

Inspiring leaders;
improving children's lives

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ALL SCHOOL LEADERS
AND STAKEHOLDERS

Annual Report and Accounts

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Annual Report and Accounts 2007/08

The National College for School Leadership (NCSL) was officially opened in November 2000. It is a company limited by guarantee and a non-departmental public body (NDPB).

Our purpose

NCSL exists to make a positive difference to the lives and life chances of children and young people through the development of world-class school leaders.

Our mission

NCSL was established to:

- provide a single, national focus for school leadership development and research
- be a driving force for world-class leadership in our schools
- be a provider and promoter of excellence, a major resource for schools and a catalyst for innovation
- be a focus for national and international debate on leadership issues

'Ofsted tells us that we have the best generation of school leaders and teachers that we've ever had. Its no surprise to me that your recent survey showed that more parents think that heads are doing a better job now than they were 10 years ago. But we still have some big challenges if we are going to create a school system that is genuinely – and consistently – world class.'

Rt Hon Ed Balls MP, Secretary of State for Children, Schools and Families, speech to NCSL Annual Conference 19 June 2008.

'There is a link between the overall effectiveness of schools of all types and the quality of their leadership and management...The role of the headteacher is crucial in establishing a shared commitment to improvement. Outstanding leaders share key responsibilities with senior staff, establish high expectations and engage support for their vision from the staff as a whole. Their self-evaluation is insightful, improvement work is effective and sustained, and management systems ensure that provision is of a consistently high quality.'

HMCI Annual Report 2006–07 (October 2007)

Introduction

The year 2007–08 has been our most successful to date. Our key initiatives have been widely welcomed and supported but, more importantly, the growing impact of our work is now ever more visible in schools.

Research this year by the University of Nottingham has shown that the College's programmes have had a significant impact on primary school improvement, repeating the findings of earlier research into the secondary phase. The study showed that schools in challenging circumstances and those with historically lower levels of achievement, have engaged with NCSL and are more likely to achieve better outcomes for pupils and more successful Ofsted inspections.

The College's reputation in the eyes of school leaders themselves is high. An independent survey of 794 school leaders by EduCom (2008) indicates that NCSL's credibility is significantly up for the third year in a row. Some 99 per cent of headteachers are aware of our work and 95 per cent agree that NCSL is helping to develop future school leaders. School leaders are more positive than ever before about the impact of the College: 88 per cent believe that it is helping to raise standards in schools and 82 per cent that it has had a positive effect on their own school.

This has been reflected in the growth of the Leadership Network which has expanded in two years from 300 to a current membership of over 10,000.

Our flagship initiative on succession planning to increase headteacher numbers and bring more talent into the leadership pool has continued this year. We are particularly pleased to report that our government-agreed target for succession planning has been met: despite a predicted rise in headteacher retirements, the number of headship vacancies has remained unchanged at 0.6 per cent and temporary vacancies have reduced from 3.2 per cent to 2.6 per cent.

Allied to succession planning, the National Professional Qualification for Headship (NPQH) has been redesigned to ensure that it continues to equip emerging leaders to lead the schools of tomorrow. The redesigned NPQH has been piloted from March 2008 and is due for full roll out in September 2008.

Our National Leader of Education/National Support School initiative, in which successful heads and their schools work with struggling schools, went from strength to strength and is now preparing for a fourth round of recruitment.

Support for primary schools has been another key area of work. Our recommendation that all primary schools should have access to school business management expertise was supported by the Department for Children, Schools and Families (DCSF). As a result, we have begun to set up demonstration projects around the country to implement and to evaluate how school business directors and advanced school business managers might work across more than one school and in different settings.

Other initiatives this year have included tailored support for leaders and managers working towards delivering the new 14–19 diplomas, enabling them to work with a dedicated consortium leadership consultant to meet their specific needs. We have also further developed our support for leaders involved in key national agendas including Building Schools for the Future and the Primary Capital Programme.

Our work with other agencies and organisations has progressed well. In particular, we have established a very close collaboration with the Training and Development Agency (TDA) on a number of projects, including one on the leadership of extended schools.

Financial management is effective, with the College meeting its variance target for the end of the financial year and receiving a ‘sound’ judgement from the auditors for its financial management systems.

By any objective standards, the College is in good health. All of the government-agreed targets as set out in the annual balanced scorecard, have been met or exceeded. Its work to tackle some of the most deep-seated leadership issues and to provide workable solutions to strategic, long-term problems in education is valued by the profession and partners; its impact is wide-ranging and its moral purpose – to improve the life chances of young people by developing outstanding leadership – is demonstrable.

The achievements to date provide us with a solid foundation which we will continue to build upon in 2008–09.



