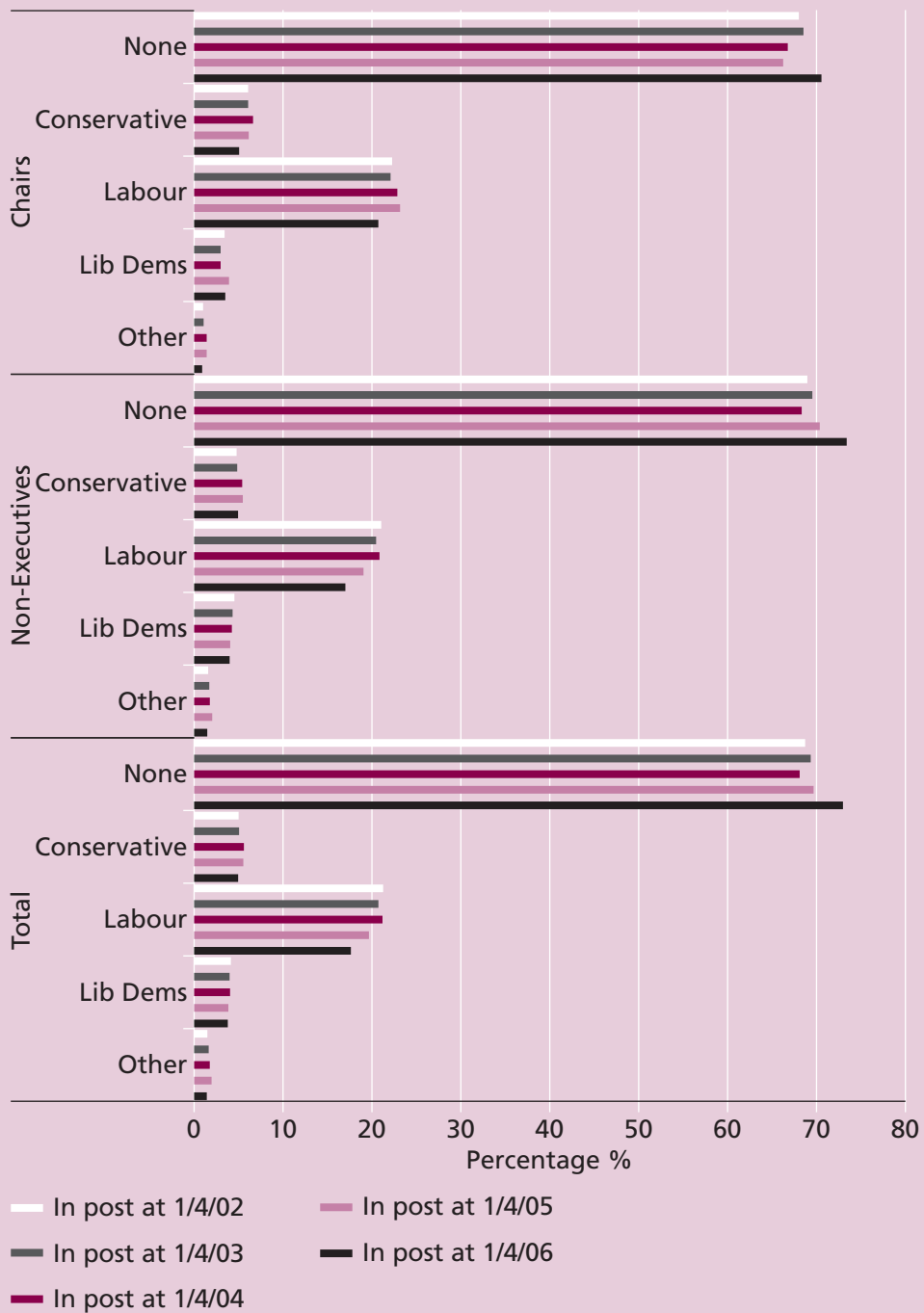
Ethnicity - people in post



Age Profile – people in post



Political Activity – people in post (declared taken place in the last five years)



Annex 5

Remuneration Report

The Commission is required to prepare a report containing information about the remuneration of senior managers, who are defined as those who have authority for directing or controlling the major activities of the Commission. For the Commission this group comprises the chairman, chief executive and regional commissioners.

