

National School of Government

Annual Report and Resource Accounts 2008-09

(For the year ended 31 March 2009)

Presented pursuant to the Government Resources and Accounts Act 2000, Chapter 20, Section 6(4)
Resource Accounts and Departmental Report presented on 13 July to the House of Lords
by Command of Her Majesty

National School of Government

Annual Report and Resource Accounts 2008-09

(For the year ended 31 March 2009)

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Annual Report

The National School of Government

Scope

The Annual Report and Resource Accounts present the results for the financial year 2008-09 of the National School of Government.

Rod Clark

2 July 2009

Principal and Chief Executive
National School of Government
Sunningdale Park
Ascot
Berkshire
SL5 0QE

Foreword

I am pleased to be able to lay the 2008-09 Annual Report and Resource Accounts for the National School of Government before the Westminster Parliament, the Scottish Government, the National Assembly for Wales and the Northern Ireland Assembly.

This Report is the third to be published by the National School as a department and the second to cover a full financial year after separation from the Cabinet Office in 2007. The Report reflects the Department's activities in helping to build the Civil Service's capability to design and deliver better public services.

Rt Hon Tessa Jowell MP
Minister for the Cabinet Office, the Olympics, London and Paymaster General

Chief Executive's Introduction

2008-09 has been a year of continued progress for the National School of Government.

Significant successes included our involvement in the second Civil Service Live event, confirmation that the School is seen as a market leader by those working in central government, the launch of Innovation Hub and great work supporting public administration reform overseas.

2008-09 saw necessary introspection with regard to organisational purpose, configuration and processes, with the ultimate aim of developing a business model that will see the National School better able to meet corporate need for a better public service on a sustainable basis. The result is an organisational change programme that will establish us as government's instrument for change through learning, see us develop further improved stakeholder relationships, raise capability, seek efficiencies, and establish a new performance management regime and management structure.

The School had a change of leadership during the year, which began under the stewardship of Robin Ryde, prior to my appointment in the late summer of 2008. I would like to thank and congratulate Robin for his contribution, and to express my appreciation for the hard work of the National School's Executive Committee and Steering Board – both of which have now been succeeded by a new structure of governance arrangements for the School.

On a sadder note, I would like to mark the untimely passing of the National School's first principal and chief executive David Spencer, whose role in establishing the organisation cannot be overestimated. Pursuing the challenges that face us today with the passion, intelligence and good humour that he brought to the task will, I hope, be a fitting tribute to him from all of us at the School.

Rod Clark
Principal and Chief Executive
National School of Government

The Annual Review

The National School of Government is the centre for excellence for innovation in learning and development in support of public services. A non-ministerial government department, the National School supports public servants and public service organisations with learning support through training programmes, research, consultancy, evaluation, toolkits and tailored services.

Looking back...

In 2008-09 the National School raised its income significantly. However by the end of 2008 it became clear that the School had not been able to increase its income sufficiently to be able to keep within the Parliamentary Estimate. Additional funding of £1.5million was provided by Parliament via a Spring Supplementary Estimate.

The School met targets for staff costs and quality of learning and development programmes, and made a significant contribution to government reform both domestically and overseas.

A selection of highlights from the year includes:

- Market research

Market research conducted by the National School in 2008 confirmed the National School as the best-known provider of learning and development by those working in central government, and is seen as a market leader in terms of price and quality.

- Leadership Development

The National School's Top Management Programme included an international week for the first time, with participants travelling to Austria together as part of their development.

Collaboration between Ashridge Business School and the National School on the Public Management Index 2008 showed that managers view challenging and interesting work as the most motivating factor in their jobs, and confirmed the continuing need for effective leadership and leadership development.

- The Sunningdale Institute

Head of the Sunningdale Institute Sue Richards was appointed a Senior Fellow by the Institute for Government which, through its commitment to making government more effective, has a complementary remit to the National School.

- Whitehall Innovation Hub

Funded by the Department for Innovation, Universities & Skills (now part of the Department for Business, Innovation and Skills) and established by the Sunningdale Institute in 2008, the Whitehall Innovation Hub provides a focal point for innovation across Whitehall and supports innovation in government and public services by capturing and disseminating learning.

- Policy Hub

The National School became home to Policy Hub, an on-line portal devoted to strategic thinking and improved policy making and delivery. Formerly hosted by the Government Social Research Unit (GSRU), Policy Hub has subscribers from a range of sectors both in the UK and internationally.

- Events

Civil Service Live was launched in April 2008 by Sir Gus O'Donnell and the National School of Government in association with Whitehall & Westminster World. The largest ever gathering of civil servants, the event aimed to inspire innovation across the entire UK civil service and featured National School 'taster sessions' on a range of themes.

A National School conference 'The Challenge of Delivery: cross-departmental PSAs' picked up key themes from 'Civil Service Live' in exploring how public servants can work together to meet rising public expectations and meet targets.

- Reports

'Engagement and Aspiration: Reconnecting Policy Making with Front-Line Professionals', a report commissioned by the Cabinet Office and published by the Sunningdale Institute, concluded that effective policies require more engagement with front-line professionals in policy-making.

A report 'Evidence Based Policy-Making', the culmination of a series of seminars run by the National School in partnership with the Public Management Policy Association (PMPA), identified knowledge-sharing, understanding different analytical approaches and ways of working together as key to successful collaboration.

Women in UK and international public sector roles want greater leadership and organisational commitment to gender equality, according to a National School report. 'Pushing for Gender Equality in the Public Sector' drew on findings from a survey of delegates to the National School's International Women's Conference.

- International work

As part of The National School's work in partnership with the Department of the Civil Service (DCS), Emirate of Abu Dhabi, the National School has customised the Top Management Programme for senior leaders in the Abu Dhabi civil service, and assisted in the development of better governance and human resource management systems.

The National School welcomed to Whitehall governors and senior officials from the Kurdistan Regional Government in Iraq as part of a long-term commitment to professionalising public administration in the region. The project will be designed to raise the skills of Kurdish officials working in ministries and at local level, with the aim of eventually establishing a civil service college in the Kurdistan region.

Headline Performance 2007-08

93% of participants attending National School programmes evaluated the events as being either effective or highly effective in meeting their learning aims and objectives (i.e. box 1 or 2 on a six box scale, where 1 is high).

Looking Ahead...

In 2009-10, the National School will continue to:

- improve the services provided by government to citizens through its work supporting government transformation and working with the Civil Service corporately;
- provide learning and development in the range of disciplines and skills required by public servants and offer a core learning programme in leadership, public policy outcomes, core skills for senior staff and leadership and governance;
- offer a breadth and depth of expertise drawn from academics, industry leaders, business schools and universities, professional and awarding bodies, and the School's own faculty;
- work in close partnership with stakeholders and client organisations, commissioners and government bodies including the Civil Service Capabilities Group in Cabinet Office, Government Skills in Department for Business, Innovation and Skills, government departments and other public leadership academies.

Organisational review

In 2008 an Organisational Review of the National School was undertaken based on the Capability Review model. The report set the organisation a number of challenges it must meet in order to deliver on the Management Group's commitment. Accordingly, during 2009-10 and beyond the National School will:

- agree with stakeholders a 'new deal' that establishes the National School as government's corporate instrument for transformation of public services through learning;
- develop and deliver a multi-year cross-boundary corporate learning programme for the Civil Service;
- engage with senior stakeholders to raise the School's reputation and value;
- build National School capability to support and deliver the 'new deal';
- implement a new performance framework;
- reduce costs and increase efficiency and effectiveness;
- optimise use of major resources and assets including establishing a new presence in London.

Chaired by the Cabinet Secretary, the Permanent Secretaries Management Group has asserted its commitment to the National School as the source of core learning for public service delivery, and acknowledged the need to engage with the School to address shared learning priorities and re-prioritise departmental learning and development spending.

