



Annual Report and Accounts

The Standards Board for England

2011-12

The Standards Board for England
Annual Report and Accounts 2011-12

Presented to Parliament pursuant to Paragraph 13 of Schedule 4
to the Local Government Act 2000.

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Foreword from the Chair and Interim Chief Executive

The 2011-12 financial year was an eventful time in the history of Standards for England – not least in that it proved to be its final financial period. In November 2011 the Localism Act became law, bringing with it the abolition of the “Standards Board Regime”. Our regulatory role officially came to an end on 31 January 2012, marking the culmination of more than a decade of providing support and guidance to local authorities in the fields of standards, conduct and values.

Since the introduction of the Localism Bill to Parliament in December 2010, we have continuously assessed our business activity in preparation for closure, whilst continuing to maintain our regulatory role. We started the 2011-12 financial year with a reduced workforce of thirty five. We relocated from our office at Griffin House, to temporary accommodation at Portland Tower, in order to exit from our Griffin House lease. We have continued to observe and comply with all Cabinet Office guidance on government spending restrictions, and have joined Department for Communities and Local Government (DCLG) colleagues in publishing, on a regular basis, detail of expenditure on goods and services over £500.

We look forward to seeing our legacy built on, at a local level. The organisation has stood at the forefront of principled local politics since 2001, as both a champion of high standards of conduct among local politicians and as a steward of effective local democracy. We are confident that we leave the standard of conduct amongst councillors in a better state than we found it when we were formed.

Our work has not been without significant challenges. As with all complaints processes, the system has been open to risk of abuse. That risk had to be balanced against the public interest of an independent mechanism for holding local politicians to account for misconduct and abuse of position outside of the electoral cycle. The Board believes that its actions in dealing with a number of cases of serious misconduct and the disqualification of councillors, whose behaviour had shown them to be unfit to hold public office and abusive of the trust placed in them by the public, has been a major contributor to local governance.

That does not mean that the regulatory framework as first designed was perfect. Over the years, the Board has made a series of recommendations to Government to streamline the framework and make it more effective. In particular, the Board was keen to see complaints dealt with locally wherever possible and supported local authorities to deal with local matters in a fair and timely way through its advice, guidance and support. The Government also accepted all the Board’s recommendations for a revised Code in 2006 and this new Code (introduced in 2007) was widely regarded as more proportionate, clear and effective.

In 2007, the Board’s role shifted from being primarily a handler of cases to being a strategic regulator ensuring the effectiveness of the local framework as a whole and supporting and challenging individual authorities. With local and national government representatives, we conducted a further major review of the framework in 2009 to examine whether the local framework could be made even more responsive to local needs, less open to abuse and less bureaucratic. We came up with a series of proposals designed to bring about a more efficient and proportionate system however none of these recommendations was adopted by Government.

Our commitment to overseeing the ever-evolving standards framework has ensured that councils have the tools to effectively manage and promote high standards of conduct and values in local government. They have responded positively, as demonstrated by the growing explicit commitment by councils to high standards of conduct.

This joint commitment, of Standards for England as well as local authorities, is underlined by findings from Standards for England's extensive research projects which have been conducted regularly since 2001. Within local authorities, support for the Code of Conduct grew each year, rising to a high of 94% in 2009. This positive trend was reflected elsewhere in research findings, which showed increased satisfaction with the work of the Standards Board, and with our success in defining standards of behaviour, as well as highlighting that increasing numbers felt that maintaining members' standards of behaviour was one of the most important issues facing local government. Encouragingly, the number of people agreeing that members' standards of behaviour had improved within their authority rose by 20% between 2004 and 2009¹.

The change following the Local Government and Public Involvement in Health Act 2007 to a more local system of complaint-handling also brought positive responses from our stakeholders. They showed their strong belief in the impartiality of local standards committees (rising to 82% in 2009) and their confidence in the way committees dealt with both complaints and investigations (75% and 72% agreement respectively)². In addition, the public have more trust in their local councillor to tell the truth than in any other type of politician³. Importantly, they also knew what to do if they had concerns about behaviour, with 56% of complaints about alleged breaches of the Code coming from members of the public.⁴

Initial findings from a project originally intended to measure results over a period of five years found that, of those authorities involved, most considered that councillor conduct was continuing to improve, with the local standards framework cited as a prime tool in helping to achieve this⁵. Standards for England were genuinely proud of the commitment and progress made by all of those involved in the framework. A timeline of significant milestones in our history is included within the management commentary.

The role of the Code of Conduct and the local standards framework has gone a long way to promote respect, foster good decision-making and prevent ethical failures in local government. We hope that the Government's new framework builds on these achievements and continues to improve standards and that any future standards arrangements are influenced and shaped by our learning and experiences. A commitment to transparency, high standards of conduct and ethical values should continue to be the cornerstone of local democracy for generations to come.



Dr Robert Chilton OBE
Chair

Date: 10 July 2012



Tim Leslie
Interim Chief Executive

Date: 10 July 2012

¹ Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and Attitudes to the Ethical Environment – BMG Research)

² Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and Attitudes to the Ethical Environment – BMG Research)

³ Public Perceptions of Ethics 2009 – BMG Research

⁴ Taken from Standards for England's local case monitoring data covering the period 08/05/08-31/03/10

⁵ Assessing the Impact and Effectiveness of the Ethical Framework in Local Government in England – Centre for Local and Regional Government Research, Cardiff University 2009

Board information

Board

All Non Executive Directors

Dr Robert Chilton OBE
(Chair)

Professor Judy Simons
(Deputy Chair)

Elizabeth Abderrahim

Councillor Shirley Flint

Paul Gott

Elizabeth Hall

Councillor Mehboob Khan

Councillor Stephen Knight

Councillor Sir Ron Watson CBE

Interim Chief Executive

Tim Leslie

Principal Office

Eleventh Floor
Portland Tower
53 Portland Street
Manchester
M1 3LF

Auditors

External

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

Internal

RSM Tenon
4th Floor
York House
York Street
Manchester
M2 3BB

Management commentary

Format of the annual accounts

The annual accounts have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with the Local Government Act 2000.

History and statutory background of Standards for England

The Standards Board for England was a corporate body that was established on 22 March 2001 by the Secretary of State under powers conferred by the Local Government Act 2000 as amended.

In May 2010, the Coalition Agreement announced the Government's intention to 'abolish the Standards Board regime'. This has been enacted through the Localism Act 2011 which received Royal Assent in November 2011. Standards for England was formally abolished on 31 March 2012. Detailed below are the key achievements and events over the life of Standards for England:-

2001-02

In the Standards Board's first proper year of operation, the focus was on establishing an effective working environment. The statutory framework underpinning its work was not completed until November 2001 and the Board concentrated on producing guidance, providing advice to over 1,000 enquirers, setting up working policies and procedures and exploring a new case management system.

2002-03

By May 2002, the Code of Conduct had been applied nationally and, in the first year of a fully operational framework, Standards Board for England dealt with almost 3,000 allegations with nearly 450 investigations completed. It also established a network of road-shows, exhibitions and presentations to reach as many stakeholders as possible, in addition to launching an updated website in November 2002.

2003-04

By 2003, the Board's research programmes were fully established with initial findings from early projects showing positive levels of support for the need to maintain high standards of behaviour. The Board had also begun important partnership work with the Audit Commission to ensure an ethical component to Comprehensive Performance Assessment work.

2004-05

The Standards Board for England's progress was scrutinised by two separate bodies – the Committee on Standards in Public Life (CSPL) and the Parliamentary Select Committee of the Office of the Deputy Prime Minister. Both supported the need for an independent body and CSPL recommended we should develop our strategic role further. During this year, the Board was able to refer cases to be investigated locally for the first time and launched a consultation on the review of the Code of Conduct.

2005-06

Early in 2006, the Board's first training DVD was launched – Going Local: Investigations and Hearings. It subsequently won a Silver Screen award for training and education at the International Film and Video Festival 2006. The Government agreed with our recommendations following the Code consultation and agreed to launch its own consultation on detailed implementation. This year also saw us work further with the Audit Commission as well as the Improvement and Development Agency to produce the ethical governance toolkit.

2006-07

The new Code consulted on by the Government and containing nearly all of Standards Board for England's recommendations, came into effect in 2007 whilst further planned changes, to make the system more local, were on course to become law by autumn 2007, with the Board becoming a strategic regulator. The Standards Board for England dealt with just half of all investigations, with the other half being managed locally. The organisation relocated from London to Manchester.

2007-08

This year saw the publication of key advice on the new Code of Conduct and a push to ensure that the majority of monitoring officers and standards committees were aware of the new Code's existence before it was adopted on 1 October 2007. Our programme of road-shows concentrated on the new Code and plans for the new local framework and the success of our Annual Assembly was maintained with overwhelmingly positive feedback from the 800 delegates.

2008-09

The new local framework which came into effect on 8 May 2008 was enthusiastically embraced, with standards committees established and functioning across the country. Throughout the year, 96% of cases were handled locally, with the Board only dealing with those judged by local committees to need national attention. In its new role as a strategic regulator the Standards Board for England concentrated on monitoring the local implementation of the framework to ensure this was effective, efficient and independent. We did this through setting up a data monitoring system, continuing to issue guidance and advice both collectively and to individual authorities, and working with individual authorities where greater support needs were identified.

2009-10

The main publication this year was the Board's review of the local standards framework, aimed at ensuring the proportionality and effectiveness of the system. The Board also produced its first regulatory statement, setting out its regulatory philosophy and explaining how to put it into practice. Project Excellence, a project designed to bring about improvements to investigations, was completed. This led to an improved turnaround in our case handling and a more integrated approach across the organisation for keeping track of ongoing cases.

2010-11

In light of the coalition's announcement in May 2010 that it would abolish the Standards Board regime, as well as an 18.4% budget cut, this year saw a reassessment of business priorities, with the Annual Assembly and other proactive

work being ceased. Proposals for speedily dealing with vexatious complaints locally were not implemented and most research projects were brought to an end, as was our monitoring work. A first voluntary redundancy scheme was launched in July 2010 with proposals for a compulsory round consulted on from August. Despite the abolition announcement, enquiries about the Code remained high, with our policy and legal teams dealing with an average of just under 150 enquiries per month throughout the year.