Remuneration policy

The chairman and commissioners are remunerated at an annual rate set by the Department of Health. In addition, payment at a daily rate approved by the Department of Health is made to commissioners for their participation in campaigns additional to the work expected and remunerated within the annual rate. In the details of remuneration shown below, this additional work is reported in the “other remuneration” column.

The chief executive’s remuneration is reviewed by the Remuneration Committee each year.

Remuneration

Name and title	2005-06		2004-05	
	Salary in £5k bands £000	Other remun in £5k bands £000	Salary in £5k bands £000	Other remun in £5k bands £000
Ms P Bennett (regional commissioner)	20 – 25	0 – 5	20 – 25	0
Mrs M Hughes (regional commissioner) (ii)	20 – 25	0 – 5	10 – 15	0
Mrs J Isaacs (regional commissioner) (vi)	5 – 10	0 – 5	20 – 25	0
Dr R Moore (chief executive)	90 – 95	0	85 – 90	0
Mr R Nicholls (regional commissioner) (iii)	20 – 25	0 – 5	n/a	n/a
Mrs B Sills (regional commissioner)	20 – 25	0 – 5	20 – 25	0
Mr J Sofat (regional commissioner) (i)	20 – 25	5 – 10	15 – 20	0
Mr M Taylor (regional commissioner)	20 – 25	0 – 5	20 – 25	0
Mrs R Varley (regional commissioner)	20 – 25	0 – 5	20 – 25	0
Sir W Wells (chairman)	25 – 30	0	25 – 30	0
Sir A Graham (regional commissioner) (iv)	n/a	n/a	0 – 5	0
Mrs J Kelly (regional commissioner) (v)	n/a	n/a	20 – 25	0

i. Appointed with effect from 1 June 2004

ii. Appointed with effect from 11 October 2004

iii. Appointed with effect from 1 April 2005

iv. Resigned with effect from 30 April 2004

v. Resigned with effect from 1 March 2005.

vi. Resigned with effect from 31 August 2005.

None of these senior managers received benefits in kind in 2005/06.

(2004/05: none)

Pension benefits

The chairman and regional commissioners are non-executive members and as such their remuneration is not pensionable. The chief executive is a member of the Civil Service pension scheme and has withheld permission for disclosure of details relating to his pension.

Appointment terms

The chairman and commissioners are appointed for fixed terms. Details of their current appointments are detailed below:

	Term	From	To	Term length
Wells, W	2	01/04/2003	31/03/2007	4 years
Taylor, M	2	01/10/2003	30/09/2007	4 years
Bennett, P	1	01/11/2003	31/10/2007	4 years
Varley, R	2	01/11/2004	31/10/2007	3 years
Sofat, J	1	01/06/2004	31/05/2008	4 years
Hughes, M	1	11/10/2004	10/10/2008	4 years
Sills, B	2	01/11/2004	31/10/2008	4 years
Nicholls, B	1	01/04/2005	31/03/2009	4 years

For the chairman and commissioners there is no provision for compensation for early termination and no formal notice period.

The chief executive is employed by the Department of Health and is seconded to the commission. His initial period of secondment is until October 2006, although this may be extended to January 2007. His contract with the Department of Health is a permanent contract requiring three months' notice. As he is seconded to the Commission, the Commission is not liable for any compensation for early termination.

Remuneration Committee

The Remuneration Committee comprises the chairman and three regional commissioners who meet on an annual basis to determine the remuneration of the chief executive.

Signed



Roger Moore,
Chief Executive

Dated 7 July 2006

Section Two:

Annual Accounts 2005/06

Management Commentary

The accounts for the year ended 31 March 2006 have been prepared in accordance with the direction given by the Secretary of State in accordance with Section 98(2) of the NHS Act 1977 dated 3rd July 2002 and in a format as instructed by the Department of Health with the approval of the Treasury.

Background

The Appointments Commission is a Special Health Authority and was established on 1st April 2001 by the NHS Appointments Commission (Establishment and Constitution) Order 2001. Its main objective is to make appointments of Chairs and Non-Executives to the boards of NHS Hospital Trusts, Primary Care Trusts and Health Authorities in England and other duties as directed by the Secretary of State, including appointments to National bodies sponsored by the Department of Health.

