

CARE STANDARDS ACT 2000

Account, of the National Care Standards Commission prepared pursuant to Care Standards Act 2000, c.14 Sch. 1, para 18(4) for the year ended 31 March 2002, together with the Report of the Comptroller and Auditor General thereon.

Presented pursuant to Care Standards Act 2000, c.14 Sch. 1, para 18(4)

National Care Standards Commission Account 2001-2002

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Foreword

Background

The National Care Standards Commission (NCSC) was established by Government by the Care Standards Act 2000 as a non-departmental public body to regulate independent health and social care services and improve the quality of those services in England. It was set up on 9 April 2001 and will assume its full range of responsibilities from 1 April 2002. The NCSC replaced local and health authority inspection units and took over the regulation of voluntary children's homes, previously the responsibility of the Department of Health (DOH) and Social Services Inspectorate.

The overarching aims of the NCSC are to ensure the protection of people using health and social care services and to improve the quality of service received.

Review of activities

The Commission regulates and inspects premises, which are required by the Care Standards Act 2000 to register with it.

The Commission assesses the quality of service against National Minimum Standards (NMS), a detailed set of standards of quality that a health or social care provider must provide to service users. The NMS cover all aspects of service and care, from quality of food to entertainment to nursing care within care settings. Where providers fall short of the NMS, the Commission aims to work with them to raise the quality to at least the minimum standard required. Where lapses are severe or recurring, the Commission has powers to take enforcement action to raise standards and protect service users.

The following services will be registered and inspected by the Commission

Types of provider

- Care Homes;
- Children's Homes;
- Domiciliary Care Agencies;
- Residential Family Centres;
- Voluntary Adoption Agencies;
- Independent Fostering Agencies;
- Private and Voluntary Hospitals and Clinics;
- Nurses Agencies.

In total the Commission expects to register around 39,000 providers of services.

It will also inspect

- Local authority fostering services;
- Local authority adoption services;
- Welfare aspects of boarding schools, residential special schools and further education colleges.

Statutory functions

NCSC's statutory functions are to

- 1 Register social care and independent healthcare services in England as defined in the Care Standards Act 2000, in accordance with the regulatory requirements and National Minimum Standards;
- 2 Keep registers of social and independent healthcare services and make information about these services available to the public;
- 3 Conduct inspections of registered social care and independent healthcare services which it registers in England, and unregistered establishments and agencies, in accordance with the regulatory requirements, and National Minimum Standards; to prepare reports on these inspections and make these reports available to the public;
- 4 Advise the Secretary of State on matters relating to social care and independent healthcare services, including their quality and availability;
- 5 Encourage improvement in the quality of registered social care and independent healthcare services provided in England. Offering advice and guidance to providers as to how to meet the regulatory requirements and National Minimum Standards.

Financial report

Going concern

The financial accounts have been prepared on the basis that the Commission is a going concern. Grants for 2002-2003, taking into account the amounts required to meet the NCSC's liabilities falling due that year, have already been included in the Department's estimates for that year, which have been approved by Parliament. Therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Post balance sheet events

The creation of two new 'super regulators' was announced by the Health Secretary on 18 April 2002. Our private healthcare role will be combined with the health value for money role of the Audit Commission and the work of the Commission for Health Improvement to form the Commission for Healthcare, Audit and Inspection (CHAI). Our role of regulating social care to national standards will merge with the work of the Social Services Inspectorate (SSI) to form the Commission for Social Care Inspection (CSCI). This is expected to take place in 2004.

The National Care Standards Commission assumed its full range of responsibilities from 1 April 2002. During April 2002, approximately 1,800 staff transferred from 230 previous local and health authority employers. The staff numbers are expected to grow to approximately 2,500 by 31 March 2003, in order to fulfil the statutory requirements. During the year to 31 March 2003, it is expected that the Commission will undertake the transfer of all currently registered independent health and social care services (about 28,000); register around 11,000 service providers new to regulations, and have statutory duties to perform that include in the region of 65,000 inspections.

Form of account

The account has been prepared in the form directed by the Secretary of State for Health, with the approval of the Treasury, in accordance with section 18(1) of Schedule 1 of the Care Standards Act 2000.

Financial results

The financial accounts cover the period 9 April 2001 to 31 March 2002, and are the Commission's first set of accounts. During the period the physical and staffing infrastructure of the Commission was developed and established. The Commission will commence its first year of operation with effect from 1 April 2002.