- *A programme for change*

Whilst the National School's business model remains the same for 2009-10, a major change programme will see a significant refocusing of the organisation's constitution and processes. The programme includes:

- stronger ownership of the School by the leadership of the Civil Service;
- a new Civil Service Learning and Skills Board reporting to the Permanent Secretaries Management Group to establish the School's performance regime, oversee development of the corporate programme and ensure departmental buy-in;
- the appointment of a new Strategic Client Relations Director to develop stronger relationships with government departments;
- a 'lean' review of key processes and developing a more robust performance framework;
- the appointment of a new Director of Learning Delivery to strengthen learning programmes and management of the organisation's permanent staff resource.

Operating Framework

Over the next few years there will be continuing pressures to reduce Public Expenditure overall. In that context the School has opportunities to offer better value through a higher level of corporate learning programmes for the Civil Service and its delivery partners. For 2009-10 the National School has set an income target of £31.2m of which £1m is new income from the 'New Deal'. This will be corporately commissioned and mandated work which will have financial risks identified and appropriately managed in a way that guarantees that the School's full costs are recovered

Governance

Ministerial accountability

Although the National School is 'non-ministerial' in the sense that the Minister does not normally need to become involved in the day-to-day management of the National School, the Minister for the Cabinet Office is accountable to Parliament for the Department. During 2008-09, the Minister for the Cabinet Office was:

Rt Hon. Ed Miliband MP to 3 October 2008;

Rt Hon. Liam Byrne MP from 4 October 2008 to the end of the financial year to which this report relates.

Role and Membership of the National School of Government Steering Board

During 2008-09 the Board set up by the Cabinet Secretary to oversee the work of the National School met on a number of occasions. The membership of the Steering Board was:

Sir Brian Bender (Chair)	Permanent Secretary, Department for Business, Enterprise and Regulatory Reform
Dame Helen Ghosh	Permanent Secretary, Department for Environment, Food and Rural Affairs
Peter Housden	Permanent Secretary, Department for Communities and Local Government
Sir Ian Andrews	former Second Permanent Secretary, Ministry of Defence
Sir John Elvidge	Permanent Secretary, Scottish Executive
Dame Sue Street	Strategic Adviser to Deloitte
Jocelyne Bourgon	President Emeritus, Canada School of Public Service
Professor Gillian Stamp	Director, Brunel Institute of Organisation and Social Studies, BIOSS
Sir John Harman	Chairman of the Environment Agency and of the Warwick University Institute of Governance and Public Management
Lord Victor Adebawale	Chief Executive, Turning Point
Gill Rider	Director General, Civil Service Capability Group, Cabinet Office
Robin Ryde	Principal and Chief Executive, National School of Government (until 25 August 2008)
Rod Clark	Principal and Chief Executive, National School of Government (from 26 August 2008).

The Steering Board's terms of reference were:

To provide support, stretch and challenge to the Head of Department and the Departmental Management Board on the effective management of the Department;

To ensure the National School's alignment with the needs and expectations of the Permanent Secretaries' Management Group (PSMG) and Civil Service Steering Board (CSSB), whilst also bringing some level of appropriate challenge to the Group.

The role of the Board included:

- developing the strategic direction of the National School, including making proposals to PSMG/CSSB where appropriate, with particular regard to its strategy in relation to the wider public service and in enhancing the effective delivery of public services;
- by acting as champions, contributing to the enhancement of the National School brand and reputation;
- positioning the National School as the provider of choice for the Civil Service rather than simply another provider of development services; and,
- Advising the Department on matters of finance and performance.

Following a decision taken at a meeting of the Permanent Secretaries Management Group in January 2009, relating to the future role and purpose of the National School, a new Board, chaired by Sir Suma Chakrabarti, covering Civil Service Learning and Skills will succeed the remit previously covered by the National School of Government Steering Board. The new Board held its inaugural meeting on 7 May 2009 and its terms of reference will be published during 2009/10.

Corporate Management Arrangements

In line with the corporate governance requirements for central government departments an Executive Management Board (EMB) has been set up and progress has been made towards filling the non-executive positions.

Mr Alex Jablonowski has been appointed as a non executive member of the Board and chairs the Audit and Risk Committee, which reports to the EMB.

Membership of the National School of Government Executive Management Board during 2008-09

Robin Ryde (Chair)	Principal and Chief Executive (to 25 August 2008)
Rod Clark (Chair)	Principal and Chief Executive (from 26 August 2008)
Elaine Lorimer	Director of Corporate Services
Bob MacLennan	Head of Strategy, Governance and External Relations (to 26 September 2008)
Alex Jablonowski	Non executive (chair of the Audit and Risk Committee)

Co-opted member

Michael Timmis	Head of Finance
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Secretariat

Mike Pearce	Secretary of the Board
Heather Bowry	Secretariat

The senior management team with responsibility for directing the day-to-day management of the National School during 2008-09 was the Executive Committee (ExCom), which met at least monthly.

Membership of the National School of Government Executive Committee

Robin Ryde (Chair)	Principal and Chief Executive (to 25 August 2008)
Rod Clark (Chair)	Principal and Chief Executive (from 26 August 2008)
Eleanor Goodison	Head of Professions Development
Jane Grant	Head of Individual Development (to 18 August 2008)
Elaine Lorimer	Director of Corporate Services
Bob MacLennan	Head of Strategy, Governance and External Relations (to 26 September 2008)
Rob Reynolds	Head of Communications (to 3 October 2008)
Professor Sue Richards	Head of Sunningdale Institute
David Sweeney	Head of Strategic Leadership
Mike Timmis	Head of Finance
Janet Waters	Head of Organisational Capability

Secretariat

Mike Pearce	Secretary of the Committee
Jonathan Keeling	Secretariat

Our People and Facilities

People

2008-09 was the second full year that the School has functioned as a non-ministerial department.

Following the Gershon headcount and efficiency targets which were met in 2007-08 the School continued to take action to control our recruitment, with decisions made on a post by post basis.

Building on the partnership agreement with the Public and Commercial Services Union the School has established an agreement with the FDA which has paved the way for a positive relationship and providing a basis for working together as we move forward to establish policies which are relevant to the School.

Encouraging a sensible balance between work and life is important to the School and so we continue to offer our staff opportunities for flexible working and now 30% are on some form of flexible arrangement.

Our diverse workforce represents the demographics of the areas in which our department is based.

Staff Numbers by Grade:

Band	Numbers
SCS 3	1
SCS 2	0
SCS 1	12
A	85
B2	25
B1	52
C	81

Staff Numbers by Gender:

Gender	Numbers
Males	93
Females	163

Staff Numbers by Working Pattern:

Working Pattern	Numbers
Full Time	179
Part Time	66
Other Flexible Working Pattern	11

Staff Numbers by Ethnic Origin:

Ethnic Origin	Numbers
White	200
Non-White	13
Not Known	43

We have 3% of staff who have a self declared disability under the terms of the Disability Discrimination Act.

The National School of Government is entirely committed to the core principles of fair and open competition for recruitment and selection on merit as laid down by the Civil Service Commissioners. Our systems ensure that we deliver to this exacting standard and are subject to audit.

The Number of Schemes involving external recruitment during 2008-09:

Grade	No of Schemes	Numbers Applying			Numbers Successful		
		Total	Males	Females	Total	Males	Females
SCS 3	0	0	0	0	0	0	
SCS 2	2	TBC	TBC	TBC	2	1	1
SCS 1	0	0	0	0	0	0	
A	3	26	10	16	3	2	1
B2	1	7	4	3	1	1	0
B1	3	24	8	16	5	1	4
C	2	109	43	66	14	3	11

Following the recruitment of a new Principal and Chief Executive during 2007-08, Rod Clark joined the National School of Government in August 2008. Our senior management structure has subsequently changed and the recruitment process for two Directors was completed during 2008-09.

Sick Absence Data

Days Lost (Short Term)	Days Lost (Long Term)	Total Days Lost (12 month period)	Total Staff Years	AWDL	Total Staff Employed in Period (Headcount)	Total Staff Employed in Period with no Absence	% Staff with no Sick Absence
969	1102	2071	232	8.9	297	167	56%

Investors in People

As an accredited Investors in People organisation the School continues to place a high level of importance in developing and training our staff. To support this, the School has organised INSET days for staff to focus on their development throughout the year.