The Commission also provides a programme of training and development events for Chairs and Non-Executives, these events are funded by a charges of £1000 to every participating NHS organisation. As this income is received for specific purposes then any amounts intended to fund activities which are to be delivered in 2006/07 are deferred into that year.

Review of Activities

During the year the Commission had a total expenditure of £5.5 million. The largest area of expenditure was the £4.2 million that was spent in order to make appointments to NHS Trusts, Primary Care Trusts and Strategic Health Authorities. This work was funded by the Commission's resource allocation of £4.2 million and sundry income of £4k, leading to an underspend of £2k against the central allocation. In addition £589k was spent on training activities, funded by the training levy. £780k was spent on making appointments to National bodies, funded by the bodies concerned. Consequently, the net operating costs of the Commission for the year totalled £4.2 million, and overall there was an underspend of £2k.

An analysis of the Commission's net operating costs split between its main areas of work can be found in note 23

The net operating costs increased by £160k (4%) over the previous year. Total expenditure has increased by £533k (10%) and operating income by £373k (37%). The major increases in expenditure were in staff costs (which increased by £272k, 15%) and external contractors (which increased by £280k, 100%). Staff costs increased due to inflation, increments and implementation of Agenda for Change and there were also additional staff recruited to the national team. Costs of external contractors increased mainly due to the use of consultants and assessment centres in the campaigns to recruit new board members as part of the ongoing re-organisation of the NHS. Operating income has risen as the scale of the national work has increased.

Equal Opportunities

The Commission is an equal opportunities employer and provides employment opportunities for all suitably qualified people regardless of age, gender, religion, ethnic origin or disability.

Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with the National Health Service Act 1977 as amended by the Government Resources and Accounts Act 2000 (audit of Health Service Bodies) Order 2003 No 1324. The audit certificate is on pages 50 to 52.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Commission's auditors are unaware.

The Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.



Roger Moore,
Chief Executive

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 NHS Appointments Commission (the Commission) 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 Commission'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 Accounting Officer for the Department of Health has appointed the Chief Executive of the Commission as the Accounting Officer, with responsibility for preparing the Commission's accounts 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 disclose 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 Commission 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 Commission, and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Department of Health.

Statement on Internal Control 2005/06

1. Scope of responsibility

As Accounting Officer, and as chief executive of this Board, I have responsibility together with the Board 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 Memorandum.

I have a dual accountability both to the Board of the Commission and also, via the departmental Accounting Officer, to Parliament for the performance of the Commission's functions, meeting its statutory duties and for the stewardship of resources provided to the Commission.

The Commission also has a key relationship with the Commissioner for Public Appointments, with responsibility for ensuring that all the appointments made by the Commission are made in accordance with the Commissioner's Code of Practice.

2. The purpose of the system of internal control

The system of internal control is 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 is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation'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.

The system of internal control has been in place in the Appointments Commission for the year ended 31 March 2006 and up to the date of approval of the annual accounts.

3. Capacity to handle risk

As the chief executive and Accounting Officer I am ultimately accountable for all risks of the Commission and responsible for taking the lead in the risk management process and having in place effective systems of risk management and internal control.

The risk register is completed and updated on a regular basis by a process that involves input from the chief executive and the senior team. It is reviewed at each Audit Committee meeting and progress reported to the full board. The risk register is available for all staff to view.

The core business of the Commission is making public appointments to NHS organisations; the Commission has standardised procedures designed to make appointments in an open and transparent way and manage the risk associated with the process. These procedures are documented and all relevant new staff receive appropriate training. These procedures are regularly updated in the light of suggested improvements, problems or complaints arising.

As new areas of activity for the Commission develop, such as work for the Department of Health and other Government Departments the existing processes are reviewed and adapted as necessary to support the new work.

4. The risk and control framework

As chief executive I have ultimate responsibility for risk management in the Commission. I ensure that the Commission has in place effective systems of risk management and internal control. I also have overall responsibility for ensuring the implementation of an Assurance Framework to assess and manage risk and to give assurance to the Board that controls are in place and working effectively.

On behalf of the Board the Audit Committee review the establishment and maintenance of an effective system of internal control and risk management. The Committee reviews the adequacy of all risk and control related disclosure statements, together with any accompanying Internal Audit statement, prior to endorsement by the board.