Vanni Treves, Chair, NCSL



Steve Munby, Chief Executive, NCSL

Goal 1

Develop excellent school leadership to transform children's achievement and well-being

'High quality leadership has a significant impact on both pupil academic and non-academic outcomes. In other words, good leadership and management lead to good teaching and learning, which in turn leads to higher standards for all pupils.'

PricewaterhouseCoopers, 2007, Independent study into school leadership, DfES.

Effective school leadership is at the heart of improved performance in schools. Over the past year, we have focused on four key strands:

- flexible options to suit different needs through personalised provision, harnessing the benefits of learning technologies, and through contextualised programmes
- leadership to deliver the Every Child Matters five outcomes, raise standards and narrow the achievement gap
- development, support and policy advice to help school leaders become better leaders

All our provision draws on research, policy and best practice, to ensure that our work remains innovative, dynamic and at the leading edge of development.

Flexible options to suit different needs

We have offered a range of leadership development opportunities for leaders at all levels.

Leading from the Middle focuses on helping inexperienced middle leaders in schools to develop leadership skills and competencies and has been delivered to 6,624 participants across the country.

The highly-regarded Leadership Pathways programme targets around 3,000 senior leaders in school who are intending to move toward headship each year. A modular programme, it gives each participant a choice of activities and learning that best meet their specific needs. This year, three new contextualised units have been developed on urban leadership, moral leadership and leadership in small schools. Another addition to the programme has been Equal Access to Promotion, a unit devised specifically for black and minority ethnic leaders and delivered in partnership with the National Union of Teachers.

Early Headship Provision offers leadership development for all first-time and acting headteachers. Some 1,404 registered for it this year and it was delivered regionally by three commissioned providers. It also includes free access to the core personal and professional development programme New Visions, which is currently being updated to ensure it continues to meet the needs of new heads in a changing educational landscape.

Head for the Future, for heads with more than three years' experience, is designed to meet the individual needs of each participant, using a diagnostic tool to identify key areas for development. Some 551 experienced headteachers took part this year.

In 2007, we began a programme of support to leaders and managers working towards delivering the new 14–19 diploma. Benefits reported by participants include greater effectiveness in managing and implementing change, improved ability to share and collaborate within their consortia and more willingness to innovate. This year we have introduced a bespoke model, enabling leaders and managers to work with a consortium leadership consultant to create a tailored package of support.

The Established Leaders programme was delivered up to March 2008 when the programme formally closed. During the year the programme was offered to leaders working in three very specific contexts: coastal schools, rural schools and Catholic schools. An evaluation of the programme's impact was undertaken in December 2007 and the findings will be used to inform future planning for contextualised provision.

As in previous years, we have supported the Black Pupils' Achievement Programme by delivering a leadership project for participating teachers. Some 87 schools and 20 local authorities completed the first phase in June 2007 with a further 22 schools and 12 local authorities completing phase two in March 2008. Outcomes of the programme have been incorporated into the DCSF publication Ensuring the Attainment of Black Pupils.

The National Professional Qualification for Headship (NPQH) has been redesigned and remains central to our work on succession planning. A series of consultation sessions on the redesign took place throughout 2007–08 with school leaders, local authorities, professional associations and other key stakeholders. The redesigned qualification offers a personalised leadership development pathway, based on individual development needs, supported by one-to-one coaching and incorporating a short placement in another context. The provision is now being piloted with a group of 141 trainee headteachers from a variety of school contexts around the country. A further 2,000 are due to begin in 2008–09.

Recruitment to the existing NPQH remained strong in 2007–08, exceeding the target of 1,800 participants. During the year, we introduced some revisions to the assessment processes in order to ensure the quality of graduates remains high in the final cohorts of this model.

The second year of the National Professional Qualification in Integrated Centre Leadership (NPQICL) saw 340 participants graduate. The third cohort began in September 2007 and 396 leaders were recruited to it.

An impact report on the first three years of NPQICL concluded that the programme is making a unique contribution to early years leadership development, more effective children's centres and better outcomes for children and families. The report highlighted the programme's ability to change attitudes and behaviours as well as to provide for the acquisition of knowledge and skills for the participants.

NPQICL has been reshaped this year. The new programme reflects the changing nature of children's centres and has a strong focus on achieving outcomes, particularly for the most vulnerable. But it retains the ethos of the current programme and will remain a Master's level qualification. The new NPQICL will be available in September 2008. Additional work has been undertaken on assessing the leadership development needs of leaders pre and post the NPQICL qualification.

The Certificate and Diploma of School Business Management programmes have again achieved record levels this year with all 2,250 places taken up. Following the success of the localised Certificate of School Business Management, we are piloting a localised version of the diploma. For more on school business managers see goals two and three.