2011-12

The Localism Act 2011 received Royal Assent in November 2011. As a result on 31 January 2012:-

- The Standards Board for England's duty to consider referrals from authorities ceased;
- The Standards Board for England's investigation function ceased;
- The Ethical Standards Officer's powers to deal with cases and hearings ceased. Responsibility for ensuring legal representation at hearings transferred to the Board until closure of the organisation at which time residual responsibility transferred to the Secretary of State;
- The Standards Board for England ceased to deal with any enquiries that related to the current standards framework or transitional arrangements (other than, where possible, assisting with enquiries relating to those cases which Standards for England had handed back to a local authority);
- The Standards Board for England's powers to suspend an authority's initial assessment functions ceased on 31 January 2012; and
- The Standards Board for England's powers in relation to monitoring of the local standards framework ceased.

The Standards Board for England was formally wound up on 31 March 2012 and all remaining assets, liabilities and responsibilities were transferred to the Secretary of State. The remaining local activities of the Local Government Act 2000 framework ceased on 30 June 2012.

Principal risks and uncertainties

As a consequence of the demise of the Standards Board for England there are no residual principal risks and uncertainties at 31 March 2012.

Principal activities of the Standards Board for England

The Standards Board for England was a non-departmental public body sponsored by the Department for Communities and Local Government.

We were charged with upholding principled local politics. Working with local authorities, their monitoring officers and local standards committees, we promoted and maintained high standards of conduct among local politicians.

Our principal activities during our final year were to provide guidance and support, to conduct investigations not suitable for local investigation and to deliver our closure programme which enabled us to bring about the orderly and timely closure of the organisation.

The legislative, regulatory, operational and external environment

The Local Government Act 2000 introduced the Code of Conduct for members, enforced directly by the Standards Board.

A remodelled local standards framework was introduced by the Local Government and Public Involvement in Health Act 2007. Since then the majority of complaints about members' behaviour have been dealt with at a local level by the standards committees of local councils. Standards committees were responsible for assessing complaints, initiating investigations and, where appropriate, deciding whether a member had breached the Code of Conduct and should be sanctioned accordingly. There were 438 such committees, each of which was required to have an independent chair. In parallel, the Standards Board for England, under the operating name Standards for England, became a strategic regulator, with overall responsibility for the effectiveness of the new system in promoting high standards of conduct. We also dealt with complaints that were referred to us by local standards committees where they believed that they were unsuitable for local investigation. Those arrangements began in May 2008.

For the year under review 134 complaints were referred to Standards for England. Of those 134 complaints we accepted 36 for investigation. We referred 11 back to the local standards committee for further consideration and we took no further action in respect of 87 of them. A decision to take no further action was taken if we believed that the behaviour outlined in the complaint did not constitute a breach of the Code of Conduct or was not serious enough to merit an investigation. The figures for the previous year had been 156 complaints referred, of which we investigated 117, sent 6 back to the local standards committee and took no further action in 33 cases.

Following investigation, Standards for England's ethical standards officers referred 6 cases to the First-tier Tribunal during 2011-12. This resulted in 6 members being given sanctions, ranging from no further action to five years disqualification. This compared to 7 in the previous year.

We worked with a number of other organisations who are also committed to improving local government and had memoranda of understanding with the Local Government Ombudsman and the Audit Commission.

The Government set out its intention to abolish the 'Standards Board Regime' in the coalition agreement published in May 2010. The abolition was effected by the Localism Act 2011 which gained Royal Assent on 15 November 2011. Standards for England ceased to investigate complaints and other regulatory functions on 31 January 2012 and was formally abolished on 31 March 2012.

Investigations being conducted by Standards for England at 31 January 2012 were transferred back to the local authority that made the referral. There were 2 such cases. The relevant local authorities made arrangements to take forward the investigations. The requirement for local authorities to have statutory standards committees was abolished on 30 June 2012. Thereafter any complaints not concluded by them are to be dealt with under the new standards arrangements.

Subject to any transitional arrangements made by DCLG, cases which the First-tier Tribunal (Local Government Standards in England) was dealing with on 30 June will be concluded by the Tribunal, and members wishing to appeal against statutory standards committee decisions will have the normal period of 28 days from the date of such decisions to do so.

Standards for England's objectives and strategies for achieving them

For the year under review our objectives were to:

- Fulfil the organisation's statutory purpose and functions;
- Reduce the organisation's expenditure in line with Government expectations; and
- Complete a controlled run down and closure of the organisation.

Our strategies for achieving objective one were to ensure that our investigations continued to be carried out efficiently and effectively. Also, we continued to respond to the individual needs, requests of authorities and responded to any sector wide needs identified.

Our strategies for achieving objective two have been to implement a headcount reduction strategy, and to comply with Government spending restrictions. We continued to operate the freeze on recruitment and consultancy, and we ensured that all spending above £500 required explicit approval from the Senior Management Team.

Objective three was managed through the closure programme.

The closure programme was developed, implemented and operated during the year in order to bring about the orderly and timely closure of Standards for England.

Standard project methodologies were employed in order to enable:

- The required activities to be identified, planned and managed;
- Associated risks to be identified and managed;
- The identification and allocation of required resources;
- The costs of closure to be monitored in order to aid transparency;
- The implementation of appropriate governance arrangements; and
- Greater ability to cope with any changes to the personnel involved in the programme.

A detailed work plan was produced, using Microsoft Office Project that was based around five key work streams:

1) Organisational matters

This category covered the corporate and governance issues relating to the closure of the organisation, such as arrangements for:

- The preparation of final accounts;
- The production of a final Annual Report;
- Dealing with the settlement of the pension deficit at cessation of the fund; and
- Dealing with the termination of Standards for England's contractual arrangements (e.g. for the purchase and hire of goods and services).

2) People issues

The organisation focused on effective deployment of staff and implementation of the required organisational structure for the closure period, together with the provision of appropriate support for Standards for England staff, such as outplacement support to help staff find future careers.

3) Cessation of regulatory functions

This entailed the establishment of arrangements for the effective “run off” of Standards for England’s regulatory functions, including the cessation of investigations and the transfer of continuing cases, as well as the termination of / handover of responsibility for the provision of support to stakeholders (e.g. providing guidance) and dealing with Freedom of Information and Data Protection requests submitted to Standards for England.

4) Assets and liabilities

Management of the transfer and disposal of Standards for England’s assets and liabilities. “Assets” included both physical assets (such as the premises and office furniture / equipment) and intellectual assets (such as case files /information and other Standards for England records and data). Liabilities included the settlement of all outstanding debts and the determination of the pension cessation deficit.

5) Customers and stakeholders

The creation and implementation of plans for internal and external communication were designed to keep stakeholders informed, on a timely basis, of matters relating to the closure of Standards for England.

A manager was appointed to lead each of the work streams, with a Closure Programme Board established to act as the main project team, with responsibility for the general management of the closure programme. This Closure Programme Board consisted of members of Standards for England staff, an appointed representative of DCLG and a member of Standards for England’s Audit Committee. An appointed representative of the National Audit Office also attended meetings in the capacity of observer. A Steering Group, consisting of all the members of Standards for England’s main Board, was established to scrutinise the closure programme, as well as being responsible for dealing with any key issues or risks associated with closure that were referred to it by the Closure Programme Board. The main Board retained responsibility for making any related decisions regarding Standards for England’s policies and strategies, such as those concerning headcount reduction and the organisation’s fulfilment of its regulatory functions.

Directors' report

1) Review of the development of Standards for England and its position at the Statement of Financial Position date

From 2008 up until closure, Standards for England was a strategic regulator only handling those cases that a local authority believed could not be handled locally.

Information about Standards for England's case handling during 2011-12 can be found on page 10.

2) Indication of future developments

As Standards for England closed on 31 March 2012 there are no future developments.

3) Board members and executive directors

The Board members who served in the year ending 31 March 2012, together with details of their remuneration, are shown in the remuneration report to the annual accounts. Details regarding the appointment and remuneration of the Interim Chief Executive and Senior Management Team, who were not members of the Board, are shown in the Remuneration Report.

4) Complaints referred to Standards for England

Standards for England investigated complaints against members that were not suitable for local investigation. We decided whether to accept cases referred to us by local standards committees, and we made this decision based on the public interest.

We accepted 36 cases for investigation in the year ending 31 March 2012. In other instances we used our discretion either to send a complaint back to a standards committee for local investigation or other action, or to take no action. Where we took no action this was usually because, in our opinion, the complaint would not disclose a potential breach of the Code of Conduct, even if it were proven. This ensured that we focused on those allegations that had the potential to damage the public's confidence in local democracy.

5) Going concern

Standards for England was abolished on 31 March 2012. The Statement of Financial Position at that time shows net liabilities of £8,102,000, almost all arising from pension liabilities at closure. This reflects the inclusion of liabilities falling due in the future which will be met by the Department for Communities and Local Government.

The Board has concluded that, whilst funding is in place to enable the organisation to fulfil all of its financial obligations as the organisation has been closed, it is not appropriate to prepare the accounts on a going concern basis. This is discussed in note 1.2 to the accounts.

Operating financial review

Standards for England was funded in 2011-12 through delegated resource funding and no Capital or Annually Managed Expenditure was provided.

The Sponsor Department, Department for Communities and Local Government provided an operational budget of £4,500,000 for 2011-12. Standards for England operating costs for the year totalled £3,745,000, an under spend of £745,000 (17%). All salary payments for staff were paid from the operational budget. Some staffing resource was used on closure activities.

Closure of Bank account on 30 March 2012 resulted with the balance of funds, £32,569, being returned to the sponsor Department the Department for Communities and Local Government.