The Senior Team is responsible for ensuring that risk assessment is a continuous process within the Commission and that the Risk Register is maintained. Managers are also responsible for developing both their own and their staff members' awareness of, and response to, risk.

Staff are familiar with all relevant Commission policies and procedures designed to minimise risk. If staff see a risk or problem they are expected to take responsibility for dealing with the issue or reporting it to the appropriate person.

Risks are identified in a variety of ways, including by general and ongoing review of operations, evaluation of new opportunities and developments, and by assessment of complaints and incidents. When items are added to the risk register their relative likelihood and potential impact are assessed in order to prioritise them amongst other identified risks. Risks are also re-assessed in conjunction with the preparation of the annual Business Plan.

The risk register is maintained as a "living document" – for regular review and update by the senior team and Audit Committee. Each identified risk has a response and action plan formulated in order to minimise/mitigate the risk. The register also identifies assurances that are available to give evidence that controls are in place and operating effectively.

As a result of suggestions made by the Audit Committee and the internal auditors the risk register and assurance framework document is being fully reviewed and re-formatted for use in 2006/07.

When potential problems are identified as part of ongoing operations or as a result of an incident or complaint then, due to the relatively small size of the organisation, procedures can be reviewed quickly to prevent recurrence. Monthly Board and Senior Team meetings allow procedures to be developed on a regular, ongoing basis. Results and decisions arising from these meetings are fed back to all staff shortly after the meetings so any changes to operational procedures can be implemented as necessary.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed

My review is also informed by reports made by external auditors, and also by the reviews and reports from the Office of the Commissioner for Public Appointments and their auditors. In addition the Commission's complaints procedure ensures that I am aware of particular issues that may be arising and that need acting upon.

The systems of internal control are maintained and reviewed on an ongoing basis as already described. A plan to address weaknesses and to continue improving controls is in place.

As a relatively small organisation I have a high degree of contact with staff and am aware through such informal systems as well as via the formal reporting structures of particular issues that may be arising. Due to the size of the Commission and the relative simplicity of its procedures and limited number of objectives, reaction to events and changes to internal controls can be made without delay when necessary. Issues requiring Board decision are dealt with at monthly Board meetings and necessary actions passed back to staff promptly.

The Audit Committee on behalf of the Board maintains an overview of the risk register and of the overall progress that is being made in improving internal controls. The Committee monitors progress on the action plans that have been developed as a result of risk reviews and audit recommendations work to improve internal controls and risk management.



Roger Moore,
Chief Executive

Dated 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 NHS Appointments Commission for the year ended 31 March 2006 under the National Health Service Act 1977. These comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Chief Executive and auditor

The Chief Executive is 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 the Treasury and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Chief Executive'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 the 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 Commission 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 page 47 reflects the Commission'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 Commission'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 Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Commission'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 the Treasury, of the state of the NHS Appointment Commission's affairs as at 31 March 2006 and of its surplus, recognised gains and losses and cashflows 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 the 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

12 July 2006

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

Supplementary Statement by the Comptroller and Auditor General

The maintenance and integrity of the NHS Appointments Commission's website is the responsibility of the Accounting Officer; my work does not involve consideration of these matters and accordingly I accept no responsibility for any changes that may have occurred to the financial statements of the NHS Appointments Commission since they were initially presented on the web site.

Financial Statements

Operating Cost Statement for the year ended 31 March 2006

	Notes	2005-06 £000	2004-05 £000
Programme costs	2.1	5,527	4,994
Operating income	4	(1,373)	(1,000)
Net operating cost before interest		4,154	3,994
Interest payable		0	0
Net operating cost		4,154	3,994
Net resource outturn	3.1	4,154	3,994

All income and expenditure is derived from continuing operations

Statement of Recognised Gains and Losses for the year ended 31 March 2006

		2005-06 £000	2004-05 £000
Unrealised surplus/(deficit) on the revaluation of fixed assets	12.2	0	0
Unrealised surplus/(deficit) on the indexation of fixed assets	12.2	3	3
Receipt of Donated Assets		0	0
Fixed asset impairment losses	12.2	0	0
Prior Period Adjustment		0	0
Recognised gains and (losses) for the financial year		3	3

The notes at pages 56 to 76 form part of these accounts.