Single Equality Scheme

The National School has developed a Single Equality Scheme and Action Plan. This was mandated by the Executive Management Board after the end of 2008-09 on 1 June 2009.

Facilities

The School's main facility is at Sunningdale Park where it has a residential training facility and is where the senior management team and most of the staff are based. It also has a training centre and office accommodation at Belgrave Road in London and office accommodation at Admiralty Arch and 1 Horse Guards, London and at Edinburgh. The School relocated its office accommodation from Admiralty Arch to 26 Whitehall in December (remaining within the Cabinet Office estate). The School continued its work toward rationalising its London accommodation with a view to coming to a solution that pulls together its London presence in one building.

The site at Sunningdale is leased under a 30 year public private partnership arrangement that has been in place since 2002. The arrangement provides flexibility in the School's use of the site and provides that private sector partner with the freedom to fill spare capacity. In 2008-09 De Vere Venues continued to invest in the site, with a further two bedroom blocks being refurbished. This completed the final stage of bedroom refurbishment.

Quality of experience of our customers is important to the School and so the contract with De Vere is based on an outcome specification, with payment being based on a target for quality satisfaction. Students are asked to provide feedback on the quality of their total experience on site during their stay including accommodation, food and service and this is used to monitor performance. A close working relationship is maintained with the De Vere management on site and at a regional level to ensure the School and its customers continue to receive the highest quality of services from the company.

Student Numbers at Sunningdale:	7,906
Facilities quality score:	93%

A similar approach is adopted at Belgrave Road, where students are asked to provide feedback on the facilities provided there.

Student numbers for Belgrave Road:	5,695
Facilities quality score:	91%

Sustainability

In addition to reviewing our operations at Sunningdale with De Vere to reduce environmental impact, a Green Group has also been set up by staff within the School. The Green Group has been endorsed by senior management team and over the year has produced a draft Sustainable Development Action Plan for the Department which included joint objectives with De Vere. In addition, recycling bins have been placed in all office areas that can take varied items such as cans, plastic and cardboard and the School has signed up to the OGC/DfT recycled paper framework.

Pensions

Present and past employees of the National School are covered by the Provisions of the Principal Civil Service Pension Scheme (PCSPS). The financial status of the scheme is reported in a separate PCSPS scheme statement. The accounting policy adopted for pension costs is set out at note 1.10 to the accounts. Details of senior staff pension entitlements are set out in the Remuneration Report.

Public interest

The National School maintains a Register of Interests with details of company directorships and other significant interests held by Board Members. Copies of the register are available on request.

Policy on payment of suppliers

The National School is committed to the Better Payment Practice Code on prompt payment and aims to pay all undisputed invoices within the terms of the contract, usually 30 days of receipt of a valid invoice. During the year the Department paid 96.0% of invoices within 30 days (2007-08: 94.1%). The Department paid £nil (2007-08: £nil) interest charges levied on late payment of invoices for the year ended 31 March 2009.

Since January 2009 our aim has been to conform to the Prime Minister's initiative to pay all invoices within 10 days of invoice date. We have paid 73% of invoices within this target timeframe.

Basis of accounts

The National School Resource Accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designed to comply with the Accounts Directions issued to the National School of Government by HM Treasury under section 5 (2) of the Government Resources and Accounts Act 2000.

Auditors

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Note 10 to the accounts. No payments were made to the Auditors for any non-audit work in 2008-09.

Management Commentary

Departmental reporting cycle

The National School produces an Annual Business Plan which is presented to the Strategy Board. The Annual Business Plan sets out plans and targets for the immediately following year in more detail. The National School will produce a multi-year Strategic Plan.

The National School produces an Annual Report and Resource Accounts under the terms of an *Accounts Direction* issued by the Treasury. The Resource Accounts are prepared in accordance with the *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that this is meaningful and appropriate to the public sector.

The Annual Report shows the National School's performance against its published targets. The Annual Report and audited Resource Accounts are laid before Parliament before the Summer Recess each year. Previous Annual Report and Resource Accounts can be found on the National School internet site: http://www.nationalschool.gov.uk/publications_resources/index.asp.

The National School Main Estimate for 2008-09 was published on 21 April 2008 as part of the Central Government Supply Estimates 2008-09 Main Supply Estimates (HC479). The Department also applied for a Spring Supplementary Estimate, details of which are available in the Central Government Supply Estimates 2008-09 Spring Supplementary Estimates (HC265). Current and previous estimates can be found on the HM Treasury website: http://www.hm-treasury.gov.uk/psr_estimates_index.htm.

Departmental aims 2008-09

The target we were set was to keep within the Estimate funding provided by Parliament. This target was achieved and details are shown at the 'Performance against Parliamentary Control Totals' section below.

Financial review

The majority of the National School's funding is obtained by charging for the training and development services and consultancy services provided to external customers. The fees and charges for services are provided on a full-cost basis. Operating income in 2008-09 was £29.4 million net of VAT.

The Department also has some funding provided by Parliament and the Department is accountable to Parliament for all its expenditure.

Performance against Parliamentary Control totals

Authority was sought in the Spring Supplementary Supply Estimate (HC 265) for a net resource requirement of £2.134 million, a net voted capital requirement of £1.095 million and a net cash requirement of £2.089 million. Final Outturn for 2008-09 recorded savings of £0.213 million against net resource, savings of £0.023 million against voted capital and a saving of £1.072 million against net cash requirement – see Figure 1 below and notes 2 and 4 to the accounts.

Net Resource

The National School of Government's actual net resource requirement in 2008-09 was £1.921 million; £0.213 million less than the Resource Departmental Expenditure Limit approved by Parliament. The under-spend against Resource Departmental Expenditure Limit is largely attributable to a greater shortfall against Administrative Expenditure compared to Appropriations-in-Aid.

Net Voted Capital

The National School of Government's capital investment in 2008-09 amounted to £1.072 million; £0.023 million less than the Capital Departmental Expenditure Limit approved by Parliament.

Net Cash Requirement

The National School of Government required cash in 2008-09 amounting to £1.013 million to finance its activities; £1.076 million less than the sum approved by Parliament owing to the Resource Outturn, higher than expected non-cash items and changes in the levels of debtors and creditors.

Figure 1

	Estimate	Outturn	Variance
	£ million	£ million	Saving/(Excess) £ million
Resource Departmental Expenditure Limit – RDEL	2.134	1.921	0.213
Net Resource	2.134	1.921	0.213
Capital Departmental Expenditure Limit – CDEL	1.095	1.072	0.023
Net Voted Capital	1.095	1.072	0.023
Accruals Adjustments	(1.140)	(1.980)	0.840
Net Cash Requirement	2.089	1.013	1.076

Figure 2

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2008-09 £000
Net Resource Outturn (Estimates)	1,921
<i>Adjustments to remove:</i>	
Provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
Non-voted expenditure in the OCS	-
Consolidated Fund Extra Receipts in the OCS	-
Other adjustments	-
Net Operating Cost (Accounts)	1,921
<i>Adjustments to remove:</i>	
Capital grants to local authorities	-
Capital grants financed from the Capital Modernisation Fund	-
European Union Income and related adjustments	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
resource consumption of non departmental public bodies	-
unallocated resource provision	-
Other adjustments	-
Resource Budget Outturn (Budget)	
<i>of which</i>	
Departmental Expenditure Limit (DEL)	1,921
Annually Managed Expenditure (AME)	-

Information Management

As a government department, the School is required to report protected data related incidents in the management commentary of its resource accounts.

Incidents, the disclosure of which would itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

The National School has experienced no information risk incidents sufficiently significant for the Information Commissioner to be informed in 2008-09 and has had no protected personal data related incidents to report since 2004.

The National School completed an information assurance project during 2008-09 and implemented revised information security policies during this period. These policies include one on Personal Data Handling. The policies are available to all staff on the School's Intranet and have been promulgated to our Associates and major contractors.

A basic and crucial training need for all in government is learning how to handle data and information securely. In order to help with this urgent training need and understand how to protect important data and information the School's e-Learning team has worked with Cabinet Office to develop an e-Learning module. The module is on line and mandatory for all National School staff to work through and take the assessment.