A closure budget of £14,700,000 was also available with closure costs, including the settlement of the pension deficit, totalling £8,860,000, an under spend of £5,840,000 (40%). This funding was drawn down on the basis of need with the majority of expenditure being made by the Department for Communities and Local Government after the year end.

The net expenditure for the year 2011-12 amounted to £3,745,000. This compares to a net expenditure of £5,309,000 for the previous year representing a reduction of 30% in net operating expenditure.

During the final year of Standards for England the key financial events were:-

- Settlement of the operating lease on the office accommodation at Griffin House;
- Payment of suppliers and collection of income after 30 March was made by the Sponsor Department;
- All assets were fully written off and disposed of by 30 March 2012; and
- The pension deficit was determined on a cessation basis and paid by the Department for Communities and Local Government to the Greater Manchester Pension Fund on the 30 May 2012.

During 2011-12 Constructive losses, payments for which Standards for England would derive no benefit, of £104,247 were realised. Further details on the constructive losses are provided in note 20.

Pension Costs

The treatment of pension liabilities and the pension scheme details are set out in the basis of accounting note 13 on page 50 and in the Remuneration Report on page 18. Retirement benefits are detailed on page 21.

Significant changes in non-current assets

All non-current assets have now been disposed of, written down or amortised. The movement in non-current assets is shown in notes 7 and 8 to the annual accounts.

Political and Charitable donations

No political or charitable donations have been made in this or any other financial year.

Financial Instruments

The nature of Standards for England's activities and its sole source of funding from the DCLG grant-in-aid means that Standards for England was not exposed to the degree of financial risk faced by trading entities. Standards for England was not exposed to liquidity risk, had no material deposits and only works in sterling so it is not exposed to any interest rate risk or currency risk.

Research and Development activities

No research and development activities were carried out in 2011-12 or 2010-11.

Segmental Analysis

No segmental analysis is required as Standards for England received its funds by grant-in-aid from its sponsor Department, Department for Communities and Local Government and operated solely in the area of regulation.

Key performance indicators

In light of the intended abolition of the organisation a decision was reached with DCLG to reduce the number of key performance indicators monitored during the year. Table 1 sets out our performance against target for the year.

Table 1 – Performance against key performance indicators: 1 April 2011 – 31 March 2012

KPI	Target	Performance 2011-12
Deliver the investigations we undertake within the agreed performance timeframes.	90% of all investigations to be carried out within six months	Achieved 92%
	100% of all investigations to be carried out within twelve months	Achieved 100%
To ensure effective management of our budget to enable orderly closure.	Closure costs were managed within budget.	Achieved Monthly reporting throughout the year allowed Standards for England to monitor and manage its financial affairs during the year.

Employment issues

In October 2010 we updated our People Strategy to support the new objectives for the organisation in light of the abolition plans. To support our new objectives we revised our people goals which were as follows:

- To support the workforce reduction strategy (this includes closure);
- To continue to be effective in the way we work; and
- To have a continually improving and supported workforce.

In June 2011, we commenced consultation on arrangements for our final closure. This included information on indicative dates for Royal Assent and final closure as

well as what support would be provided to employees. On 10 October 2011, we put all our employees “at risk” of redundancy, at which point they had access to the Civil Service Jobs website and redeployment opportunities. Career transition support also commenced.

However during the year we continued to review and update our employment policies ensuring they were fit for purpose, appropriate and were in line with legislation. We also continued to operate our performance management framework to manage the performance of our employees.

Disclosure of registered interests by Board members and higher-paid employees

Standards for England maintained a comprehensive register of interests for Board members and higher-paid employees, which is available for public inspection on application to the Conduct and Council Constitutions Team, Democracy Division Department for Communities and Local Government.

Sickness Absence

During 2011-12, the total number of days for sickness absence was 81 days, an average of 2.5 days per employee, compared with 227 days, 4.0 days per employee in 2010-11. Standards for England was committed to the health and well-being of its staff and as such had a comprehensive sickness absence policy. This included providing occupational health services, an employee assistance programme and a health screening service. Occupational health policies and practices were continually reviewed and management of absences applied, to ensure that sickness absence remained at low levels.

Data Incidents

Standards for England had no incidents of lost data or information during 2011-12 or 2010-11.

Environmental issues

Standards for England remained committed to improving its carbon footprint, energy efficiency and recycling of materials in a way which is consistent with the effective use of public funds.

Standards for England was exempt from providing a sustainability report due to its size however our Environmental policy was successfully managed by our Facilities, Health and Safety adviser who reported regularly to the Senior Management Team on significant issues and continued to improve our environmental performance.

Some activities carried out during the 2011-12 financial year were:

- Obtained 100% of electricity supplied from renewable resources;
- Saved 175 trees through shredding and recycling of waste paper;
- Relocated the organisation to smaller accommodation reducing power consumption; and
- Recycled equipment where possible.

Better payment practice code

Standards for England paid £656,299 to suppliers during 2011-12 and complied with the British Standard for Achieving Good Payment in Commerce Transactions (BS7890) in its treatment of all its suppliers. We also complied with the Late Payment of Commercial Debts (Interest) Act 1998. Excluding disputed items, over 98% of suppliers' invoices by both value and volume were paid within 10 days for 2011-12.

External auditors

The auditors for the year ended 31 March 2012 were the National Audit Office. Their fee for the audit of the financial statements was £57,000 (£35,380 in 2010-11).

Audit information

As Accounting Officer, I, Tim Leslie, confirm that as far as I am aware there is no relevant audit information that the external auditors are unaware of and I have taken all necessary steps to ensure that they are aware of all relevant information.

Remuneration report

Remuneration and employment policy and methods used to assess performance

Remuneration policy

In June 2010, the Government announced a pay freeze for all public sector employees covered by HM Treasury's Civil Service Pay Guidance (this included employees of Standards for England). The pay freeze was in place for two years in 2010 and 2011 which meant that the Remuneration Committee was not required to meet. Under the pay freeze guidance employees earning a full time equivalent salary of less than £21,000 per annum, received £250 (pro rata to hours worked) pay increase to their salary. Standards for England required staff eligible for the pay award of £250 to have at least achieved a satisfactory performance review during the year.

Policy on recruitment

Since May 2010, we were subject to the Government's external recruitment freeze which applied to the Civil Service, agencies and NDPBs. Exemptions to this policy are permissible where there is an urgent operational need for frontline workers. Exemptions for external recruitment were considered and agreed by the Secretary of State. In 2011-12 we put forward one business case to cover a vacant position which was approved. This was for a specialist into a key operational role. Internal redeployment took place during the year to support our headcount reduction strategy as we moved towards closure.

Despite the recruitment freeze our recruitment policy remained in place whereby all permanent and fixed-term vacancies were advertised both internally and externally. External recruitment activity was conducted through press or web advertising initially for permanent vacancies; the use of recruitment agencies was permissible in certain circumstances.

All candidates were screened and interviewed using a competency-based interview, accompanied by appropriate selection methods or tools.

Decisions on pay

During 2011-12 Standards for England complied with HM Treasury's Civil Service Pay Guidance.

Salary

Salary includes basic salary and any allowances. Allowances consist of either an acting-up allowance, for those staff acting up to a higher grade or job on a temporary basis; or an additional responsibility allowance, for those staff taking on additional responsibilities for a temporary period. There were no changes made to pay grade ranges in the last two years.

Pension benefits

Permanent staff were entitled to join the Greater Manchester Pension Fund, which is part of the nationwide pension scheme for local authorities, the Local Government Pension Scheme (LGPS). The scheme is a 'final salary' scheme. Employer's

contributions were set at the rate of 17.2% of pensionable earnings. At 31 March 2012 the pension deficit was £8,013,000.

Part of the Remuneration Report subject to audit

The Board consisted of nine members, including the Chair and the Deputy Chair, and members were initially appointed by the Secretary of State on renewable contracts lasting up to 36 months. Details of the Board members' emoluments for the year were as follows:

Name	Position	Date of original appointment	Appointment end date	2011-12 Fees and other remuneration £'000	2010-11 Fees and other remuneration £'000
Dr R Chilton OBE	Chair	01/07/08	31/03/12	40-45	40-45
Professor J Simons	Deputy Chair	13/02/06	31/03/12	10-15	10-15
E Abderrahim	Member	14/07/08	13/07/11	0-5	5-10
Councillor S Flint	Member	23/10/06	31/03/12	5-10	5-10
P Gott	Member	13/02/06	12/02/12	5-10	5-10
E Hall	Member	13/02/06	31/03/12	5-10	5-10
Councillor M Khan	Member	23/10/06	31/03/12	5-10	5-10
Councillor S Knight	Member	04/03/09	03/03/12	5-10	5-10
Councillor Sir R Watson CBE	Member	23/10/06	31/03/12	5-10	5-10

No pension contributions or other benefits in kind were paid for Board members.

Standards for England was required to disclose the relationship between the salary of the most highly-paid individual and the median earnings of the workforce.

The remuneration of highest paid individual including redundancy costs, in the financial year 2011-12 was £162,500. This was 3.63 times the median remuneration of the workforce including redundancy costs, which was £45,096.

The remuneration of the highest paid individual in the financial year 2010-11 was £117,333. This was 4.37 times the median remuneration of the workforce, which was £26,932.

The reason for the reduction in the ratio from 4.37 to 3.63 is:-

- Downsizing of Standards for England from 58 Full Time Equivalents to 33 Full Time Equivalents;
- The highest paid individual has changed from the Chief Executive in 2010/11, who left in February 2011, to the Head of Strategic Relations due to the inclusion of the redundancy package; and
- The pay freeze impacted on all but three staff during 2011-12.

Senior Management Team and Interim Chief Executive Costs (excluding Board Members)

All members of the Senior Management Team (SMT) and the Interim Chief Executive were employed on permanent employment contracts which expired upon closure at 31 March 2012. Details of the Senior Managers redundancy packages are included in the notes below. The remuneration of the Senior Management Team of Standards for England was as follows:

Name	Position	2011-12 Remuneration £'000	2010-11 Remuneration £'000
T Leslie ¹	Interim Chief Executive	125-130	95-100
G Stacey ²	Chief Executive	-	115-120
S Barrow ³	Director of Standards	120-125	95-100
P Hoey ⁴	Head of Strategic Relations	160-165	80-85
V Horton ⁵	Director of Risk	-	110-115

No bonuses or benefits in kind were paid in either 2011-12 or 2010-11.

