Presented pursuant to the Government Resources & Accounts Act 2000 c.20 s.6

Department for Children, Schools and Families

Resource Accounts 2007-08

LONDON: The Stationery Office 16 July 2008
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(For the year ended 31 March 2008)

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Annual Report

Scope

1. Entities within the Departmental accounting boundary

1.1 On 28 June 2007 the Prime Minister announced a series of machinery of government changes including the creation of the new Department for Children, Schools and Families (DCSF).

1.2 Under the HM Treasury rules accounting for machinery of government changes the financial impact of the change has been backdated to 1 April 2007. Therefore all costs related to adult learning and higher education incurred by the former Department for Education and Skills from 1 April to the date of the announcement, have been transferred to the Department for Universities, Innovation and Skills and do not appear in these accounts. Similarly these accounts include all costs for the Respect Task Force (which transferred into the new department from the Home Office) from 1 April. Prior year figures have also been presented to reflect the new structure.

1.3 The entities within the Departmental boundary that make up these consolidated financial statements are the core DCSF Department (request for resources 1), the Sure Start Unit (request for resources 2) and the Children's Fund (request for resources 3).

2. Bodies outside the Departmental accounting boundary

2.1 During 2007-08 the DCSF had lead responsibility for the public sector bodies listed below.

2.2 The executive Non-Departmental Public Bodies (NDPBs) have their own Accounting Officers who are responsible to Parliament for the funds they receive and publish their own accounts separately. All the executive NDPBs are financed through grant in aid and the other bodies are financed through grant funding. These accounts include the funding paid to the bodies and all are outside the Departmental boundary for the Resource Accounts.

Executive Non-Departmental Public Bodies (NDPBs)
British Educational Communications and Technology Agency (BECTA)
Children and Family Court Advisory and Support Service (CAFCASS)
National College for School Leadership (NCSL)
Office of the Children's Commissioner (OCC) (also known as 11 Million)
Partnerships for Schools (PfS)
Qualifications and Curriculum Authority (QCA)
School Food Trust (SFT)
Training and Development Agency for Schools (TDA)

Public Corporation
General Teaching Council for England (GTC)

Advisory NDPB
School Teachers' Review Body (STRB)
Independent Advisory Group on Teenage Pregnancy (IAGTP)
Teachers' TV (TTV)

Advisory Bodies
Children's Plan Expert Group
Home Access Task Force
Information Standards Board
Music and Dance Scheme Advisory Group

National Council for Education Excellence (NCEE)
Learning Outside the Classroom National Advisory Group

Near to Government Bodies
Basic Skills Agency
British Academy
Centre for Information on Language Teaching and Research (CILT)
Children's Workforce Development Council *(which will become an NDPB in 2008-09)*

3. Ministers

3.1 The following ministers formed the ministerial team of the Department during the 2007-08 financial year:

Rt. Hon Ed Balls	Secretary of State (from 29 June 2007)
Rt. Hon Alan Johnson	Secretary of State (to 29 June 2007)
Rt. Hon Beverley Hughes	Minister of State for Children, Young People and Families and Minister for the North West
Jim Knight	Minister of State for Schools and 14-19 Learners
Bill Rammell	Minister of State for Lifelong Learning, Further and Higher Education (to 29 June 2007)
Lord Andrew Adonis	Parliamentary Under Secretary of State for Schools
Kevin Brennan	Parliamentary Under Secretary of State for Children, Young People and Families (from 30 June 2007)
Parmjit Dhanda	Parliamentary Under Secretary of State for Children and Families (to 29 June 2007)
Phil Hope	Parliamentary Under Secretary of State for Skills (to 29 June 2007)

4. Management of the Department

The Board

4.1 David Bell became the first Permanent Secretary for the new department following the machinery of government changes in June 2007. David is the Department's Accounting Officer and as such is accountable to Parliament and the wider public for its actions and in spending public funds.

4.2 David heads the DCSF Board, which consists of five members who lead the five directorates, along with a sixth director, the Director for Strategy. In addition to the executive board members there are two non-executive board members who provide an external challenge and perspective to the Board.

4.3 The Board provides collective leadership to the Department and has overall responsibility for its performance. The Board's responsibilities include:

- taking forward the Department's strategic aims and objectives;
- advising on the allocation of its financial and human resources;
- managing Departmental resources;
- monitoring the achievement of performance objectives;
- maintaining a transparent system of prudent and effective controls;
- assessing and managing risk; and
- leading and overseeing the Department's reform programme.

4.4 The composition of the Board of the new Department on 31 March 2008 was as follows:

Executive board members

David Bell	Permanent Secretary
Tom Jeffery	Director General, Children and Families Directorate
Lesley Longstone	Director General, Young People Directorate
Ralph Tabberer	Director General, Schools Directorate
Jon Thompson	Director General, Corporate Services Directorate
Jane Cooper	Interim Director, Communications Directorate (from 7 January 2008)
Stephen Meek	Director, Strategy (from 1 August 2007)

Other executive members of the DCSF Board who served during the year

Caroline Wright	Director, Communications Directorate (currently on maternity leave)

Non-executive board members

Philip Augar	Non-executive member
Katherine Kerswell	Non-executive member

4.5 Board members have been appointed by the Permanent Secretary (with the approval of the Senior Appointments Selection Committee where appropriate). Further information on the appointment and policies relating to board members is contained in the Remuneration Report.

Board Structure

4.6 The Board regularly reviews its ways of working and has put in place a corporate governance structure with two sub-boards which enables the main monthly Board meeting to focus more clearly on strategy and performance.

4.7 The first of the sub-boards is the Executive Management Board which advises on the allocation of financial and human resources to achieve the Department's strategic objectives. Its monthly meetings are chaired by David Bell and the membership comprises the six executive board members.

4.8 The Audit and Risk Assurance Committee (ARAC) is the second sub-board. Its purpose is to provide an independent view on the management of risk, governance and internal control to the Board. It has been set up in line with the *HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice*. It is chaired by Philip Augar, a non-executive member of the Board and its membership comprises Katherine Kerswell, who is also a non-executive member of the main Board, plus three independent members. The National Audit Office (NAO), the Head of Internal Audit, the Accounting Officer and the Director General of Corporate Services Directorate attend all the meetings.

4.9 The ARAC Terms of Reference are published on the DCSF website (www.dcsf.gov.uk) and further information on the work of the Committee can be found in the Departmental Report 2008 published in May 2008.

5. Departmental reporting cycle

5.1 Each year the Department publishes the Departmental Report, a comprehensive review of the Department for Children, Schools and Families (DCSF) and the Office for Standards in Education (OFSTED). The latest Report (Cm7391) published in May 2008 gives detailed information on the Department's achievements in the 2007-08 financial year, progress against its Public Service Agreement (PSA) targets and expenditure plans based on the resources allocated in the Comprehensive Spending

Review 2007 settlement. Further information on the Department's performance in achieving its aims and objectives is available in the *Autumn Performance Report*. These documents are available on the DCSF website (www.dcsf.gov.uk).

6. Pension liabilities

6.1 The DCSF balance sheet does not include the pension liabilities of its staff or ministers. The civil servants pension liabilities are part of the Principal Civil Service Pension Scheme (PCSPS) and ministers' pension liabilities are included in the Parliamentary Contributory Pension Fund (PCPF). Both pension schemes publish separate Resource Accounts. Further information on accounting treatment of pension liabilities within the DCSF accounts can be found in the Remuneration Report (pages 25 – 32) and the Notes to the Accounts (note 1 accounting policies page 45).

7. Register of interests

7.1 The Department maintains a register of interests which contains details of company directorships and other significant interests held by board members. The register is open for inspection by appointment at any of the Departmental offices in Darlington, London, Runcorn or Sheffield. Anyone wishing to view the register can contact the Department as follows:

- By e-mail to: malcolm.fielding@dcsf.gsi.gov.uk
- By telephone: 020 7925 6115
- By writing to: Malcolm Fielding, Financial Accounting Division, Department for Children, Schools and Families, Fifth Floor, Sanctuary Buildings, 20 Great Smith Street, London, SW1P 3BT.

8. Auditor

8.1 The Comptroller and Auditor General (C&AG) is the auditor of the Department's financial statements. The C&AG, appointed under statute, reports to Parliament the results of his audit examination. The notional cost of work performed by the National Audit Office during 2007-08 totalled £300,000 (2006-07: £300,000) for audit services in respect of the DCSF and Teachers' Pension Scheme Resource Accounts.

8.2 The National Audit Office (NAO), on behalf of the C&AG, also carries out Value for Money studies for which they do not receive remuneration from the DCSF. During 2007-08 the main education study undertaken in relation to DCSF was *Partnering for Success: Preparing to deliver the 14-19 educational reforms in England* published on 13 December 2007.

8.3 The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information. Furthermore he has established that the NAO are aware of that information.

Management Commentary

9. Aim and objectives of the Department

9.1 The Department's aim is to ensure every child gets the best possible start in life, receives an excellent education, and has the support and protection they, and their family, need to allow them to reach their full potential.

9.2 The purpose of the Department is to lead and work across Government to ensure that children and young people:

- stay healthy and happy;
- secure an excellent education and the highest possible standards of attainment;

- enjoy their childhood;
- make a positive contribution to society and the economy; and
- have lives full of opportunity, free from the effects of poverty.

9.3 To underpin this work the Department has seven Departmental Strategic Objectives for the Comprehensive Spending Review 2007 (CSR2007) period which cover all aspects of the Department's business:

- Objective 1 – Secure the well-being and health of children and young people.
- Objective 2 – Safeguard the young and vulnerable.
- Objective 3 – Achieve world class standards in education.
- Objective 4 – Close the gap in educational achievement for children from disadvantaged backgrounds.
- Objective 5 – Ensure young people are participating and achieving their potential to 18 and beyond.
- Objective 6 – Keep children and young people on the path to success.
- Objective 7 – Lead and manage ourselves and our partners.

9.4 Further information on income and expenditure by objective for both the current and prior financial year is available on the Statement of Operating Costs by Departmental Aim and Objectives.

10. Key Departmental activities during 2007-08

10.1 The following paragraphs are a summary of the operating performance during the financial year, and a summary of the environment which influences decisions and performance. Further information on the work of the Department and Public Service Agreement (PSA) targets is available in the *Departmental Report 2008* (Command Paper no 7391 issued in May 2008), the *Autumn Performance Report 2007* (Command Paper No 7279 issued December 2007), and the *Children's Plan* (Command Paper No 7280 issued December 2007). All of these documents are available on the DCSF website (www.dcsf.gov.uk).

Principal activities

10.2 Six months after the creation of the Department it published the *Children's Plan.* The aim of the Plan is to make England the best place in the world to grow up and it sets out the plans how we will work towards making this happen over the next ten years. The activities to implement the plan are listed below.

Departmental Strategic Objective 1 – Secure the well-being and health of children and young people

10.3 The activities supporting this objective are the Department's contribution to the delivery of the cross-government PSAs to 'Improve the well-being and health of children and young people' (PSA 12) and to 'Deliver a successful Olympic Games and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality physical education (PE) and sport' (PSA 22). Chapter 1 of the Departmental Report 2008 contains more information on achievements related to this objective.

- Worked with the Department of Health to improve the well-being and health of children and young people which included: publication of the *NHS Operating Framework 2008-09* which contains specific references to children and young people for the first time; the establishment of the Child Health and Well-being Board to oversee delivery of the PSA target in relation to the health and well-being of children and young people and the National Service Framework for Children, Young People and Maternity services; publication of the joint Obesity Unit's *Healthy weight, Healthy lives: a cross government strategy for England*; provided funding for 30 new adventure playgrounds and up to 3,500 play areas nationally.

- Worked with the School Food Trust to lead action to promote the take-up of school lunches and the development of new regulations.
- Worked with the Department for Culture, Media and Sport, the Youth Sport Trust, PE and Sports Coach Trust UK and Sport England to continue the delivery of physical education and sport. The new *PE and Sport Strategy for Young People* published in January 2008 will help deliver five hours sport per week to every child which is supported by £100 million announced by the Prime Minster in July 2007, plus an additional £755 million investment over the next three years.
- Invited bids from local authorities to participate in the pilot for a three-year £225 million investment programme to create more safe places to play. In February 2008, 65 local authorities were invited to bid to become play pathfinders and 20 have been selected for the first year.
- In May 2007 the DCSF and HM Treasury published *Aiming High for Disabled Children: Better Support for Families* which sets out specific action needed to improve local services for disabled children and their families, including a new duty on local authorities for short break provision.
- Created a joint Child Poverty Unit with the Department for Work and Pensions in November 2007. The Unit has responsibility for co-ordinating policy across government so that no child has their childhood or life chances blighted by poverty, and to eradicate child poverty by 2020.

Objective 2 – Safeguard the young and vulnerable

10.4 The activities supporting this objective are the Department's contribution to delivery of the cross-government PSA to 'Improve children and young people's safety' (PSA 13). Chapter 2 of the Departmental Report 2008 contains more information on achievements related to this objective.

- The DCSF led the development and launch of Staying Safe, a consultation on a cross-government strategy on children's safety. The consultation ended on 31 October 2007 and resulted in the publication of the *Staying Safe: Action Plan* which sets out the work Government will take forward over the next three years to drive improvements in safety.
- In September 2007, Dr Tanya Byron was asked to conduct an independent review of the risks to children and young people from exposure to potentially harmful or inappropriate material on the internet and in video games. The Government has accepted Dr Byron's recommendations in full and committed to publishing a comprehensive action plan.
- The Department has taken further steps to increase the effectiveness of children's social care services that has included encouraging full inter-agency implementation of *Working Together to Safeguard Children* guidance and issuing supplementary guidance and research reports.
- Published the care matters implementation plan *Care Matters: Time to deliver for children in care* in March 2008.
- In September 2007, the Department published guidance for schools on how to prevent and tackle bullying entitled *Safe to Learn, embedding anti-bullying work in schools*.

Objective 3 – Achieve world class standards in education

10.5 The activities supporting this objective are the Department's contribution to delivery of the cross-government PSA to 'Raise educational achievement' (PSA 10). Chapter 3 of the Departmental Report 2008 contains more information on achievements related to this objective.

- In September 2007 a new programme, Every Child a Writer, was launched which will provide intensive support for writing in primary schools. The Department is working with a group of local authorities to develop pilots, beginning in September 2008, that will include one-to-one coaching.

- Commissioned Sir Jim Rose to conduct a root and branch review of the primary curriculum. He will issue an interim report in October 2008 and is due to report his final recommendations by the end of March 2009.
- Publication of the revised secondary curriculum in July 2007.
- Announced the expansion of the Young, Gifted and Talented programme, run by the CfBT Education Trust; and appointed a new champion for the Young, Gifted and Talented programme, John Stannard.
- Announced a new strategy to educate the next generation of scientists and mathematicians which includes resources for teacher recruitment and retention, continuing professional development and science and engineering clubs.
- Continued to provide support for the on-going development of extended schools so that they enable access to services for pupils, families and the local community including childcare, parenting and family support.
- Launched new guidelines to ensure effective and early action is taken to improve weak and failing schools in May 2007.

Objective 4 – Close the gap in educational achievement for children from disadvantaged backgrounds

10.6 The activities supporting this objective are the Department's contribution to delivery of the cross-government PSA to 'Narrow the gap in achievement' (PSA 11). Chapter 4 of the Departmental Report 2008 contains more information on achievements related to this objective.

- Introduced the pilot scheme Making Good Progress Pilot to assess, report and stimulate progress throughout the key stages so that no child falls behind or gets stuck at any key stage.
- Worked closely with partners including the Traveller Education Support Service, local authorities and National Strategies to provide targeted improvements to education for Gypsy, Roma and Traveller pupils, and thereby remove the barriers to achievement for this group of pupils.
- In July 2007, the Department launched the New Arrivals Excellence programme to provide advice, guidance and a range of resources to help local authorities support children whose first language is not English.
- In September 2007, the Department launched the Bercow Review into the provision of services for children and young people with speech, language and communication needs. The interim report was published in March 2008 and the final report is due for publication in July 2008.
- Introduced measures to increase participation in post-16 education, including the September Guarantee which offers an appropriate learning place for every young person leaving Year 11 who wants one, and the 14-19 Prospectus.

Objective 5 – Ensure young people are participating and achieving their potential to 18 and beyond

10.7 This objective contributes to the cross-government PSA to 'Raise educational achievement' (PSA 10). It represents the Department's contribution to the Every Child Matters 'Enjoy and Achieve', 'Achieve Economic Well-being' and 'Make a Positive Contribution' outcomes. Chapter 5 of the Departmental Report 2008 contains more information on achievements related to this objective.

- Worked with a group of 14-19 Partnerships to more clearly define the function, membership and governance which will be included in the Education and Skills Bill currently going through Parliament.
- Published *Raising Expectations: Staying in education and training Post-16 – From Policy to Legislation*, which set out building blocks to underpin Government plans to raise the education participation age to 17 by 2013, and to 18 by 2015 in November 2007.