NCSL continues to have a strong online presence for both programme and non-programme based activities. The NCSL website, with 100,000 unique visitors each month, is rated as the most popular online resource for school leadership in England (source Annual Opinion Survey 2008, Edcoms). talk2learn, the College's online networking and collaboration service, continued to attract increased audiences and now has more than 120,000 members, with a significant year-on-year growth in membership activity. A new service for web conferences has been introduced and online seminars have been delivered by leading figures including Tim Brighouse and Greg Dyke. NCSL has utilised this online conferencing service in broadening the national consultation on the revised NPQH.

Developing leadership of Every Child Matters and standards

At our round of regional conferences in 2006, school leaders made it clear that leading ECM and the standards agenda represented their biggest challenge. ECM and standards have therefore continued to be a high priority for the College in 2007–08.

We have focused consistently on supporting leaders and on developing high-quality provision to ensure the delivery of ECM and the leadership of extended schools and to support good practice in integrated working. Particular emphasis is put on how delivery of the ECM outcomes helps schools to drive improvement and raise standards.

Our commitment to this area of work has been reinforced by the advent of the Children's Plan, which aims to give all children the best possible chance to achieve and progress, we have now begun to examine how our provision can more closely reflect the plan's priorities.

Elsewhere, in line with our aim to ensure that our provision is fit for purpose, we have commissioned a review of the leadership professional development requirements of ECM in order to meet the needs of leaders at different stages of their careers more effectively.

Our new online resource, ECM Leadership Direct, gives free access to leadership development materials, case studies, tools and activities to support leaders and their teams in addressing ECM in their schools and communities.

The Multi-Agency Team Development programme is now available across the country to support the development of integrated working in and around schools. We also worked with groups of school and community leaders to develop a local, problem-solving 'challenge methodology'. Its toolkit has been used in a number of localities to deal with complex issues and to support the growth of locality leadership.

We commissioned the ECM Premium Project to assess the impact that ECM has on raising standards of achievement. The study featured 14 extended schools which were leading and improving learning outcomes through a focus on ECM.

As part of our commitment to identifying and sharing good practice we have identified nine ECM advocates who work across NCSL's Leadership Network to promote and support good practice.

In addition, a public value project identified how schools create value for their local communities, engage local people in the development and improvement of the service, how this can be measured and the impact it has on standards and progress.

Working in partnership with other organisations and agencies remains fundamental to the College's approach. We have co-designed and are running a successful pathfinder project with the TDA aimed at supporting local authorities and schools which are yet to make significant progress in the delivery of ECM and extended services. The project aims to support them in producing sustainable solutions. We have also developed our partnership with the community learning organisation ContinYou.

All our ECM work is informed by practice and research and shared with school leaders through publications. In 2007-08, these included Leadership for Social Inclusion, which looked at leadership issues in relation to social inclusion through six case studies in three disadvantaged districts and ECM: how school leaders in extended schools respond to local needs, which explored the ways in which leaders adapted it for their own context. The key lessons from this and other research into ECM were distilled in What are we learning about leadership of ECM.

In order to ensure clarity about the work of NCSL in the leadership of ECM and extended schools, we commissioned a set of key messages that could be used to promote our work and to support school leaders. The messages will be used to inform all the work of the ECM and Standards team in 2008-09.

The College has also contributed to the work of other national bodies concerned with driving forward ECM and the Children's Plan. This year, NCSL joined the Leadership and Management sub-group of the Children's Workforce Network and was invited onto its board. Following the publication of Building Brighter Futures: Next steps for the Children's Workforce by the DCSF, the College was invited to be a member of the expert group advising on the Children's Workforce Strategy.

Continuing development and support

We have continued to offer development opportunities to leaders on specific topics or in particular circumstances.

The Development Programme for Consultant Leadership was delivered to 200 participants nationally with eight regional groups using the programme to support succession planning and system leadership.

Some 301 heads went on International Placements for Headteachers to learn about leadership and effective practice from schools abroad. The programme closed in April 2008 and a new international leadership learning programme is scheduled for delivery from September 2008.

Two small scale programmes, Working Together for Success and Developing the Capacity for Improvement, focused on the development of leadership by school teams. Evaluations show the programmes, delivered nationwide, to have made a very real contribution to the overall quality of leadership in the schools involved.

School-to-school support from the London Teaching Programme model has continued to develop with further expansion of the Teaching School model into two new City Challenge areas. Programmes piloted throughout 2007-08 include Good to Great, a practical solutions-based programme, targeted at supporting schools in moving their leadership practice to outstanding.

The Primary Leadership Strategy has been piloted throughout the 2007-08 period with over 20 primary schools receiving Consultant Leader support. This has informed a primary strategy which will be rolled out to Keys to Success schools in the autumn term 2008.

In 2007–08, the College supported a range of projects in urban areas. Local authorities in the London Challenge area, such as Hillingdon, have taken forward key aspects of activity from the London Leadership Strategy, such as the use of consultant leaders to further develop their leadership in schools.