¹ Appointed as Director of Regulation 15 June 2009 and in addition appointed as Interim Chief Executive from 1 March 2011. Remuneration in 2011-12 includes £25,000 paid in accordance with the terms of the redundancy policy.

² Appointment ended 28 February 2011.

³ Remuneration in 2011-12 includes £24,000 paid in accordance with the terms of the redundancy policy.

⁴ Remuneration in 2011-12 includes £77,000 paid in accordance with the terms of the redundancy policy.

⁵ Appointment ended 31 March 2011. Remuneration in 2010-11 includes £32,000 paid in accordance with the terms of our redundancy policy.

Pension benefits

Name	Accrued lump sum at age 65 at 31.3.12 £'000	Accrued pension at age 65 at 31.3.12 £'000	Real increase in pension & related lump sum at age 65 £'000	CETV at 31.3.11 £'000	CETV at 31.3.12 £'000	Real increase in CETV £'000
T Leslie	0	0-5	0-2.5	39	68	29
G Stacey	0	5-10	0-2.5	90	95	5
S Barrow	0	0-5	0-2.5	32	56	24
P Hoey	65-70	30-35	0-2.5	323	387	64
V Horton	0	0-5	0-2.5	27	29	2

*Cash equivalent transfer value

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former pension scheme. The pension figures shown relate to the benefits accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Signed by



Tim Leslie
Interim Chief Executive and Accounting Officer
The Standards Board for England
Date: 10 July 2012

And on behalf of the Board



Dr Robert Chilton OBE
Chair
The Standards Board for England
Date: 10 July 2012

Governance Statement

Scope of responsibility

As Accounting Officer, I have had responsibility for maintaining a sound system of internal control that supported the achievement of Standards for England's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible. This is in accordance with the responsibilities assigned to me in Managing Public Money.

Standards for England had a comprehensive set of policies and procedures in place, which were appropriate for the business needs of the organisation and which represented an effective key element of the overall internal control system to ensure the full implementation of HM Treasury guidelines.

Background

The Department for Communities and Local Government (DCLG) informed Standards for England in May 2010 of the Government's intention to close the organisation. Since then staff operated with a dual focus maintaining their performance in a closedown environment and looking to their own future careers.

An organisation with significantly reducing staff numbers in year and with the remaining staff being made redundant at the year end is more likely to have Internal Control challenges than one in a routine operational year. The Board and Senior Management recognised this and the measures taken to ensure Internal Control in that environment as detailed below were considered and applied.

During the year ongoing risks either disappeared with closure or became problems which were resolved. At the time of closure of Standards for England on 31 March 2012 only one significant risk was unresolved: the resolution of the pension deficit. This was settled in full prior to the Annual Report being approved.

Governance Framework

The Board was the main governing body that exercised all the powers of Standards for England. There were two committees that dealt with the key aspects of governance within Standards for England and reported into the Board. These were:

- The Audit Committee; and
- The Remuneration Committee.

In addition a closure programme board was established with Board member representation to oversee the operational implementation of closure.

Board

The Board was responsible for ensuring that Standards for England achieved its strategic objectives, worked on behalf of its stakeholders and was run in a manner which was in keeping with the Corporate Governance Code. In the year leading up to closure the Board's responsibilities included setting the strategy for orderly closure, overseeing its implementation by the Executive and considering the financial and operational performance during that period.

During the year, the Board had one Chair and eight additional members making a total of nine members on the Board with one independent member supporting sub-committee activity until August. The Board Members were all non executive directors appointed by DCLG. They were appointed for a term of three years, renewable for such a period as DCLG saw fit.

The Board met seven times in the year to 31 March 2012 and their attendance records are detailed in the Members' attendance table.

The Standards Board for England ceased to exist on 31 March 2012 with the outstanding assets and liabilities being transferred back to the Secretary of State. All Board members' contracts ceased on that day however the Sponsor Department, DCLG, contracted with the Accounting Officer and three of the Board Members from the 2 April 2012 to provide Governance over the organisation's activities until the Annual Report was completed. While there was a discontinuity of appointment for one day as this was over a weekend there was no adverse impact on the governance of Standards for England.

The costs for ensuring good governance was continued until the Annual Report was completed are included in the closing accounts for Standards for England.

The Board's work during the year inevitably focused primarily on managing closure. It set itself the objective of managing a model closure to ensure that Government's policy intentions were met while ensuring staff were treated fairly and managed effectively during a difficult period. The Board therefore ensured it received representations from staff representatives as well as management ahead of agreeing its approach to voluntary redundancies and that all redundancy decisions were ratified at Board level. It also took responsibility for managing key strategic aspects of the programme to ensure that there was effective governance in place.

The importance of good governance is widely recognised, particularly amongst the Standards Board's stakeholders, and conducting governance assessments is considered good practice. In line with the Good Governance Standard, on which the Board's approach was based, the Board considered and debated their performance during the financial year and carried out a self-assessment of the way it operated at its Board meeting on 24 January 2012. Given the imminent closure of the organisation, the assessment was inevitably reflective rather than forward-looking but gave an opportunity for the Board to discuss how it had managed the organisation and its key internal and external relationships during the lead-up to closure. The Board was satisfied that it had operated effectively during the year and that the arrangements between the 31 March 2012 and the Annual Report being approved were satisfactory.

In order to deal with specific closure issues, the Board met as a Closure Programme Steering Group ahead of full Board meetings. The Steering Group was responsible for ensuring the orderly closure of Standards for England.

During the year, the Steering Group had one Chair and eight additional members making a total of nine members on the Group. It remained in place until closure of Standards for England and met six times in the year to 31 March 2012. Its attendance record was as for full Board meetings.

Audit Committee

The Audit Committee was the mechanism employed by the organisation to enable detailed scrutiny of the internal control system and provided a forum, independent of management, where both the internal and external auditors could raise matters of concern regarding any weaknesses or failures in the system. I regularly attended the

Audit Committee by invitation and considered all the reports made to it and the recommendations made by it.

The Committee reported directly to the full Board and was responsible for four key areas:

- Review of annual financial statements, giving consideration to changes in key accounting policies, significant judgements and adequacy of disclosures;
- Consideration of specific accounting issues arising during the year;
- Consideration of the internal control environment, reviewing and monitoring the scope and effectiveness of the activities of the internal audit function; and
- Liaison with the external auditors, reviewing the nature and scope of the audit.

In order to discharge those duties, the Audit Committee met four times during the year. The Audit Committee invited the Accounting Officer, members of the SMT, the Finance Manager, Head of Professional Standards, Head of Internal Audit, the National Audit Office and the lead audit partner of their contractors to join them at each of their meetings.

The Audit Committee comprised three Board members and (until August 2011) an independent member. Their appointment (as well as their term) was determined by the Board.

The Board met seven times in the year to 31 March 2012 and their attendance records are detailed in the Members' attendance table.

Board Member attendance 2011-12

Board Member	Board	Closure Programme Board	Audit	Remuneration
Dr R Chilton OBE	7/7			
Professor J Simons	7/7		4/4	
Councillor S Flint	7/7			0/0
P Gott	3/6			
E Hall	7/7	4/4	4/4	0/0
Councillor M Khan	5/7		1/4	
Councillor Sir R Watson CBE	5/7			
Councillor S Knight	6/6			
E Abderrahim	2/2			0/0

Remuneration Committee

The Remuneration Committee reported directly to the full Board and was responsible for agreeing the remuneration of staff.

The committee members were appointed by the Board and were on the Board until the closure of Standards for England. Due to the pay freeze for all public sector

employees covered by HM Treasury's Civil Service Pay Guidance, the Committee did not meet during the financial year.

The purpose of the system of internal control

The system of internal control was designed to manage risk to an acceptable level, commensurate with our business objectives, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control was based on a continuous cycle formulated to:

- Identify and prioritise the risks to the achievement of Standards for England's policies, aims and objectives.
- Evaluate the likelihood of those risks being realised, the impact, should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control was in place at Standards for England up until closure and accords with Treasury guidance.

Capacity to handle risk

The Board was responsible for overseeing the effective management of risk across the whole organisation. The Board identified strategic risks that could have affected the achievement of Standards for England's policies, aims and objectives and which needed to be managed actively. Individual risks were selected for monthly in-depth review by the SMT and other risks were selected for two-monthly reviews by the Board. Under Standards for England's risk management arrangements, identified risks were assigned to specific and appropriate individuals of at least director status to ensure effective ownership and management of those risks. All risks were reviewed and recalibrated monthly.

A corporate risk register was maintained by SMT, which included only the risks that would have the greatest adverse impact on the whole organisation if not managed effectively.

The Board and Audit Committee oversaw the risk management system across the organisation to ensure adherence to the risk policy. The Corporate Assurance Officer monitored and facilitated the risk management process.

Learning from best practice, we presented risk information in graphic as well as tabular form, showing risk movement and direction of travel month by month. Additionally, we reviewed the way we scored risk and categorised operational risks in regard to the changing nature of our activity.

A separate closure risk register and associated risk graphic were established, providing an important tool in the monitoring and mitigation of risks relating to the achievement of the closure programme objectives. This register and graphic were in the same format as the corporate risk register and graphic, thereby facilitating comparison of the two sets of documents.

Each risk in the closure risk register was reviewed at least monthly by the Closure Programme Manager. The Closure Programme Board was responsible for the oversight of the maintenance and operation of the register, though any residual risks and key issues relating to closure risks would be escalated to the Closure Programme Steering Group.

The DCLG lead official said at a meeting of the Closure Programme Board that the closure programme management and the organisation's approach to closure had been an exemplar, appreciated by Ministers for its professionalism, and was now being used as a model by the Department as it managed other closure programmes.