- Helping our Partners to prepare to extend the September Guarantee to 16-year-olds to 17-year-olds.
- Published in October 2007, *Quality Standards for Young People's Information, Advice and Guidance User Guide*.
- Developed 14 diploma qualifications. The first five diplomas – in Construction and the Built Environment; Creative and Media; Engineering; Information Technology; and Society, Health and Development – will be offered for the first time in September 2008 to nearly 40,000 young people in almost 900 schools and colleges around the country.
- In January 2008, the Department published *World Class Apprenticeships* in collaboration with the Department for Innovation, Universities and Skills (DIUS), the Prime Minister's Strategy Unit and the Learning and Skills Council (LSC).
- Implemented a range of measures to ensure enough young people with higher level science, technology, engineering and mathematics (STEM) skills to meet the economic needs of the UK. The measures include: continued to support the partnership; Transition to Teaching, between employers and the Training and Development Agency for schools; a STEM communications campaign aimed at pupils, parents and teachers; and announced a £10 million contribution to Project Enthuse to give secondary science teachers inspirational, contemporary continuing professional development.
- In March 2008, *Raising Expectations: enabling the system to deliver*, a joint consultation between the Department for Children, Schools and Families and the Department for Innovation, Universities and Skills was published. This consultation included the transfer of planning and funding responsibilities for 16 to 19-year-olds from the Learning and Skills Council to local authorities and proposals for reforming the post-19 skills landscape.
- On 26 September 2007, the Department announced that it will legislate to create a new independent regulator of qualifications and test, the Office of the Qualifications and Examinations Regulator, which will take on the regulatory functions of the Qualifications and Curriculum Authority (QCA) and a development agency for curriculum, assessment and qualifications which will take on the non-regulatory functions of the QCA.

Objective 6 – Keep children and young people on the path to success

10.8 This objective contributes to the cross-government PSA to 'Increase the number of children and young people on the path to success' (PSA 14). Chapter 6 of the Departmental Report 2008 contains more information on achievements related to this objective.

- Following the publication in July 2007 of *Aiming High for Young People: A ten year strategy for positive activities*, which sets out the Government's long-term vision for young people in England, the Department developed an implementation plan which it published in March 2008.
- In October 2007, as part of the machinery of government changes, the Youth Taskforce was created from the Respect Task Force (previously in the Home Office) and the Targeted Youth Support team (in the Department for Children, Schools and Families). Focused on improving opportunities for young people to give and get respect in their communities, the Taskforce will help drive improvements in delivery for young people.
- The new Parent Know How suite of services was developed over the year and will be launched over the spring/summer 2008. Parent Know How brings together existing telephone helpline services with new, innovative ways of delivering information and support to parents through newer technologies.
- The Parenting Implementation Project was established bringing together 18 local authorities to test and develop new and effective approaches to parenting support and to strengthen the use of evidence based parenting interventions through extended schools and Sure Start Children's Centres.

- To support the development of the workforce offering family support the new National Academy for Parenting Practitioners was launched in October 2007. Its role is to ensure that those working with parents have the necessary skills and that the evidence base on effective practice in working with parents to improve child outcomes continues to develop.
- To encourage parents to read aloud to their children and foster a lifelong love of reading, the Department provided free Bookstart book packs for parents of children aged 0-3; and from autumn 2007 free books were provided to children entering reception (Booktime) and to children joining Year 7 (Booked up).
- To ensure that every parent has regular, up to date information on their child's attendance, behaviour, progress and achievement at school, all schools will start the move to online reporting to parents from September 2008. The Department has been working with the British Educational Communications and Technology Agency (BECTA), the Government agency for ICT in education, to develop a package of implementation support for schools which will be released in the summer term of 2008.
- In July 2007, the Department published guidance setting out what schools in England have to do to promote community cohesion. A national conference and conferences in every government region have been held to raise awareness of the new duty with head teachers, governors and other key stakeholders.
- In November 2007, the Department published the NEET strategy *Reducing the number of young people not in education, employment or training (NEET) by 2013*.
- The *Care Matters: Time for Change White Paper*, published June 2007, set out the steps the Department will take, together with local delivery partners, to improve outcomes for children and young people in care. During 2007-08, the Department has been developing an implementation plan for Care Matters.
- In October 2007, the Department started the *Right2bCared4* pilot programme in eleven local authorities. Supported by £6 million funding over three years, the programme is exploring how best to plan care around the needs of young people and give them a greater say over whether they stay in care until they are 18, or move out into independent flats or hostels.
- Continued to work with the Department of Health to take forward the five main themes of the Teenage Pregnancy strategy: Joined up action; National Media Campaign; Support for the parents of teenagers; prevention including improving sex and relationships education and access to contraception; and support for teenage parents.
- Worked with the Home Office and Department of Health to publish strategies for national and local action to address the problems of drugs and alcohol. *Safe. Sensible. Social. The next steps in the National Alcohol Strategy* was published in June 2007, and *Drugs: protecting families and communities' – 2008-2018 strategy* was published in February 2008.
- A joint unit was created between the Department and the Ministry of Justice, with responsibility for youth justice issues and sponsorship of the Youth Justice Board. The unit brings together the expertise of both departments to contribute to the protection of the public by developing policy and law in relation to children who offend and are at risk of offending.

Objective 7 – Lead and manage the system

10.9 Building on progress in improving the Department's capability and to meet the challenges facing the Department, the Board has agreed this new objective. It is underpinned by a *Departmental Action Plan* (DAP) which sets out the internal improvements needed to support the new Department's wider remit for the children, young people and families agenda. Activities this year included the following:

- Developed the Improving Information Sharing and Management (IISaM) programme to oversee information sharing policy. By supporting the development of integrated working practices, the programme will enable better coordination and targeting of services and support those working with children, young people and families in England to improve outcomes and change lives.

- The Department's Commercial Group and its delivery partners are responsible for the common vision and strategy for procurement and commissioning in the children, schools and families sectors, and provides procurement services for the Department for Innovation, Universities and Skills. The Commercial Group had helped achieve procurement efficiencies of £364 million per annum by March 2008 and has successfully piloted the first of the OGC Procurement Capability Reviews.
- Developed the plan *Building Brighter Futures: Next Steps for the Workforce (April 2008)* which outlines the Government's intention to invest nearly £73 million (including £7 million in capital) over the next three years in a package of proposals to enhance the capacity and skills of social workers working with children and families.
- Worked closely with the National College for School Leadership (NCSL) to ensure that schools have the right leaders and leadership teams, with a broad range of skills to deliver the reforms needed to enable every school to become a good school.
- As part of the Corporate Services Transformation Programme (CSTP) the Board took the decision to enter into a shared services agreement with the Department for Work and Pensions (DWP). This project will bring together the Department's human resource, finance and procurement data into a single ORACLE enterprise resource planning system.

Chapter 7 of the Departmental Report 2008 contains more information on achievements related to this objective.

Internal and external influences on performance

10.10 The key influences on performance are:

- The resources available during the Comprehensive Spending Review 2007 (CSR2007) period.
- The consultation exercises which preceded the formulation of the Children's Plan which sets out what we are going to do.
- The Capability Review carried out in 2006 (and the resultant Capability Review Implementation Plan) on which the Departmental Plan is based. The Plan sets out how we are going improve the way we work.

10.11 A strong start in life for all children and young people in crucial in enabling them to make the transition to adulthood ready to thrive in a global economy and a 21st century. Recognising the importance of sustained investment the CSR 2007 announced that education spending in England will rise by an average of 2.8 per cent a year in real terms between 2007-08 and 2010-11. As a result the DCSF's total budget will increase by £2.8 billion in 2008-09, £5.4 billion in 2009-10 and £9.4 billion in 2010-11.

10.12 This additional investment will be accompanied by value for money reforms realising annual net cash releasing savings of £4.5 billion by 2010-11. These reforms will be delivered across the full range of DCSF spending and include:

- Estimated savings of over £500 million per year by 2010-11 from continuing the rollout of schools capital initiatives, including the Building Schools for the Future Programme.
- Over £500 million per year by 2010-11 from improving the use of resources in schools.

10.13 Our aim is to make this the best place in the world for our children and young people to grow up. This is why the new Department was created, and why it is necessary to draw up this first ever Children's Plan, to put the needs of families, children and young people at the centre of everything we do.

10.14 Since then, the Department has been listening to parents, teachers, professionals, and children and young people themselves. We heard that while there are more opportunities for young people today than ever before, parents want more support in managing the new pressures they face such as balancing work and family life, dealing with the internet and modern commercialism, and letting their children play and learn whilst staying safe. We heard that while children are doing better than ever in school, we need to do more to ensure that every child gets a world class education. We heard that while fewer children now live in poverty, too many children's education is still being held back by poverty and disadvantage.

10.15 The Plan and the new Department mean that more than ever before families will be at the centre of excellent, integrated services that put their needs first, regardless of traditional institutional and professional structures. This means a new leadership role for Children's Trusts in every area, a new role for schools as the centre of their communities, and more effective links between schools, the NHS and other children's services so that together they can engage parents and tackle all the barriers to the learning, health and happiness of every child.

10.16 The Capability Review of the former Department for Education and Skills in 2006 and its resulting implementation plan set out specific areas where improvement in the Department (strategy, delivery, people management and Board impact visibility). These priorities were carried forward into the Department for Children, Schools and Families. And progress against them assessed by the Cabinet Secretary twelve months on from the original review.

10.17 Incorporating and building on the existing plans for implementation of the Capability Review findings, the Departmental Action Plan (DAP) sets out improvement priorities under four broad themes:

- **Leading the system** – improving our ability to set clear shared priorities and strategies for better outcomes for children, young people and families, lead delivery and manage the performance of the system.
- **Culture** – developing the behaviours and instilling the values which the Department will need to work by.
- **Managing and developing** – improving the quality and consistency in the Department's internal management and leadership, ensuring that the Department has the right skills and embed equality and diversity.
- **Business Systems** – ensuring that all the Department's processes and business systems are efficient and responsive to the needs of the organisation and support delivery of better outcomes for children and families.

10.18 In addition to addressing priorities within their own Directorates, Director Generals have been allocated responsibility for one of the four themes. They report progress against their Directorates' priorities and their individual theme to the Board.

11. Environmental, social and community issues

11.1 The following paragraphs describe what action the Department is taking on the issue of sustainable development, how it is embedding equality and diversity into its policies and programmes.

Sustainable Development

11.2 Preparing young people so they are fully equipped for the challenges of the future is central to the work of the Department and vital to the long term health of society. The vision set out by the Government in *Securing the Future (2005)* is 'to enable all young people throughout the world to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life of future generations'. The *Children's Plan* vision 'to make this country the best place in the world for our children and young people to grow up' is complementary to that of sustainable development: children cannot grow up into a stable and secure world unless as a country, and an international partner, ways to improve our well-being without destroying our planet are found.

11.3 Five key principles were set out in *Securing the Future (2005)* and these continue to provide the basis for sustainable development policy in the UK. These principles are:

- Living within environmental limits.
- Ensuring a strong healthy and just society.
- Achieving a sustainable economy.
- Using sound science responsibly.
- Promoting good governance.

11.4 The Department for Children, Schools and Families and its predecessors have had a Sustainable Development Action Plan since 2003, and the Department has recently published its latest Sustainable Development Action Plan *Brighter Futures – Greener Lives* covering the period April 2008 to March 2010. This is not a statement of the Department's core business, which is set out in the *Children's Plan* but of how the Department delivers its core business to support the Government's commitment to sustainable global development.

11.5 The plan covers the whole of the Department's remit, from the way its buildings are operated, through to policy and the work done to lead the system of agencies and local authorities supporting schools and children's services. The plan gives an overview of the work planned which is underpinned by more detailed delivery plans covering sustainable operations, sustainable schools and children's well-being. Each delivery plan is a living document that will be reviewed and updated throughout the period of the Sustainable Development Action Plan. Comments and suggestions are welcomed from interested parties on these plans, particularly on what more the Department could be doing to promote sustainable development through its policies.

11.6 The Department's objectives are:

- Leading change in the system – achieving the goals for children and in doing so ensuring sustainable development.
- Leading by example.
- Empowering and educating young people for life in a sustainable world.

11.7 The Department works with other government departments, local authorities and other partners to create an environment fit for children and ensure young people grow up in places which encourage physical activity, outdoor play, socialisation, mental health and, above all, a positive sense place, belonging and contribution to the world.

11.8 The Department sees it as their duty to work with others to ensure young people are prepared to tackle the type and scale of the challenges they will face in their lives as a result of the impact of climate change.

11.9 The Department's ambitions for the well-being of children are fundamental to the purpose of partnerships with other organisations and to the role of its partners. The remit letters for each of the Department's non-departmental public bodies require them to consider how they ensure that their actions support sustainable development and, by working together refine messages on sustainable development.

11.10 The Department has an obligation to improve its own operational performance and the Sustainable Development Action Plan reflects this. There is also huge scope within the Department to marry value for money to environmental and social concerns and this is reflected in the Department's sustainable procurement strategy. A stronger message will be given to staff and our delivery partners about the importance of delivering the Department's objectives, and operating its estate, in a way that supports sustainable development. Delivering these ambitions will require a much more effective internal governance and accountability structure for sustainable development which has been set out in *Brighter Futures – Greener Lives*.

Equality and Diversity

11.11 The Department's Equality and Diversity Delivery Plan includes the vision that everyone should have an equal opportunity to meet their aspirations, realise their full potential and improve their life chances. Providing that equal opportunity will make for a fairer and more prosperous society.

11.12 The Department will work with its partners to ensure policies and services recognise and respond to the diverse needs of all children, young people and adults, and to ensure that excellent learning experiences are universally available.

11.13 The Department aspires to be an exemplar equal opportunities employer and to create a workplace which values diversity and is free from any form of unfair discrimination (also see The Department's Workforce). In doing so the Department will be able to better meet the needs of its diverse range of customers and to develop and deliver policies which better meet the needs of all the communities it serves. Progress will be monitored to ensure the Department is making a full contribution to building a diverse and inclusive society.

Relationships with employees

11.14 Recruitment to the Department complied with the standards set by the Office of the Civil Service Commissioners as set out in the *Civil Service Commissioners' Recruitment Code* and the *Civil Service Commissioners Guidance on Senior Recruitment*. All exercises were managed through fair and open competition. The Department also followed the *Civil Service Code of Practice on the Employment of Disabled People*, which aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement is based solely on ability, qualifications and suitability for the work.

11.15 The DCSF worked with its trade unions, both formally and informally, to achieve shared aims and objectives in an equal, positive and constructive relationship. The DCSF aims to promote a positive employee relations environment where staff and the trade unions can contribute constructively to a department that leads in children, family services and education.

11.16 The DCSF regularly conducts a full staff survey. The last results were published in August 2007 are for the Staff Survey which took place during May 2007. The evaluation showed the Department had made progress on: reward and recognition; leadership; and communication, but more needed to be done on: people management; corporate and local induction; planning for project and programme management; and work/life balance.

Payment policy

11.17 It is DCSF practice to pay for goods and services after receipt and within 30 calendar days of the invoice date. This policy guarantees the satisfactory receipt of goods and services before payment is made, and ensures that the supplier is paid within a reasonable time. During 2007-08, 98.8% of suppliers (2006-07: 97.7%) were paid within 30 days of receipt of a valid invoice. The DCSF did not make any interest payments to suppliers under the Late Payment of Commercial Debt (Interest) Act 1988.

12. Personal Data Security

12.1 Starting this year, all departments are required to report personal data related incidents that have occurred during the financial year in accordance with the standard disclosure format issued by the Cabinet Office.

12.2 The Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data which the Department or its delivery partner hold whose release or loss could cause harm or distress to individuals, including as a minimum:

- Information that links one or more identifiable living person with information about them whose release would put them at significant risk of harm or distress.

- Any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2007-08

<table>
<tr><td colspan="5">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.</td></tr>
<tr><th>Date of incident (month)</th><th>Nature of Incident</th><th>Nature of data involved</th><th>Number of people potentially affected</th><th>Notification steps</th></tr>
<tr><td>April</td><td>Theft of encrypted[1] laptop.</td><td>The contact details for test markers who work on the National Curriculum were saved on the laptop hard disc. This included the name, address, telephone number, date of birth and grade.</td><td>17,052</td><td>DCSF.

QCA Audit Committee.</td></tr>
<tr><td>Further action on information risk</td><td colspan="4">The risk of the data held on the laptop being accessed by an unauthorised user is extremely low.</td></tr>
</table>

[1]The purpose of encryption is to prevent unauthorised reading of the data. Encryption software converts data from its original form to a form that can only be read by someone that can reverse the encryption.