Remuneration Report

Remuneration of the National School of Government Executive Management Board

Remuneration Policy

The governance arrangements put in place for the National School of Government as a non-ministerial department include the creation of an Executive Management Board to direct the work of the Department. This board will include two non executive members. One non executive member was appointed for 2008-09 and a further non executive appointment will be made in 2009-10. The remuneration and expenses of the non executive member is set out in the Remuneration (Audited) section below.

The remuneration and expenses of members of the Executive Management Board are included in the remuneration of the Executive Committee set out in the table below.

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The pay and performance management systems are similar and common across all government departments. Pay awards in 2008-09 were in two parts: base pay progression (performance based on a relative assessment three tranche approach against individual objectives and Cabinet Office key competencies) and non-consolidated bonuses to reward high performance. The size of awards are based on recommendations from the Review Body on Senior Salaries and in 2008-09 bonuses paid to senior civil servants in the National School of Government ranged from £5,000 – £11,000.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at: www.ome.uk.com.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Officials covered by this report hold appointments, all of which are open-ended until they reach the normal retiring age of 60. Sue Richards was on secondment from the University of Birmingham from June 2005 for 3 years. Her salary was reimbursed by the National School. This secondment was extended until September 2008. From September 2008 she has been employed under a civil service contract.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. In accordance with the Civil Service Management Code, notice for compulsory termination of employment is six months. Notice for resignation at senior civil service level is three months.

Salary and pension entitlements

On becoming a non ministerial department from January 2007, the National School of Government established an Executive Management Board which in line with the Code of Good Practice on Corporate Governance in Central Government Departments will include two non executive members. Pending the full establishment of the Executive Management Board which held its first meeting in June 2008, during 2008-09 the senior management team of the National School included the Executive Committee.

A. Remuneration (Audited)

One non executive member was appointed for 2008-09 and received remuneration and expenses in respect of 2008-09:

Alex Jablonowski £11,662

The following table provides audited details of the remuneration of the members of the National School's Executive Committee during the year from 1 April 2008 to 31 March 2009:

Senior Management	2008-09		2007-08	
Name	Salary £000	Benefits in kind	Salary £000	Benefits in kind
Rod Clark (from August 2008)	70-75 (FYE 125-130)	-	n/a	-
Robin Ryde (to November 2008)	80-85 (FYE 115-120)	-	105-110	-
Eleanor Goodison	70-75	-	65-70	-
Jane Grant (to August 2008)	35-40 (FYE 80-85)	-	75-80	-
Elaine Lorimer	80-85	-	80-85	-
Bob MacLennan (to November 2008)	40-45 (FYE 75-80)	-	60-65	-
Sue Richards	90-95	-	85-90	-
Janet Waters	80-85	-	75-80	-
Mike Timmis	65-70	-	65-70	-
David Sweeney	60-65	-	20-25 (FYE 55-60)	-

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or allowances; recruitment and retention allowances; private office allowances to the extent that it is subject to UK taxation.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Her Majesty's Revenue and Customs as a taxable emolument.

B. Pension Benefits (Audited):

Senior Management	Real increase in pension and lump sum at age 60	Accrued pension at aged 60 at 31 March 2009 and related lump sum	CETV at 31 March 2009 or end date	CETV at 31 March 2008 or start date	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	£000
Rod Clark	0-2.5 plus 2.5-5.0 lump sum	35-40 plus 110-115 lump sum	618	578	40	-

Robin Ryde	0-2.5 lump sum n/a	0-5 lump sum n/a	41	26	15	-
Eleanor Goodison	-2.5 - 0 plus -7.5 - -5 lump sum	30-35 plus 90-95 lump sum	569	559	10	-
Jane Grant	-2.5 - 0 plus -2.5 - 0 lump sum	15-20 plus 85-90 lump sum	535	506	29	-
Elaine Lorimer	0-2.5 plus 2.5-5 lump sum	15-20 plus 45-50 lump sum	222	197	25	-
Bob MacLennan	0-2.5 plus 2.5-5 lump sum	20-25 plus 70-75 lump sum	395	366	29	-
Sue Richards*	0-2.5 lump sum n/a	0-5 lump sum n/a	10	0	10	-
Janet Waters	-2.5 - 0 plus -2.5 - 0 lump sum	30-35 plus 95-100 lump sum	759	718	41	-
Mike Timmis	-2.5 - 0 plus -2.5 - 0 lump sum	30-35 plus 95-100 lump sum	720	668	34	-
David Sweeney	0-2.5 lump sum n/a	10-15 lump sum n/a	141	107	51	-

* The University of Birmingham is unable to provide Sue Richards' pension information for the period to September 2008. She was a member of the Universities Superannuation Scheme.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year.

Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**.

Benefits in **classic** accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his or her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in

addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

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

Statement on the Disclosure of Relevant Audit Information

I hereby confirm that so far as I am aware, there is no relevant audit information of which the National School of Government's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the National School of Government's auditors are aware of that information.

Rod Clark
Accounting Officer
Principal and Chief Executive of the National School of Government
2 July 2009

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the National School of Government to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, resources applied to objectives, recognised gains and losses 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 HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Principal and Chief Executive of the National School of Government as Accounting Officer of the Department. 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 National School of Government's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money.

Statement on internal control

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on a process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The National School as a non ministerial department

As a government department, the National School of Government is required to comply with the provisions of HM Treasury's Code of Good Practice on Corporate Governance in Central Government Departments.

In compliance with those provisions the Department has set out a corporate governance framework which includes an Executive Management Board under the chairmanship of the Chief Executive and Principal (Head of Department) and including a minimum of two independent non executive members. Mr Alex Jablonowski was appointed as a non executive member in May 2008 and became Chair of the National School's Audit and Risk Committee. A further non executive appointment will be made in 2009/10.

In addition to Alex Jablonowski as Chair of the Audit and Risk Committee, Kevin Down (Director of Finance, Government Actuary's Department) was appointed as an independent member of the committee in February 2009.

On becoming a separate department on 1 January 2007, a risk register was drawn up and was considered by the National School of Government Steering Board. In 2008-09 a revised risk register was agreed by the Executive Management Board and is reviewed at monthly senior management meetings. The National School's business planning system gives a comprehensive framework for staff to design and implement products and services within the strategic framework of the Department taking into account the risks inherent in providing commercial services within a competitive market.

The risk and control framework

Risk Management Framework

In 2008-09 the National School of Government completed the transition from which the arrangements previously operating within Cabinet Office continued to apply, to the extent they remained relevant, to the establishment of a Risk Management Framework that is wholly appropriate to the National School. Key features of this Framework, under each of the five capabilities in the RMAF, are as follows:

Leadership

With the appointment of a non executive member, the Executive Management Board has been the senior management team with the National School. The Executive Committee has continued to advise me on issues including the Department's risk management arrangements.

Risk strategy and policies

The National School of Government has a risk management strategy that is clearly communicated to its staff through the intranet, and internal newsletters.

The strategy:

- has been endorsed by the Accounting Officer, the Executive Committee, the Executive Management Board and Audit and Risk Committee;
- defines the structures and responsibilities for the management and ownership of risk;
- indicates the way in which risk issues are to be identified, assessed, responded to, reduced, owned, recorded, monitored and reviewed;
- ensures common understanding of terminology used in relation to risk issues; and will define the structures for gaining assurance about the management of risk.

People

The Statement of Approach to Risk encourages staff to identify and take opportunities by managing risks well. Good risk management appears as an effective behaviour in the competence frameworks for both Senior Civil Service (SCS) and non-SCS staff.

Resources available to staff include:

- the National School's business planning guidance;
- guidance on managing risk via the intranet;
- access to expertise in the Internal Audit Service and in the Finance Unit; and,
- a Risk Officer for the National School

Partnerships

The Department will formulate guidance on managing risk when working in partnership with other organisations.