In the last quarter of the year the corporate risk register and the closure risk register were amalgamated to ensure resources were focused on areas of greatest risk.

The risk and control framework

Board

The Board was responsible for overseeing the effective management of risk across the whole organisation. This included agreeing the risk process and policy for the organisation, discussing emerging risks, reviewing and agreeing risk scores for impact and likelihood and reviewing mitigating actions being implemented. At each meeting, the Board reviewed and challenged the risk graphic showing risk assessment and movement. The Board received a short written report on risks and risk management from the Chief Executive and reviewed a selected risk in depth, involving relevant staff from within the organisation.

Audit Committee

At each Audit Committee meeting the Audit Committee reviewed the effectiveness of arrangements for risk management including internal audit reports and resulting action plans. In addition it monitored and reviewed the effectiveness of the risk management framework.

Internal Audit

Internal Audit was required to advise us on best practice and to review and report on the level of assurance provided concerning the effectiveness of governance, internal control and risk management to the Audit Committee.

The Chief Executive and SMT

The Chief Executive and SMT were responsible for ensuring that Standards for England's policies were effectively implemented, that risk was managed on a day-to-day basis, that risk awareness was promoted within the organisation and that risk management objectives were set within directorates. They ensured that risk management was considered at every SMT meeting and that appropriate priorities were agreed in the light of risk analysis and mitigating actions.

Corporate Assurance Officer

The Corporate Assurance Officer was responsible for co-ordinating the recording and reporting of risk to the Board and the Audit Committee, acting as the primary champion of risk management at strategic and directorate level and advising on the design of the risk management process.

Risk Owners

Identified risks were assigned to Risk Owners who updated the Corporate Assurance Officer on a monthly basis to ensure that any changes to the scoring of the risk were captured.

Risk Appetite

The overall approach to risk was to ensure that residual risks were minimised as the potential gains from accepting higher levels of risk were not thought to be significant in comparison to the potential consequences of the risks being realised.

Information Risk

There were no data security breaches in either 2011-12 or 2010-11. In the light of Government concerns over data security we reviewed and reissued guidance to staff on the handling of data in transit and use of laptops. Following the issue of further guidance by the Cabinet Secretary we reviewed all of our procedures. We had previously commissioned an independent Information Security Risk Assessment to help us understand where we were at risk of security breaches or lapses. This indicated a number of risk areas and we implemented actions to address the highest priority concerns. The remaining recommendations were reviewed in light of our anticipated abolition and those of continuing relevance in our changed circumstance were adopted.

Significant Internal Control issues

With the year being focused on the orderly closure of the organisation by 31 March the priority was maintaining internal control rather than focusing on developmental activity. Internal control was centralised with all transactions over £500 being approved and authorised by all three SMT members.

Going concern

In November 2011 the Localism Act became law, bringing with it the abolition of the "Standards Board Regime" and, under the provisions of the Act, final confirmation of the Government's intention to abolish Standards for England.

The accounts have not been prepared on a going concern basis as the organisation closed on 31 March 2012.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the following:

- The work of the internal auditors;
- The executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the external auditors in their management letter; and
- Other reports, such as specially commissioned reports on document management and other specialist matters.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan was used to address weaknesses and ensure continuous improvement of the system. In particular, the recommendations contained in audit reports were regularly tracked. At 31 March 2012 all audit recommendations had been implemented.

Standards for England continued to employ RSM Tenon as internal auditors for 2011-12, operating to Government Internal Audit Standards. The work of the internal auditors was carried out in accordance with the agreed plan, subject to the changing analysis of the risk provided by the risk management processes.

In their Annual Report on Internal Control RSM Tenon stated

“We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Standards for England’s arrangements.

In our opinion based on the work we have undertaken, for the 12 months ended 31 March 2012 Standards for England had adequate and effective risk management, control and governance processes to manage the achievement of the organisation’s objectives.”


It should be noted that the RSM Tenon opinion was for the audit work completed by February 2012, and presented to the Audit Committee on 20 March 2012, the opinion excludes any developments occurring subsequently.

The DCLG lead official said at a meeting of the Closure Programme Board that the closure programme management and the organisation’s approach to closure had been an exemplar, appreciated by Ministers for its professionalism, and was now being used as a model by the Department as it managed other closure programmes.

The Board continued to take overall responsibility for monitoring my performance and that of my executive officers in delivering a sound and effective system of internal control. They did this by receiving and considering reports from the Audit Committee on the work outlined earlier and the outcome of the internal and external audit reports. I was also subject to a formal appraisal process from the Chairman of the Board.

There have been no serious breaches of internal control during the financial year and no breaches between 31 March 2012 and the signing date of the accounts.

Signed by



Tim Leslie

Interim Chief Executive and Accounting Officer

The Standards Board for England

Date: 10 July 2012

Statement of the Board's and the Accounting Officer responsibilities

Under the Local Government Act 2000 as amended, the Secretary of State, with the consent of HM Treasury, has directed Standards for England to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts were prepared on an accruals basis and must give a true and fair view of the state of affairs of Standards for England and of its income and expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- 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 judgments and estimates on a reasonable basis; and
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements.

The Accounting Officer of the Department for Communities and Local Government has designated the Interim Chief Executive as Accounting Officer of Standards for England. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Standards for England's assets, as published by HM Treasury in *Managing Public Money*.

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 Standards Board for England for the year ended 31 March 2012 under the Local Government Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Standards Board for England's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Standards Board for England; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Standards Board for England's affairs as at 31 March 2012 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government Act 2000 and Secretary of State directions issued thereunder.

Emphasis of Matter – Going Concern

Without qualifying my opinion, I draw attention to Note 1 to the financial statements. The Localism Act 2011 provided for the abolition of the Standards Board for England at 31 March 2012. As a consequence of this, the financial statements have been prepared on a basis other than going concern. Details of the impact of this on the financial statements are provided in Note 1 to the financial statements.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Local Government Act 2000; and
- the information given in the Board information, Management Commentary and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

Date: 11 July 2012

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

Statement of Comprehensive Net Expenditure

		2011-12	2010-11
		£'000	£'000
Expenditure	Notes		As restated*
Staff Costs	2	(2,026)	(2,922)
Depreciation	7	(222)	(437)
Amortisation	8	(226)	(220)
Other Expenditure	3	(1,002)	(1,629)
Gross Expenditure		(3,476)	(5,208)
Income			
Income from activities	4	-	27
Net Expenditure		(3,476)	(5,181)
Interest Payable		(655)	(750)
Interest receivable	5	386	622
Net expenditure after interest		(3,745)	(5,309)

		2011-12	2010-11
		£'000	£'000
Other Comprehensive Expenditure	Notes		
Actuarial loss on defined benefit pension scheme	13b	(2,201)	(1,351)
Total Comprehensive Expenditure		(5,946)	(6,660)

All income and expenditure is derived from discontinued operations.

Net expenditure is funded by Grant in Aid as explained in accounting policy 1.7.

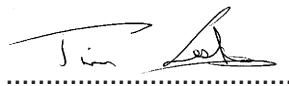
The notes on pages 37 to 54 form part of these accounts.

* See note 5.

Statement of Financial Position

	Notes	2011-12 £'000	2010-11 £'000	2009-10 £'000
Non-Current Assets				
Property, plant and equipment	7	-	226	626
Intangible assets	8	-	226	302
Receivables due after more than one year	9	-	-	1
		-	452	929
Current assets				
Receivables	9	6	171	319
Cash and cash equivalents	10	-	321	821
		6	492	1,140
Liabilities				
Current liabilities				
Payables	11	(95)	(309)	(804)
Provisions	12	-	(961)	(5)
Retirement benefit liability	13a	(8,013)	-	-
Net current (liabilities) / assets		(8,102)	(778)	331
Non-current liabilities				
Retirement benefit liability	13a	-	(5,347)	(5,820)
Assets less liabilities		(8,102)	(5,673)	(4,560)
Taxpayers' equity				
Pension reserve	13a	(8,013)	(5,347)	(5,820)
Closure Reserve		(73)	(961)	-
General reserve		(16)	635	1,260
Total Taxpayers' equity		(8,102)	(5,673)	(4,560)

Signed by



Tim Leslie
Interim Chief Executive and Accounting
Officer
The Standards Board for England

Date: 10 July 2012

And on behalf of the Board



Dr Robert Chilton OBE
Chair
The Standards Board for England

Date: 10 July 2012

Standards for England was abolished on 31 March 2012 by order of The Localism Act 2011 (Commencement No. 4 and Transitional, Transitory and Saving Provisions) Order 2012

The pension liability and the remaining payments to suppliers were transferred at closure to the sponsor Department, Department of Communities and Local Government. They were settled prior to the date of the accounts been signed.

The notes on pages 37 to 54 form part of these accounts.

Statement of Changes in Taxpayers' Equity

	Notes	Pension Reserve £'000	Closure Reserve £'000	General Reserve £'000	Total £'000
Balance at 1 April 2010		(5,820)	-	1,260	(4,560)
Change in Taxpayers' equity for 2010-11					
Net expenditure after interest*		1,824	(961)	(6,172)	(5,309)
Actuarial loss	13b	(1,351)	-	-	(1,351)
Grant-in-aid received	6	-	-	5,547	5,547
Balance at 31 March 2011		(5,347)	(961)	635	(5,673)
Changes in Taxpayers' equity for 2011-12					
Net expenditure		(465)	(40)	(3,240)	(3,745)
Actuarial loss	13b	(2,201)	-	-	(2,201)
Grant-in-aid received	6	-	928	2,589	3,517
Balance at 31 March 2012		(8,013)	(73)	(16)	(8,102)

*The 2010-11 costs have been restated to reflect the changes in pension valuation brought about by the move from IAS 19 to a cessation basis.

The notes on pages 37 to 54 form part of these accounts.