Table 2: Summary of other protected personal data related incidents in 2007-08

<table>
<tr><td colspan="3">Incident deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.</td></tr>
<tr><th>Category</th><th>Nature of Incident</th><th>Total</th></tr>
<tr><td>I</td><td>Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises</td><td>1</td></tr>
<tr><td>II</td><td>Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises</td><td>4</td></tr>
<tr><td>III</td><td>Insecure disposal of inadequately protected electronic equipment, devices or paper documents</td><td>–</td></tr>
<tr><td>IV</td><td>Unauthorised disclosure</td><td>–</td></tr>
<tr><td>V</td><td>Other</td><td>–</td></tr>
</table>

Table 3: Year-on-year total numbers of protected personal data related incidents prior to 2007-08

Total number of protected personal data related incidents formally reported to the Information Commissioner's Office, by category number						
	I	II	III	IV	V	TOTAL
2006-07	–	1	–	–	–	1
2005-06	–	–	–	–	–	–
2004-05	–	–	–	–	–	–

Total number of other protected personal data related incident, by category number						
	I	II	III	IV	V	TOTAL
2006-07	–	1	–	–	2	3
2005-06	–	–	–	–	–	–
2004-05	–	–	–	–	–	–

13. Financial performance

13.1 The following paragraphs are a summary of the financial performance during the year and the future developments which will impact on financial performance.

Comparison of outturn to Supply Estimate

13.2 The Statement of Parliamentary Supply provides information on how the Department has performed against the Parliamentary controls on resources and cash expended by the Department. This information is supplemented by note 2, which reports outturn in the same format as the Supply Estimate and the Reconciliation of resource expenditure between Estimates, Accounts and Budgets.

13.3 The statement shows that the Department has not breached any of the Parliamentary controls, and at Estimate level, outturn was £777 million (2% of the budget) lower than the £49.6 billion net resource limit. As a result of the underspend the Department also required less cash than planned in the Supply Estimate. The net cash requirement limit was £49.6 billion, but the Department consumed £48.7 billion in financing its activities, £969 million (2%) less than Parliamentary limit. The following paragraphs provide further information on the outturn and variances for each request for resource (RfR).

Request for resources 1 – Core Department

13.4 In total, RfR 1 outturn was £589.4 million lower than the Supply Estimate net resource limit of £47.7 billion. Over 90% of this underspend can be attributed to the four Estimate Lines listed below.

A – Administration costs – £77million – see explanation below.

B – Schools funding not through local authorities – £214million – see explanation below.

F – 14-19 programmes funding – the main element of the 14 – 19 funding costs is the DCSF's contribution to the Department for Universities, Innovation and Skills for the Learning and Skills Council grant in aid. The £124million (1.7%) variance on this Estimate Line is due to the lower than expected funding payments to finance 6th Form Colleges, Education Maintenance Allowances.

K – Capital grant to schools funded via local authorities – £164 million (4.9%). The variance mainly relates to a) Targeted Capital Fund projects where a number of bid-based projects came to an end, leaving £55m of unspent funds which could not be re-allocated to other projects; b) the Building Schools for the Future (BSF) programme was lower than planned as a result of a number of projects which have fallen behind schedule.

The table below shows the outturn and variance explanations for all Estimate Lines where the variance exceeds 10% of the budget as required by the Financial Reporting Manual.

<table>
<tr><th>Estimate Line</th><th>Estimate Line Description</th><th>Limit
£000</th><th>Outturn
£000</th><th>Variance (over)/under
£000</th></tr>
<tr><td>A</td><td>Activities to support all functions</td><td>312,728</td><td>235,709</td><td>77,019</td></tr>
<tr><td colspan="5">Explanation of variance: Actual administration costs have underspent slightly, the variance relates to the Department's allocation reserve (a budgetary control mechanism). The balance on the reserve was not transferred to the Departmental Unallocated Provision (DUP) in the Spring Supplementary leading to a £57 million technical underspend within the grants budget.</td></tr>
<tr><td>B</td><td>Support for schools and teachers not through Local Authorities</td><td>1,721,584</td><td>1,507,446</td><td>214,138</td></tr>
<tr><td colspan="5">Explanation of variance: The variance relates to Academies and has arisen due to differences between forecasts provided by external contractors and final progress at the end of the year. As such, the work that has slipped, and the associated expenditure, will now take place in 2008-09.</td></tr>
<tr><td>N</td><td>Capital grants to local authorities to support children and families</td><td>62,267</td><td>47,920</td><td>14,347</td></tr>
<tr><td colspan="5">Explanation of variance: A local authority led capital project has been re-phased and activity on this project is now expected to take place in 2008-09.</td></tr>
<tr><td>V</td><td>AME – Activities to support all functions</td><td>12,000</td><td>6,605</td><td>5,395</td></tr>
<tr><td colspan="5">Explanation of variance: The Department requested £12 million budget to cover the cost of revaluing the Sheffield Headquarters building (Moorfoot) from a depreciated replacement cost to an open market basis. The variance was due to a) the full cost of the revaluation being £2.5 million less than expected, and b) £4.1 million was met from the revaluation reserve and was not charged to the operating cost statement.</td></tr>
</table>

Request for resources 2 – Sure Start

<table>
<tr><th>Estimate Line</th><th>Estimate Line Description</th><th>Limit
£000</th><th>Outturn
£000</th><th>Variance (over)/under
£000</th></tr>
<tr><td>A</td><td>Sure Start current grants not through Local Authorities</td><td>83,773</td><td>66,477</td><td>17,296</td></tr>
<tr><td colspan="5">Explanation of variance: The variance is the result of underspends on a) Sure Start Workplace Nurseries capital grants – £8.4 million and; b) Sure Start current and capital grants £8 million.

The Sure Start Workplace Nurseries projects are being delivered through partnerships between local authorities and the private sector, and the programme slippage is a result of complexities in arranging the partnerships. To prevent further slippage the Department has restructured the partnership bid process. A panel has been set up to ensure prospective bids are found, scrutinised and cleared at the earliest opportunity.

The Sure Start grants budget was underspent as a result of differences between the estimated grant claims and the audited outturn claims submitted by the partnerships.</td></tr>
<tr><td>B</td><td>Sure Start schools current grants not through Local Authorities</td><td>28,933</td><td>24,411</td><td>4,522</td></tr>
<tr><td colspan="5">Explanation of variance: The £4.5 million variance is due to an underspend on the Children's Information Service</td></tr>
<tr><td>E</td><td>Sure Start Local Authority capital grants</td><td>609,025</td><td>434,716</td><td>174,309</td></tr>
<tr><td colspan="5">Explanation of variance: The variance is the result of slippages in the local authority capital projects. A strategy is in place to increase the rate at which Children's Centres are built which includes; providing earlier advice to local authorities on their plans (targeting local authorities in greatest need of help); increasing the speed of project approval by streamlining the approvals process; and improving information and budget management processes. The Department will agree revised budget profiles so that local authorities have the resources available to finance Children Centre projects in later years.</td></tr>
</table>

Operating cost statement

13.5 The operating cost statement reports total administration costs and programme costs by request for resource. This year the 2006-07 figures have been restated to reflect the notional impact of the machinery of government changes which transferred expenditure for higher education and skills to

DIUS, and the transfer of the Respect Task Force from the Home Office to DCSF. The impact of these changes is disclosed in note 31.

13.6 Of the £48.8 billion net operating costs, the majority of expenditure (£48.7 billion) is incurred on programme expenditure. More information on programme expenditure is given in note 10. Only 0.4% (£201 million) was spent on administration costs (£224 million 0.5% 2006-07).

13.7 The £23 million fall in administration costs is the result of lower staff costs and other general administrative expenses. The £6 million fall in staff costs charged to administration costs is largely as the result of HM Treasury giving authority to charge staff costs relating the Academies programme to programme expenditure. Staff costs as a whole remain at a constant percentage of overall administration costs.

13.8 There has been a £16.7 million decrease in other general administration expenditure this year. In addition to savings in some costs, e.g. operating leases, the key impact was that the early departure costs related to transforming the Department have been reclassified as programme costs this year following approval from HM Treasury.

Balance Sheet

13.9 The DfES balance sheet had been dominated by the student loans and the related provisions. As a result of the transfer to DIUS, the balance sheet has been restated from the DfES's £14.3 billion net asset position at 31 March 2007 to a £146.9 million net liability for DCSF. As the Department's activities are financed by Supply the net liability position is not a cause for concern and is largely the result of accrued expenditure exceeding prepayments and other current debtors.

13.10. An unforeseen impact of the machinery of government changes has been the large cash balance in the Office of HM Paymaster General bank account. As DIUS could not obtain its own Supply financing until the approval of its main Supply Estimate in January 2008 DCSF continued to finance the higher education and skills expenditure on behalf of DIUS. DIUS repaid the total cash expenditure incurred by DCSF on its behalf in January, however, the rules governing the Consolidated Fund did not allow DCSF to repay the surplus cash in-year leaving the Department with a £799 million bank balance. This balance is offset by a creditor balance for the unspent Supply repayable to the Consolidated Fund.

13.11 The cash flow statement provides further information on how the Department financed its activities. The main source of funding is the Consolidated Fund. The increase in cash shown at the bottom of the statement is the result of the surplus cash financing issue described in paragraph 13.10.

13.12 A new cost allocation model was prepared this year to support the Statement of Operating Costs by Departmental Aim and Objectives to allocate costs to the seven objectives. Whenever possible the model directly allocates costs to a single objective, but where costs support a number of objectives they have been apportioned in accordance with the Department's business plan. Staff costs and overheads have been apportioned in accordance with the Directorate objectives. The same model has been applied to the 2006-07 restated outturn to provide comparative figures.

13.13 Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2007-08	2006-07 (Restated)
	£000	£000
Net Resource Outturn (Estimates)	**48,843,105**	**44,873,706**
Adjustments to remove:		
Provision voted for earlier years	–	–
Adjustments to additionally include:		
Non-voted expenditure in the OCS	–	–
Consolidated Fund Extra Receipts in the OCS	(33,714)	(2,739)
Other adjustments	–	–
Net Operating Cost (Accounts)	**48,809,391**	**44,870,967**
Adjustments to remove:		
Capital grants	(3,657,177)	(2,543,979)
Capital grants financed from the Capital Modernisation Fund	–	–
Voted expenditure outside the budget	(1,178,997)	(1,092,376)
Adjustments to additionally include:		
Other Consolidated Fund Extra Receipts	–	–
Resource consumption of Non-Departmental Public Bodies	1,224,952	1,109,848
Unallocated resource provision	–	–
Resource Budget Outturn (Budget)	**45,198,169**	**42,344,460**
Of which		
Departmental Expenditure Limits (DEL)	45,191,564	42,344,460
Annually Managed Expenditure (AME)	6,605	–

Future developments

13.14 Following the machinery of government changes, responsibility for delivering the former DfES's 2004 Spending Review (SR2004) efficiency targets has been shared between DCSF and DIUS. The latest assessment shows that DCSF is on course to achieve over £4 billion in annual efficiency gains over the SR2004 period; is on course to reduce the number of civil servant posts (full time equivalents) by 1,960 (with DIUS), and; it is expected that the Department and its partner organisations will exceed the target of moving 760 posts out of London and the South East by 2010. The Department's spending plans reflect that administration costs will continue to fall as a result of the efficiency savings in its core services under the Corporate Services Transformation Programme.

13.15 In November 2007 the Department announced the first 3-year settlement for schools funding which will allow schools and local authorities to take a longer term, more strategic approach to their financial planning. The key points of the settlement are:

- The Dedicated School Grant (DSG) will increase by an average of 13.1 per cent per pupil over three years.
- A Minimum Funding Guarantee (MFG) set at 2.1 per cent in each of the three years of the settlement.
- Schools Standards Grant and School Development Grant will increase by the level of the MFG each year.
- Better targeting of funding for deprivation, including £41 million through the DSG for pockets of deprivation, targeting support to children of disadvantaged backgrounds who attend schools in local authority areas with low deprivation.

13.16 On 1 April 2008 the Department introduced a new process for paying grants to local authorities by merging a group of previously ring-fenced funding streams into the new Area Based Grant. One of the grants being replaced is the Local Area Agreement programme. Through this new single funding stream DCSF will provide funding in excess of £1 billion per year. Local areas will have much greater freedom to this money in a way that suits local circumstances and priorities.

Significant contingent liabilities

13.17 Note 27 to the Accounts provides updated information on the contingent liabilities which the DCSF was required to report to Parliament at 31 March 2008. Following the transfer of contingent liabilities to DIUS, DCSF is not responsible for any significant liabilities.

14. Investment

14.1 The *Children's Plan* sets out capital investment strategy across education and children's services in England. To finance the strategic programmes capital investment each year is rising from £1 billion a year in 1997-98 to £9 billion by 2010-11.

14.2 The Department's new strategic programmes for early years provision, and primary, secondary and further education are now beginning to deliver a transformation in the learning and skills and children's services physical landscape. These will provide a model for how Government investment will develop as the 15 to 20 year strategic and transformational programmes roll out.

14.3 Seeking to be responsive to local needs and the aspirations of local communities, clear local strategic leadership lies at the heart of the Department's approach to each capital investment strategy. Along with its non-departmental public bodies, the Department works closely with local authorities (LAs) and their local partners to build their skills and capacity so that the investment is genuinely transformative and plans are integrated with those for the community regeneration to secure value for money. For example, during 2008-09, the Department will be working with LAs to investigate and test further ways capital programmes could be further integrated that enable LAs and their partners to develop the necessary facilities for children, young people and families in a flexible and efficient manner.

14.4 The following paragraphs summarise capital investment during the year and future plans early years services, schools and supporting young people. Full details of the investment plans are contained in the new *Asset Management Strategy* (published February 2008) which is available on the DCSF website (www.dcsf.gov.uk).

Sure Start (including Early Years Education and Childcare)

14.5 LAs are responsible for working with local partners to plan and deliver services to meet the needs of parents and children. The Department provides funding for LAs through the Sure Start, Early Years and Childcare Grant to create new buildings, and to refurbish and extend existing premises to promote choice and to enable integrated services to be provided.

14.6 A total of just under £1 billion capital grant has been allocated to LAs over the 2007 Comprehensive Spending Review period. To promote flexibility, the Department notified allocations in a single capital block for children's centres, childcare and early years provision. This block comprises capital funding for Sure Start Children's Centres (start up and maintenance), early years provision (including investment both to improve quality and to support the delivery of the extended free offer for 3 and 4-year-olds) and childcare. It also includes funding for the seven authorities participating in the Workplace Nurseries capital programme. This capital programme is designed to both help families with children and work responsibilities and to contribute to sustainable employment in the participating authorities. It will specifically help small and medium sized enterprises to provide good quality childcare for their employees.

14.7 Sure Start Children's Centres are at the heart of the Every Child Matters Change for Children programme, offering integrated support to children and their families. Sure Start Children's Centre funding is aimed at developing centres for every community by 2010. In March 2008, the target of 2,500 centres was achieved, so that over two million young children and their families now have access to a children's centre. By 2010, the Sure Start Children's Centre network will grow to 3,500, ensuring that young children and families in every community will have access to a centre.

14.8 The Department has made a substantial investment in providing children with safe, stimulating places to play. The *Children's Plan* announced a new investment package of £225 million over the next three years to support local authorities, parents and communities in providing safe and fun play facilities for children. The Department has now added £10 million to this, meaning that over the next three years £235 million will be invested in play. This will fund 30 new adventure playgrounds, and up to 3,500 play areas nationally will be developed.

14.9 The £235 million new funding will provide for:

- The piloting of adventure play parks and the innovative development of public play spaces.
- A training offer to every local authority to help planners, engineers and managers of public spaces understand the value of playable space to children and best practice in delivering this.
- Funding to enable 4,000 play workers to achieve recognised play qualifications and, within that, to enable a core of professionally qualified new graduate leaders to emerge.
- An offer of capital funding to every local authority in England not already covered by the pathfinders to support the delivery of stimulating local places to play. This will allow up to 3,500 playgrounds to be rebuilt or renewed and made accessible to all children, including those with disabilities.

Schools

14.10 School buildings and infrastructure continues to be the major focus of the Department's investment strategy, with total support for investment in school buildings, facilities and ICT rising from £5.9 billion in 2006-07 to £6.7 billion in 2007-08, and planned to rise to over £8.2 billion (including £1.32 billion private finance initiative (PFI) credits). Over the 2007 Comprehensive Spending Review period, £21.9 billion of schools capital has been allocated. This investment is not only improving the condition, suitability and sufficiency of England's schools, but is supporting government priorities of improving standards, the diversity and accessibility agendas, personalised learning, the 14-19 reforms, extended schools and co-location of services, the healthy schools agenda including play, sports and healthy eating, and sustainability aims. It supports wider regeneration programmes and the creation of sustainable communities.