Processes

The Risk Management Framework covers:

- general principles to policy making, project management, delivery planning and working in partnership with other organisations;
- criteria for evaluating the magnitude of risks, both in terms of likelihood and impact of maturity;
- criteria for determining risk ownership, including considering the impact and effectiveness of the measures introduced to control risk; and
- other factors to be considered in the assessment of risks including the potential impact on finances, stakeholders, reputation and strategy.

The Executive Committee agreed to arrangements for the regular review of the Risk Management Framework.

Information Assurance

The National School has taken steps to improve the management of its information assets. These include the appointment of the Director of Corporate Services as its Senior Information Risk Manager (SIRO), and the creation of a forum that brings together key information asset owners to aid planning and the management of information-related risk.

The National School carried out a great deal of work on information security. In particular, the design and implementation of a comprehensive Information Security Policy and other measures to comply with the requirements of the Data Handling Review, now incorporated into IA Standard No 6 and part of the Security Policy Framework (SPF) mandatory requirements.

The National School engaged independent consultants to carry out an assessment of compliance with the requirements of the Security Policy Framework. This review identified areas relating to Departmental Security

Officer (DSO) requirements where the School does not meet the required standards and action will be taken to address these shortcomings.

The National School has also undertaken work towards reaccreditation to the Government Secure Intranet (GSI).

Other controls

In addition to the Risk Management Framework, the Department also has the following internal control systems in place:

- an annual planning round where all chargeable activities are evaluated, costed and priced. The system then links through to staffing and facilities requirement for the coming year. There is a costing model to evaluate and price tailored business gained during the year;
- the Department's business model is to maintain a high level of flexibility in resources to meet changes in business demand. This is by, for example, the use of Associates instead of directly employed staff to deliver events and the PFI contract for Sunningdale Park to transfer occupancy risk to the private sector;
- an annual budget is approved by the Executive Committee and the Executive Management Board and reviewed by them during the year, together with headcount controls;
- delegation letters issued to managers, with supporting advice on roles and responsibilities and guidance available on the intranet;
- regular monthly business reports showing performance against both financial and non-financial targets and trends for future business. These reports are regularly monitored and actioned by the Executive Committee and managers.

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 work of the internal auditors and the executive managers within the Department, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The individual statements of assurance that I have received from Deputy Directors have provided reasonable assurance that the systems of internal control are sound and operating effectively.

Planned improvements

In the year there was an Organisational Review of the Department based on the Departmental Capability Review model and a number of improvements are being undertaken as a response to the review.

After the end of the 2008-09 financial year, the National School of Government appointed two new Directors - Jonathan Miller, Director of Learning Delivery, and Patricia Greer, Strategic Client Relations Director. They started their new roles on 20 April and will form an integral part of the leadership team focused on delivering better public service learning solutions. These new Directors along with the Director of Corporate Services have formed the Senior Leadership Team which has taken over from the Executive Committee as the senior team responsible for the day-to-day running of the School.

We are introducing a Balanced Scorecard approach to managing the performance on the School. The Scorecard was presented to all the staff on 5 May 2009 and has four segments:

- Building Public Service Capability
- National School Excellence
- Reputation
- Financial Viability

We have also instigated a major change programme. The programme aims to achieve the following goals (changes):-

- (a) Agreement with major stakeholders and implementation of a “new deal” that establishes the National School’s reputation, credentials and position as the government’s corporate instrument for transformation of services for the public through learning;
- (b) Engaging external and internal stakeholders so that they understand and can contribute and champion the programme;
- (c) Building National School capability to support and deliver the ‘new deal’, including leadership and management, sharpening our expert knowledge, customer focus, new values, culture & behaviours, and commercial and delivery capability; and implementing a new performance framework covering all aspects of organisational and individual performance;
- (d) Reducing costs and increasing efficiency and effectiveness of core business processes and support services across all forms of service delivery;
- (e) Optimising, and ensuring effective and efficient management and utilisation of, all major resources and assets, including specifically establishing a long term, cost effective, reputation enhancing presence in London, and optimisation of use of the Sunningdale estate.

We will be appointing a second non executive member of the Executive Management Board who will also serve on the Audit and Risk Committee.

On Information Assurance, we will clarify whether the School will have independent Departmental Security Officer (DSO) status. DSO status will enable the School to meet all the SPF mandatory requirements. The School will also complete its reaccreditation to the GSI.

Internal Audit

The National School of Government has an Internal Audit Service (IAS), which carries out its work in accordance with the Government Internal Audit Standards. The work of the Internal Audit Service is informed by an analysis of the risk to which the Department is exposed and annual internal audit plans are based on this analysis. The resultant internal audit plans were discussed and endorsed by the Department’s Director of Corporate Services and Head of Finance and approved by me.

At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the Department which includes the HIA’s independent opinion on the adequacy and effectiveness of the Department’s system of internal control.

For 2008-09 IAS has provided me with limited assurance on the effectiveness and efficiency of the organisation’s governance arrangements along with a substantial assurance over risk management and of the control environment. Whilst significant progress has been made in terms of establishing the governance arrangements at the Department, there is still some substantial work needed. From the work that IAS has performed, it does not consider there to be a material breach in the Department’s control environment. IAS has not found or been alerted to any instances of fraud or impropriety during the year.

The Audit and Risk Committee is attended by representatives of the National Audit Office and has a non-executive chair. From February 2009 it had a further independent member to remedy the insufficient numbers of non executive and independent members on the committee. Whilst the Executive Management Board is responsible for the overall oversight and approach to risk management, the role of the Audit and Risk Committee is to advise me on the adequacy of risk management, control and governance. Its formal terms of reference are “to give advice to the Accounting Officer on the adequacy of audit, risk management, control arrangements and corporate governance across the National School of Government”. The Committee formally reports annually to me as the Accounting Officer with an independent opinion on the risk management process.

Rod Clark
Accounting Officer
Principal and Chief Executive of the National School of Government
2 July 2009

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

I certify that I have audited the financial statements of (name of department) for the year ended (insert date) under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Net Operating Costs by Departmental Strategic Objectives 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 Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information which comprises the Foreword, the Chief Executive's Introduction, the Annual Review, the Management Commentary and the unaudited part of the Remuneration Report included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been

applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at (insert date), and the net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information which comprises the Foreword, the Chief Executive's Introduction, the Annual Review, the Management Commentary and the unaudited part of the Remuneration Report included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
6 July 2009

Statement of Parliamentary Supply

for the year ended 31 March 2009

Summary of Resource Outturn 2008-09

Request for Resources	Note	2008-09 £000			2008-09 £000			2007-08 £000	
		Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Outturn	Outturn
1*	2	32,134	(30,000)	2,134	31,342	(29,421)	1,921	213	988
Total resources	3	32,134	(30,000)	2,134	31,342	29,421	1,921	213	988
Non-operating cost A in A				-			-	-	-

Request for Resources 1*: To provide a centre of excellence for learning and development in support of the strategic business priorities of Government

Net cash requirement 2008-09

Net cash requirement	Note	2008-09 £000		2007-08 £000	
		Estimate	Outturn	Estimate	Outturn
	4	2,089	1,013	1,076	730

Summary of the income payable to the Consolidated Fund

Total	Note	Forecast 2008-09 £000		Outturn 2008-09 £000	
		Income	Receipts	Income	Receipts
	5	-	-	-	-

Explanations of variances between Estimate and outturn are given in Note 2 and in the Management Commentary under the heading Performance against Parliamentary Control Totals.

The notes on pages 36 to 53 form part of these accounts.

Operating Cost Statement

for the year ended 31 March 2009

		2008-09 £000	2007-08 £000
	Note		
Administration costs			
Staff Costs	9	12,270	11,858
Other administration costs	10	<u>19,019</u>	<u>17,004</u>
Gross administration costs		31,289	28,862
Income	11	(29,368)	(27,874)
Net operating cost	3	<u><u>1,921</u></u>	<u><u>988</u></u>

All income and expenditure is derived from continuing operations.

Expenditure and income in the Operating Cost Statement differ from that in the Statement of Parliamentary Supply due to payments and receipts relating to secondment costs.

The notes on pages 36 to 53 form part of these accounts.