The Commission's financial performance for the period is identified within the Income and Expenditure Account. In the period the Commission's primary source of income was grant in aid from the Department of Health. Total Income for the period from the Department of Health and other sources was £8,132,000. The Commission incurred expenditure of £7,021,000 on set up and operational activities, resulting in a surplus for the year of £1,111,000.

Fixed assets

Expenditure incurred on fixed assets in setting up the Commission during the period was managed, and will be reported on, by the Department of Health.

Expenditure of £9,000 on office furniture was incurred directly by the Commission for the period and is shown in the balance sheet. A depreciation charge of £2,000 was made against this asset category during the period.

Charitable payments

No charitable donations were made during the year.

Equal opportunities

The Commission is an equal opportunities employer with a policy of providing equality of opportunity for all staff members and job applicants. The Commission does not discriminate on the grounds of race, colour, ethnic or national origin, gender, marital status, responsibility for children or other dependants, disability, sexual orientation, religions or political beliefs.

Staff consultation

The Commission has established a Trade Union Recognition and Procedural Agreement, which includes a system of national, regional and headquarters communication forums. These will be further developed to provide an effective two-way communication flow on employee relations and other issues that impact locally or across the Commission.

Payment of creditors

The Commission's policy is to pay creditors in accordance with contractual conditions or where no contractual conditions exist within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the latter. This complies with the Better Payment Practice Code.

In 2001-2002 the National Care Standards Commission only managed to pay 72.3% of invoices based on volume within 30 days, and 63.2% of invoices based on value within 30 days. These calculations are based on the date of the invoice, and will therefore marginally understate the Commission's performance.

The Commission has now introduced new financial systems and developed controls to ensure closer compliance with the Better Payment Practice Code.

Chief Executive

The Chief Executive is Ron Kerr who was appointed on 29 October 2002 for a fixed term of three years.

| Board members | Date appointed |
|-------------------------------|-----------------------|
| Thomas Ulric Burgner (*) | 9 April 2001 |
| Roslyn Emblin** | 9 April 2001 |
| Michael Hake | 9 April 2001 |
| Bryan Heiser** | 9 April 2001 |
| Baroness Valerie Howarth, OBE | 9 April 2001 |
| Simon Kirk** | 9 April 2001 |
| Professor Jim Mansell | 9 April 2001 |
| Deryk Mead | 9 April 2001 |
| Shaukat Moledina** | 9 April 2001 |
| Anne Parker, CBE (Chairman) | 9 April 2001 |
| Professor Howard Parker | 1 October 2001 |
| Su Sayer, OBE** | 9 April 2001 |
| Lucianne Sawyer | 9 April 2001 |
| Professor John Spiers | 1 May 2001 |
| Glynn Vernon | 9 April 2001 |
| Peter Westland, CBE | 9 April 2001 |

* Thomas Ulric Burgner died on 14 July 2001

** Denotes member of the Audit Committee

Register of interests

The Commission maintains a Register of Interests for Commission Members and Directors. Where any committee decisions are taken which could give rise to a possible conflict of interests, the chair of the meeting ensures at the outset that disclosure is made and the committee member will not vote and may be asked to withdraw for the duration of any discussion of the relevant item.

Statement of the Board Members' responsibilities

The Board Members, acting as 'the Commission' shall have collective responsibilities, as set out in Chapter 14, paragraph 6 and 7 of the Care Standards Act (2000).

In addition to the duties laid out in the Care Standards Act 2000, the Board Members have collective responsibility to

- Establish the strategic direction of the National Care Standards Commission, within the framework laid down by the Care Standards Act 2000 and the resources allocated to it by HM Treasury through the Department of Health;
- Ensuring that the NCSC complies with all statutory and administrative requirements for the use of public funds;
- Fully engage in impartial and balanced consideration of all issues;
- Ensure that an appropriate response is provided to complaints and other correspondence.

Review of activities and future development

The twelve months to 31 March 2002 was a period of great activity in which the physical and staffing infrastructure of the Commission was developed and put into operation. The NCSC is a new organisation established by the Department of Health. It will operate from seventy-one area offices, eight regional offices and a central base in Newcastle upon Tyne. Most of its estimated 2,500 staff are transferring from 230 previous local and health authority employers.