14.11 The Department provides a balance of programmes that enable schools, local authorities, dioceses and others to invest to the best effect for children and learners. These include:

- Devolved programmes, which go direct to every school, local authority and diocese for local priorities.
- Strategic programmes, to deliver long-term national priorities for renewing the schools estate.
- Targeted programmes, which focus on projects which support government priorities which are too large for the devolved programmes and too urgent to wait for the strategic programmes.

14.12 Through Devolved Formula Capital, from 2006-07 until 2010-11, a typical unmodernised primary school of 250 pupils will receive £34,000 each year to spend according to its needs on buildings or technology. In the same period, a typical unmodernised secondary school of 1,100 pupils will receive £113,000 each year. Schools which have been built or substantially remodelled since 1997 will receive half of these amounts. In addition, over £2 billion will be available each year, across every local authority, diocese and school for local priorities (for example, to support modernisation, basic need or school access programmes).

14.13 Building Schools for the Future (BSF), the cornerstone of the strategic renewal of the schools estate aims to give every secondary school pupil and teacher world class facilities in 15 waves of investment from 2005-06, subject to future spending decisions. About 1,000 school building projects in 72 local authorities are already under way in the first six waves of BSF, including 97 academies which are now built through BSF, and 39 schools in the 'One School Pathfinder' offer to authorities late in the BSF programme to renew their neediest school. In September 2007, the first all new BSF school opened at Brunel Academy in Bristol, and by the end of 2007-08 there were 12 BSF schools open. In 2008-09, a further 35 BSF schools should open, and by 2010-11, 200 new or remodelled schools a year will be delivered.

14.14 The Primary Capital programme is aimed at strategic renewal of the primary schools estate, providing support to local authorities to rebuild, remodel or refurbish at least half of all primary schools over 14 years from 2008-09, with the aim of renewing or taking out of use those in the worst condition. The Department is now working with 23 regional pathfinders to: test systems and processes ahead of the national roll out; deliver high quality exemplar projects in each region; and build capacity and share good practice regionally. Pathfinders share £150 million of capital investment in 2008-09. From 2009 to 2011, subject to approval of a primary sector 'Strategy for Change', all authorities will benefit from a share of additional primary sector capital investment of £1.75 billion.

14.15 A revised Targeted Fund has been provided over the 2007 Comprehensive Spending Review period to support choice and diversity and other ministerial priorities. These resources may be called upon to provide support for projects such as: new schools by promoters, including parent promoters which local authorities cannot reasonably fund from other sources; fresh start schools and federations; and the expansion of successful and popular schools. It also includes funding to support putting new kitchens in schools without them, in authorities with high levels of this need. Further, local authorities not in BSF waves 1-6 have been allocated a flat rate of £8 million each for 14-19 and special educational need investment.

14.16 In addition, to support a move to new sustainability aims, targeted funding of £110 million has also been earmarked in the three years from 2008 to enable over 230 new school buildings in the BSF, Academies and One School Pathfinder programmes, to meet a 60 per cent carbon emissions reduction. This is the first step towards the longer term ambition of zero carbon new school buildings by 2016.

14.17 The Government recognises that significant extra investment comes from local authorities, voluntary aided and specialist schools, local communities, academy sponsors, private developers and from other government and European bodies. This is vital in enabling more work to be done in schools, particularly with extended school facilities for the benefit of the whole community.

14.18 Harnessing Technology is the Government's strategy for the development of ICT in education, skills and children's services. The British Educational Communications and Technology Agency (BECTA) leads the development and implementation of the strategy, and is working with partners across all sectors of education to ensure a co-ordinated approach to its delivery.

14.19 BECTA has been refreshing the original strategy (published in 2005), to articulate the approach that will be taken in the next six years to ensure that technology supports the achievement of the Department's Strategic Objectives for education and children's services as outlined in the *Children's Plan*. The refreshed strategy and subsequent sector-based delivery plans will focus on how technology underpins the development of a demand-led education system that is responsive to the requirements of learners, parents/carers and employers, and the actions needed at every level in order to create an e-confident system. Whilst good progress has been made, evidence shows that across the system some 20 per cent are well on the way to being e-confident. The strategy aims to increase this figure to 80 per cent by 2012.

ICT

14.20 Computers and the internet can support pupil learning at home in powerful ways, but those without ready access technology, and the support needed to use it effectively, lose out on these opportunities. From 2006 to 2008, £60 million of funding has been distributed through the Computers for Pupils project to provide home computer access to some of the most disadvantaged secondary school pupils and their families. The longer term ambition is to make home access to personal technology for learning a reality for all pupils by 2011, irrespective of their circumstances. The Home Access Taskforce has been working to identify effective and financially sustainable approaches to achieving this aim and will make recommendations on ways forward in mid 2008.

14.21 The substantial central government investment in ICT for schools over the last decade will continue, with over £800 million earmarked for this purpose in the next three years.

Supporting Young People

14.22 The investment of over £290 million of the Department's funding over the next three years and the reinvestment of unclaimed assets will offer a once in a generation opportunity to improve places to go for young people. The ambition is that the Department's capital investment drives both a major change in the level of ambition across the country and a transformation in the way facilities for young people are planned and delivered, particularly in the role and influence of young people and the level of genuine cross-sector partnership working. *Aiming high for young people: a ten year strategy for positive activities* set an ambition for new and improved places to go in all areas of the country over the next ten years.

14.23 On 3 April 2008, *myplace* was launched to deliver £190 million of government capital investment over the next three years through grants of between £1 million and £5 million. Delivered by the Big Lottery Fund, *myplace* investment will focus on world class facilities driven by the active participation of young people and their views and needs. Facilities will need to be delivered in cross-sector partnership and offer young people a safe place to go, access to an exciting range of positive leisure time activities and access to support services as and when they are needed. The *myplace* investment may fund new builds or the refurbishment or redevelopment of existing assets.

14.24 The Youth Opportunity and Capital Funds have already gone a long way in empowering and involving young people in local investment decisions. On top of a baseline of £26.5 million per annum, the Youth Task Force Action Plan announced £22.6 million additional capital investment via the Youth Capital Fund in 2008-09 in the 50 most deprived local authorities. This continued and increased investment over the next three years will ensure that in every local authority area young people will be empowered to improve youth facilities through direct control over capital resources.

Delivering flexible opportunities for young people 14-19

14.25 Established in 2006 the 16-19 Capital Fund, which is administered by the Learning and Skills Council, continues to support new provision in schools and further education that improves quality and choice for 16- to 19-year-olds. The fund totalled £166 million in 2007-08. Over the 2007 Spending Review period a total of £210 million/£210 million/£210 million in capital funds is being made available for new 16-19 places in schools, sixth form colleges or further education settings.

14.26 The programme of 14-19 reforms, including the introduction of new diplomas, will transform the learning experience for every young person in England. From September 2008, the first five diplomas will be taught in selected areas of the country, determined following a Gateway process. As part of this process, the Department allocated a one off pot of £47 million for capital projects to support the delivery of diplomas in successful areas.

14.27 For the second Diploma Gateway, which announced in March 2008 the consortia that will be delivering one or more of the first ten diploma lines from September 2009, the Department asked local areas to fund diploma capital projects from existing lines of funding (for example, Targeted Capital Funding, BSF, Further Education Modernisation Funding). This reflects the importance of 14-19 within the overall package of capital funding from the Department, and encourages local areas to think about the position of 14-19 reforms within the wider education setting.

Public-Private Partnerships/Private Finance Initiatives

14.28 Public private partnerships projects, including private finance initiatives (PFI) continue to form a significant part of the Department's capital programme. PFI is used in capital procurement where it demonstratively provides the public sector with better value for money in procuring modern, high quality services from the private sector. There are currently 13 signed PFI deals as a result of the Building Schools for the Future programme as well as 107 signed operational PFI contracts in the school sector involving around 845 schools.

Remuneration Report

Part A: Unaudited

15. Ministers' and board members' remuneration policy

15.1 Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975 (as amended by the Ministerial and Other Salaries Order 1996) and the Ministerial and Other Pensions and Salaries Act 1991.

15.2 The Permanent Secretary's pay is set by the Prime Minister on the recommendation of the Permanent Secretaries Remuneration Committee. The Committee's membership comprises the Chairman of the Senior Salaries Review Body (SSRB) (who acts as chair), two other members of the SSRB, the Cabinet Secretary and the Permanent Secretary of HM Treasury.

15.3 The pay of Senior Civil Servants (SCS) in DCSF is decided by the SCS Pay Committee, chaired by the Permanent Secretary, and comprising members of the Executive Management Board. The SCS Pay Committee makes decisions within the limits and delegated authorities set by the Government in response to the annual report of the Senior Salaries Review Body (SSRB). The Permanent Secretary meets separately with a non-executive director to determine the pay of board members.

15.4 Performance management and reward policy for members of the Senior Civil Service including board members is managed within the central framework set by the Cabinet Office. It allows for annual performance related base pay and bonus awards, agreed centrally each year following SSRB recommendations. The Senior Civil Service Performance Management and Reward principles for 2007-08, which include explanations of how base pay and bonus levels are determined and their relative value, can be found at: www.civilservice.gov.uk. The SCS performance bonuses are allocated from a central salary 'pot' expressed as a percentage of the DCSF's SCS salary bill, which is agreed centrally each year following the SSRB recommendations. In 2007-08 this 'pot' was limited by the Cabinet Office to 7.6% (2006-07 7.6%) of the total SCS salary bill from which individuals were awarded varying amounts, dependent on performance.

16. Summary and explanation of policy on duration of contracts, notice periods and termination payments

16.1 The permanent head of the Department (the 'Permanent Secretary') is appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service and with the agreement of the Ministerial head of the Department.

16.2 Members of the Executive Management Board are appointed by the Permanent Secretary with the agreement of the Prime Minister and the Senior Leadership Committee where appropriate, which consists of Permanent Secretaries from across Whitehall and is chaired by the Cabinet Secretary.

16.3 All board members contractual terms comply with the requirements set centrally for the Senior Civil Service by Cabinet Office, and the exact terms offered reflect the requirement of the post. The principles governing recruitment to, and departure from the Civil Service, including details of compensation for early termination, are set out in the Civil Service Management Code at www.civilservice.gov.uk

17. Details of board members' service contracts

17.1 The contractual terms of DCSF board members during 2007-08 are shown in the following table.

Contractual terms for board members

	Date of Appointment to Position	Type of Contract	Unexpired term at 31/3/08	Details of Notice Period
Mr David BELL[1] *Permanent Secretary*	1 January 2006	Indefinite	Not applicable	3 months in writing
Mr Tom JEFFERY[1] *Director General*	10 November 2003	Indefinite	Not applicable	3 months in writing
Mr Stephen MARSTON[1] *Director General (to 27 June 2007)*	30 August 2005	Indefinite	Not applicable	3 months in writing
Mr Ralph TABBERER[1] *Director General*	13 March 2006	Indefinite	Not applicable	3 months in writing
Mr Jonathan THOMPSON[1] *Director General*	9 May 2006	Indefinite	Not applicable	3 months in writing
Ms Ruth THOMPSON[1] *Director General (to 27 June 2007)*	15 September 2006	Indefinite	Not applicable	3 months in writing
Ms Caroline WRIGHT[1] *Director*	15 May 2006	Indefinite	Not applicable	3 months in writing
Ms Lesley LONGSTONE[1] *Director General (from 28 June 2007)*	28 June 2007	Indefinite	Not applicable	3 months in writing
Ms Jane COOPER[2] *Director (from 7 January 2008)*	7 January 2008	Fixed	9 Months	6 months in writing
Mr Stephen MEEK *Director (from 1 August 2007)*	1 August 2007	Indefinite	Not applicable	3 months in writing

[1] Date of appointment is when the individual took their Board position in the former DfES.

[2] The fixed term appointment is for a period of 12 months from 7 January 2008 to 6 January 2009. The period of notice is 6 months or a period, if less, equal to the unexpired part of the fixed period. No notice will be given if the appointment is terminated early by mutual consent.

The details of notice in the above table relates to the notice the individual is required to give if they intend leaving the Department. If the Department decides to terminate a contract it is required to give 6 months notice.

Part B: Audited

18. Salaries and benefits

18.1 The table below contain details of the salaries and benefits in kind paid to Ministers and the Department's senior managers. 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London Weighting or London Allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Ministers	2007-08 Salary	2007-08 Benefits in kind (rounded to nearest £100)	2006-07 Salary	2006-07 Benefits in kind (rounded to nearest £100)
Rt. Hon Ed BALLS MP *Secretary of State (from 29 June 2007)*	£58,105 *(£76,904 full year equivalent)*	–	N/A	–
Rt. Hon Alan JOHNSON MP *Secretary of State (to 29 June 2007)*	£25,635 *(£76,904 full year equivalent)*	–	£63,479 *(£75,963 full year equivalent)*	–
Rt. Hon Beverley HUGHES MP *Minister of State*	£40,193	–	£39,405	–
Jim KNIGHT MP *Minister of State*	£39,893	–	£33,574 *(£39,405 full year equivalent)*	–
Bill RAMMELL MP *Minister of State (to 29 June 2007)*	£9,862 *(£39,893 full year equivalent)*	–	£39,405	–
Lord Andrew ADONIS *Parliamentary Under Secretary of State*	£72,653	–	£71,784	–
Kevin BRENNAN MP *Parliamentary Under Secretary of State (from 30 June 2007)*	£22,794 *(£30,280 full year equivalent)*	–	N/A	–
Parmjit DHANDA MP *Parliamentary Under Secretary of State (to 29 June 2007)*	£10,093 *(£30,280 full year equivalent)*	–	£25,303 *(£29,909 full year equivalent)*	–
Phil HOPE MP *Parliamentary Under Secretary of State (to 29 June 2007)*	£10,093 *(£30,280 full year equivalent)*	–	£29,909	–

18.2 The totals above represent payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£61,820 from 1 November 2007, £61,181 from 1 April 2007, £60,277 from 1 November 2006, £59,686 from 1 April 2006) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Board members	2007-08		2006-07	
	Salary £000	**Benefits in kind (rounded to nearest £100)**	**Salary £000**	**Benefits in kind (rounded to nearest £100)**
Mr David BELL *Permanent Secretary*	190-195	200	170-175	–
Mr Tom JEFFERY *Director General*	145-150	–	140-145	–
Mr Stephen MARSTON *Director General (to 27 June 2007)*	30-35 *(150-155 full year equivalent)*	–	130-135	–
Mr Ralph TABBERER *Director General*	160-165	–	165-170	–
Ms Ruth THOMPSON *Director General (to 27 June 2007)*	25-30 *(135-140 full year equivalent)*	–	60-65 *(110-115 full year equivalent)*	–
Mr Jonathan THOMPSON *Director General*	165-170	–	120-125 *(135-140 full year equivalent)*	–
Ms Lesley LONGSTONE *Director General (from 28 June 2007)*	100-105 *(125-130 full year equivalent)*	700	N/A	–
Ms Caroline WRIGHT *Director*	105-110	–	80-85 *(90-95 full year equivalent)*	–
Ms Jane COOPER *Director (from 7 January 2008)*	20-25 *(95-100 full year equivalent)*	–	N/A	–
Mr Stephen MEEK *Director (from 1 August 2007)*	80-85 *(115-120 full year equivalent)*	–	N/A	–

18.3 The non-executive board member Philip Augar did not receive any remuneration from the Department. Katherine Kerswell received £15,000 remuneration from the Department.

18.4 The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

19. Non-cash elements of the remuneration package

19.1 The board members' remuneration packages do not contain non-cash benefits.

20. Pension benefits

Ministers

20.1 Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended). Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of employee contribution.

20.2 Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with the changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate or 10% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 26.8% of the ministerial salary.

20.3 The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

20.4 The PCPF have provided the following information in respect of DCSF Ministers:

	Accrued pension at at age 65 at 31/03/08 £000	Real increase in pension at age 65 £000	CETV at 31/03/08 £000	CETV at 31/03/07 £000	Real increase in CETV £000
Rt. Hon Ed BALLS MP[2] *Secretary of State (from 29 June 2007)*	0-5	0-2.5	14	6	3
Rt. Hon Alan JOHNSON MP[1] *Secretary of State (to 29 June 2007)*	5-10	0-2.5	74	70	2
Rt. Hon Beverley HUGHES MP *Minister of State*	5-10	0-2.5	72	58	7
Jim KNIGHT MP *Minister of State*	0-5	0-2.5	21	13	4
Bill RAMMELL MP[1] *Minister of State (to 29 June 2007)*	0-5	0-2.5	37	35	1
Lord Andrew ADONIS *Parliamentary Under Secretary of State*	5-10	0-2.5	44	28	8
Kevin BRENNAN MP[3] *Parliamentary Under Secretary of State (from 30 June 2007)*	–	–	–	–	–
Parmjit DHANDA MP[1] *Parliamentary Under Secretary of State (to 29 June 2007)*	0-5	0-2.5	10	8	–
Phil HOPE MP[1] *Parliamentary Under Secretary of State (to 29 June 2007)*	0-5	0-2.5	17	14	1

[1] CETV at date of leaving
[2] CETV at start date
[3] Opted out of pension scheme no disclosure required

20.5 The **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 pension benefits they have 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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own costs. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

20.6 The **real increase in the value of the CETV** is effectively the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister and are calculated using common market valuation factors for the start and end of the period.