Balance Sheet as at 31 March 2006

	Notes	31 March 2006 £000	31 March 2005 £000
Fixed assets:			
Intangible assets	5.1	3	7
Tangible assets	5.2	203	295
		206	302
Current assets:			
Stocks	6	0	0
Debtors	7	804	969
Cash at bank and in hand	8	13	0
		817	969
Creditors:			
amounts falling due within one year	9.1	(766)	(845)
Net current assets/(liabilities)		51	124
Total assets less current liabilities		257	426
Creditors:			
amounts falling due after more than one year	9.2	0	0
Provisions for liabilities and charges	10	(85)	(142)
		172	284
Taxpayers' equity			
General Fund	12.1	161	274
Revaluation reserve	12.2	11	10
		172	284

The financial statements on pages 53 to 76 were approved by the Board on 14th June 2006 and signed by the Accounting Officer



Roger Moore,
Accounting Officer

Dated 7 July 2006

Cash Flow Statement for the year ended 31 March 2006

	Notes	2005-06 £000	2004-05 £000
Net cash (outflow) from operating activities	13	(4,018)	(3,750)
Servicing of finance			
Interest paid		0	0
Interest elements of finance leases		0	0
Net cash (outflow) from servicing finance		0	0
Capital expenditure and financial investment:			
(Payments) to acquire intangible fixed assets		0	0
(Payments) to acquire tangible fixed assets		0	0
Receipts from disposal of intangible fixed assets		0	0
Receipts from disposal of tangible fixed assets		0	0
Net cash inflow/(outflow) from investing activities		0	0
Net cash (outflow) before financing		(4,018)	(3,750)
Financing			
Net Parliamentary funding	12.1	4,031	3,750
Capital element of finance leases		0	0
Donations		0	0
Increase/(decrease) in cash in the period	8	13	0

The notes at pages 56 to 76 form part of these accounts.

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 Authority are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

1.1 Accounting Conventions

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 Special Health Authority is Parliamentary grant from the Department of Health from Request for Resources 1 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.

Operating income is income which relates directly to the operating activities of the Commission. It principally comprises fees and charges for services provided on a full-cost basis to external customers. These include appointment campaigns run for external bodies and charges to NHS organisations to support the Commission's development programme for non-executives. 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 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% (2004-05 3.5%) on all assets less liabilities, except for donated assets and 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 and an individual cost of more than £250, 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.
- iv Donated fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve.

b. Valuation

Intangible Fixed Assets

Intangible fixed assets held for operational use are valued at historical cost, except Research and Development which is revalued using an appropriate index figure. 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 Operational equipment is valued at net current replacement costs through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.
- ii 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 Each equipment asset is depreciated evenly over the expected useful life:

	Years
Furniture and fittings	10
Information technology	5

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work in progress comprises goods in intermediate stages of production.

1.7 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 in the operating cost statement on an accruals basis, including losses which would have been made good through insurance cover had the Authority not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, note 18 is compiled directly from the losses and compensations register which is prepared on a cash basis.

1.8 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 Special Health 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 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 employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions were 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 Account, published annually. These accounts can be viewed on the NHS Pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay with effect 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.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th 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.

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.

Seconded Staff

Past and present employees seconded from the Department of Health are covered by the provisions of the Civil Service Pension Schemes. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependent's benefits. The Special Health Authority recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment made by the Department to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the department recognises the contributions payable for the year.

The PCSPS is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. 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. A full actuarial valuation is carried out every four years the most recent was carried out as at 31 March 1999. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2005-06, employers' contributions were payable to the PCSPS at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

1.9 Provisions

The Authority provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms. This is a change from the rate of 3.5% applied from 2003-04. The effect of the change is to increase the carrying value of the provisions, this is shown in note 10.

2.1 Authority programme expenditure

		2005-06	2004-05
	Notes	£000	£000
Non-executive members' remuneration		229	205
Other salaries and wages	2.2	2,043	1,771
Supplies and services – general		8	8
Establishment expenses		360	410
Premises and fixed plant		525	509
External contractors		564	284
Training Programme		344	422
Capital:			
Depreciation and amortisation	5.1, 5.2	99	99
Capital charges interest		8	14
		107	113
Auditor's remuneration: Audit Fees *		20	17
Advertising of vacancies		1,077	1,027
Costs of Interviews		206	194
Miscellaneous		44	34
		5,527	4,994

* The Commission did not make any payments to Auditors for non audit work.