The Board and management team are intent on building a competent and reliable organisation to serve those people using the services we regulate. The methodologies and standards have been developed with the service users at their heart and the exercise of controlled professional judgement in their interests will play an important part alongside the systematic application of standards and regulation. We will monitor our practice to ensure consistency of approach.

The NCSC has a challenging programme of activity in its first year. The Commission has set out five key objectives for 2002-2003.

These are

- 1 Establishing and operating a national system for the regulation of social and independent health care services;
- 2 Contributing to the achievement of improvement in the quality of regulated services and better outcomes for service users;
- 3 Establishing a national profile and credibility with service users and the public as an effective champion for high standards;
- 4 Establishing systems for providing information for service users, service providers, the public and Government on the range and quality of services;
- 5 Establishing NCSC as an effective national organisation with an ethos of continuous improvement.

Delivering these objectives is an enormous challenge in the first year, when the organisation is establishing itself and managing a workload that is much heavier than expected in following years. The increase is caused by the need to transfer the registration of all currently registered independent health and social care services and register the service providers new to registration under the Care Standards Act 2000.

The NCSC is confident in its ability to meet these challenges and deliver a professional and effective organisation that achieves the targets set. To maximise the management of risk, a systematic audit has been conducted throughout the executive directorship of NCSC.

The creation of the two new 'super regulators', announced by the Health Secretary on 18 April adds a new dimension to the work of the Commission over the next 2 years. Our private healthcare role will be combined with the health value for money role of the Audit Commission and the work of the Commission for Health Improvement to form the Commission for Healthcare, Audit and Inspection (CHAI). Our role of regulating social care to national standards will merge with the work of the Social Services Inspectorate (SSI) to form the Commission for Social Care Inspection (CSCI). The work of the NCSC and its staff will help prepare the way for these new bodies by being a catalyst for higher quality services, instilling public confidence in the health and social care sectors, which we regulate.

The NCSC executive management team will be restructured to best support and influence the creation of the new Commission.

Ron Kerr
Chief Executive

19 March 2003

Statement of the Commission's and Chief Executive's responsibilities

Under para 18(2) schedule 1 of the Care Standards Act 2000 the National Care Standards Commission is required to prepare annual accounts in respect of each financial year in such form as the Secretary of State may determine. The accounts are prepared on an accruals basis, and must show a true and fair view of the Commission's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cashflow for the financial year.

In preparing the accounts the Commission is required to

- observe the accounts direction and financial memorandum issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply appropriate 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 the going concern basis, on the presumption that the Commission will continue in operation.

The Accounting Officer for the Department of Health has designated the Chief Executive as the Accounting Officer of the NCSC. His responsibilities as Accounting Officer include responsibility for ensuring propriety, and regularity of the public finances and for the keeping of proper records and advising and informing the Board of financial considerations, controlling and monitoring expenditure and income and ensuring effective systems are maintained for internal management, financial control, and internal audit.

These requirements are set out in the 'Non Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in Government Accounting.

Statement on Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives whilst safeguarding the public's funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of the Commission's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I expect to put the procedures in place during the Commission's first year of operations, 2002-2003. This takes account of the time needed to fully embed the processes that the Commission should establish and to improve their robustness.

The Commission did not become fully operational until 1 April 2002. Prior to that the Directors who were at that time appointed jointly considered the risks to the emerging organisation, identified and where necessary progressed contingency plans and the Board of the Commission considered the resulting risk assessment. A Risk Register has now been compiled and will be reviewed regularly during 2002-2003.

The Board have established an Audit Committee on 15 October 2001 and one of the first reports of Internal Audit concerns Corporate Governance including Risk Management. Their recommendations, where agreed will be implemented during 2002-2003. Managers of the Commission will be required to report regularly to the Audit Committee on progress with their actions in response to the recommendations. A more comprehensive approach to risk assurance will be developed throughout 2002-2003.

The Commission took early action to establish an Internal Audit service (by contracting with the Department of Health), which operates to standards defined in the Government Internal Audit Manual. They will submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Commission's system of internal control together with recommendations for improvement.

My review of the system of internal control will be informed by the work of the internal auditors and the executive managers within the Commission who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Ron Kerr
Chief Executive

19 March 2003

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 11 to 21 under the Care Standards Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 14 to 15.