Board members

20.7 Pension benefits are provided through the Civil Service Pension (CSP) 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 joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

20.8 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 earnings 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 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 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.

20.9 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).

20.10 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.

20.11 Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

	Accrued pension at age 60 as at 31/03/08 and related lump sum £000	Real increase in pension and related lump sum at age 60 £000	CETV at 31/03/08 £000	CETV at 31/03/07 £000	Real increase in CETV £000	Employer contribution to Partnership pension account (nearest £100)
Mr David BELL *Permanent Secretary*	50-55 plus 150-155 lump sum	2.5-5 plus 7.5-10 lump sum	932	759	50	–
Mr Tom JEFFERY *Director General*	45-50 plus 135-140 lump sum	0-2.5 plus 5-7.5 lump sum	1,005	839	46	–
Mr Stephen MARSTON[1] *Director General (to 27 June 2007)*	35-40 plus 110-115 lump sum	0-2.5 plus 2.5-5 lump sum	518	540	22	–
Mr Ralph TABBERER *Director General*	15-20 plus 45-50 lump sum	0-2.5 plus 2.5-5 lump sum	319	253	27	–
Mr Jonathan THOMPSON *Director General*	20-25 plus n/a Premium	2.5-5 plus n/a Premium	293	220	30	–
Ms Ruth THOMPSON[1] *Interim Director General (to 27 June 2007)*	40-45 plus 130-135 lump sum	0-2.5 plus 5-7.5 lump sum	800	820	48	–
Ms Lesley LONGSTONE[2] *Director General (from 28 June 2007)*	25-30 plus 85-90 lump sum	5-7.5 plus 17.5-20 lump sum	460	275	95	–
Ms Caroline WRIGHT *Director*	10-15 plus 30-35 lump sum	0-2.5 plus 2.5-5 lump sum	129	92	16	–
Ms Jane COOPER[2] *Director (from 7 January 2008)*	0-5 plus n/a Premium	0-2.5 plus n/a Premium	6	–	5	–
Mr Stephen MEEK[2] *Director (from 1 August 2007)*	15-20 plus 50-55 lump sum	0-2.5 plus 5-7.5 lump sum	279	182	36	–

[1] CETV at date of leaving

[2] CETV at start date

20.12 The **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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that due to certain factors being incorrect in last years CETV calculator there may be a slight difference between the final period CETV for 2006-07 and the start of period CETV for 2007-08.

20.13 The real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include 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.

21. Amounts payable to third parties for services of senior managers

21.1 There were no monies paid to third parties for services of executive board members during 2007-08.

David Bell
Accounting Officer

Date: 8 July 2008

Statement of Accounting Officer's Responsibilities

Under Section 5 of the Government Resources and Accounts Act 2000, the HM Treasury has directed the Department for Children, Schools and Families 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 for Children, Schools and Families, and of its net resource outturn, resources applied to the 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, 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.
- Prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Department for Children, Schools and Families. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding the Department's assets, are set out in *Managing Public Money* published by HM Treasury.

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, in accordance with the responsibilities assigned to me in *Managing Public Money*. Within the Department I require each Director General, and the heads of certain other units which report directly to me, to sign an annual statement covering risk management and the operation of related controls in their areas of responsibility, to supplement the regular reporting to the Board on their stewardship of risks.

Similarly, the Chief Executives of the Non-Departmental Public Bodies (NDPBs), which are part of the Departmental Group, are responsible for the maintenance and operation of the system of internal control in their individual NDPBs, and have signed a statement relating to those systems which are reproduced in the accounts of each body.

The statements from directorates and NDPBs have been scrutinised and further information sought when necessary. Internal Audit has examined the processes supporting production of these statements and are satisfied that issues raised during their work have been adequately reflected. The Audit and Risk Assurance Committee (ARAC) has made an independent assessment of the contents of the Statement and is satisfied that it is consistent with their knowledge of the Department.

The Departmental Board includes two non-executive members and regularly meets to discuss all strategic policy management issues. This includes providing direction on major policy, delivery and operational issues, reviewing performance and ensuring that the Department is working economically, efficiently and effectively.

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 a reasonable, rather than an absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 system of internal control has been in place in the Department for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity and capability to manage risk

The Board recognises the importance of leadership to create an environment where risk management is effective and a Departmental Risk Improvement Manager is in place. Two Department-wide reviews of our risk management practice have been conducted to assess the progress made over the year regarding the improvement of the Department's risk management capacity and capability. These reviews found that we continue to make sound progress regarding the way in which we manage our risk. They also identified a small number of areas of risk management in the Department which require further improvement. These issues are now being addressed as part of the ongoing actions set out in the Department's Risk Improvement Plan.

Guidance on the identification, assessment and active management of risk in the Department is available to all staff. The Department's Risk Improvement Manager has continued to work with corporate policy colleagues to ensure that risk management is further embedded into the Department's corporate governance, finance management, business planning and assurance, and performance management arrangements and improvement activities.

The risk and control framework

The Department's approach is to assign risks to those best placed to manage them. Therefore individual managers are responsible to the risk owners (Directors General and Directors) for managing risk as they have knowledge of the issues involved and can best manage risk and mitigate the potential impact. All managers are expected to systematically identify, assess and manage risk and document the underlying assumptions.

This risk assessment and management process is built into the Department's business planning and reporting processes and is managed through a strong programme and project management framework. It continues to indicate a focus on risks arising from specific programmes and projects, upon which most of the Department's expenditure is spent, and on risks associated with changing the way public services are delivered. There is clear accountability and ownership of risk to ensure that risk is managed at the appropriate level and there are frameworks in place to escalate risks to ensure that significant risks are reported to senior management and, if required, the Board.

The key risks facing the Department have been identified and agreed by the Risk Committee. The Board regularly reviews these risks and also considers new and emerging threats, ensuring that all are effectively managed. Every quarter I discuss and review key Departmental risks with the Secretary of State.

I have ensured that data security is a priority area both in the Department and in its NDPBs, and is receiving all the necessary attention. Under the umbrella of the Department's Information Assurance Programme, we have systematically identified all our information assets and recorded them on the register so as to classify them according to their sensitivity and are currently in the process of assessing the risks and, where necessary, upgrading the level of protection. We have commenced an ongoing awareness programme to ensure everyone understands their responsibilities for the protection of the assets. I confirm that there have been no material security incidents within the past year.

To support improvement in risk and control management a proactive approach to fraud awareness, prevention, detection and investigation is taken by the Department. These arrangements are subject to scrutiny and monitoring by the DCSF Fraud Committee, a sub-committee of ARAC. The Fraud Sub Committee meets regularly. Its role is to give assurance to ARAC that the risks to the Department's business from fraud and financial irregularity are being managed and monitored effectively and is another aspect of good governance.

Last year we raised the issue of grant award without competition and said further work would be undertaken in 2007-2008. Further work has now been undertaken to introduce an element of competition into our grant funding processes to enhance value for money and further mitigate potential risks of the payments being regarded as state aid. In addition, procurement reforms have introduced a further tightening on the levels at which decisions, particularly concerning single tenders and consultant recruitment, can be made. This has seen a reduction both in contracts that were at risk of challenge and in inappropriate funding of consultancies.

During the year, the National Audit Office (NAO) produced a number of reports which reviewed the value for money of operations involving the Department and its delivery agents. The recommendations in reports by the NAO and the Public Accounts Committee have been carefully considered during the year.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the Directors General within the Department who have responsibility for the development and maintenance of the internal control framework, Internal Audit, and comments made by the external auditors in their management letter and other reports. I have been advised by the Board, ARAC, the Risk Committee and Departmental Risk Improvement Manager, the Departmental Security Officer and the Chief Information Officer.

The Department's internal auditors undertake a work programme approved by me to review risk management, internal control and governance. The Head of Internal Audit (HIA) produces periodic reports on Internal Audit's findings, their assessment of risk management, corporate governance and control standards in the key corporate risks and delivery areas. They identify areas where action is required to address shortcomings. I meet with the HIA monthly to discuss progress in addressing major concerns. The HIA prepares biannual reports which include their professional opinion on the effectiveness of the overall systems of internal control, risk management and governance within the Department. During the year, Internal Audit continued to advise Directorates within the Department and at year end helped to ensure issues identified through the audit work programme have been appropriately reflected in the preparation of the Directorates' annual statements.

For 2007-08 ARAC supported the Accounting Officer by offering objective advice on issues concerning the control and governance of the Department. ARAC was chaired by a non-executive board member and its role and composition was in line with the Treasury's best practice guidance as confirmed by a formal review of its effectiveness carried out by Internal Audit.

Internal Control

General

The machinery of government (MoG) changes saw two directorates (i.e. those dealing with higher education, and lifelong learning and further education) leave the Department for Education and Skills to become part of the new Department for Innovation, Universities and Skills. The remainder, together with work transferred from the Home Office and the Ministry of Justice, formed the new Department for Children, Schools and Families. The new unit responsible for Youth Justice is jointly managed with the Ministry of Justice.

As the Department for Innovation, Universities and Skills was a new Department, I acted as Accounting Officer from its creation at the end of June until mid-December when it received its own Vote. With advice from HM Treasury, the two Departments arranged for interim Statements on Internal Control from the two former Department for Education and Skills directorates. On the basis of these and assurance from Internal Audit, I was able to give assurance to the Department for Innovation, Universities and Skills' Accounting Officer for the period I was Accounting Officer.

Due to the changes, some of the Department for Education and Skills' NDPBs became delivery partners for both Departments. With HM Treasury advice, a lead sponsoring Department has been determined in each case and Memoranda of Understanding drawn up to cover the working arrangements and clarify accountability. Arrangements have also been put in place where programme policy and delivery crosses Departmental boundaries to ensure clarity of control.

A Memorandum of Understanding will be signed with the Ministry of Justice as the lead Department for the Youth Justice Unit.

As the Department is no longer the sponsor of the Learning and Skills Council, it has set up quarterly performance fora, quarterly Ministerial reviews and regular stocktake meetings to ensure that budgets and risks are managed effectively. A dedicated 14-19 performance forum is being established to strengthen the existing arrangements.

2007-08 was the second year of the Department's responsibility for payment of the Dedicated Schools Grant (DSG) and the first year in which the Department had assurance on local authority grant use. Chief Finance Officers' statements have been received and compared with the notes to the accounts covering the DSG. Officials are working with the authorities to clarify issues and reconcile inconsistencies and are satisfied that there has been no misappropriation or misuse of DSG.

During the year complementary risk assurance and governance arrangements have been established, including a Group to review the delivery of the Department's portfolio of high risk IT enabled programmes and projects. In line with Cabinet Office requirements the Group's remit was expanded to include information risk assurance and information asset management. Following the strategy outlined in the Department's Information Assurance Programme all information assets have been identified and classified as to their sensitivity, risks are being assessed and, where necessary, protection levels have been upgraded. There have been no material security incidents in the year.

The Information Standards Board (ISB), jointly sponsored by DCSF and DIUS, with an independent chairman and external technical support, has been recently set up as the authority for standards in the education, skills and children's services system.

In July 2004, the DfES formally committed to an Efficiency Programme, which stemmed from the Gershon Review. One of its main targets was to realise some £4.3bn worth of annual efficiency gains by 2007-2008. By March 2008, the efficiency programme had delivered £4.08 billion, or 94%, of the target.

Issues

In our capital programmes, the underspend reported last year in Building Schools for the Future has been managed. There is now less than 2% slippage in that programme. Underspends have arisen this year in other areas, for example:

- The Academies programme, £121m. Internal Audit has reviewed the Academies Capital Budget management and an action plan is being developed to address the audit findings.
- 16-18 Capital Grant, £113m due to slower than expected take-up. Processes will be streamlined to reduce barriers and it is expected the budget will be fully used in 2008-09.
- Sure Start Children's Centres, £169m, arising mainly from slippage in Local Authority capital projects affecting the expected refurbishment programme, together with some incorrect historical data for tracking capital allocation. New systems will reduce the scale of this problem.

During the year the Department became aware that its reliance on the Education Act 2002 to enter into a small number of contracts was misplaced. After discussion with HM Treasury, we received retrospective approval for expenditure under the Appropriation Act (one case is still under discussion). To prevent a recurrence, contract queries of this nature have been centralised in our Commercial Policy Team who will liaise with Legal Advisors Office.

Whilst recognising the above issues, good progress has been made in resolving them and there are plans in place to further enhance financial control systems and improve practice. As Accounting Officer I am satisfied the above issues do not represent a material threat to operational effectiveness, and that the Department and its NDPBs comply with the Treasury requirements on risk management, internal control and governance.

David Bell 8 July 2008
Accounting Officer

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 the Department for Children, Schools and Families for the year ended 31 March 2008 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 Operating Costs by Departmental Aim and 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 Scope and Management Commentary, 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. 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 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to 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 Scope and Management Commentary 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.

T J Burr
Comptroller and Auditor General
14 July 2008

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

The maintenance and integrity of the Department's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Statement of Parliamentary Supply

Summary of Resource Outturn 2007-08

Request for resources	Note	Estimate: Gross expenditure	Estimate: A in A	Estimate: Net total	Outturn: Gross expenditure	Outturn: A in A	Outturn: Net total	2007-08 £000 Net Total outturn compared with Estimate: saving/ (excess)	2006-07 £000 Outturn (Restated) Net total
1	2	47,702,654	(25,472)	47,677,182	47,113,250	(25,472)	47,087,778	589,404	43,366,741
2	2	1,817,546	–	1,817,546	1,632,258	–	1,632,258	185,288	1,364,018
3	2	125,044	–	125,044	123,069	–	123,069	1,975	142,947
Total resources	3	**49,645,244**	**(25,472)**	**49,619,772**	**48,868,577**	**(25,472)**	**48,843,105**	**776,667**	44,873,706
Non-operating cost A in A				**(575)**			**(199)**	**(376)**	

Net cash requirement 2007-08

	Note	2007-08 £000 Estimate	Outturn	Net Total outturn compared with Estimate: saving/ (excess)	2006-07 £000 (Restated) Outturn
Net cash requirement	4	**49,622,751**	**48,653,829**	**968,922**	45,014,062

Summary of income payable to the Consolidated Fund

(In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics and figures in £000s))

	Note	Forecast 2007-08 £000 Income	Forecast 2007-08 £000 Receipts	Outturn 2007-08 £000 Income	Outturn 2007-08 £000 Receipts
Total	5	–	–	33,714	*33,714*

Descriptions of the requests for resources and explanations of variances between Estimate and outturn are given in note 2 and in the Management Commentary.

The notes on pages 45 to 69 form part of these accounts.

Operating Cost Statement
for the year ended 31 March 2008

	Note	2007-08 £000 Staff costs	Other costs	Income	2006-07 £000 (Restated) Total
Administration costs:					
Staff costs	8	119,965			126,312
Other administration costs	9		80,809		97,496
Operating income	11			(14,436)	(14,523)
Programme costs:					
Request for resources 1:					
Staff costs	8, 10	12,937			4,382
Programme costs	10		46,899,539		43,164,940
Income	11			(44,547)	(14,605)
Request for resources 2:					
Staff costs	8, 10	–			–
Programme costs	10		1,632,258		1,363,270
Income	11			(203)	748
Request for resources 3:					
Staff costs	8, 10	–			–
Programme costs	10		123,069		142,947
Income	11			–	–
Totals		**132,902**	**48,735,675**	**(59,186)**	**44,870,967**
Net operating cost	3, 12			**48,809,391**	**44,870,967**

All income and expenditure reported in the Operating Cost Statement is derived from continuing operations.

Statement of Recognised Gains and Losses
for the year ended 31 March 2008

	2007-08 £000	2006-07 £000
Administration costs:		
Net gain/(loss) on revaluation of tangible fixed assets	(8,083)	5,476
Net gain/(loss) on revaluation of intangible fixed assets	466	299
Recognised gains and losses for the financial year	**(7,617)**	**5,775**

The notes on pages 45 to 69 form part of these accounts.