An external review (October 2007) of the consultant leader model highlighted the benefits:

'The principal benefits of consultant leaders for headteachers are that, as experienced professional colleagues and within a relationship of strong personal support and trust, they can act as an expert sounding board for the headteachers' analyses and priorities. They can encourage thinking outside the box and challenge any tendencies towards frenetic but ill-directed activity; they can validate the headteacher's direction and approach, and reinforce a headteacher's resolve when the going gets tough.'

Report of Consultant Leadership:

Formation Training and Development, Oct 2007

The consultant leader model has been developed further over the year into the Local Leader of Education model and is now embedded as part of the Leadership Strategy in two new City Challenge areas of Greater Manchester and the Black Country. Working with stakeholders, local authorities and schools in an urban context across all school phases, the programme provides a bespoke package of activities to schools in challenging circumstances in order to support the school in developing and growing its leadership capacity and capability.

As part of the challenge, we are identifying successful school leaders to become Local Leaders of Education (LLE). We will continue to develop the LLE model for other urban initiatives to strengthen system leadership and sustainability across urban areas.

The Building Schools for the Future (BSF) Leadership Programme was successfully delivered to 19 BSF Wave 4–6 local authorities, training a total of 659 school and local authority leaders. A bespoke version for local authorities and school leaders involved in the BSF One School Pathfinder was successfully designed, developed and delivered with 12 authorities. Evaluation across these programmes was extremely positive, averaging 95.62 per cent good or excellent.

The College has supported leaders in the Primary Capital Programme (PCP) from the 23 pathfinder local authorities through online resources and pathfinder conferences. This work is being further progressed as the College designs and develops a national conference and a pilot national PCP Leadership Programme for school leaders and local authorities.

Our successful Strategic Leadership of ICT (SLICT) programme closed at the end of March 2008 with a total 14,000 school leaders having attended. SLICT has also been successfully embedded into other College programmes and the Specialist Schools and Academies Trust (SSAT) leadership programmes, London Grid for Learning and Becta support packages. The programme has helped school leaders to build their knowledge and understanding of how technology can be used to enhance and extend learning both in and out of schools.

We continue to actively support the leadership dimension of Becta's e-strategy, Harnessing Technology.

In August 2007, we provided advice on primary leadership to the Secretary of State, covering the key issues facing primary leadership and recommendations to address some of these. In his response in October 2007, the Secretary of State recognised that leadership in primary schools is a challenging and complex area, and that our advice was a first step towards a more innovative strategy for primary leadership. This advice is the start of some sustained work on developing primary leadership to meet the complex and challenging demands of securing children's well-being and developing skills for life in the 21st century.

The Secretary of State asked NCSL to do the following.

- Develop the role of school business management, and trial and explore the roles of advanced school business manager and school business director
- Explore, develop and disseminate new models of leadership.
- Explore with DCSF officials ways of enabling outstanding leaders to provide further support to the leadership of satisfactory schools.
- Work with National Strategies and DCSF colleagues to encourage closer collaboration between schools and new forms of governance.
- Continue to explore and develop solutions to leadership succession, which encourage more leaders to step up to primary headship.

Implementation of this advice is continuing in 2008–09.

Goal 1: Key facts

In 2007–08:

- 6,624 school leaders started Leading from the Middle.
- 2,195 school leaders registered for NPQH, exceeding the target of 1,800 and taking total registrations to 31,820.
- 4,724 people graduated from NPQH. A total of 28,390 people have now graduated from the programme.
- 141 NPQH trainee headteachers recruited to the pilot redesign NPQH.
- 1,404 new headteachers registered for the Early Headship Provision.
- 905 new heads registered for the New Visions programme for new heads, an increase of more than 50 per cent on last year.
- 1,497 headteachers completed the final cohort of the Leadership Programme for Serving Headteachers.
- 200 school leaders participated in the Development Programme for Consultant Leadership.
- 301 headteachers took part in International Placements for Headteachers.
- 551 headteachers participated in Head for the Future.
- 340 participants graduated from the second year of NPQICL and 396 leaders were recruited to the third cohort.
- 1,930 school business managers started the Certificate of School Business Management programme, including 1,040 in new localised programmes, and 1,469 completed their certificate.
- 320 school business managers started the Diploma of School Business Management and 263 completed their diploma.
- 659 school and local authority leaders joined the BSF Leadership Programme.
- The 120,000th member joined talk2learn, the College's online community.

Goal 2

Develop leadership within and beyond the school

To reduce the number of underachieving schools and speed up progress towards a world-class education system, we need to persuade more schools and leaders to drive improvement – not just in their own schools but in other establishments too.

This year we have again focused on:

- developing leadership at all levels so that more school leaders can work beyond their schools
- enabling excellent leaders to share their expertise

Developing leadership at all levels

'I agree with Steve Munby that good school leadership isn't about the efforts of any one person; it's about teams of people all knowing their jobs, doing them well and working towards shared goals.'