Respective responsibilities of the Commission, the Chief Executive and Auditor

As described on page 7, the Commission and Chief Executive are responsible for the preparation of the financial statements in accordance with the Care Standards Act 2000 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Care Standards Act 2000 and directions made thereunder by the Secretary of State, and 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 if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 8 reflects the Commission's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the National Care Standards Commission at 31 March 2002 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Care Standards Act 2000 and directions made thereunder by the Secretary of State; 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
25 March 2003

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Victoria
London SW1W 9SP

Income and Expenditure Account for the period ended 31 March 2002

| | Note | Period to 31 March 2002 | |
|--|------|----------------------------|-------|
| | | £000 | £000 |
| Continuing operations | | | |
| <i>Income</i> | | | |
| Grant in Aid | 2 | 8,031 | |
| Other Income | 3 | 90 | |
| | | <hr/> | <hr/> |
| | | 8,121 | |
| <i>Expenditure</i> | | | |
| – Staff costs | 4 | 2,497 | |
| – Other operating charges | 5 | 4,522 | |
| – Depreciation | 6 | 2 | |
| Total expenditure | | <hr/> | <hr/> |
| | | 7,021 | |
| Operating surplus on continuing operations | | 1,100 | |
| – Interest received | 3 | 11 | |
| – Notional cost of capital | | <hr/> | <hr/> |
| | | (33) | |
| Surplus for period on ordinary activities | | 1,078 | |
| – Write back of notional cost of capital | | <hr/> | <hr/> |
| | | 33 | |
| Surplus for the period carried forward | | <hr/> | <hr/> |
| | | 1,111 | |

There have been no recognised gains or losses during the period other than those included above, therefore no separate statement of gains and losses has been prepared.

There were no discontinued operations.

The notes on pages 14 to 21 form part of these accounts.

Balance Sheet as at 31 March 2002

| | Note | As at 31 March 2002 £000 | £000 |
|---|------|--------------------------------|-------|
| Fixed assets | | | |
| Tangible fixed assets | 6 | 7 | |
| Current assets | | | |
| Debtors/prepayments : amounts falling due within one year | 7 | 1,633 | |
| Cash at bank and in hand | | 1,557 | |
| | | <hr/> | <hr/> |
| | | 3,190 | |
| Current liabilities | | | |
| Creditors/accruals: amounts falling due within one year | 8 | (2,061) | |
| Prepaid income | 8 | <hr/> | <hr/> |
| Net current assets | | 1,104 | |
| Total assets less current liabilities | | 1,111 | |
| Financed by | | | |
| Income and expenditure account | | 1,111 | |

The notes on pages 14 to 21 form part of these accounts.

Ron Kerr
Chief Executive

19 March 2003

Cash Flow Statement for the period ended 31 March 2002

| | Note | Period to 31 March 2002 £000 |
|--|------|---------------------------------------|
| Operating activities | | |
| Net cash inflow from operating activities | 11 | 1,555 |
| Returns on investment and servicing of finance | | |
| Interest received | 3 | 11 |
| Capital expenditure and financial investments | | |
| Payments to acquire fixed assets | 6 | (9) |
| Cash Inflow from capital expenditure and financial investment | 12 | 1,557 |
| Increase in cash in period | | 1,557 |

Notes to the Accounts

1 Accounting policies

a Accounting convention

The Financial Accounts cover the period 9 April 2001 to 31 March 2002 and are the Commission's first set of accounts.

The financial statements have been prepared under the modified historic cost convention, in accordance with the National Care Standards Commission Financial Memorandum and Accounts Direction issued by the Secretary of State (Appendix A).

b Fixed assets

Fixed assets will be capitalised in the Balance Sheet at their modified historic cost less depreciation.

Fixed assets other than computer software will be capitalised as a tangible asset.

Fixed assets expenditure is defined as expenditure of £5,000 or more on land, new construction, extensions or alterations to existing buildings and the purchase of any other fixed assets e.g. IT equipment and vehicles with an expected working life of more than one year.