Statement of Recognised Gains and Losses

for the year ended 31 March 2009

	2008-09 £000	2007-08 £000
Net gain/(loss) on revaluation of tangible fixed assets	(10)	(12)
Recognised gains and losses for the financial year	<u><u>(10)</u></u>	<u><u>(12)</u></u>

The notes on pages 36 to 53 form part of these accounts.

Balance Sheet

as at 31 March 2009

		2009	2008
		£000	Restated £000
	Note		
Fixed assets:			
Tangible assets	12	16,817	16,756
Intangible assets	13	32	48
Current assets:			
Debtors	14	5,401	3,900
Cash at bank and in hand	15	<u>1,076</u>	<u>730</u>
		6,477	4,630
Creditors (amounts falling due within one year)	16	<u>(6,466)</u>	<u>(4,298)</u>
Net current assets/(liabilities)		11	332
		<u>16,860</u>	<u>17,136</u>
Taxpayers' equity:			
General fund	17	14,720	15,057
Revaluation reserve	18	2,140	2,079
Total		<u>16,860</u>	<u>17,136</u>

Rod Clark

Accounting Officer

Principal and Chief Executive of the National School of Government

2 July 2008

The notes on pages 36 to 53 form part of these accounts.

Cash Flow Statement

for the year ended 31 March 2009

		2008-09	2007-08
		<u>£000</u>	<u>£000</u>
	Note		
Net cash outflow from operating activities	19(a)	59	588
Capital expenditure and financial investment	19(b)	(1,072)	(1,245)
Payments of amount due to Treasury in respect of Consolidated Fund	19(e)	(730)	(1,501)
Financing	19(d)	2,089	1,387
Increase/(decrease) in cash in the period	19(e)	<u><u>346</u></u>	<u><u>(771)</u></u>

The notes on pages 36 to 53 form part of these accounts.

Statement of Operating Costs by Departmental Aim and Objectives

for the year ended 31 March 2009

Aim	2008-09			2007-08		
	Gross	Income	Net	Gross	Income	Net
Objective 1	31,289	(29,368)	1,921	28,862	(27,874)	988
Net operating costs	31,289	(29,368)	1,921	28,862	(27,874)	988

The Department's objective was as follows:

Objective 1 - To provide a centre of excellence for learning and development in support of the strategic business priorities of Government.

The notes on pages 36 to 53 form part of these accounts.

Notes to the Departmental Resource Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2008-09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The Statement of Operating Costs by Department Aim and Objectives analyses the Department's income and expenditure by the objectives agreed with Ministers.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention (HCC). Before the 2007-08 financial year the HCC was modified to account for the revaluation of fixed assets where material, at their value to the business by reference to their current costs. The Department no longer uses Modified Historic Cost Accounting (MHCA) because the depreciated historic cost is an appropriate proxy as the value of the assets is low.

1.2 Tangible fixed assets

Fixed assets are stated at the lower of replacement cost and recoverable amount. Expenditure on tangible fixed assets of over £2,500 is capitalised. On initial recognition they are measured at cost including any costs such as installation directly attributable to bringing them into working condition.

Title to the freehold land and buildings is held by the National School of Government. The replacement cost for freehold land and buildings is existing use value with the addition of notional directly attributable acquisition costs.

Land and buildings are shown as the value using professional valuations (using the RICS Appraisal and Valuation Model) in accordance with FRS 15 as at 1 April 2007. The revaluation of the Land and Buildings is carried out once every three years. Residual interests in off-balance sheet PFI properties are included in tangible fixed assets at the amount of unitary charge allocated for the acquisition of the residual to the balance sheet date plus an adjustment based on the net present value of the change in the fair value of the residual as estimated at the start of the contract and its estimated fair value at the balance sheet date.

1.3 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction and residual interests in PFI contract assets are not depreciated until the asset is brought into use or reverts to the Department respectively. No depreciation is provided on freehold land as it has an unlimited useful life.

Asset lives are normally in the following ranges:

a. Freehold Buildings including Dwellings	25 to 60 years
b. Leasehold Buildings and Improvements	over the remaining term of the lease
c. Plant and Machinery	3 to 10 years
d. Furniture and Fittings	5 to 20 years
e. Information Technology and Office Equipment	3 to 7 years

1.4 Intangible fixed assets

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £2,500 or more is incurred. Where reliable evidence of market value cannot be obtained, these are not re-valued. Software licences are amortised over periods arranging from 3 to 5 years, being the useful economic life.

1.5 Stocks

There are no material holdings of stocks.

1.6 Operating income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full-cost basis to external customers. Operating income is stated net of VAT.

1.7 Administration and programme expenditure

The Department does not have any programme expenditure

1.8 Capital charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except cash balances held with the Office of the Paymaster General and those amounts due to and from the Consolidated Fund where the charge is nil.

1.9 Foreign exchange

Transactions are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the Operating Cost Statement.

1.10 Pensions

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

1.11 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.12 Private Finance Initiative (PFI) transactions

PFI transactions have been accounted for in accordance with Technical Note No.1 (Revised), entitled How to Account for PFI Transactions as required by the FReM. Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost. Where the Department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Where at the end of the PFI contract a property reverts to the Department, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

Where the balance of risks and rewards of ownership of the PFI property is borne by the Department, the property is recognised as a fixed asset. The PFI payments for servicing the property held under the PFI contract are charged to the Operating Cost Statement.

1.13 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2 per cent).

1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

1.15 Value Added Tax

Most of the activities of the Department are exempt from the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.16 Third party assets

The National School of Government did not hold funds on behalf of any other parties during the year.

2 Analysis of net resource outturn by section

	2008-09						Estimate		2007-08
	Admin	Other current	Grants	Outturn £000	A in A	Net Total	Net Total	Net Total outturn compared with Estimate	£000
				Gross resource expenditure					Prior-year outturn
Request for resources 1:									
<i>Central Government Spending:</i>									
National School of Government	31,342	-	-	31,342	(29,421)	1,921	2,134	213	988
Resource Outturn	31,342	-	-	31,342	(29,421)	1,921	2,134	213	988
Resource Outturn against Resource Departmental Expenditure Limit	31,342	-	-	31,342	(29,421)	1,921	2,134	213	988

Request for Resources 1*: To provide a centre of excellence for learning and development in support of the strategic business priorities of Government

A detailed explanation of the variance is given in the Management Commentary.

3 Reconciliation of outturn to net operating cost and against Administration Budget**3(a) Reconciliation of net resource outturn to net operating cost**

		2008-09 £000	2007-08 £000
	Note	Outturn	Supply Estimate
			Outturn compared with Estimate
			Outturn
Net Resource Outturn	2	1,921	2,134
			(213)
Prior Period Adjustments		-	-
Non-supply Income (CFERs)	5	-	-
Non-supply Expenditure		-	-
Net Operating Cost		1,921	988

3(b) Outturn against final Administration Budget

	2008-09 £000	2007-08 £000
	Budget	Outturn
		Outturn
Gross Administration Budget	32,134	31,342
Income allowable against the Administration Budget	(30,000)	(29,421)
Net outturn against final Administration Budget	2,134	1,921

4 Reconciliation of resources to cash requirement

	Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)
		£000	£000	£000
Resource Outturn	2	2,134	1,921	213
Capital:				
Acquisition of fixed assets	12	25	2	23
Capitalisation of reversionary interest	19(b)	1,070	1,070	-
<i>Non-operating A in A:</i>				
Proceeds of fixed asset disposals	7	-	-	-
<i>Accruals adjustments:</i>				
Non-cash items	10	(1,140)	(1,659)	519
Movement in debtors and creditors relating to items not passing through the Operating Cost Statement	19(a)	-	(321)	321
<i>Excess cash receipts surrenderable to the Consolidated Fund</i>	5	-	-	-
<i>Net cash requirement</i>		2,089	1,013	1,076

The National School of Government required £1.076 million less than the sum approved by Parliament owing to the Resource Outturn, higher than expected non-cash items and changes in the levels of debtors and creditors.

A detailed explanation of the variance is given in the Management Commentary.