Balance Sheet
as at 31 March 2008

	Note		2008 £000		2007 (Restated) £000
Fixed assets:					
Tangible assets	13	79,616		97,217	
Intangible assets	14	16,574		13,499	
Loans	15	1,221		1,289	
			97,411		**112,005**
Debtors falling due after more than one year	16		**–**		**111**
Current assets:					
Debtors	16	176,726		168,583	
Loans repayable within 1 year	15	68		64	
Cash at bank and in hand	17	798,862		91	
		975,656		168,738	
Creditors (amounts falling due within one year):					
Creditors	18	(1,361,065)		(340,028)	
Cash at bank and in hand	17	–		(13,970)	
		(1,361,065)		(353,998)	
Net current assets			**(385,409)**		**(185,260)**
Total assets less current liabilities			**(287,998)**		**(73,144)**
Provisions for liabilities and charges	19		(64,307)		(73,837)
			(352,305)		**(146,981)**
Taxpayers' equity:					
General Fund	20		(364,242)		(167,759)
Revaluation reserve	21		11,937		20,778
			(352,305)		**(146,981)**

David Bell
(Accounting Officer)

8 July 2008

The notes on pages 45 to 69 form part of these accounts.

Cash Flow Statement

for the year ended 31 March 2008

	Note	2007-08 £000	2006-07 £000 (Restated)
Net cash outflow from operating activities	22a	**(48,602,894)**	(44,997,100)
Capital expenditure and financial investment	22b,c	**(17,221)**	(14,038)
Payments of amounts due to the Consolidated Fund		**(4,231)**	(2,991)
Financing	22d	**49,437,087**	44,984,625
Increase/(decrease) in cash in the period	22e	**812,741**	**(29,504)**

The notes on pages 45 to 69 form part of these accounts.

Statement of Operating Costs by Departmental Aim and Objectives

for the year ended 31 March 2008

			2007-08 £000			2006-07 (Restated) £000
	Gross	Income	Net	Gross	Income	Net
AIM: Our aim is to build a competitive economy and inclusive society by creating opportunities for everyone to develop their learning; releasing potential in people to make the most of themselves; and achieving excellence in standards of education and levels of skills.						
Objective 1	857,646	(1,729)	855,917	667,601	(189)	667,412
Objective 2	298,500	(220)	298,280	198,527	(99)	198,428
Objective 3	6,710,162	(26,560)	6,683,602	5,644,638	(4,699)	5,639,939
Objective 4	7,477,586	(6,419)	7,471,167	6,656,718	(807)	6,655,911
Objective 5	3,797,255	(219)	3,797,036	3,483,060	(66)	3,482,994
Objective 6	1,346,984	(3,580)	1,343,404	1,396,587	(4,732)	1,391,855
Objective 7	345,068	(20,459)	324,609	275,880	(17,788)	258,092
Dedicated School Grant	28,035,376	–	28,035,376	26,576,336	–	26,576,336
Net operating cost	48,868,577	(59,186)	48,809,391	44,899,347	(28,380)	44,870,967

The Department's objectives are as follows:

Objective 1 – Improve the well-being and health of children and young people.

Objective 2 – Safeguard the young and vulnerable.

Objective 3 – Achieve world class standards in education.

Objective 4 – Close the gap in educational achievement for children from disadvantaged backgrounds.

Objective 5 – Ensure young people are participating and achieving their potential to 18 and beyond.

Objective 6 – Keep children and young people on the path to success.

Objective 7 – Lead and manage ourselves and our partners.

The Dedicated School Grant is designed to maintain the school system whilst at the same time contributing to the Department's strategic objectives of raising education standards for all children, closing the education attainment gap and increasing children's health and well-being. Rather than apportion such a large programme across a number of objectives, the Department has chosen to disclose this expenditure separately.

The Department's aim and objectives have been revised during 2007-08 to reflect machinery of government changes.

See note 23 for further analysis of expenditure and capital employed by objective.

The notes on pages 45 to 69 form part of these accounts.

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2007-08 *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 Departmental Aim and Objectives* and supporting notes analyse 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 modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Transfer of functions

As part of the machinery of government changes announced in June 2007, the Respect Task Force was transferred from the Home Office and responsibility for development, funding and performance management of higher education (both teaching and research) and higher and further education and skills was transferred to the Department for Innovation, Universities and Skills, with effect from 1 April 2007.

Machinery of government changes which involve the merger or the transfer of functions or responsibility of one part of the public service sector to another, are accounted for using merger accounting in accordance with Financial Reporting Standard (FRS) 6. This requires the restatement of the opening Balance Sheet and prior year's Operating Cost Statement, Cash Flow Statement, Statement of Operating Costs by Departmental Aim and Objectives and associated notes to the Accounts. The impact on the Operating Cost Statement and Balance Sheet is shown in note 31.

1.3 Basis of preparation

During 2007-08 the Department had responsibility for eight executive Non-Departmental Public Bodies (NDPBs). However, as they are deemed to be outside the Departmental boundary as defined in the *FReM* (chapter 2), their results have not been consolidated into these accounts.

1.4 Tangible fixed assets

The minimum level for capitalisation of capital expenditure as a tangible fixed asset is £2,500. In the case of IT equipment and furniture all items recorded as capital expenditure are capitalised and if they fall below the £2,500 threshold they are bulked together and recorded as bulk assets. The asset value on capitalisation is measured at cost plus any costs, such as installation, directly attributable to bringing them into working condition.

Notes to the Departmental Resource Accounts *(continued)*

All tangible fixed assets are restated to current value each year. Freehold land and buildings have been restated at current cost using professional valuations in accordance with FRS15 every 5 years and by using appropriate indices supplied by HM Treasury in the intervening years. Other tangible assets have been stated at current cost using appropriate indices published by the Office for National Statistics.

1.5 Depreciation

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives. Freehold land is not depreciated.

Asset lives are normally in the following ranges:

Freehold Land & Buildings	up to 50 years
Furniture & Fittings	7–10 years
Plant and Machinery	3–10 years
Information Technology	3–7 years
Transport Equipment	5–8 years

Included in furniture and fittings is a suite of designer office furniture manufactured for ministerial use in 1961 which is currently on loan to the Edward Barnsley workshop where it is on display. The Department has assigned a 20 year asset life to this specific suite of furniture.

A residual value of 20% of the original purchase price is applied to all vehicles purchased.

1.6 Intangible fixed assets

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £2,500 or more is incurred. The software licences are amortised over the shorter of the licence period or its useful economic life limited to a range of 2 - 5 years. The value of the software assets has been stated at current cost, using appropriate indices published by the Office for National Statistics.

In 2006-07 the Department changed the accounting treatment for Teachers' TV programmes. Following the decision to generate income from the sale of DVDs etc., the cost of producing original programmes for broadcast on the Teachers' TV channel has been capitalised on the balance sheet. The Teachers' TV programmes will be amortised between 2 and 6 years. Only those programmes with resale potential have been capitalised; news and other current programmes are classed as resource expenditure which are treated as programme expenditure in the Operating Cost Statement.

1.7 Investments

The Department currently holds loans issued to voluntary aided schools to fund capital projects. Schools are charged interest in accordance with HM Treasury lending rates. The value shown on the Balance Sheet represents the principal loan value outstanding at 31 March.

Note 15 contains further information on the loans.

1.8 Research and development

Expenditure on research and development is reported as programme expenditure in the Operating Cost Statement in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated research project or according to the asset category if the asset is to be used for subsequent production work.

Notes to the Departmental Resource Accounts *(continued)*

1.9 Operating income

Operating income is income which relates directly to the operating activities of the Department. It includes both income appropriated-in-aid as authorised in the Supply Estimate (such as general administration receipts and income from other departments for payment to DCSF's NDPBs), and income to the Consolidated Fund that HM Treasury has agreed should be treated as operating income. Income is stated net of VAT.

1.10 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or programme follows the definition of administration costs set out by HM Treasury in its '*Consolidated Budgeting Guidance*'.

Administration costs reflect the costs of running the Department as defined under the administration cost control regime, together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department. The Department has authority from HM Treasury to treat the staff costs of the Academies programme, Corporate Services Transformation programme, Centre for Procurement Performance and shadow Independent Barring Board (IBB) as programme costs because they relate directly to programme delivery.

1.11 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% on the average carrying amount of all assets less liabilities, except for Consolidated Fund balances and Office of the Paymaster General bank balances where the charge is nil.

1.12 Foreign exchange

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

1.13 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 non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of providing pensions 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.

1.14 Leases

Operating leases are charged to the Operating Cost Statement as expenditure is incurred. The Department does not currently hold any finance leases.

Notes to the Departmental Resource Accounts *(continued)*

1.15 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early, and for compensation payments payable to employees who take early severance. The Department provides for the costs when the early departure programme has been announced and is binding on the Department. In earlier years the Department could, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The balance of pre-funded costs is included in the debtor balance as a prepayment.

1.16 Grants payable

The majority of grants made by the Department are recorded as expenditure in the period in which the claim is paid, as the grant funding cannot be directly related to activity in a specific period. The claims are deemed to be the only appropriate and measurable activity that truly creates an entitlement for the recipient. However, recognition of the entitlement of grant varies according to the individual programme. Where entitlement to the grant has arisen during the period it will be accrued in the Operating Cost Statement and shown as a liability on the Balance Sheet.

1.17 Provisions

The Department makes provision in the account where the following criteria are met at 31 March in accordance with FRS 12: a legal or constructive obligation exists that will result in the transfer of economic benefit; the transfer is probable; and a reliable estimate can be made. The Department reflects the time value of money in the estimate where the impact is material using the HM Treasury discount rate (2.2% in 2007-08 and 2006-07).

1.18 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS12, 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 *Government Accounting*.

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.

1.19 Value Added Tax

Most of the activities of the Department are outside 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.

Notes to the Departmental Resource Accounts *(continued)*

2. Analysis of net resource outturn by Estimate Line

							2007-08 £000		2006-07 £000
						Outturn	Estimate		(Restated)
	Admin	Other current	Grants	Gross resource expenditure	A in A	Net total	Net total	Net total outturn compared with Estimate	Prior year outturn
Request for resources 1 – To help build a competitive economy and inclusive society by: creating opportunities for everyone to develop their learning; releasing potential in people to make the most of themselves; and achieving excellence in standards of education and levels of skills									
Spending in Departmental Expenditure Limits									
Central Government spending									
A Activities to support all functions	198,899	57,333	1,821	258,053	(22,344)	235,709	312,728	77,019	252,328
B Support for schools and teachers not through Local Education Authorities		12,982	1,494,560	1,507,542	(96)	1,507,446	1,721,584	214,138	1,218,662
C Support for children and families not paid through Local Authorities		120,509	282,800	403,309	(1,810)	401,499	405,853	4,354	661,777
D Higher Education				–		–	–	–	–
E Higher Education receipts from the Department of Trade and Industry				–		–	–	–	–
F Further Education, Adult Learning and Skills for Lifelong Learning and International Programmes		226	7,110,121	7,110,347	(1,151)	7,109,196	7,232,838	123,642	6,737,423
G Support for students in Higher Education				–		–	–	–	–
H Compensation to former College of Education Staff			11,666	11,666		11,666	11,685	19	11,340
I Current grants for Local Area Agreements to support children and families			687,531	687,531		687,531	687,531	–	146,383
Support for Local Authorities									
J Current grants for Local Education Authorities to support schools and teachers			4,333,380	4,333,380		4,333,380	4,298,872	(34,508)	4,172,298
K Capital grants for Local Education Authorities to support schools			3,174,612	3,174,612	(71)	3,174,541	3,338,294	163,753	2,207,831
L Higher Education Fees and Awards through LEAs				–		–	–	–	–
M Current grants to Local Authorities to support children and families			344,335	344,335		344,335	356,637	12,302	240,425
N Capital grants to Local Authorities to support children and families			47,920	47,920		47,920	62,267	14,347	49,562
O Dedicated School Grant			28,048,953	28,048,953		28,048,953	28,049,915	962	26,576,336
Spending in Annually Managed Expenditure									
Central Government spending									
P Loans to students				–		–	–	–	–

Notes to the Departmental Resource Accounts *(continued)*

2. Analysis of net resource outturn by Estimate Line (continued)

						Outturn	2007-08 £000 Estimate		2006-07 £000 (Restated)
	Admin	Other current	Grants	Gross resource expenditure	A in A	Net total	Net total	Net total outurn compared with Estimate	Prior year outturn
Non–Budget									
Q Grant in Aid to NDPBs supporting schools			912,515	912,515		912,515	931,738	19,223	840,595
R Grant in Aid to NDPBs supporting children and families			109,113	109,113		109,113	106,631	(2,482)	107,735
S Loans to students and Grant in Aid to NDPBs supporting Higher Education				–		–	–	–	–
T Grant in Aid to NDPBs supporting Further Education, Adult Education and Skills			157,369	157,369		157,369	148,609	(8,760)	144,046
Spending in Departmental Expenditure Limits									
Support for local authorities									
U Further Education supporting 6th Forms				–		–	–	–	–
Spending in Annually Managed Expenditure (AME)									
Central Government spending									
V Activities to support all functions		6,605		6,605		6,605	12,000	5,395	–
Total	**198,899**	**197,655**	**46,716,696**	**47,113,250**	**(25,472)**	**47,087,778**	**47,677,182**	**589,404**	**43,366,741**

Request for resources 2 – Promoting the physical, intellectual and social development of babies and young children through Sure Start, Early Years provision and Childcare

	Admin	Other current	Grants	Gross resource expenditure	A in A	Net total	Net total	Net total outurn compared with Estimate	Prior year outturn
Spending in Departmental Expenditure Limits									
Central Government spending									
A Sure Start current grants not through Local Authorities		25,940	40,537	66,477		66,477	83,773	17,296	35,343
B Sure Start schools current grants not through Local Authorities			24,411	24,411		24,411	28,933	4,522	17,697
C Sure Start current grants for Local Area Agreements			180,103	180,103		180,103	180,103	–	207,326
Support for local authorities									
D Local Authority current grants			926,551	926,551		926,551	915,712	(10,839)	817,066
E Local Authority capital grants			434,716	434,716		434,716	609,025	174,309	286,586
Total	**–**	**25,940**	**1,606,318**	**1,632,258**	**–**	**1,632,258**	**1,817,546**	**185,288**	**1,364,018**

Notes to the Departmental Resource Accounts *(continued)*

						2007-08 £000 Outturn			2006-07 £000 (Restated)
							Estimate		
	Admin	Other current	Grants	Gross resource expenditure	A in A	Net total	Net total	Net total outurn compared with Estimate	Prior year outturn
Request for resources 3 – Tackling child poverty and social exclusion by helping vulnerable children and young people, and their families to break the cycle of deprivation and disadvantage through the Children's Fund									
Spending in Departmental Expenditure Limits									
Central Government spending									
A Children's Fund		25	41,644	41,669		41,669	43,196	1,527	39,423
Support for Local Authorities									
B Local Authority current grants			81,400	81,400		81,400	81,848	448	103,524
Total	**–**	**25**	**123,044**	**123,069**	**–**	**123,069**	**125,044**	**1,975**	**142,947**
Resource Outturn	**198,899**	**223,620**	**48,446,058**	**48,868,577**	**(25,472)**	**48,843,105**	**49,619,772**	**776,667**	**44,873,706**

Explanation of variances

Detailed explanations of the variances are 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

	Note	2007-08 £000 Outturn	Supply Estimate	Outturn compared with Estimate	2006-07 £000 (Restated) Outturn
Net Resource Outturn	2	48,843,105	49,619,772	776,667	44,873,706
Prior period adjustments		–	–	–	–
Non-supply income (CFERs)	5	(33,714)	–	33,714	(2,739)
Non-supply expenditure		–	–	–	–
Net operating cost		**48,809,391**	**49,619,772**	**810,381**	44,870,967

3(b) Outturn against final Administration Budget

	2007-08 £000 Budget	Outturn	2006-07 £000 (Restated) Outturn
Gross Administration Budget	212,651	196,117	223,808
Income allowable against the Administration Budget	(16,874)	(14,424)	(14,523)
Net outturn against final Administration Budget	**195,777**	**181,693**	**209,285**

Notes to the Departmental Resource Accounts *(continued)*

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	2	49,619,772	48,843,105	776,667
Capital				
Acquisition of fixed assets	13, 14	10,170	16,866	(6,696)
Investments				
Loans issued in year	15	–	–	–
Non-operating A in A				
Proceeds of fixed asset disposals	7	(575)	(135)	(440)
Repayment of loans	7	–	(64)	64
Accruals adjustments				
Non-cash items	9	(40,096)	(24,296)	(15,800)
Changes in working capital other than cash		(10,168)	(200,263)	190,095
Changes in creditors falling due after more than one year				
Use of provisions		43,648	18,616	25,032
Excess cash receipts surrenderable to the Consolidated Fund				
Net cash requirement		**49,622,751**	**48,653,829**	**968,922**

The Department has stayed within £969 million (2%) of its cash requirement limit. This is mainly due to the £777 million underspend on the net resources limit. Further information on the variances can be found in the financial performance section of the Management Commentary.

5. Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid (A in A), the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2007-08 Income £000	Forecast 2007-08 Receipts £000	Outturn 2007-08 Income £000	Outturn 2007-08 Receipts £000
Operating income and receipts – excess A in A				29,505	*29,505*
Other operating income and receipts not classified as A in A				4,209	*4,209*
		–	–	33,714	*33,714*
Non–operating income and receipts – excess A in A					
Other non–operating income and receipts not classified as A in A					
Other amounts collectable on behalf of the Consolidated Fund					
Excess cash surrenderable to the Consolidated Fund					
Total income payable to the Consolidated Fund		**–**	**–**	**33,714**	*33,714*

Notes to the Departmental Resource Accounts *(continued)*

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

	Note	2007-08 £000	2006-07 (Restated) £000
Operating income	11	59,186	28,380
Adjustments for transactions between RfRs		–	–
Gross income		59,186	28,380
Income authorised to be appropriated-in-aid		25,472	25,641
Total income payable to the Consolidated Fund		**33,714**	**2,739**

7. Non-operating income – classified as A in A

	Note	2007-08 £000	2006-07 (Restated) £000
Principal repayments of loans to schools	15	64	61
Proceeds from disposal of fixed assets		135	15
Non-operating income – classified as A in A		**199**	**76**

8. Staff numbers and related costs

Staff costs consist of:

	2007-08 £000					2006-07 (Restated) £000
	Total	Permanently employed staff	Other[1]	Ministers	Special advisers	Total
Wages and salaries	**105,426**	97,829	7,091	289	217	102,801
Social security costs	**7,995**	7,877	69	27	22	8,240
Other pension costs	**19,481**	19,408	32	-	41	19,653
Sub Total	**132,902**	**125,114**	**7,192**	**316**	**280**	**130,694**
Charged to admin staff costs	119,965	118,040	1,329	316	280	126,312
Charged to programme costs	12,937	7,074	5,863	-	-	4,382
Less recoveries in respect of outward secondments	**(1,876)**	(1,876)	-	-	-	**(1,368)**
Total Net Costs	**131,026**	**123,238**	**7,192**	**316**	**280**	**129,326**

[1] The fees paid for agency staff is a flat hourly fee, including social security, holiday pay, pension costs etc. For the purposes of this note the total amount is disclosed as wages and salaries.

All early departure costs are now included within other administration (note 9) rather than staff costs.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Department for Children, Schools and Families is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. You can find details in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

Notes to the Departmental Resource Accounts *(continued)*

For 2007-08, employers' contributions of £19,442,685.54 were payable to the PCSPS (2006-07: £19,615,170.25) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same (the rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2007-08 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 £35,811.45 (2006-07: £36,681.67) 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% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,529.43 (2006-07: £1,876.58) 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £6,338.70. Contributions prepaid at that date were nil.

Two persons (2006-07: two persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £4,761.03 (2006-07: £2,246.56).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year is shown in the table below.

					2007-08	2006-07 (Restated)
					Number	Number
Objective	**Total**	**Permanent staff**	**Others[1]**	**Ministers**	**Special advisers**	**Total**
1	**130.0**	127.0	3.0			78.0
2	**172.0**	167.0	5.0			47.0
3	**493.0**	487.0	6.0			548.0
4	**327.0**	324.0	3.0			568.0
5	**93.0**	93.0	-			142.0
6	**134.0**	132.0	2.0			228.0
7	**1,344.0**	1,300.0	37.0	5.0	2.0	1,324.0
Number of staff charged to admin costs	**2,693.0**	2,630.0	56.0	5.0	2.0	2,935.0
Number of staff charged to Programme expenditure Objective[2]						
1	**8.00**	-	8.0			-
2	**11.0**	-	11.0			-
3	**38.0**	14.0	24.0			-
4	**57.0**	43.0	14.0			-
5	**16.0**	14.0	2.0			-
6	**3.0**	-	3.0			-
7	**73.0**	55.0	18.0			25.0
Number of staff charged to programme costs	**206.0**	126.0	80.0	-	-	25.0
TOTAL	**2,899.0**	2,756.0	136.0	5.0	2.0	2,960.0

[1] The fee paid for agency staff is a flat hourly fee, including social security, holiday pay, pension costs etc. For the purposes of this note the total amount is disclosed as wages and salaries.

[2] HM Treasury have given approval for the costs of staff employed on the delivery of the Academies programme, the Corporate Services Transformation programme, Centre for Procurement Performance and shadow Independent Barring Board (IBB) to be charged to programme expenditure.

Notes to the Departmental Resource Accounts *(continued)*

The Department's 2007-08 objectives are as follows:

Objective 1 – Secure the well-being and health of children and young people.

Objective 2 – Safeguard the young and vulnerable.

Objective 3 – Achieve world class standards in education.

Objective 4 – Close the gap in educational achievement for children from disadvantaged backgrounds.

Objective 5 – Ensure young people are participating and achieving their potential to 18 and beyond.

Objective 6 – Keep children and young people on the path to success.

Objective 7 – Lead and manage ourselves and our partners.

9(a) Other administration costs

	Note		2007-08		2006-07 (Restated)
		£000	£000	£000	£000
Rentals under operating leases:					
Hire of plant and machinery		791		361	
Other operating leases		16,248	17,039	19,349	19,710
Non-cash items (administration costs note a):					
Depreciation of fixed assets					
Civil Estate		767		1,487	
Other tangible fixed assets		7,908		6,597	
Amortisation of intangible fixed assets		594		500	
Permanent diminution in fixed asset values		567		874	
Loss on disposal of fixed assets		2,782		63	
Cost of capital charge:					
Civil Estate		1,255		1,461	
Other items		141		(255)	
Auditor's remuneration		300		300	
Early departure provisions:	19				
Provided for in year		3		12,582	
Change in interest rate		–		–	
Provision not required written back		(3,380)		(495)	
Unwinding of discount		437		461	
Total administration non-cash items			11,374		23,575
Professional fees			7,688		7,765
Travel and subsistence			5,904		6,140
Consultancy			4,863		4,906
Rates and service charges			5,316		5,757
Computers and telecoms costs			7,449		7,867
Utilities			1,886		2,382
Advertising and publicity			277		673
Other office services			10,198		7,521
Early departure costs not provided for			(56)		254
Other expenditure			8,871		10,946
Total			**80,809**		**97,496**

The auditor's remuneration represents the cost of the audit of the DCSF and Teachers' Pension Scheme financial statements carried out by the Comptroller and Auditor General. The auditor received no remuneration for non-audit work.

Notes to the Departmental Resource Accounts *(continued)*

The 'Other expenditure' heading above includes £15,000 remuneration paid to Katherine Kerswell a non-executive board member. The other non-executive board member, Philip Augar did not receive any remuneration from the Department.

9(b) Total non-cash transactions

The non-cash transactions included in the Reconciliation of Resources to Net Cash Requirement in note 4 and in the Reconciliation of Operating Costs to Operating Cash Flows in note 22a comprises:

	2007-08 £000	2006-07 (Restated) £000
Other administration costs – non-cash items (as note 9a above)	11,374	23,575
Programme non-cash costs charged to operating expenditure (see note 10)	12,934	2,605
Less non-cash income:		
Profit on sale of fixed assets	(12)	(4)
Total non-cash transactions	**24,296**	26,176

10. Programme costs

	Note	2007-08 £000	2006-07 (Restated) £000
Current grants and other current expenditure		48,642,661	44,659,634
Research and development costs		12,208	13,300
Non-cash items:			
Cost of capital on programmes		(10,126)	(7,578)
Depreciation		3,183	2,670
Permanent diminution in fixed asset values		7,851	–
Provisions:	19		
Provided in year		16,405	11,930
Provision not required written back		(4,586)	(4,626)
Unwinding of discount		207	209
Total programme costs		**48,667,803**	44,675,539

11. Income

Operating income not appropriated in aid (i.e. surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see note 6). In 2007-08, all operating income not classified as appropriations in aid was within public expenditure.

	RfR 1	RfR 2	RfR 3	2007-08 £000 Total	2006-07 (Restated) £000 Total
Administration income:					
Fees and charges to external customers	(301)			**(301)**	(355)
Profit on disposal on assets	(12)			**(12)**	(4)
Rental income from external tenants	(194)			**(194)**	(292)
Shared service income from DIUS	(11,083)			**(11,083)**	(11,574)
Other miscellaneous	(2,846)			**(2,846)**	(2,298)
	(14,436)	–	–	**(14,436)**	(14,523)

Notes to the Departmental Resource Accounts *(continued)*

	RfR 1	RfR 2	RfR 3	2007-08 £000 Total	2006-07 (Restated) £000 Total
Programme income:					
Rental income from within DCSF group	(5,174)			**(5,174)**	(5,177)
Standard Fund income	(28,407)			**(28,407)**	–
Other income	(6,757)	(203)		**(6,960)**	(5,941)
CFER miscellaneous income	(4,209)			**(4,209)**	(2,739)
	(44,547)	(203)	–	**(44,750)**	(13,857)
Total	(58,983)	(203)	–	**(59,186)**	(28,380)

12. Analysis of net operating cost by spending body

	£000 Estimate	2007-08 £000 Outturn	2006-07 £000 Outturn
Spending body:			
Grant in aid to Non-Departmental Public Bodies (NDPBs):			
British Educational Communications and Technology Agency (BECTA)	41,959	37,172	11,100
Children and Family Court Advisory and Support Service (CAFCASS)	106,131	106,450	104,373
National College for School Leadership (NCSL)	92,920	83,305	89,072
Office of the Children's Commissioner (OCC) (also known as 11 Million)	500	2,663	3,362
Partnerships for Schools (PfS)	1,128	6,931	5,168
Qualifications and Curriculum Authority (QCA)	148,607	157,369	144,046
School Food Trust (SFT)	7,000	7,738	5,737
Training and Development Agency for Schools (TDA)	788,731	777,313	729,175
Local Authorities	38,580,204	37,363,388	34,807,337
Payment to DIUS for DCSF programmes delivered by the LSC	7,165,188	7,052,258	6,697,000
Other DCSF	2,687,404	3,214,804	2,274,597
Net operating cost	**49,619,772**	**48,809,391**	**44,870,967**

13. Tangible fixed assets

	Land & Buildings £000	Plant & Machinery £000	Information Technology £000	Transport Equipment £000	Furniture & Fittings £000	Total £000
Cost or valuation						
At 1 April 2007	86,241	430	35,377	437	16,471	138,956
Additions	–	11	4,413	–	6,464	10,888
Disposals	(2,744)	(78)	(1,670)	(284)	(5,305)	(10,081)
Revaluations	(19,987)	35	(874)	–	384	(20,442)
At 31 March 2008	**63,510**	**398**	**37,246**	**153**	**18,014**	**119,321**
Depreciation						
At 1 April 2007	16,961	222	14,787	205	9,564	41,739
Provided in year	1,239	49	5,740	34	2,085	9,147
Disposals	(870)	(38)	(1,670)	(156)	(4,442)	(7,176)
Revaluations	(3,733)	18	(453)	–	163	(4,005)
At 31 March 2008	**13,597**	**251**	**18,404**	**83**	**7,370**	**39,705**
Net book value at 31 March 2008	**49,913**	**147**	**18,842**	**70**	**10,644**	**79,616**
Net book value at 31 March 2007	**69,280**	**208**	**20,590**	**232**	**6,907**	**97,217**
Asset financing:						
Owned	49,913	147	18,842	70	10,644	79,616
Net book value at 31 March 2008	**49,913**	**147**	**18,842**	**70**	**10,644**	**79,616**

Notes to the Departmental Resource Accounts *(continued)*

The above additions figures include £7.2m of project costs which are treated as work in progress, and will be depreciated when the assets are brought into use.

The Department's surveyors DTZ revalued land and buildings in accordance with the RICS Appraisal and Valuation Manual. During the year the National College for School Leadership building was valued on a depreciated replacement cost basis in June 2007 and Moorfoot (Sheffield headquarters site) was valued on an open market value basis in March 2008. All other tangible assets were revalued on the basis of monthly indices, provided by the Office for National Statistics. The Department is not aware of any material change to the valuation of the properties since the last professional valuation by DTZ. The properties will be revalued during 2010.

Included in the land and buildings net book value is £22.8 million for the National College for School Leadership. As this property is used by the NDPB, and is not used for the administration of the Department, the cost of capital and depreciation charges are classified as programme costs.

14. Intangible fixed assets

	Software Licences £000	Teachers' TV Programmes £000	Total £000
Cost or valuation			
At 1 April 2007	5,147	13,208	18,355
Additions	192	5,786	5,978
Disposals	–	–	–
Revaluations	(183)	550	367
At 31 March 2008	**5,156**	**19,544**	**24,700**
Amortisation			
At 1 April 2007	2,777	2,079	4,856
Charged in year	594	2,711	3,305
Disposals	–	–	–
Revaluations	(120)	85	(35)
At 31 March 2008	**3,251**	**4,875**	**8,126**
Net book value at 31 March 2008	**1,905**	**14,669**	**16,574**
Net book value at 31 March 2007	**2,370**	**11,129**	**13,499**

Software licences were revalued in March 2008 on the basis of monthly indices provided by the Office for National Statistics.

The value of the Teachers' TV assets is based on the actual cost of production, revalued annually to modified historic value using the retail price index (RPI).

15. Loans

	Schools £000
Balance at 1 April 2007	1,289
Amounts previously transferred to current assets 2006-07	64
Total loans outstanding at 1 April 2007	**1,353**
Repayments	(64)
	1,289
Loans repayable in 12 months transferred to current assets	(68)
Balance at 31 March 2008	**1,221**

Notes to the Departmental Resource Accounts *(continued)*

The schools loans above are loans issued to voluntary aided schools for capital projects under Schedule 3 of the Schools Standards & Framework Act 1998. Interest is charged in accordance with the HM Treasury lending rates. At 31 March 2008 there were three outstanding loans (three in 2006-07), and all balances are scheduled for repayment by 2025.

16. Debtors

16(a) Analysis by type

	2007-08 £000	2006-07 (Restated) £000
Amounts falling due within one year:		
Trade debtors	1,427	3,732
VAT	1,947	3,728
Deposits and advances	8,829	2,951
Other debtors	288	195
Prepayments and accrued income	164,235	144,063
Amounts due from the Consolidated Fund for Supply but undrawn at year end	–	13,914
	176,726	**168,583**
Amounts falling due after more than one year:		
Prepayment of early departure pre-funding	–	111
	176,726	**168,694**

16(b) Intra-Government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2007-08 £000	2006-07 (Restated) £000	2007-08 £000	2006-07 (Restated) £000
Balances with other central government bodies	11,418	23,179	–	111
Balances with local authorities	151,690	125,377	–	–
Balances with NHS Trusts	2,794	2,684	–	–
Balances with public corporations and trading funds	–	–	–	–
Sub total – intra-government balances	**165,902**	**151,240**	**–**	**111**
Balances with bodies external to government	10,824	17,343	–	–
Total debtors at 31 March	**176,726**	**168,583**	**–**	**111**

17. Cash at bank and in hand

	2007-08 £000	2006-07 (Restated) £000
Balance at 1 April	(13,879)	27,254
Net change in cash balances	812,741	(41,133)
Balance at 31 March	**798,862**	**(13,879)**
The following balances at 31 March are held at:		
Office of HM Paymaster General	798,551	(13,970)
Commercial banks and cash in hand	311	91
Balance at 31 March	**798,862**	**(13,879)**

Notes to the Departmental Resource Accounts *(continued)*

18. Creditors

18(a) Analysis by type

	2007-08 £000	2006-07 (Restated) £000
Amounts falling due within one year:		
Other taxation and social security	4,332	3,982
Trade creditors	210,134	46,803
Other creditors	2,713	2,589
Accruals and deferred income	345,023	286,619
Amounts issued from the Consolidated Fund for Supply but not spent at year end	769,345	–
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
Received	29,518	35
Receivable	–	–
	1,361,065	**340,028**

18(b) Intra-Government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2007-08 £000	2006-07 (Restated) £000	2007-08 £000	2006-07 (Restated) £000
Balances with other central government bodies	968,214	21,167	–	–
Balances with local authorities	207,057	142,805	–	–
Balances with NHS Trusts	1,883	2,314	–	–
Balances with public corporations and trading funds	5,104	–	–	–
Sub total – intra-government balances	**1,182,258**	**166,286**	**–**	**–**
Balances with bodies external to government	178,807	173,742	–	–
Total creditors at 31 March	**1,361,065**	**340,028**	**–**	**–**

19. Provisions for liabilities and charges

	Early departure costs £000	Property provision £000	Partnerships for Schools (PfS) £000	CfBT pension provision £000	Total £000
Balance at 1 April 2007	28,828	9,396	15,674	19,939	73,837
Provided in year	9,415	–	6,993	–	16,408
Provisions not required written back	(3,380)	(2,395)	(2,191)	–	(7,966)
Provisions utilised in the year	(12,015)	(1,362)	(3,316)	(1,923)	(18,616)
Unwinding of discount	437	207	–	–	644
Balance at 31 March 2008	**23,285**	**5,846**	**17,160**	**18,016**	**64,307**

Early departure costs

The Department meets the additional costs of benefits beyond normal PCSPS benefits in respect of employees who retire early, and compensation payments payable to employees who take early severance. The Department provides for this in full when the early retirement programme becomes binding on the Department by establishing a provision for the estimated payments discounted by the Treasury cost of capital rate of 2.2% in real terms.