Purchased computer software will be capitalised as an intangible asset where expenditure of £5,000 or more is incurred.

c Depreciation

Depreciation on fixed assets will be provided on a straight-line basis, at rates calculated to write off the cost, less any residual value, over their estimated useful lives as follows

| | |
|----------------------|----------|
| Office refurbishment | 10 years |
| Office furniture | 5 years |
| Office equipment | 5 years |
| Computer hardware | 3 years |
| Computer software | 5 years |

A full year's depreciation will be charged in the period 2002-2003 for fixed assets transferred to the National Care Standards Commission by the Department of Health on 1 April 2002.

In subsequent years a full year's depreciation will be charged in the year of acquisition.

d Operating leases

Rental Payable under operating leases is charged to the income and expenditure account on a straight-line basis over the lease term.

e Notional costs

A notional cost of capital has been charged in accordance with HM Treasury requirements at a rate of 6% on the average of capital employed during the year. The notional cost of capital for the year ended 31 March 2002 was £33,000.

f Value Added Tax

The National Care Standards Commission is not registered for Value Added Tax. All expenditure reported in these statements therefore includes VAT where this was charged. All irrecoverable VAT is charged to expenditure in the year in which it was incurred.

g Income

Government Grants received for revenue expenditure are credited to Income in the year to which they relate.

In future years Grant-in-Aid received from the Department will fund both the operating costs and capital costs of the Commission. This will be supplemented by income from fees.

h Pension costs

The Commission's employees participate in the Teesside Pension Fund, which is a local authority Occupational Pension Scheme. This is a defined benefits scheme.

The Commission's contributions to the Scheme are charged to the Income and Expenditure account as and when they are due so as to spread the cost of pensions over the employees' working lives within the Commission.

The Chief Executive has a personal pension with Skandia Life. This is a defined contribution scheme.

The Commission's contributions to the Scheme are charged to the Income and Expenditure account as and when they are due so as to spread the cost of pensions over the Chief Executive's working life within the Commission.

i Stocks

The NCSC does not hold stock.

2 Government Grant in Aid

| | Period to 31 March 2002 £000 |
|---------------------------------------|---------------------------------------|
| Department of Health Resource Account | 8,031 |

3 Other income

As the Commission did not commence its first year of operation until 1 April 2002 no invoices covering annual fees, new service applications or variations in registration conditions were issued during the period.

Other income of £90,000 was received from the Ordnance Survey in relation to landlord's contributions towards rent.

Interest of £11,000 was received during the period.

4 Employee information

a Staff costs

| | Period to 31 March 2002 £000 |
|---|---------------------------------------|
| Staff costs include | |
| Salaries and wages | 960 |
| Employer's National Insurance* | 95 |
| Employer's Superannuation (see Note 4f) | 85 |
| External consultants and agency staff | 986 |
| Transition management | 355 |
| Other staff costs | 16 |
| Total | 2,497 |

* The employer's national insurance and superannuation costs relate to directly employed staff included on the Commission's payroll since October 2001.

The average number of whole time equivalent employees for the year ended 31 March 2002, was 49. These were administrative and managerial staff employed to help establish the Commission's processes and systems. Staff costs include external consultants, agency staff and transition management staff. These are disclosed separately in the table above.

During the year, the number of whole time equivalent employees increased from 11 at the end of October 2001, to 102 at 31 March 2002.

b The Chief Executive's remuneration

The Chief Executive's annual salary for the year ended 31 March 2002, was £115,000 of which he received £48,844 for the period.

Chief Executive's remuneration

| | Age at 31 March 2002 | Remuneration for year ended 31 March 2002 £ | Real increase in pension at 60 £ | Total accrued pension at 31 March 2002 £ |
|---------------------------------------|-------------------------|--|---|---|
| Mr Ron Kerr <i>Chief Executive</i> | 52 | 48,844 | | Chief Executive contributes to a private scheme, therefore NCSC will not bear any liability on retirement |

c Chairman's remuneration

The Chairman's annual salary for the year ended 31 March 2002, was £22,145 of which she received £7,812 for the period. The Chairman's remuneration is not superannuable.