Statement of Cash flows

	Notes	2011-12 £'000	2010-11 £'000
Cashflows from operating activities			
Net expenditure		(3,745)	(5,309)
Adjustments for:			
Depreciation charges	7	222	437
Amortisation charges	8	226	220
(Profit) / Loss on disposal of non current assets	3	(33)	1
Movement in retirement benefit obligation		465	(1,824)
(Increase) / decrease in receivables		165	149
Increase / (decrease) in payables		(214)	(495)
Use of provisions		(961)	956
Net cash outflow from operating activities		(3,875)	(5,865)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		37	-
Purchase of property, plant and equipment	7	-	(37)
Purchase of intangible assets	8	-	(145)
Net cash outflow from investing activities		37	(182)
Cash flows from financing activities			
Grant-in-aid received	6	3,517	5,547
Net cash generated from financing activities		3,517	5,547
Net decrease in cash and cash equivalents		(321)	(500)
Cash and cash equivalents at 1 April		321	821
Cash and cash equivalents at 31 March	10	-	321

The notes on pages 37 to 54 form part of these accounts.

All cash flows are derived from discontinued operations.

Notes to the Annual Accounts

1.1) Basis of accounting

The financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FRm) as determined by the Department for Communities and Local Government with the approval of HM Treasury. The accounting policies contained in the FRm apply International Financial Reporting Standards as adapted or interpreted for the public sector context. The table below identifies new and revised IFRSs issued but not adopted in these financial statements.

Change published	Focus	Rationale for not including in 2011-12 Accounts
IFRS 7 Financial instruments disclosures	Prescribe arrangements for offsetting financial assets and liabilities	Effective from 2012-13
IFRS 9 Financial Instructions	Consolidate disclosure and recognition issues in connection with financial instruments	Effective from 2015-16
IFRS 10 - Consolidated Financial Statements	Establishes principles for the presentation and preparation of consolidated financial statements	Effective from 2013-14
IFRS 11 - Joint ventures	To clarify when a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.	Effective from 2013-14
IFRS 12 - Disclosure of interests in other entities	To clarify how certain aspects of existing IASB literature are to be applied to service concession arrangements.	Effective from 2013-14
IFRS 13 - Fair Value Measurement	Seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'.	Effective from 2013-14
IAS 1 – Presentation of comprehensive income	Amendments to describe the way that other comprehensive income is presented.	Effective from 2012-13
IAS 12 – Income Tax	Changes to deferred tax recognition and measurement of underlying assets.	Effective from 2012-13
IAS 19 – Employee Benefits	Changes to post employments benefits and termination benefits.	Effective from 2013-14
IAS 27 - Separate Financial Statements	Has the twin objectives of setting standards to be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent; and in accounting for investments in subsidiaries, jointly controlled entities, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.	Effective from 2013-14

IAS 28 – Associates	To clarify when an investor has significant influence but not control or joint control except for investments held by a venture capital organisation, mutual fund, unit trust, and similar entity that are designated under IAS 39 to be at fair value with fair value changes recognised in profit or loss	Effective from 2013-14
IAS 32 – Financial Instruments – Presentation	Amendments to application guidance on the offsetting of financial assets and financial liabilities	Effective from 2014-15

No new accounting standards have been applied.

Where the FReM permits a choice of accounting policy, the accounting policy which gives a true and fair view has been selected as Standards for England was abolished on 31 March 2012. The most significant impact is the pension valuation which has been prepared on a cessation basis rather than on the basis of IAS 19. The particular policies adopted Standards for England are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Basis of preparation

The financial statements have been prepared on a historical cost basis and are presented in sterling rounded to the nearest thousand pounds, except where otherwise indicated. The principal accounting policies are set out below.

Change in accounting estimates

During the prior year estimated lives of non-current assets have been reviewed to reflect the closure of the organisation on 31 March 2012.

On 28 May 2010 spending controls were implemented by the HM Treasury as part of the coalition Government's deficit reduction programme. These controls included the requirement to exercise break options in property leases. Consequently we have reduced the estimated lives of our property-related furniture and fittings from this date to the expected date of closure of the Manchester office.

On 5 August 2010 we wrote to the Department for Communities and Local Government, our sponsor Department, outlining our revised business plan in light of our reduced budget and recognising that our organisation had been earmarked for closure. All non-property related non-current assets have had their estimated useful lives amended to 31 March 2012.

1.2) Going concern

Following the General Election on 6 May 2010, the coalition Government announced that the 'Standards Board regime' would be abolished. The date of closure was 31 March 2012. Accordingly the accounts of Standards for England have been prepared on a basis other than going concern.

The impact of closure at 31 March 2012 was :-

- No non-current assets as they had been sold or transferred by the year end;
- The remaining cash balance, £32,569, was transferred back to the Department of Communities and Local Government on 30 March 2012;
- Minimal receivables/payables as the bulk of financial transactions had been settled by the year end;
- No provisions;
- No non-current liabilities; and
- A large current liability in respect of the pension deficit which was prepared on a cessation basis. This was a departure from the requirement of IAS 19 as management consider this represents a true and fair view of the pension liability at 31 March 2012. The liability was paid prior to the Annual Report been approved.

The Statement of Financial Position at 31 March 2012 shows net liabilities of £8,102,000, of this £8,013,000 relates to the pension deficit. This reflects the inclusion of liabilities falling due prior to sign off of the Annual Report and Accounts. Standards for England's sponsoring department, the Department for Communities and Local Government will meet these liabilities.

Grant-in-aid for 2011-12, taking into account the amounts required to meet Standards for England's liabilities falling due in that year, has been included in the Departments estimates for that year, which have been approved by Parliament.

1.3) Property, plant and equipment

Expenditure on property, plant and equipment of £2,500 or more gross of VAT was capitalised. On initial recognition, assets were measured at cost including any costs such as installation directly attributable to bringing them into working condition. All property, plant and equipment was reviewed annually for impairment. All tangible non-current assets held by Standards for England were fully written down at 31 March 2012.

1.4) Intangible assets

Expenditure on intangible assets which were software licenses and the associated costs of implementation was capitalised where the cost was £2,500 including VAT. Intangible assets were reviewed annually for impairment and were stated at amortised historic cost. Software licences were fully written down by 31 March 2012.

1.5) Depreciation and amortisation

Depreciation and amortisation was provided on all non current assets on a straight-line basis over their estimated useful lives. As Standards for England closed on 31 March 2012 all assets have been fully depreciated to zero value.

1.6) Valuation of non-current assets

As permitted by IFRS 1, property, plant and equipment were accounted for at their historical cost value, as the financial effect of revaluation to fair value was considered to be immaterial.

Assets under construction represent plant and properties under construction were stated at cost. This included cost of construction, plant and equipment acquired and other direct costs. Assets under construction were not depreciated until such time as the relevant assets were available for their intended use.

The carrying values of non-current assets were reviewed for impairment in periods if events or changes in circumstances indicated that the carrying value may not be recoverable.

At 31 March 2012 all assets had been sold or disposed of with a gain of £33,234.

1.7) Grant-in-aid

Grant-in-aid used to finance activities and expenditure which supports the statutory and other objectives of the entity is treated as financing and credited to the General Reserve, because it is regarded as a contribution from a controlling party.

1.8) Value Added Tax

Standards for England was registered for VAT when it made sales in relation to its conference and publication materials. In 2011-12 this ceased and Standards for England deregistered for Value Added Tax (VAT) on 30 November 2011.

All irrecoverable VAT is included as part of the expenses concerned and capitalised as part of the cost of property, plant and equipment acquired as appropriate.

1.9) Operating leases

Lease payments under operating leases were recognised as an expense on a straight-line basis over the lease term or to the closure of Standards for England on 31 March 2012, whichever was the earliest.

1.10) Pension

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out every three years. Actuarial gains and losses are taken to reserves immediately on recognition. Past service cost was recognised immediately to the extent that the benefits had already been realised, and otherwise is amortised on a straight-line basis over the average period until the benefits are realised.

The retirement benefit obligation recognised in the Statement of Financial Position represents the cessation value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses as reduced by the fair value of the pension plan assets. As a consequence of the closure of Standards for England, a cessation payment was triggered at 31 March 2012 in respect of the pension obligations and this basis was used to account for its defined benefit obligations.

The change in basis of determining the pension deficit from IAS 19 to a cessation basis resulted in the accounts been restated for 2010-11.

Details of Standards for England's pension scheme are shown in note 13.

1.11) Receivables

Receivables were initially recognised at fair value and measured at amortised cost using the effective interest method. Impairment losses were recognised where there was objective evidence that the organisation would not be able to collect all amounts due according to the original terms of the receivables.

1.12) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with banks.

1.13) Payables

Payables and other short-term monetary liabilities were recognised at amortised cost that will be settled by DCLG. Payables included an accrual for the costs of retaining the Board members and the Accounting Officer after year end to complete the Annual Report.

1.14) Revenue Recognition

Revenue was measured at the fair value of the consideration received or receivable. It was recognised net of VAT.

1.15) Provisions

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Standards for England provided for its obligations arising from past events where a reliable estimate of this obligation could be made and it was probable that the obligation would have to be settled.

1.16) Segmental Reporting

Segmental reporting analysis has not been reported as Standards for England operated as one segment.

All expenditure identified in the Statement of Comprehensive Net Expenditure was classified as Programme expenditure in the spending review of the Department of Communities and Local Government, our Sponsor Department.

1.17) Significant Estimates and Management judgements

The pension cessation was prepared by the Actuary from Greater Manchester Pension Fund and independently reviewed and verified by the Government Actuary's Department. Estimates included in the pension cessation calculation include mortality expectations, Consumer Price Index and Discount rates. Management judgement was used at 31 March 2011 to determine provisions and accruals. Due to cessation at 31 March 2012 management judgement was limited.

2) Staff Costs

	Wages & Salaries £'000	Social Security Costs £'000	Pension Costs £'000	Total £'000
Current Year				
Remuneration of continuing staff	1,269	121	444	1,834
Redundancy costs attributable to in year headcount reduction	-	-	-	-
Redundancy costs attributable to final closure	-	-	-	-
Permanently employed staff	1,269	121	444	1,834
Board members	99	9	-	108
Temporary staff	84	-	-	84
Staff on secondment	-	-	-	-
Total	1,452	130	444	2,026

Redundancy costs incurred through the closure of the organisation were included in the 2010-11 figures.