Rt Hon Ed Balls MP, Secretary of State for Children, Schools and Families, speech to NCSL Annual Conference 19 June 2008.

The College has consistently promoted the benefits of distributed leadership as a way to drive school improvement and to liberate headteachers to work more effectively within and beyond their own schools.

We collaborated with the TDA on our Leading from the Middle programme, resulting in a draft Framework for Professional Standards for Teachers.

As part of the school remodelling process, we continued to deliver our highly successful Bursar Development programme. More than three-quarters of Diploma of School Business Management graduates play a full role in their school leadership teams. There is clear evidence that many school business managers or bursars free up teachers to teach and headteachers to focus on being leaders of learning in their own schools, as well as influencing the performance of other schools.

This year, we have started to explore ways to capitalise further on the potential of school business managers and their contribution to school improvement.

We commissioned the consultants McKinsey & Company to examine how primary schools specifically might benefit further from the support of a school business manager. They identified key advantages such as enhancing the attractiveness and effectiveness of the headteacher role by consolidating its focus on teaching and learning, improved strategic decision-making and better financial management in schools, thus freeing up resources for the classroom. The findings formed part of the College's advice on primary leadership to the Secretary of State (see *Continuing Development and Support*, on page 10).

In light of the research and building on the success of the certificate and diploma courses, the College is aiming to raise the profile of the school business manager and further develop their skills. A new course, the Advanced Diploma in School Business Management, is due to be piloted in September 2008. A new school business director course, together with comprehensive accreditation of prior experience and learning guidance, is also being devised to enable candidates from outside education to enter the sector.

Meanwhile, demonstration projects will examine the impact of highly skilled school business professionals in a range of school settings such as federations and extended schools, and look at the benefits of sharing an advanced school business manager across a number of schools.

During 2007-08, 1,930 school business managers started the Certificate of School Business Management programme, including 1,040 in new local programmes, while 320 started the Diploma of School Business Management. In addition 1,469 Certificate of School Business Management students and 263 Diploma of School Business Management students completed their training.

'As the only non-teacher on the senior leadership team, I come at things from a different angle. And because of my training – I've done both the Certificate and Diploma of School Business Management – I often have more depth of knowledge than anyone else about certain areas. That's my contribution to the running of the school: business advice and expertise.'

School business manager

Enabling excellent leaders to share their expertise

We have continued to offer a range of programmes designed to equip school leaders with the skills needed to lead, challenge and support their peers.

The National Leaders of Education/National Support Schools (NLE/NSS) initiative is a prime example of outstanding heads working beyond their own schools.

There is a growing body of evidence showing that failing schools can be transformed by excellent leadership and support from a high-capacity school. There is currently a relatively small number of experienced headteachers able to take on these complex roles.

The NLE/NSS initiative aims to expand this pool of competent system leaders. NLEs are serving headteachers who use their skills and experience of managing complex schools to help others in difficulty. They receive training and other support from the College, as does their own school. NLEs also have the chance to shape policy at national level.

Since its launch in 2006, more than 30,000 pupils in struggling schools have received support from 124 NLEs and NSS. Secondary schools being supported by an NLE have increased their five or more A* to C grades by 3.5 per cent. The NSS results have increased by 3.6 per cent, compared with 2.5 per cent nationally for all schools. In addition, 7 of the 10 schools in special measures that have been supported by a national leader have come out of special measures.

We have recruited the third tranche of NLEs and now have 190 available to help struggling schools.

Meanwhile, our work with School Improvement Partners (SIPs) has continued.

Since March 2005, we have been working in partnership with the National Strategies to accredit SIPs for deployment by local authorities and have exceeded our recruitment targets for all school phases. Every maintained school now has a SIP attached to it. We have accredited 1,389 secondary SIPs (our target was 1,200), 2,619 primary SIPs (our target was 2,600) and 359 special school SIPs (our target was 350)

Tackling Within School Variation, the project begun in 2004–05 which examines what an individual school can do to learn from its own good practice in order to reduce dips in performance, has also continued this year. A report was produced by Professor David Reynolds into phase two of the project. It pointed to a base of evidence which suggests that within school variation is a much bigger factor in determining differences in outcome than between school variation. It also highlighted the project's impact in terms of reducing within school variation and improving overall rates of pupil progress.

Goal 2: Key facts

In 2007–08 we:

- Continued to develop provision to support distributed leadership.
- Commissioned research into the benefits school business managers bring to primary leadership.
- Identified a third tranche of National Leaders of Education (NLEs), bringing the total to 190 and supported their development in schools across the country.
- Exceeded our targets for SIP recruitment, bringing the total accredited to 1389 secondary SIPs, 2,619 primary SIPs and 359 special school SIPs for deployment by local authorities.
- Continued research on tackling variation within and across schools.