The Chairman received no benefits in kind during the period.

d Members of the Board remuneration

| | Period to 31 March 2002 £ |
|-------------------------------|------------------------------------|
| Thomas Ulric Burgner (1*) | NIL |
| Roslyn Emblin (2*) | 5,140 |
| Michael Hake (3*) | 1,712 |
| Bryan Heiser | 1,868 |
| Baroness Valerie Howarth, OBE | 1,868 |
| Simon Kirk | 1,868 |
| Professor Jim Mansell | 1,868 |
| Deryk Mead (4*) | 1,920 |
| Shaukat Moledina | 1,868 |
| Professor Howard Parker (5*) | 2,647 |
| Su Sayer, OBE (6*) | 1,713 |
| Lucianne Sawyer | 1,868 |
| Professor John Spiers (7*) | 1,855 |
| Glynn Vernon | 1,868 |
| Peter Westland, CBE | 1,868 |

Members were appointed on 9 April 2001, unless noted differently below.

The remuneration details relate to payments made by the Commission from December 2001 and do not include previous payments made by the Department of Health.

- * 1 Thomas Ulric Burgner died on 14 July 2001
- 2 Remuneration for Roslyn Emblin was paid directly to Moorfield Eye Hospital
- 3 Remuneration for Michael Hake was paid directly to Solihull Metropolitan Borough Council.
- 4 Remuneration for Deryk Mead was paid directly to National Children's Homes
- 5 Professor Howard Parker was appointed on 1 October 2001
- 6 Remuneration for Su Sayer, OBE was paid directly to United Response.
- 7 Professor John Spiers was appointed on 1 May 2001.

Members of the Board remuneration is not superannuable.

The members received no benefits in kind.

e Other senior managers

Treasury guidance requires the Commission to provide information on the salary and pension rights of named individuals who are 'the most senior managers' of the Commission.

The salary and pension rights for the following Directors of the Commission were

| | Age at 31 March 2002 | Remuneration for year ended 31 March 2002 £ | Real increase in pension at 60 £ | Total accrued pension at 31 March 2002 £ |
|--|-------------------------------------|---|--|--|
| Clare Curran Director of Human Resources | 40 | 10,647 | 133 | 133 |
| Ros Gray Director of Private & Voluntary Healthcare | 44 | 29,731 | 372 | 372 |
| Terry McCrady Director of Finance | 51 | 35,000 | 438 | 438 |
| Dr Roger Morgan Director of Children's Rights | 52 | 37,722 | 472 | 472 |
| Heather Wing Director of Adult Services | 53 | 31,048 | 388 | 388 |
| Patricia (Trish) Davies Director of Corporate Policy | | Seconded from Department of Health | | |
| Richard Slack Director of Legal Services (until 31 May 2002) | | Did not consent to the disclosure of his details | | |
| Regional Directors | | | | |
| Rex Barker | 56 | 39,667 | 496 | 496 |
| Dee Colam | 52 | 33,680 | Does not contribute to pension scheme | |
| Christine Doorly | 48 | 28,032 | 350 | 350 |
| Tony Fraher | 46 | 27,083 | 339 | 339 |
| Carol Horner | 53 | 30,000 | 375 | 375 |
| Colin Hough | 55 | 39,375 | 492 | 492 |
| Alan Jefferson | 51 | 32,333 | 404 | 404 |
| Amanda Sherlock | | Did not consent to the disclosure of her details | | |

Remuneration includes gross salary and any other allowance to the extent that it is subject to UK taxation.

No other employees received any benefits in kind during the period.

f Pension arrangements

Employees

The Teesside Pension Fund is a multi employer scheme, the management structure and scheme rules of which are defined in the LGPS regulations 1997.

The scheme is a defined benefits scheme and as such, employer's contributions are affected by a surplus or deficit in the scheme. In 2001-2002 employer's contributions were £75,755 , at the rate of 12% of pensionable pay. As a multi employer scheme, the Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out in 2001 and the scheme is 94% funded.

Chief Executive

The Skandia Life scheme is a defined contribution scheme. £9,540 was paid in 2001-2002 at the rate of 20%. There were no outstanding or prepaid contributions at the balance sheet date.