5 Analysis of income payable to the Consolidated Fund

	Note	Forecast 2008-09		Outturn 2008-09	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts - excess A in A		-	-	-	-
Other operating income and receipts not classified as A in A		-	-	-	-
Non-operating income and receipts - excess A in A	7	-	-	-	-
Other non-operating income and receipts not classified as A in A	8	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	4	-	-	-	-
Total income payable to the Consolidated Fund		-	-	-	-

6 Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2008-09 £000	2007-08 £000
Operating income	11	29,368	27,874
Netted off in Operating Cost Statement: Seconded staff	9	53	125
Gross income		29,421	27,999
Income authorised to be appropriated-in-aid		(29,421)	(27,999)
Operating income payable to the Consolidated Fund	5	-	-

7 Non-operating income - Excess A in A

	2008-09 £000	2007-08 £000
Proceeds on disposal of fixed assets	-	-
Other	-	-
Non-operating income - excess A in A	-	-

8 Non-operating income not classified as A in A

	Income £000	Receipts £000
Total	-	-

9 Staff numbers and related costs

	Total	2008-09 £000		2007-08 £000
		Permanently employed staff	Others	
Wages and salaries	8,883	8,883	-	8,630
Social Security costs	740	740	-	733
Other pension costs	1,767	1,767	-	1,705
Temporary staff agency fees	635	-	635	556
	12,025	11,390	635	11,624
Inward Secondments	298	298	-	359
Total	12,323	11,688	635	11,983
Less recoveries in respect of outward secondments	(53)	(53)	-	(125)
Total net costs	12,270	11,635	635	11,858

During the year, costs of £1,767,499 were incurred in respect of pensions (2007-08: £1,705,140).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The National School of Government is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Associates) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensions.gov.uk).

For 2008-09, employers' contributions of £1,735,471 were payable to the PCSPS (2007-08 Restated: £1,696,231) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2007-08 were between 17.1 per cent and 25.5 per cent).

The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £30,183 (2007-08 Restated: £7,986) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,845 (2007-08 Restated: £923), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Average number of persons employed

The average number of whole-time equivalent persons employed, including agency/temporary staff, during the year was as follows:

	2008-09			2007-08
	Total	Permanently employed staff	Others	
Objective 1	232	197	35	239

10 Other Administration Costs

	Note	2008-09 £000	2007-08 £000
Rentals under operating leases:			
Hire of plant and machinery		242	217
Land and buildings		850	718
		1,092	935
PFI service charges	22	2,251	2,307
Non-cash items:			
Depreciation	12	1,000	1,043
Amortisation	13	16	-
Loss on disposal of fixed assets		1	47
Costs of capital charges	17	595	594
Auditors' remuneration*	17	47	44
		1,659	1,728
		5,002	4,970
Other expenditure		14,017	12,034
Total		19,019	17,004

* Auditor's remuneration includes the notional audit fee in respect of the National Audit Office's annual certification audit of the School's financial statements and, for 2008-09, £2,000 relating to the audit of preparation for IFRS transition. There was no remuneration due for non-audit work.

Other expenditure comprises:

Staff travel, subsistence and hospitality	756	630
Other staff related costs	371	252
External lecturer fees and contracted out courses	7,172	5,719
Supplies and services	3,748	3,486
Accommodation and utilities	1,970	1,947
Other expenditure	14,017	12,034

11 Income

	2008-09 Total £000	2007-08 Total £000
RfR1		
Administration income		
Training, seminars and consultancy	29,339	24,865
Investment funding	-	2,952
Other operating income	29	57
	29,368	27,874

12 Tangible fixed assets

	Computer Systems	Furniture	Equipment	Dwellings	Land and Buildings	Total
	£000					
Valuation						
At 1 April 2008	1,922	347	442	312	20,236	23,259
Additions	2	-	-	-	1,070	1,072
Disposals	(16)	-	(6)	-	-	(22)
Surplus on Revaluations	(5)	-	(2)	-	-	(7)
At 31 March 2009	1,903	347	434	312	21,306	24,302
Depreciation						
At 1 April 2008	1,490	193	369	26	4,425	6,503
during year	155	20	37	5	783	1,000
Disposals	(15)	-	(6)	-	-	(21)
Revaluation	2	1	-	-	-	3
At 31 March 2009	1,632	214	400	31	5,208	7,485
Net book value at 31 March 2009	271	133	34	281	16,098	16,817
Net book value at 31 March 2008	432	154	73	286	15,811	16,756
Asset financing:						
Owned	271	133	34	-	-	438
PFI finance leased	-	-	-	-	5,852	5,852
PFI contract assets	-	-	-	281	2,022	2,303
PFI residual interests	-	-	-	-	8,224	8,224
Net book value at 31 March 2009	271	133	34	281	16,098	16,817

Notes**VALUATION****Land and Buildings and Dwellings**

The Valuation Office Agency valued Sunningdale Park, Ascot, Berkshire, occupied by the National School of Government, as at 1 April 2007 on the basis of total worth in existing use reflecting the infrastructure. Sunningdale Park is revalued every three years.

Notional directly attributable acquisition costs, representing legal fees and stamp duty, are added onto existing use values to arrive at replacement cost for land, buildings and dwellings. The surveyors determine notional costs to be 5.75% of existing use values.

Asset financing – National School of Government assets under a PFI contract

National School of Government has office buildings of £2.302 million (2007-08: £2.359 million) under an on-balance sheet PFI contract and training facilities of £5.852 million (2007-08: £6.584 million) under a finance lease and a residual interest in training facilities of £8.224 million (2007-08: £7.154 million). Further details about commitments under PFI contracts are disclosed at Note 22.

13 Intangible fixed assets

Intangible fixed assets comprise purchased software licences.

	Total £000
Valuation	
At 1 April 2008	167
Additions	-
Disposals	-
Surplus on Revaluations	-
At 31 March 2009	<u>167</u>
Amortisation	
At 1 April 2008	119
Charged in year	16
Disposals	-
Revaluation	-
At 31 March 2009	<u>135</u>
Net book value at 31 March 2009	<u>32</u>
Net book value at 31 March 2008	<u>48</u>

14 Debtors**14(a) Analysis by type**

	2008-09	2007-08
	£000	£000
Amounts falling due within one year:		
Trade Debtors	4,997	3,485
Other Debtors	-	1
Prepayments and Accrued Income	340	364
VAT on debtors	64	50
	<u>5,401</u>	<u>3,900</u>

14(b) Intra-Government Balances

	2008-09		2007-08	
	£000		£000	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
Balances with other central government bodies	3,941	-	2,600	-
Balances with local authorities	194	-	262	-
Balances with NHS Trusts	105	-	89	-
Balances with public corporations and trading funds	47	-	310	-
Subtotal: Intra-government Balances	<u>4,287</u>	-	<u>3,261</u>	-
Balances with bodies external to government	1,114	-	639	-
At 31 March	<u>5,401</u>	-	<u>3,900</u>	-

15 Cash at bank and in hand

	2008-09	2007-08
	£000	£000
Balance at 1st April	730	1,501
Net change in cash balances	346	(771)
Balance at 31 March	<u>1,076</u>	<u>730</u>

The following balances at 31 March are held at:

Office of HM Paymaster General	1,072	726
Cash in hand	4	4
Balance at 31 March	<u>1,076</u>	<u>730</u>

16 Creditors**16(a) Analysis by type**

	2008-09	2007-08
	£000	£000
Amounts falling due within one year:		
VAT	73	75
Other Taxation and Social Security	249	234
Trade Creditors	1,565	1,003
Other Creditors	203	179
Accruals and Deferred Income	3,192	1,997
Credit Notes	108	80
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,076	730
	6,466	4,298

16(b) Intra-Government Balances

	2008-09		2007-08	
	£000		£000	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
Balances with other central government bodies	4,995	-	3,073	-
Balances with local authorities	138	-	120	-
Balances with NHS Trusts	15	-	30	-
Balances with public corporations and trading funds	60	-	49	-
<i>Subtotal: Intra-government Balances</i>	5,208	-	3,272	-
Balances with bodies external to government	1,258	-	1,026	-
At 31 March	6,466	-	4,298	-

17 General Fund

The General Fund represents the total assets less liabilities of the Department, to the extent that the total is not represented by other reserves and financing items.