Goal 3

Identify and grow tomorrow's leaders

In 2006–07, it was forecast that more than 43 per cent of primary headteachers and 47 per cent of secondary heads would retire over the next five years. To prevent their departures sparking a leadership crisis, our third goal is to persuade more members of the school workforce of the many personal and professional rewards of school leadership and to help them develop into excellent leaders. We have worked in partnership with other organisations and representatives of the profession to develop a strategic approach to this challenge, focusing on:

- developing local solutions to a national challenge
- identifying and growing talent
- working with others to develop tomorrow's leaders

Following a year's successful pilot phase, our succession planning work went to national scale in September 2007 under the banner Tomorrow's Leaders Today.

Developing local solutions to a national challenge

'I have just been appointed as headteacher of a high school and found the 'Be a head' pages on NCSL's Tomorrow's Leader's Today website an extremely helpful part of my preparation; great advice, succinct and direct.'

New headteacher

The College's succession planning strategy, drawn up in 2006 to tackle the looming headteacher shortage and predicated on supporting local solutions to the challenge, has made strong progress in 2007–2008. We have signed partnership agreements with all 148 local authorities and provided funds for them to develop their own local solutions to the recruitment and retention of heads. We have also provided advice and support from our 23 National Succession Consultants in order to help them carry out this work.

In addition, we have identified 71 local authorities, who have a particular challenge of 'hard to fill' headships, that would benefit from additional support. A key focus is to encourage more suitable candidates for headship to come forward and to move more NPQH graduates closer to their first headship. Support comes in the form of expertise from NCSL's National Succession Consultants, plus some financial help to enable local authorities to provide coaching, mentoring, work placements or other development opportunities for individuals.

A suite of materials and online resources has been developed to provide advice and support to governors, local authorities, leaders and teachers on how to develop local strategies to identify, develop, attract and retain talent. Since September 2007, the number of hits on the Tomorrow's Leaders Today website homepage has risen from 4,000 to over 8,000 per month.

We have also undertaken research into the part school governors can play in succession planning with a view to developing a strategy for engaging governors, which will be rolled out from summer 2008.

Early evaluation of the work on succession planning shows that local authorities are now better placed to respond to the challenges that they face. Although at an early stage of development in many areas, local authorities are developing and deploying an increasing range of local strategies. A survey suggests that more than 90 per cent are supporting schools in identifying potential leaders, developing mentoring and growing a leadership culture.

Identifying and growing talent

Work on succession planning has been supported by other initiatives designed to grow tomorrow's leaders. Specific programme activity has been aimed at both accelerating career progression and bringing greater diversity into the school leadership population.

We continued to deliver the accelerated leadership programme Fast Track to more than 2,000 teachers, while updating and redesigning it. The existing programme will continue until September 2009 while a new type of accelerated leadership provision is being developed.

Evaluation of the Future Leaders programme, created jointly with SSAT and Absolute Return for Kids (ARK) Education, showed that it is highly regarded by those who have been involved with it. The programme aims to develop the skills and vision of leaders to run the most challenging of urban schools. It uses a range of in-school and offsite methods, including mentoring, coaching and training to prepare its candidates for headship.

The Trainee Headteacher programme was revised in 2007 and local authorities were brought into the process as part of support for work on succession planning. Local authorities now identify groups of suitable applicants and arrange placements for them to complement any succession and leadership strategies already in place. This model allows greater reach and is more cost-effective. In 2007, 14 local authorities with a high number of schools in challenging contexts participated and put forward 39 trainee heads. It is being renamed the Associate Headteacher Programme in light of recent developments on NPQH.

Working with others to develop tomorrow's leaders

In 2007–08, we continued to build our highly effective programme of research and also enhanced our policy-influencing role. Over the year, we continued to engage with members of the profession and educationalists, tapping into their wealth of knowledge and commissioning leading practice research to inform policy developments at both local and national level.

In 2007–08, our Leading Practice series of events was structured around the key priorities outlined in our corporate plan. During the year, we held 18 events. Associated materials from these events were posted on our website and made available to all school leaders to download free of charge.

Our Research Associates programme continued to provide senior school and children's centre leaders with the opportunity to undertake practitioner enquiry into different aspects of leadership. This year, the programme enabled 38 leaders to pursue different lines of enquiry.

Our research projects led to a number of publications and associated communication campaigns on key topics such as:

- The leadership of ECM including how leaders contextualise the principles of ECM to their school, leadership for social inclusion and *What we know about the leadership of ECM*.
- The leadership of personalised learning, including a new Leading Personalised Learning framework which has been integrated into the new NPQH.
- A range of research and resources to support the succession planning programme.
- Research on new models of leadership, including the Redesigning Headship project and our partnership with the Innovation Unit on the Next Practice in System Leadership project, which concluded in March 2007.
- The outcomes from a major project by the International Leadership in Education Research Network (ILERN) with articles and professional development activities by the world's leading thinkers in the field.