Details of the total expenditure split between the Commission's three main areas of work can be found in note 23.

2.2 Staff numbers and related costs

	2005-06 Total £000	Permanently employed staff £000	Other £000	2004-05 £000
Salaries and wages	1,268	1,268	0	1,054
Social security costs	133	133	0	98
Employer contributions to NHSPA	167	167	0	126
Staff seconded from Dept of Health	408	0	408	420
Agency Staff	67	0	67	73
	2,043	1,568	475	1,771

The costs for seconded staff are the total amounts invoiced by the Department of Health which include salary and employers costs (pension and national insurance)

The average number of employees during the year was:

	Total Number	Permanently employed staff Number	Other Number	2004-05 Number
Total	57	47	10	52

Expenditure on staff benefits

The amount spent on staff benefits during the year totalled £6,700 (2004-05: £6,000).

Retirements due to ill-health

During 2005-06 there were no early retirements from the Commission on the grounds of ill-health.

2.3 Better Payment Practice Code – measure of compliance

	Number	£000
Total non NHS bills paid 2005-06	2,317	3,298
Total non NHS bills paid within target	2,203	3,150
Percentage of non NHS bills paid within target	95.1%	95.5%
	Number	£000
Total NHS bills paid 2005-06	74	669
Total NHS bills paid within target	68	629
Percentage of NHS bills paid within target	91.9%	94.0%

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998 legislation

3.1 Reconciliation of net operating cost to net resource outturn

	2005-06 £000	2004-05 £000
Net operating cost	4,154	3,994
Net resource outturn	4,154	3,994
Revenue resource limit	4,156	4,011
(Over)/under spend against revenue resource limit	2	17

Details of net operating costs split between the Commission's three areas of work can be found in note 23.

3.2 Reconciliation of gross capital expenditure to capital resource limit

The Commission had no capital expenditure or capital resource limit in 2005/06 (2004/05: nil)

4 Operating income

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

	Not Appropriated in aid £000	Appropriated in aid £000	Total £000	2004-05 £000
Programme income:				
Fees & charges to external customers	0	16	16	0
Income received from Scottish Parliament	0	0	0	0
Income received from National Assembly for Wales	0	0	0	0
Income received from Northern Ireland Assembly	0	0	0	0
Income received from other Departments, etc	0	1,357	1,357	1,000
Other	0	0	0	0
Total	0	1,373	1,373	1,000

5.1 Intangible fixed assets

	Software licences £000	Total £000
Gross cost at 31 March 2005	19	19
Indexation	0	0
Impairments	0	0
Other revaluations	0	0
Additions – purchased	0	0
Additions – donated	0	0
Reclassification	0	0
Disposals	0	0
Gross cost at 31 March 2006	19	19
Accumulated amortisation at 31 March 2005	12	12
Indexation	0	0
Impairments	0	0
Other revaluations	0	0
Charged during the year	4	4
Reclassification	0	0
Disposals	0	0
Accumulated amortisation at 31 March 2006	16	16
Net book value:		
Purchased at 31 March 2005	7	7
Donated at 31 March 2005	0	0
Total at 31 March 2005	7	7
Net book value:		
Purchased at 31 March 2006	3	3
Donated at 31 March 2006	0	0
Total at 31 March 2006	3	3

5.2 Tangible fixed assets

	Information technology £000	Furniture & fittings £000	Total £000
Cost or Valuation at 31 March 2005	369	211	580
Additions – purchased	0	0	0
Additions – donated	0	0	0
Impairments	0	0	0
Reclassification	0	0	0
Indexation	0	4	4
Other in year revaluations	0	0	0
Disposals	0	0	0
Gross cost at 31 March 2006	369	215	584
Accumulated depreciation at 31 March 2005	222	63	285
Charged during the year	73	22	95
Impairments	0	0	0
Reclassification	0	0	0
Indexation	0	1	1
Other in year revaluation	0	0	0
Disposals	0	0	0
Accumulated depreciation at 31 March 2006	295	86	381
Net book value:			
Purchased at 31 March 2005	147	148	295
Donated at 31 March 2005	0	0	0
Total at 31 March 2005	147	148	295
Net book value:			
Purchased at 31 March 2006	74	129	203
Donated at 31 March 2006	0	0	0
Total at 31 March 2006	74	129	203