During both the current and previous year, all staff earning in excess of £21,000 were subject to a pay freeze in accordance with Government spending controls. Staff earning less than this amount received an increase equivalent to £250 pro rata per full time equivalent.

	Wages & Salaries £'000	Social Security Costs £'000	Pension Costs £'000	Total £'000
Previous Year				
Remuneration of continuing staff	2,248	179	(1,094)	1,333
Redundancy costs attributable to in year headcount reduction	681	15	-	696
Redundancy costs attributable to final closure	609	-	70	679
Permanently employed staff	3,538	194	(1,024)	2,708
Board members	108	10	-	118
Temporary staff	89	5	2	96
Staff on secondment	-	-	-	-
Total	3,735	209	(1,022)	2,922

The employer's contribution for 2011-12 was 17.2% for all Standards for England employee. In 2010-11 it was 15.8%.

	2011-12 Average No FTE	2010-11 Average No FTE
Number of persons employed during the year		
Permanent staff including Chief Executive	33	58
Board	8	9
	41	67
Temporary Staff	1	2
Seconded staff	-	-
Total number of staff	42	69

On 31 March 2012 the Standards Board for England ceased and all remaining employees were made redundant.

Redundancy packages

	2011-12	2010-11
Redundancy Package		
Less than £10,000	13	8
£10,000 - £25,000	13	20
£25,000 - £50,000	5	4
£50,000 - £100,000	2	3
Total Number	33	35
Total Cash paid	£610,569	£695,873

All redundancies were voluntary for both financial years. Redundancy costs have been paid in accordance with Standards for England terms and conditions. All exit costs were either paid in or accrued during 2010-11. Where the redundancy resulted in early retirement the additional pension costs have been met by Standards for England.

3) Other Expenditure

	2011-12 £'000	2010-11 £'000 (As restated)
Payments made under operating leases ¹	218	618
Rates and service charges ²	206	91
Conferences ³	-	264
Professional fees ⁴	174	93
Computer expenses	84	148
Telecommunications costs	53	67
Subscriptions	56	70
Training	45	39
Communications ⁵	36	20
Travel and subsistence	39	59
Recruitment costs ⁶	-	22
Internal auditors' fee	23	47
External audit fee	57	35
Miscellaneous costs ⁷	44	55
Taxation ⁸	-	-
Non cash items of expenditure:		
(Gain) / Loss on disposal of assets	(33)	1
Total	1,002	1,629

- Operating lease on the office accommodation at Griffin House ceased on 15 January 2012. Payments made under operating leases include the costs of cancelling lease contracts including commitments due after our anticipated closure.
- Rates and Service charges include service charges incurred for the period of 2007-12 at Griffin House for the office accommodation. During negotiation of the cessation of the operating lease, service charges for the period 2007-12 were determined and charged in 2011-12.
- The annual assembly in 2011-12 did not take place. Conference expenditure in 2010-11 includes £220,000 incurred in regards to the cancellation of the 2010 annual assembly.
- Professional fees consist of the following expenses: specialist fees, transcription fees, legal fees, judicial review, high court appeals, First-Tier representatives, and local standards committee representatives.
- Communications costs comprise the following expenses: conferences, publications, guidance/advice, website development, Bulletins, the Case Review, the Annual Report and Review, complaints leaflets and other communications.
- Recruitment costs were incurred prior to the introduction of the Government's recruitment freeze. No recruitment activity has occurred since the introduction of the Government's spending controls.
- Miscellaneous costs include office equipment, subscription, refurbishment expenditure and office supplies.
- Corporation tax is charged on interest receivable. The tax rate used is 20% (2010-11: 21%).
- Gain on disposal of assets of £33,000 is reported net of a loss on disposal of £2,302 arising on the donation of Computerised Whiteboards to the Training and Development Agency for Schools.

Closure costs

A breakdown of closure costs incurred by Standards for England since closure was announced in December 2010 is detailed below:-

	Notes	£'000
Income		
Gain on disposal of assets		33
Total		33
Expenditure		
Staff Costs	1	(2,134)
Other Expenditure	2	(282)
Gross Expenditure		(2,416)
Net Expenditure		(2,383)
Contribution to capital costs of early retirement	3	(70)
Total Comprehensive Expenditure		(2,453)

The majority of costs were determined on a cash basis spanning the period two financial years since December 2010.

Notes

1. This includes time staff have spent on closure activities during 2011-12, (£357,000) and redundancy costs which were fully provided in 2010-11. Payments have been made as staff have been made redundant during 10-11 and 11-12.
2. Dilapidations costs of £150,142, the cost of breaking the operating lease on Griffin House and photocopiers £17,000
3. This is the cost of early retirements which have been realised as a result of closure. The actuarial loss on the pension scheme, in line with other public sector pension schemes, is treated as an operational expense. Closure resulted in the pension deficit becoming crystallised at 31 March 2012 and payment to the Greater Manchester Pension Authority was made by DCLG.

4) Income from activities

	2011-12 £'000	2010-11 £'000
Conference income	-	136
Less refunds given	-	(136)
Net conference income	-	-
Other income	-	26
Publication income	-	1
Total	-	27

Conference revenue was generated through individual spaces sold at the Annual Assembly where the individual sale price is calculated on the basis to optimise attendance. The annual assembly in 2010-11 was planned and cancelled and did not take place in 2011-12.

Other income in 2010-11 included contributions from our Sponsor Department to the administrative costs of Standards for England incurred in operating the capacity building programme for local councils.

This information is provided for fees and charges purposes and not for IFRS8 (operating segments) purpose.

5) Interest receivable

	2011-12 £'000	2010-11 £'000 (As restated)
Interest receivable	386	622

Standards for England operated an interest-bearing current account. During both the current and previous years, prevailing interest rates remained below the threshold at which interest was paid.

Net pension interest and expected return on assets has been reclassified and shown on a gross basis with interest payable and interest receivable in accordance with the requirements of IAS 19.

6) Grant-in-aid

Grant-in-aid is receivable from Communities and Local Government to fund revenue expenditure, the purchase of non current assets, and capital projects.

	2011-12 £'000	2010-11 £'000
Amounts received	3,550	5,547
Amounts returned	(33)	-
Total	3,517	5,547

7) Property, plant and equipment

2011-12	Assets under construction £'000	Computer equipment £'000	Office equipment, furniture and fittings £'000	Total £'000
Cost				
At 1 April 2011	-	251	1,132	1,383
Disposals	-	(251)	(1,132)	(1,383)
At 31 March 2012	-	-	-	-
Depreciation				
At 1 April 2011	-	229	928	1,157
Charge for the period	-	18	204	222
Disposals	-	(247)	(1,132)	(1,379)
At 31 March 2012	-	-	-	-
Carrying amounts				
At 31 March 2011	-	22	204	226
At 31 March 2012	-	-	-	-

2010-11	Assets under construction	Computer equipment	Office equipment, furniture and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2010	201	460	902	1,563
Transfers	(238)	8	230	-
Additions	37	-	-	37
Disposals	-	(217)	-	(217)
At 31 March 2011	-	251	1,132	1,383
Depreciation				
At 1 April 2010	-	416	521	937
Charge for the period	-	30	407	437
Disposals	-	(217)	-	(217)
At 31 March 2011	-	229	928	1,157
Carrying amounts				
At 31 March 2010	201	44	381	626
At 31 March 2011	-	22	204	226

8) Intangible assets

2011-12	Assets under construction	Software Licences	Total
	£'000	£'000	£'000
Cost			
At 1 April 2011	-	1,272	1,272
Disposals	-	(1,272)	(1,272)
At 31 March 2012	-	-	-
Amortisation			
At 1 April 2011	-	1,046	1,046
Charge for the period	-	226	226
Disposals	-	(1,272)	(1,272)
At 31 March 2012	-	-	-
Carrying amounts			
At 31 March 2011	-	226	226
At 31 March 2012	-	-	-

Standards for England is no longer a going concern and all non-current assets, including the CRM system have been fully impaired and charged to the Statement of Comprehensive Net Expenditure.

2010-11	Assets under construction	Software Licences	Total
	£'000	£'000	£'000
Cost			
At 1 April 2010	146	989	1,135
Transfers	(288)	288	-
Additions	142	3	145
Disposals	-	(8)	(8)
At 31 March 2011	-	1,272	1,272
Amortisation			
At 1 April 2010	-	833	833
Charge for the period	-	220	220
Disposals	-	(7)	(7)
At 31 March 2011	-	1,046	1,046
Carrying amounts			
At 31 March 2010	146	156	302
At 31 March 2011	-	226	226

9) Receivables

	2011-12 £'000	2010-11 £'000	2009-10 £'000
Amounts falling due within one year:			
Prepayments	-	166	307
VAT debtor	-	-	6
Other receivables	6	5	6
	6	171	319
Amounts falling due after one year:			
Other receivables	-	-	1
	-	171	320

10) Cash and cash equivalents

	£'000
Opening Balance at 1 April 2010	821
Net change in cash and cash equivalent balances	(500)
Opening Balance at 1 April 2011	321
Net change in cash and cash equivalent balances	(321)
Closing balance as at 31 March 2012	-

	2011-12 £'000	2010-11 £'000	2009-10 £'000
Amounts held at commercial banks	-	321	821

No cash balances were held directly at either Standards for England or HM Paymaster General.

11) Payables

Payables – amounts falling due within one year	2011-12	2010-11	2009-10
	£'000	£'000	£'000
Payables	95	13	55
Accruals	-	245	640
Deferred income	-	51	109
Total payables before pension deficit	95	309	804
Pension Deficit	8,013	-	-
Total payables	8,108	309	804

Payables will be settled by DCLG post 31 March 2012 for amounts outstanding to suppliers which could not be paid prior to the year end.