Notes to the Departmental Resource Accounts *(continued)*

Property provision

This provision provides for the future liabilities relating to former programme property leases which were re-assigned to the Secretary of State on the closure of the relevant programmes. The provision is based on the anticipation that the property leases for buildings used by NDPBs will expire in 2015, and the anticipated disposal for the last TEC property will be in 2018.

Partnerships for Schools

Partnerships for Schools (PfS) is an NDPB which operates under a joint venture agreement between the Department and Partnerships UK to deliver the Building Schools for the Future programme. The related provision covers amounts payable to Partnerships UK on achieving agreed targets.

Centre for British Teachers Pensions

The former Department for Education and Skills (DfES) had a contract with Centre for British Teachers (CfBT) for the delivery of the National Literacy, National Numeracy and Key Stage 3 Strategies. The responsibility of this contract has transferred to the Department for Children, Schools and Families (DCSF). Under the terms of the contract CfBT were obliged to use the London Pensions Fund Authority to provide a pension service for staff employed by CfBT. The triennial revaluation of the local government pension contributions to the fund identified an actuarial shortfall in the pension fund in relation to the CfBT field force staff. Subsequently the Strategies contract underwent a re-tendering exercise and CfBT was not awarded the new contract. The staff transferred under TUPE to the new contractor on 1 April 2005, and the Department accepted liability to meet the pension deficit. The deficit is a short term liability and the intention is to pay it in full by the end of 2008-09.

20. General Fund

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

		2007-08		2006-07 (Restated)
	£000	£000	£000	£000
Balance at 1 April		(167,759)		(311,025)
Net Parliamentary funding				
Drawn down	49,423,173		44,984,625	
Deemed Supply	–		15,522	
		49,423,173		45,000,147
Net Transfer from Operating Activities				
Net operating cost for the year	(48,809,391)		(44,870,967)	
CFERs payable to the Consolidated Fund	(33,714)		(2,739)	
		(48,843,105)		(44,873,706)
Year End Adjustment				
Supply (creditor)/debtor		(769,345)		13,914
Non-cash charges:				
Cost of capital	(8,730)		(6,372)	
Auditor's remuneration	300		300	
Elimination of SEN debtor	–		(2)	
Elimination of SEN creditor	–		353	
Tangible assets capitalised	–		14	
Intangible assets capitalised	–		7,584	
Transfer from the revaluation reserve (note 21)	1,224		1,034	
		(7,206)		2,911
Balance at 31 March		**(364,242)**		**(167,759)**

Notes to the Departmental Resource Accounts *(continued)*

21. Revaluation reserve

The revaluation reserve represents the unrealised element of the cumulative balance of indexation and revaluation adjustments.

	2007-08 £000	2006-07 £000
Balance at 1 April	20,778	16,037
Arising on revaluation during the year (net)	(7,617)	5,775
Transferred to the General Fund in respect of realised element of revaluation reserve (note 20)	(1,224)	(1,034)
Balance at 31 March	**11,937**	**20,778**

22. Notes to the Consolidated Cash Flow Statement

22(a) Reconciliation of operating cost to operating cash flows

	Note	2007-08 £000	2006-07 (Restated) £000
Net operating cost		(48,809,391)	(44,870,967)
Adjustments for non-cash transactions	9	24,296	26,176
Adjustments for movements in working capital other than cash:			
(Increase)/decrease in stocks		–	–
(Increase)/decrease in debtors	16	(8,032)	(32,331)
Less movements in debtors relating to items not passing through the OCS		(13,915)	13,912
Increase/(decrease) in creditors falling due within one year	18	1,021,037	(131,869)
Less movements in creditors relating to items not passing through the OCS		(798,273)	16,358
Use of provisions		(18,616)	(18,379)
Net cash outflow from operating activities		**(48,602,894)**	**(44,997,100)**

22(b) Analysis of capital expenditure and financial investment

	Note	2007-08 £000	2006-07 (Restated) £000
Tangible fixed asset additions		(11,455)	(8,171)
Intangible fixed asset additions		(5,965)	(5,943)
Proceeds from disposal of fixed assets	7	135	15
Loans to other bodies		–	–
Repayment of loans		64	61
Net cash outflow from investing activities		**(17,221)**	**(14,038)**

22(c) Analysis of capital expenditure and financial investment by request for resources

	Capital expenditure £000	Loans, etc. £000	A in A £000	Non A in A £000	Net Total £000
Request for resources 1	17,420	–	(199)	–	17,221
Request for resources 2	–	–	–	–	–
Request for resources 3	–	–	–	–	–
Net movement in debtors/creditors	(554)	–	–	–	(554)
Total 2007-08	16,866	–	(199)	–	16,667
Total 2006-07 (Restated)	13,882	–	(76)	–	13,806

Notes to the Departmental Resource Accounts *(continued)*

22(d) Analysis of financing

	Note	2007-08 £000	2006-07 (Restated) £000
From Consolidated Fund (Supply) – current year	20	49,423,173	44,984,625
From Consolidated Fund (Supply) – prior year		13,914	–
Advances from the Contingencies Fund		–	177
Repayment to the Contingencies Fund		–	(177)
Net financing		**49,437,087**	**44,984,625**

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

	Note	2007-08 £000	2006-07 (Restated) £000
Net cash requirement	4	(48,653,829)	(45,014,062)
From the Consolidated Fund (Supply) – current year	22d	49,423,173	44,984,625
From the Consolidated Fund (Supply) – prior year	22d	13,914	–
Amounts due to the Consolidated Fund received and not paid		29,518	35
CFERs received in prior year and paid over		(35)	(102)
Increase/(decrease) in cash		**812,741**	**(29,504)**

23. Notes to the Statement of Operating Costs by Departmental Aim and Objectives

Following the machinery of government changes announced by the Prime Minister on 28 June 2007, the Department ceased to operate as the Department for Education and Skills (DfES) and the Department for Children, Schools and Families (DCSF) was created. The aim and objectives for the new Department were established during 2007-08. The expenditure and income have been allocated against the objectives for the new Department for the year as a whole, with the prior year figures on a corresponding basis.

A new cost allocation model was prepared this year to support the Statement of Operating Costs by Departmental Aim and Objectives to allocate costs to the seven objectives. Whenever possible the model directly allocates costs to a single objective, and but where costs support a number of objectives they have been apportioned in accordance with the Department's business plan. Staff costs and overheads have been apportioned in accordance with the Directorate objectives. The same model has been applied to the 2006-07 restated outturn to provide comparative figures.

Programme grants (apart from the Dedicated School Grant) and other current expenditure have been allocated to each objective by direct allocation in line with the allocation of PSA targets to Departmental Strategic Objectives. The Dedicated School Grant expenditure supports a number of objectives and, as it is 58% of net programme expenditure, the Department has decided to disclose it separately rather than apportion the expenditure. Corporate costs, such as marketing, have been apportioned to each objective.

Notes to the Departmental Resource Accounts *(continued)*

Programme grants and other current expenditure have been allocated as follows:

	2007-08 £000	2006-07 (Restated) £000
Objective 1	847,526	663,451
Objective 2	291,729	196,028
Objective 3	6,662,151	5,612,042
Objective 4	7,451,335	6,627,973
Objective 5	3,787,595	3,473,085
Objective 6	1,332,955	1,380,101
Objective 7	214,386	132,666
Dedicated School Grant	28,035,376	26,576,336
Total	**48,623,053**	**44,661,682**

Capital Employed by Departmental Aim and Objectives at 31 March 2008

The allocation of capital by objective is derived using the same methodology as used to apportion operating costs. Capital used in the general administration of the department is allocated directly to Departmental Strategic Objective 7. Those assets and liabilities which are programme specific (i.e. loans to schools, Teacher's TV intangible assets and the PfS provisions) is allocated on the same basis as the related programme expenditure. Where appropriate balances which are not programme specific has been allocated in line with gross programme costs. The Dedicated School Grant is an in-year cash expense so it does not impact on the apportionment of assets and liabilities.

	2007-08 £000	2006-07 (Restated) £000
Objective 1	(27,965)	(5,111)
Objective 2	(26,081)	(1,540)
Objective 3	(145,601)	(47,362)
Objective 4	(84,471)	(51,378)
Objective 5	(75,639)	(26,613)
Objective 6	(36,092)	(10,733)
Objective 7	43,544	(4,244)
Total	**(352,305)**	**(146,981)**

24. Capital commitments

	2007-08 £000	2006-07 £000
Contracted and approved commitments at 31 March 2008 for which no provision has been made	2,100	–

Notes to the Departmental Resource Accounts *(continued)*

25. Commitments under leases

Commitments under operating leases to pay rentals, service charges and rates 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. These commitments include costs that will be charged to administrative costs (as disclosed in note 3) and programme expenditure.

	2007-08 £000	2006-07 £000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	–	738
Expiry after 1 year but not more than 5 years	7,073	5,863
Expiry thereafter	13,474	13,637
	20,547	**20,238**
Other:		
Expiry within 1 year	66	4
Expiry after 1 year but not more than 5 years	201	112
Expiry thereafter	–	137
	267	**253**

26. 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. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Department for Children, Schools and Families is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the limited companies to which FRS 13 applies.The Department has very limited powers to borrow or invest surplus funds. 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.

Liquidity risk

The Department's net revenue resource requirements (as well its capital expenditure) are financed by resources voted annually by Parliament. DCSF is therefore not exposed to any significant liquidity risks.

Interest-rate risk

The Department's assets and liabilities carry either nil or fixed rates of interest and is not therefore exposed to significant interest-rate risk.

Foreign currency risk

The Department's exposure to foreign currency risk is low.The foreign currency income received by the Department is negligible and foreign currency expenditure is less than 0.01% of total gross expenditure, and therefore, is not significant.

Notes to the Departmental Resource Accounts *(continued)*

Fair values

Set out below is a comparison of book values and fair values of the Department's financial assets and liabilities as at 31 March 2008.

	Book value £000	Fair value £000	Basis of fair valuation
Primary financial instruments:			
Financial assets			
Cash at bank	798,862	798,862	
Loans to voluntary aided schools	1,289	1,289	note a
Financial liabilities			
Provisions	(64,307)	(64,307)	note b

Notes:

a Schools are charged fixed rate interest based on the government lending rate on the day the loan was issued. There is no significant difference between the interest rate charged to the schools and the current rate of interest, so the fair value is not significantly different to the book value.

b The fair value of the provisions is not significantly different from the book value since, in the calculation of the book value, the expected cash flows have been discounted by the Treasury discount rate of 2.2% in real terms.

27. Contingent liabilities not required to be disclosed under FRS12 but included for Parliamentary reporting and accountability

Quantifiable

The Department has entered into the following quantifiable contingent liabilities by offering guarantees, indemnities, or by giving letters of comfort. None of these is a contingent liability under the meaning of FRS12 since the likelihood of a transfer of economic benefit in settlement is too remote.

	1 April 2007 £000	Increase in year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 March 2008 £000	Amount reported to Parliament by Departmental Minute £000
In order to ensure the continued occupancy of a surplus government office, the lease of the property in Histon, Cambridge was assigned in 2003 to Opportunity Links Ltd. They are a company limited by guarantee, working closely with the DCSF to support the delivery of information to families. Under the terms of the original lease the Secretary of State is guarantor of the tenants' obligations and in the event of Opportunity Links ceasing to exist, the Secretary of State will be required to take over the lease obligations.	1,168	–	–	128	1,040	–
Qualification and Curriculum Authority indemnity – Minerva Diploma Aggregation Service (DAS) in respect of claims against the Qualification and Curriculum Authority	–	20,000	–	–	20,000	20,000

Notes to the Departmental Resource Accounts *(continued)*

28. Other notes

28(a) Losses statement

The total of all losses that have been brought to account in this year are as follows:

	No. of cases	2007-08 £000	2006-07 (Restated) £000
Total	296	675	13,640
Cash losses	51	264	745
Losses of accountable stores	25	236	1,329
Fruitless payments and constructive losses	209	138	11,544
Claims waived or abandoned	11	37	22

The Department is seeking assurance on the expenditure incurred within a local support programme for small voluntary and community groups to confirm expenditure incurred. If any losses are identified they will be reported within the 2008-09 Resource Accounts.

28(b) Special payments

	No. of cases	2007-08 £000	2006-07 (Restated) £000
Total	52	194	272

28(c) Gifts

	No. of cases	2007-08 £000	2006-07 (Restated) £000
Total	40	1	3,468

28(d) Acquisition of shares

The Department held the following shares during the financial year:

	£
Shares held at 1 April 2007	1
Acquired in year	–
Total shares held at 31 March 2008	1

The closing balance of shares held by the Department comprises 1 ordinary share of £1 in the Partnerships for Schools.

Building Schools for the Future Investments LLP (BSFI) is a joint arrangement between the Secretary of State and Partnerships UK. BSFI was established in July 2006 to invest in Local Education Partnerships (LEPs) set up to deliver Building Schools for the Future (BSF) projects in areas prioritised by the Secretary of State and supported by Partnerships for Schools. BSFI is a limited liability partnership and the Department has invested £3m in the arrangement during 2007-08 (£3m in 2006-07). The funding is reported in the DCSF resource account OCS as a capital grant.

Notes to the Departmental Resource Accounts *(continued)*

29. Related party transactions

During the year DCSF made grant payments to the following executive Non-Departmental Public Bodies and Public Corporations for which it has lead responsibility:

British Educational Communications and Technology Agency (BECTA)
Children and Family Court Advisory and Support Service (CAFCASS)
General Teaching Council (GTC)
National College for School Leadership (NCSL)
Office of the Children's Commissioner (OCC) (also known as 11 Million)
Partnerships for Schools (PfS)
Qualifications and Curriculum Authority (QCA)
School Food Trust (SFT)
Training and Development Agency for Schools (TDA)

In addition, the DCSF has had various material transactions with Other Government Departments. Most of these transactions are with the Department for Work and Pensions, Department for Innovation, Universities and Skills, Department of Health and Department for Communities and Local Government.

None of the DCSF board members, members of key managerial staff or other related parties has undertaken any material transactions with the DCSF during the year.

30. Entities within the Departmental boundary

The entities within the boundary during 2007-08 are the main Department, including the Sure Start Unit and the Children's Fund. The expenditure for these units is included in these accounts. The administration expenditure is included in request for resources 1 and the programme related costs are disclosed separately under requests for resources 2 and 3. Separate accounts are not published.

31. Transfer of functions

Balance Sheet

	Published balance at 31 March 2007 £000	Transfer to DIUS £000	Transfer from Home Office £000	Restated balance at 31 March 2007 £000
Fixed Assets:				
Tangible Assets	97,217			97,217
Intangible Assets	13,499			13,499
Investments	17,121,751	(17,120,462)		1,289
Debtors falling due after more than one year	111			111
Current Assets:				
Debtors	272,681	(104,512)	414	168,583
Investments	722,338	(722,274)		64
Cash	20,266	(34,145)		(13,879)
Creditors (amounts falling due within one year)	(427,242)	87,214		(340,028)
Provisions	(3,555,725)	3,481,888		(73,837)
	14,264,896	**(14,412,291)**	**414**	**(146,981)**

Notes to the Departmental Resource Accounts *(continued)*

	Published balance at 31 March 2007 £000	Transfer to DIUS £000	Transfer from Home Office £000	Restated balance at 31 March 2007 £000
Taxpayers equity:				
General Fund	14,244,118	(14,412,291)	414	(167,759)
Revaluation reserve	20,778			20,778
	14,264,896	**(14,412,291)**	**414**	**(146,981)**

Operating Cost Statement

	Published balance at 31 March 2007 £000	Transfer to DIUS £000	Transfer from Home Office £000	Restated balance at 31 March 2007 £000
Administration costs				
Staff costs	148,146	(23,858)	2,024	126,312
Other administration costs	97,436	(3,273)	3,333	97,496
Income	(2,937)	(11,586)		(14,523)
Programme costs;				
Request for resources 1				
Staff costs	4,546	(164)	–	4,382
Programme costs	56,060,177	(12,909,848)	14,611	43,164,940
Income	(713,863)	699,258		(14,605)
Request for resources 2				
Staff costs	–			–
Programme costs	1,363,270			1,363,270
Income	748			748
Request for resources 3				
Staff costs	–			–
Programme costs	142,947			142,947
Income	–			–
	57,100,470	**(12,249,471)**	**19,968**	**44,870,967**

32. Post Balance Sheet Events

The financial statements were authorised for issue on 14 July 2008 by David Bell (Accounting Officer). There have not been any changes requiring adjustment to these financial statements.

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