The net book value of assets held under finance leases and hire purchase contracts at the balance sheet date are as follows:

	Total £000
Total at 31 March 2005	0
<hr/>	
Total at 31 March 2006	0

The total amount of depreciation charged in the operating cost statement in respect of assets held under finance leases and hire purchase contracts:

Depreciation 31 March 2005	0
<hr/>	
Depreciation 31 March 2006	0

6 Stocks and work in progress

Due to the nature of its business the Commission does not have stocks or work in progress

7 Debtors

7.1 Amounts falling due within one year

	31 March 2006 £000	31 March 2005 £000
NHS debtors	319	476
Provision for irrecoverable debts	0	0
Prepayments	117	184
Accrued income	149	204
Capital debtors	0	0
Other debtors	219	105
	804	969

7.2 Amounts falling due after more than one year

	31 March 2006 £000	31 March 2005 £000
NHS debtors		
Prepayments	0	0
Accrued income	0	0
Capital debtors	0	0
Other debtors	0	0
	0	0
Total debtors	804	969

The accrued income relates to national campaigns carried out by the Commission which are in progress at the year end. They are recharged to clients upon completion.

8 Analysis of changes in cash

	At 31 March 2005 £000	Change during the year £000	At 31 March 2006 £000
Cash at OPG	0	13	13
Cash at commercial banks and in hand	0	0	0
	0	13	13

9 Creditors:

9.1 Amounts falling due within one year

	31 March 2006 £000	31 March 2005 £000
Overdrafts	0	0
NHS creditors	49	54
Capital creditors	0	0
Tax and social security	0	0
Other creditors	132	102
Accruals	253	357
Deferred income	332	332
	766	845

Deferred income relates to amounts collected specifically for the training programme but which are required to fund activities planned to occur in the following financial year.

9.2 Amounts falling due after more than one year

There are no amounts falling due after more than one year (31 March 2005: none)

9.3 Finance lease obligations

There are no obligations under finance leases (31 March 2005: none)

10 Provisions for liabilities and charges

	Legal £000	Other £000	Total £000
At 31 March 2005	0	142	142
Arising during the year	45	10	55
Utilised during the year	0	(60)	(60)
Reversed unused	0	(52)	(52)
Change in the discount rate	0	0	0
Unwinding of discount	0	0	0
At 31 March 2006	45	40	85
Expected timing of cash flows:			
Within 1 year	45	0	45
1-5 years	0	40	40
Over 5 years	0	0	0

Provisions at 31 March 2005 included £105k for premises costs which covered a rent review due from May 2003 and provision for decoration and other end of lease costs.

After negotiation the rent review was settled during the year at a lower figure than had been anticipated so £52k of unused provision has been reversed.

Additional provision has been set up for the legal and associated costs of two ongoing legal cases.

11 Movements in working capital other than cash

	2005-06 £000	2004-05 £000
Increase/(decrease) in debtors	(165)	158
(Increase)/decrease in creditors	79	(182)
	(86)	(24)

12 Movements on reserves

12.1 General Fund

	2005-06 £000	2004-05 £000
Balance at 31 March 2005	274	503
Net operating costs for the year	(4,154)	(3,994)
Net Parliamentary funding	4,031	3,750
Transfer of realised profits/losses from revaluation reserve	2	1
Non-cash Capital charge interest	8	14
Balance at 31 March 2006	161	274

12.2 Revaluation reserve

	£000	£000
Balance at 31 March 2005	10	8
Impairments	0	0
Indexation of fixed assets	3	3
Revaluation of fixed assets	0	0
Transfer to general fund of realised elements of revaluation reserve	(2)	(1)
Balance at 31 March 2006	11	10

13 Reconciliation of operating costs to operating cash flows

	2005-06 £000	2004-05 £000
Net operating cost before interest for the year	4,154	3,994
Adjust for non-cash transactions	2.1 (107)	(113)
Adjust for movements in working capital other than cash	11 (86)	(24)
(Increase)/decrease in provisions	10 57	(107)
Transfer from donated asset reserve	0	0
Net cash outflow from operating activities	4,018	3,750

14 Contingent liabilities

At 31 March 2006 there were no known contingent liabilities. (2004-05: none).