All amounts are due to bodies external to Government.

Interest of £39,682 was accrued on the settlement of the Pension deficit.

12) Provisions

	Closure costs	Other	Total
	£'000	£'000	£'000
At 1 April 2010	-	5	5
Arising during the period	961	-	961
Utilised during the period	-	(5)	(5)
At 1 April 2011	961	-	961
Arising during the period	-	137	137
Released unused	(137)	-	(137)
Utilised during the period	(824)	(137)	(961)
As at 31 March 2012	-	-	-

The provision was utilised against closure costs as follows:-

	£'000
Redundancy costs	578
Early retirements	70
Dilapidations	155
Operating Leases	21
Total	824

Other provisions relates to the backdated service charges for the leased property, Griffin House, as detailed in note 3.

All provisions have been settled in the 2011-12 financial year.

13) Retirement benefits

Standards for England was an admitted body to the Greater Manchester Pension Fund, which operates under the Local Government Pension Scheme Regulations. It is a defined benefit scheme based on final pensionable salary.

The valuation of the pension deficit at 31 March 2012 has been prepared on a cessation basis. Hymans Robertson carried out the actuarial valuation. Liabilities were valued on an actuarial basis using the projected unit method of valuation, which assesses the future liabilities discounted to their present value.

The net pension liability as at 31 March 2012 is £8,013,000 on a cessation basis. DCLG have settled this liability with the Greater Manchester Pension Fund. During 2011-12 the employer made a contribution of 17.2% for each employee's pensionable salary who joins the scheme, which amounts to £209,000 in 2011-12 with the prior year amount being £906,000.

Note 13b contains cost charged to the net expenditure account for the year ended 31 March 2012, along with an analysis of the amount recognised in the Statement of Changes in Taxpayer's Equity. Also shown are the movement of the net expenditure over the year and the history of experienced gains and losses, expressed as a percentage of assets and/or liabilities.

13a) Statement of Financial Position as at 31 March 2012

Assumptions as at	31-Mar-12	31-Mar-11
	% p.a.	% p.a.
Inflation / pension increase rate - CPI	2.5	2.9
Salary increases	n/a	4.4
Life expectancy for 65 year olds (years)		
Males	85.7	85.7
Females	88.5	88.5
Discount rate	3.3	4.2

Fair value of plan assets	Expected Return		Plan Assets	
	2011-12	2010-11	2011-12	2010-11
	% p.a.	% p.a.	£'000	£'000
Equities	n/a	4.2	6,376	6,009
Bonds	n/a	4.2	1,639	1,548
Property	n/a	4.2	455	455
Cash	n/a	4.2	638	1,093
Total			9,108	9,105

The expected rate of return is that which would have applied if the cessation valuation was carried out at 31 March 2011. The actuarial loss on the plan assets was £638,000 (2010-11 – loss of £1,171,000)

Net pension liability as at	2011-12	2010-11
	£'000	£'000
Estimated fair value of employer assets (A)	9,108	9,105
Present value of funded obligations ¹	17,121	14,452
Total value of liabilities (B)	17,121	14,452
Net pension liability (A-B)	(8,013)	(5,347)

¹ It is estimated that this liability comprises of approximately £0, £11,305,000, and £5,816,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2012.

13b) Revenue account costs for the year to 31 March 2012

Analysis of amounts charged to net expenditure	2011-12		2010-11	
	£'000	% of Pay	£'000	% of Pay
Current service cost ¹	354	27.2	407	19.1
Expected return on employer assets	(385)	(29.6)	(622)	(29.1)
Interest on pension scheme liabilities	615	47.2	750	35.1
Past service cost ²	-	-	(1,453)	(68.1)
Curtailments and settlements	140	-	-	-
Total operating charge	724	44.8	(918)	(43.0)

¹ The service cost figures include an allowance for administration expenses of 0.2% of payroll.

² The past service cost figure for 2010-11 includes a credit of £1,453,000 in respect of the changes to pension increases introduced in the Chancellor's budget statement on 22 June 2010 which stated that future pension increases would be linked to the Consumer Price Index (CPI) and not the Retail Price Index (RPI)

Reconciliation of defined benefit obligation	2011-12	2010-11
	£'000	£'000
Opening defined benefit obligation	14,452	14,577
Current service cost	354	407
Interest cost	615	750
Contribution by members	91	150
Actuarial losses / (gains)	1,648	180
Past service cost	-	(1,453)
Losses on curtailments	140	-
Benefits paid	(179)	(159)
Closing defined benefit obligation	17,121	14,452

Reconciliation of fair value of employer assets	2011-12	2010-11
	£'000	£'000
Opening fair value of employer assets	9,105	8,757
Expected return on assets	385	622
Contribution by members	91	150
Contribution by the employer	209	906
Actuarial (losses) / gains	(503)	(1,171)
Benefits paid	(179)	(159)
Closing fair value of employer assets	9,108	9,105

	2011-12	2010-11	2009-10	2008-09	2007-08
	£'000	£'000	£'000	£'000	£'000
Experience gains and losses					
Present value of defined benefit obligation	17,121	14,452	14,577	6,952	6,886
Fair value of plan assets	9,108	9,105	8,757	5,785	5,868
Deficit on plan	8,013	5,347	5,820	1,167	1,018
Actuarial gain / (loss)	(571)	(1,171)	1,815	1,505	372
Liabilities experience gain / (loss)	858	2,472	-	-	(1,043)

IFRS was first adopted for valuation of gains and losses in 2009-10, previously valuations were completed using UK GAAP.

Amounts recognised in the Statement of Comprehensive Net Expenditure	2011-12	2010-11
	£'000	£'000
Opening position	(6,721)	(5,370)
Actuarial (loss) / gain on plan assets	(503)	(1,171)
Actuarial gain / (loss) on obligations	(1,648)	(180)
Cumulative actuarial (loss) / gain recognised	(8,872)	(6,721)

As Standards for England closed on 31 March 2012 no further contributions will be paid to Greater Manchester Pension Fund .

14) Lease commitments

Annual commitments under operating leases	2011-12	2010-11	2009-10
	£'000	£'000	£'000
Land and buildings on leases expiring:			
Within one year	-	211	208
Within two to five years	-	435	647
Other operating leases expiring:			
Within one year	-	12	12
Within two to five years	-	15	27
Total	-	673	894

15) Financial instruments

HM Treasury guidance and IFRS 7 require that the accounts of Standards for England contain disclosures in respect of financial instruments (financial assets and financial liabilities) maintained by Standards for England.

Standards for England's principal financial instrument is cash. The main purpose of this financial instrument is to provide working capital for the organisation's operations. The organisation has various other financial instruments, such as receivables and payables, which arise directly from its operations. In all cases fair value is equal to carrying value. The main risk arising from the organisations financial instruments are as follows:

Financial Risk

The organisation's finance function managed financial risks relating to operations. The organisation considers that the only risk arising from its financial instruments is interest rate risk (see below).

Interest rate risk

Standards for England was exposed to interest rate risk on bank balances. Apart from short-term receivables and payables, the only financial instrument maintained during the period was cash held on current account. Standards for England regard the risk as minimal.

Liquidity risk

Ultimate responsibility for liquidity risk management rested with the Board, which has established a policy for management of Standards for England's short, medium and long-term funding and liquidity management policies.

Standards for England maintained adequate reserves by continuously monitoring forecast and actual cash flows.

There had been no change to Standards for England's exposure to liquidity risk or the manner in which it managed and measured the risk.

Credit risk

The organisation had no significant exposure to credit risk as its only income was conference revenue and no conferences were held in 2011-12.

The organisation had no trade receivables and therefore is exempt from disclosures of debtor days and ageing as required by IFRS 7.

During the accounting period 2011-12 there were no material amounts of any debts or any provision for bad or doubtful debts (2010-11 Nil).

Capital risk

At 31 March 2012 Standards for England had transferred all remaining funds to its sponsor Department, the Department for Communities and Local Government.

16) Related party transactions

Standards for England was a non-departmental public body sponsored by the Department for Communities and Local Government. The Department for Communities and Local Government is regarded as a related party, as were other entities that it sponsors.

Standards for England had material transactions with the Department for Communities and Local Government during the financial year by way of grant-in-aid of £3,517,000 (2010-11 - £5,547,000).

None of the Board members, key management or other related parties has undertaken any material transactions with Standards for England.

Greater Manchester Pension Fund is considered a related party and Standards for England had transactions of £206,000 during the year (2010-11 - £906,000) which was the employer's contribution.

17) Capital Commitments

There was no capital expenditure by Standards for England since the announcement in May 2010 of the Government's intention to abolish the Standards Board regime. There are no outstanding capital commitments.

18) Contingent liabilities

Given the nature of the business undertaken by Standards for England, there exists the possibility that legal or other costs may arise subsequent to these accounts, in respect of cases completed or legal decisions given in 2011-12 or previous years.

There were no recognised contingent liabilities at 31 March 2012.

19) Post Balance Sheet Events

At the 30 March the residual cash balance was repaid to the sponsoring Department, Department for Communities and Local Government. After the Statement of Financial Position date of 31 March 2012, the sponsoring Department settled all outstanding liabilities as stated in the Statement of Financial Position.

The accounts were authorised for issue by the Accounting Officer on the date the accounts were certified by Comptroller and Auditor General.

The financial statements do not reflect consideration of events after this date however if any further items of income or expenditure do arise, it is expected that these would be recognised and resolved by the sponsor Department.

20) Constructive losses

Constructive losses were incurred where the terms and conditions of the procurement meant that Standards for England incurred costs for services beyond the date of closure or, in the case of Griffin House, for the period between Standards for England vacating the premises and the termination of the lease in January 2012.

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Lexis Nexis	Online reference material	£561
Orange	Mobile phone licenses	£200
Bruntwood (Serviced Office)	Office Space	£2,473
Pinnacle	Software License	£443
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Office Pro and Visual Licence	Software License	£6,267
Vivreau	Equipment rental	£777
Total		£104,247



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