5 Other operating charges

| | Period to 31 March 2002 £000 |
|------------------------------------|---------------------------------------|
| Operating leases (premises) | 1,243 |
| Other premises costs | 681 |
| Recruitment and staff search | 1,015 |
| Travel and subsistence | 202 |
| Training and development costs | 634 |
| Commission promotional activity | 79 |
| Office supplies | 323 |
| External audit fees | 15 |
| Other costs | 330 |
| Total other operating costs | 4,522 |

6 Fixed assets

Costs incurred in setting up the Commission's property and IT infrastructure for the period to 31 March 2002 are recorded in the accounts of the Department of Health. These costs will be transferred to the Commission with effect from 1 April 2002. Therefore, no depreciation has been provided during the period in relation to these assets.

| | Office equipment £000 |
|---|-----------------------------|
| Fixed asset as at 31 March 2002 | |
| Cost as at 9 April 2001 | 0 |
| Additions | 9 |
| Cost as at 31 March 2002 | |
| Depreciation as at 9 April 2001 | 0 |
| Charge for the year | 2 |
| Depreciation as at 31 March 2002 | |
| Net book value 9 April 2001 | 0 |
| Net book value 31 March 2002 | |
| | 7 |

7 Debtors

| | As at 31 March 2002 £000 |
|-------------------------------------|-----------------------------------|
| Prepayments | 624 |
| Amounts falling due within one year | 1,009 |
| Total debtors | 1,633 |

8 Creditors

| | As at 31 March 2002 £000 |
|---------------------------------------|-----------------------------------|
| Creditors | 1,617 |
| Prepaid income | 25 |
| Accruals | 340 |
| Taxation and social security accruals | 104 |
| Total creditors | 2,086 |

9 Capital commitments

The Commission's capital spend was controlled by the Department of Health for the period to 31 March 2002.

A budget allowance of £3,941,000 will be transferred to the Commission during the year ended 31 March 2003. This represents the expected outstanding payments necessary to complete all Information Technology capital projects set up by the Department of Health in 2001-2002.

10 Contingent liabilities

There were no contingent liabilities at the Balance Sheet date.

11 Reconciliation of operating surplus to net cash inflow from operating activities

| | Period to 31 March 2002 £000 |
|--|---------------------------------------|
| Operating surplus | 1,100 |
| Depreciation | 2 |
| Increase in debtors | (1,633) |
| Increase in creditors | 2,086 |
| Net cash inflow from operating activities | 1,555 |

12 Analysis of changes in cash during the period

| | £000 |
|-----------------------------------|--------------|
| Increases in cash for the period | 1,557 |
| Net funds at 9 April 2001 | 0 |
| Net funds at 31 March 2002 | 1,557 |

13 Financial commitments

The NCSC is committed to make the following operating lease payments during the next financial year.

| | 2002-2003 £000 |
|-----------------------------------|-------------------|
| Land and buildings | |
| Leases which expire after 5 years | 6,392 |

14 Related party transactions

The National Care Standards Commission is a Non-Departmental Public Body sponsored by the Department of Health.

The Department of Health is regarded as a related party. During the year the Commission has made a number of material transactions with the Department and other entities for which the Department is regarded as the parent Department.

The Commission has had no material transaction with other central government bodies.

The Commission maintains a Register of Interests for the Chairman, Members of the Board and Directors.

No transactions relating to the Chairman, Members of the Board or Directors are considered to be disclosable related party transactions for the period.

15 FRS13 Financial Instruments

FRS13

Derivatives and other Financial Instruments require disclosure of the role, which financial instruments have had during the period increasing or changing the risks the Commission faces in undertaking its activities.

Interest rate risk

Interest rate risk is not significant, as the Commission has no borrowings or material interest bearing deposits.

Liquidity risk

The Commission is not exposed to significant liquidity risk, as it has no borrowing facilities, and cash requirements are met by Department of Health.

Currency risk

Currency risk is not significant, as the Commission does not hold foreign currency assets or liabilities.

Credit risk

The Commission is not exposed to credit risk.

Appendix A

Accounts Direction given by the Secretary of State for Health, with the approval of the Treasury, in accordance with Section 18(1) of Schedule 1 of the Care Standards Act 2000

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year-end. Subject to this requirement the National Care Standards Commission shall prepare accounts for the financial period ended 31 March 2002, and subsequent financial years in accordance with

- 1 Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance;
- 2 any additional disclosure requirements contained in 'The Fees and Charges Guide';
- 3 other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- 4 any other specific disclosures required by the Secretary of State

except where agreed otherwise with the Treasury, in which case the exception shall be described in the notes to the accounts.

Liz Eccles
Finance Directorate
Signed by authority of the Secretary of State for Health

14 January 2002

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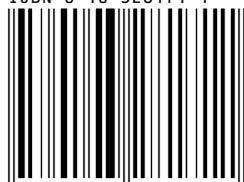
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