15 Capital commitments

At 31 March 2006 there were no contracted capital commitments (2004-05: none).

16 Commitments under operating leases

Expenses of the Authority include the following in respect of hire and operating lease rentals:

	2005-06	2004-05
	£000	£000
Hire of plant and machinery	6	5
Other operating leases	256	248
	262	253

Commitments under non-cancellable operating leases:

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

Land and buildings	£000	£000
Operating leases which expire:		
within 1 year	0	0
between 1 and 5 years	163	162
after 5 years	93	92
	256	254

Other leases

Operating leases which expire:

within 1 year	2	2
between 1 and 5 years	4	3
after 5 years	0	0
	6	5

17 Other commitments

The Authority has entered into non-cancellable contracts (which are not operating leases) for the provision of support services totalling £82,000 as at 31 March 2006 (2005: £101,000).

18 Losses and special payments

There was one case of loss totalling £985 (prior year: no cases)

19 Related parties

The Commission is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a controlling related party. During the year the Commission has had a significant number of material transactions with the Department.

Eight of the Commission's staff are seconded from the Department of Health. The costs of these staff are recharged to the Commission. The costs for 2005/06 for these staff totalled £408k. (2004/05: £420k, nine staff).

The Commission has carried out board recruitment campaigns for national bodies on behalf of the Department of Health during the year. The costs associated with these campaigns are recharged to the Department upon completion of the campaign and totalled £616k for the year (2004/05: £397k. Work in progress, and uninvoiced at the year end totalled £149k (2004/05: £204k).

The Chairman makes use of the London office as a base for a limited amount of non NHS work and pays the Commission £4k per annum for rent and overheads for this space.

20 Post balance sheet events

None (2004/05: None)

21 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 Special Health Authorities are financed, the Commission 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 Commission has limited 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 Commission 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 Commission'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 of the Commission's financial assets and liabilities carry nil or fixed rates of interest. The Appointments Commission is not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

The Authority has no foreign currency income or expenditure.

Fair values

Fair values are not significantly different from book values and therefore no additional disclosure is required

22 Intra-government balances

	Debtors: Amounts falling due within 1 year	Debtors: Amounts falling due after more than 1 year	Creditors Amounts falling due within 1 year	Creditors Amounts falling due after more than 1 year
	£000	£000	£000	£000
31 March 2006				
Balances with other central government bodies	540	0	62	0
Balances with local authorities	0	0	0	0
Balances with NHS Trusts	140	0	342	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	124	0	362	0
At 31 March 2006	804	0	766	0
31 March 2005				
Balances with other central government bodies	613	0	158	0
Balances with local authorities	0	0	0	0
Balances with NHS Trusts	171	0	359	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	185	0	328	0
At 31 March 2005	969	0	845	0

23 Analysis of the Appointments Commission's Activities

As the Commission carries out work which is funded in a variety of ways the following details explain the funding of the three main areas of the Commission's activities.

The activities included under "NHS Appointments" comprise the work the Commission carries out in order to make appointments to NHS Trusts, Primary Care Trusts and Strategic Health Authorities.

Training & Development work is funded by the £1,000 levy on all NHS organisations. As this income is received for specific purposes then any amounts intended to fund activities which are to be delivered in 2006/07 are deferred into that year.

National Campaigns are carried out in order to make appointments to the boards of national NHS bodies and boards of other Government Departments.

2005/06

	NHS Appointments £'000	Training & Development £'000	National Campaigns £'000	Total £'000
Expenditure	4,158	589	780	5,527
Operating Income	(4)	(589)	(780)	(1,373)
Net Operating Cost	4,154	0	0	4,154
Resource Limit	4,156	0	0	4,156
(Over)/underspend	2	0	0	2

2004/05

	NHS Appointments £'000	Training & Development £'000	National Campaigns £'000	Total £'000
Expenditure	3,880	721	393	4,994
Operating Income	(20)	(721)	(259)	(1,000)
Net Operating Cost	3,860	0	134	3,994
Resource Limit	3,877	0	134	4,011
(Over)/underspend	17	0	0	17

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