	2008-09 £000	2007-08 £000
Balance at 1 April	15,057	14,619
Net Parliamentary Funding: Drawn Down	2,089	1,387
Year end adjustment: Supply Creditor - current year	(1,076)	(730)
Net Transfer from Operating Activities: Net operating cost	(1,921)	(988)
Non-Cash Charges: Cost of capital	595	594
Auditors' remuneration	47	44
Transfer from revaluation reserve	(71)	131
Balance at 31 March	14,720	15,057

18 Reserves**Revaluation reserve**

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2008-09 £000	2007-08 £000
Balance at 1 April	2,079	2,222
Relating to disposal of previously revalued assets	(10)	(12)
Transfer to general fund in respect of realised element of revaluation reserve	71	(131)
Balance at 31 March	2,140	2,079

19 Notes to the Cash Flow Statement**19(a) Reconciliation of operating cost to operating cash flows**

	Note	2008-09 £000	2007-08 £000
Net operating cost		(1,921)	(988)
Adjustments for non-cash transactions	10	1,658	1,680
Loss on disposal of fixed assets	10	1	47
Decrease/(Increase) in debtors	14	(1,501)	(574)
(Decrease)/Increase in creditors	16	2,168	(348)
Movement in creditors relating to items not passing through the Operating Cost Statement	16	(346)	771
Net cash outflow from operating activities		<u><u>59</u></u>	<u><u>588</u></u>

19(b) Analysis of capital expenditure and financial investment

	Note	2008-09 £000	2007-08 £000
Tangible fixed asset additions	12	(2)	(175)
Capitalisation of reversionary interest	12	(1,070)	(1,070)
Net cash outflow from investing activities		<u><u>(1,072)</u></u>	<u><u>(1,245)</u></u>

19(c) Analysis of capital expenditure and financial investment by Request for Resources

	Capital expenditure	Loans £000	A in A	Net total
Request for Resources 1	1,072	-	-	1,072
Total 2008-09	<u><u>1,072</u></u>	-	-	<u><u>1,072</u></u>
Total 2007-08	<u><u>1,245</u></u>	-	-	<u><u>1,245</u></u>

19(d) Analysis of financing

	Note	2008-09 £000	2007-08 £000
From the Consolidated Fund (Supply) - current year	17	1,359	1,387
From the Consolidated Fund (Supply) – prior year		730	-
Advances from the Contingencies Fund		3,500	2,700
Repayments to the Contingencies Fund		(3,500)	(2,700)
Net financing		<u><u>2,089</u></u>	<u><u>1,387</u></u>

19(e) Reconciliation of Net Cash Requirement to increase/decrease in cash

	Note	2008-09 £000	2007-08 £000
Net cash requirement		(1,013)	(657)
From the Consolidated Fund (Supply) –current year	17	1,359	1,387
From the Consolidated Fund (Supply) – prior year		730	-
Payment to Treasury in respect of amount due to Consolidated Fund		(730)	(1,501)
Amount due to Treasury in respect of Consolidated Fund received and not paid over - current year		-	-
(Decrease)/Increase in cash		346	(771)

20 Capital commitments

	2008-09 £000	2007-08 £000
Contracted capital commitments at 31 March 2009 for which no provision has been made	Nil	Nil

21 Commitments under leases**21.1 Operating leases:**

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

	2008-09 £000	2007-08 Restated £000
Land and buildings		
Expiring within one year	153	-
Expiring after one but no more than five years	934	897
Expiring over five years	-	-
	1,087	897
Other		
Expiring within one year	1	30
Expiring after one but no more than five years	166	20
Expiring over five years	-	5
	167	55

21.2 Finance Leases:

There were no obligations under Finance leases.

22 Commitments under PFI Contracts

The National School of Government's residential training centre at Sunningdale is operated under a PFI contract with a term of 30 years from 13 May 2002.

The National School gave a lease to the private sector partner for the office buildings against which sub leases were granted to the National School for their continuing use. These assets are included in Land and Buildings at a carrying value of £2.302 million (2007-08: £2.359 million).

The National School also gave a lease for the rest of the site upon which the private sector partner has undertaken an initial capital investment of £12 million in new training facilities.

As a consequence of these agreements –

Deferred asset

A pre-payment was established for the fair value of the National School's property contributed to the scheme at the commencement of the contract. This deferred asset is recognised as a tangible asset and written off over 15 years. Its value at March 31 2009 is £5.852 million (2007-08: £6.584 million).

Reversionary interest

A further asset is recognised for the National School's residual interest in the training facilities which revert to the National School at no cost at the end of the contract. The accruing residual interest, which is being built up over the term of the contract by capitalising part of the contract payments, is recognised as a tangible fixed asset. Its value at March 31 2009 is £8.224 million (2007-08: £7.154 million).

Whilst these two individual transactions reflect the underlying contractual arrangements, the National School retains ownership of the training facilities throughout the period of the contract, the value of which at 31 March 2009 is reflected in the combined carrying value of the deferred asset and reversionary interest of £14.076 million (2007-08: £13.738 million).

Combined value

The combined carrying value of the office buildings and training facilities disclosed at Note 12 is £16.378 million (2007-08: £16.097 million). This is the sum of the Dwellings balance and Land and Buildings balance in note 12.

Charge to the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of PFI transactions was £2,250,587 (2007-08: £2,306,915) as disclosed at Note 10 Other Administration Costs. The payments to which the Department was committed during 2008-09, analysed by the period during which the commitment expires, are as follows:

	2008-09	2007-08
	£000	£000
Expiry within one year	-	-
Expiry within 2 to 5 years	-	-
Expiry within 6 to 10 years	2,278	2,294
Expiry within 11 to 15 years	-	-
Expiry within 16 to 20 years	-	-
Expiry within 21 to 25 years	-	-
Expiry within 26 to 30 years	-	-
	<u>2,278</u>	<u>2,294</u>

23 Other financial commitments

The Department has not entered into any non-cancellable contracts (which are not leases or PFI contracts).

24 Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

25 Contingent Liabilities disclosed under FRS 12

There were no material contingent liabilities at 31 March 2009.

26 Contingent liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accounting purposes

There were no material contingent liabilities at 31 March 2009.

27 Losses and special payments**27(a) Losses Statement**

		2008-09	
		No of Cases	Amount £
A	CASH LOSSES		
	TOTAL	0	0
B	STORES LOSSES		
	TOTAL	0	0
C	FRUITLESS PAYMENTS	0	0
D	CLAIMS WAIVED OR ABANDONED	18	10,034.09
	TOTAL LOSSES FOR THE NATIONAL SCHOOL	18	10,034.09

27(b) Special Payments

E	SPECIAL PAYMENTS		
	TOTAL	0	0.00
	TOTAL LOSSES AND SPECIAL PAYMENTS	18	10,034.09

28 Related-party transactions

The Minister for the Cabinet Office is accountable to Parliament for the Department and is therefore regarded as a related party of the Department. During 2008-09 the Department has had various material transactions with the Cabinet Office.

The National School of Government undertakes the majority of its business with other government departments and other central government bodies. The National School's top 3 customers by value during 2008-09 were Ministry of Defence, Department for International Development and the Department for Work and Pensions.

A number of steering board members are senior managers in other government departments that do business with the National School of Government. All transactions with these other government departments are transacted under normal terms of business.

Since his departure in November 2008 as Interim Principal and Chief Executive of the National School, Robin Ryde became a registered Associate of the Department. He was paid £19,434 for work completed and £13,800 included within the accruals figure.

29 Third-party assets

The National School of Government did not hold funds on behalf of any other parties during the year.

30 Post Balance Sheet Events

The National School of Government's financial statements are laid before the Houses of Parliament by HM Treasury. FRS 21 requires the National School of Government to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by The National School of Government's management to HM Treasury.

The authorised date for issue is 8 July 2009



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