Our research programme continues to explore new challenges and areas of practice for school leaders. For example, in autumn 2007 we launched a major new development and research project to explore the leadership of sustainable schools. Following an open application process we have funded 56 schools to undertake action research in this key area and to develop 'communities of practice' with others schools in their area. We are continuing to support this research and the project will conclude in 2009.

The College's research and policy work is characterised by a partnership approach with other agencies aimed at learning from best practice in the UK and overseas. We meet regularly with university colleagues through the Universities Partnership Group. Our research partners have included the Innovation Unit (on the Next Practice in System Leadership project) and the SSAT (on its Deep Leadership research into leading personalised learning). The College also hosted a number of international visits and presented at numerous events, including the British Educational Leadership and Management (BELMAS) conference.

In the policy arena, we have worked closely with the social partners of the Workforce Agreement Monitoring Group and the School Teachers Review Body on areas such as workload and work-life balance and new models of leadership, building on the PricewaterhouseCoopers (PwC) Independent Review of School Leadership.

Goal three: Key facts

In 2007–08 we:

- Signed partnership agreements with all 148 local authorities to support succession planning.
- Provided advice and support from our 23 National Succession Consultants to local authorities.
- Supported 71 local authorities to work with 1,322 NPQH graduates to move on to headship in 'hard to fill' headship areas.
- Recorded a rise in hits on the Tomorrow's Leaders Today homepage from 4,000 to more than 8,000 per month since September 2007.
- Undertook research into the part governors can play in succession planning
- Delivered the Fast Track programme to more than 2,000 teachers.
- Delivered the Trainee Headteacher Programme (now renamed Associate Headteacher Programme) to 39 candidates in schools in challenging contexts in 14 local authorities.
- Held 18 Leading Practice events.
- Enabled 38 leaders to become Research Associates.
- Launched publications and communications campaigns linked to our research on ECM, personalised learning, new models of headship and a range of other topics
- Began a major research project into leadership of sustainable schools.
- Worked with sector partners on policy areas including work-life balance.

Goal 4

Ensure a fit-for-purpose, national College

To deliver our first three goals, we recognise that the College itself has to change.

We have to ensure that we are responding to the needs of school leaders, giving them a strong voice in the development of our programmes and a real sense of ownership of the College and its work.

We also need to ensure that we are properly geared and organised, both to commission leadership development of the highest quality and to provide the government with the best advice, based on evidence, on the future improvement of school leadership.

To this end, we have focused on:

- listening and responding
- aligning the organisation
- evaluating our impact
- being measured by results

Listening and responding

This year, we have continued to invest in building stronger relationships and a better understanding of the needs of our stakeholders and partners.

At our annual conference, Seizing Success, we engaged with more than 1,000 school leaders. Through our national New Heads Conference, now in its 11th year, we provided a unique occasion for 500 newly-appointed headteachers to debate the issues that are important to them and gain ideas, insights and inspiration to help them bring their own thinking and actions into their schools.

We have continued to extend our reach with the media – particularly the specialist and regional (which accounted for 45 per cent of the College’s coverage). Its media team secured more than double the amount of editorial space from the previous year. Addressing the headteacher recruitment challenge and growing tomorrow’s school leaders; increasing the profile of school business managers alongside unveiling more senior and strategic roles in this area and highlighting the continued success of the National Leaders of Education (NLE) scheme accounted for this positive coverage. In the coming year, NCSL will be focusing on raising its national profile further.

We continued to expand our Leadership Network in order to engage more closely with school leaders, gathering information about their needs, identifying best practice on the ground and giving them more opportunities to influence our work. Network membership has grown in two years from 300 to approaching 9,500 members and there is at least one Leadership Network member in 29 per cent of the schools in the country.

Leaders’ engagement with the College has increased through an extensive programme of local, regional and national events focused on learning about leadership in practice. A number of regional initiatives were held and these included internship opportunities in another school for middle and aspirant leaders.

Throughout the year, we continued to work proactively with our major national stakeholders and partners, including DCSF, National Strategies, SSAT, TDA, local authorities, professional associations, Ofsted, GTC and other public bodies. Areas of collaboration include:

- development of a register of NLEs
- NPQH redesign
- advice to the Secretary of State on succession planning
- heading a national group to examine issues facing primary heads
- understanding and meeting the challenges of multi-agency children's services

Aligning the organisation

Our four goals provide a clear direction for our activities and have been embedded across the organisation through staff conferences, workshops and internal communication. They are now linked closely to our delivery roadmap which covers all areas of the College's activity. It enables us to track our progress against a series of milestones throughout the year.

We continue to manage the cultural change initiatives as a formal programme, involving all directors as members of the programme board. Areas of focus continue to include performance management, corporate planning and programme and project management disciplines, as well as areas around personal development and growth, diversity and work life balance.

Another major area of activity this year has been our continued work on commissioning the design, development and delivery of our programmes, as reported in Goal 1.

During 2007-08, we built on the previous year's work on customer strategy and started making changes to the infrastructure that will be required to support our vision.

In September 2007, we implemented a single, easy-to-remember phone number by which customers can contact the College.

We also started a variety of systems developments known collectively as the ICE (Improving Customer Experience) programme and aimed principally at offering better support to our customers and others who deal with the College. It includes the redevelopment of our website and the replacement of our registration, learning management and content management systems.

In March this year, the College launched a further new system – the Data Warehouse – that brought together much of the data that we hold about our customers. It puts accurate and consistent data about customers at the fingertips of all NCSL staff, enables us to explore that data easily and to generate reports about different aspects of customer engagement with the College.

Evaluating our impact

Each year, we undertake extensive evaluation to investigate what impact participation in NCSL activities has on school leadership and leadership development. Evaluation also contributes to the improvement and development of our programmes and activities, provides an opportunity for participants to review their learning and ensures accountability on the part of the College.

Being measured by our results

As part of our commitment to better self-evaluation, we continued to measure our progress using a balanced scorecard which covers:

- outcomes and impact
- stakeholder and customer perspectives
- organisational efficiency
- internal organisational learning and development

The balanced scorecard ensures that we have a clear picture of our impact, effectiveness and the value for money of our work. The scorecard data provides the College, DCSF and our governing council with a tool to measure how well we are doing against our key priorities, and informs our strategic planning for future provision. For the third year running, we have achieved, in aggregate, our targets.

In November 2007, we undertook our third major staff survey. It was completed by a record number of employees (91 per cent) and shared with them at our staff conference in January 2008. Seventy four per cent of staff thought NCSL showed strong leadership; 75 per cent felt well informed about how it was performing (up by a quarter on the previous year) and 71 per cent are satisfied working at the College.

However, there are still areas where the College can improve and a revitalised Staff Representative Committee will provide one important feedback mechanism for employees.

Goal 4: Key facts

In 2007–08 we:

- Engaged with more than 1,000 school leaders at our national conference, Seizing Success.
- Provided opportunities for some 500 new headteachers to engage with the College at the national New Heads Conference.
- Extended our reach by increasing our share of specialist and regional media.
- Worked collaboratively with other public bodies and professional associations on a range of school leadership issues and initiatives.
- Continued to use a balanced scorecard to measure our impact.
- Progressed a number of cultural change initiatives, including the implementation of a new performance management process.
- Achieved our government-agreed targets.

Company information



Directors serving during the 2007/08 financial year and up to the date of signing this report

| | Appointed | Resigned |
|--------------------------|-------------------|-----------------|
| V Treves (Chair) | 1 September 2004 | |
| H Baker | 1 September 2006 | |
| M Callaghan | 1 September 2006 | |
| P Jervis | 1 September 2006 | |
| T Mackay | 25 September 2000 | 23 March 2008 |
| J McVittie | 1 September 2006 | |
| D Nightingale | 14 February 2003 | |
| D Patterson | 6 November 2002 | |
| T Piggott | 6 November 2002 | |
| J Pullen | 1 September 2006 | |
| H Raja | 1 September 2006 | 30 May 2008 |
| D Ross | 1 September 2006 | |
| A Seber | 1 September 2006 | |
| B Levin | 23 March 2008 | |
| Dame M Richardson | 1 April 2008 | |

Company secretary

Eversecretary Limited
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

Registered office

1 Royal Standard Place
Nottingham
NG1 6FZ

Head office

Triumph Road
Nottingham
NG8 1DH
www.ncsl.org.uk

Auditors

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Registered number

04014904

Bankers

Office of HM Paymaster General
National Investment
and Loans Office
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Solicitors

Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

Management commentary

Background information

The National College for School Leadership ('the College') was incorporated on 14 June 2000. It is an executive Non-Departmental Public Body (NDPB) sponsored by the Department for Children, Schools and Families (DCSF). It is a company limited by guarantee, having no share capital. The accounts have been prepared in accordance with an accounts direction issued by the Secretary of State for Children, Schools and Families with the consent of the Treasury.

The full accounts direction is available on request but in summary the direction requires the College to comply with the accounting and disclosure provisions of the Companies Act and UK Generally Accepted Accounting Practice (UK GAAP). In preparing the accounts, the College has also paid regard to the 'Financial Reporting Manual' (FRoM) issued by HM Treasury.

Principal activities

The College's purpose is to improve the lives and life chances of all children throughout the country by developing world-class school leaders, system leaders and future leaders.

The College consults widely with school leaders about the challenges they face and the support they need. This has a direct impact on the goals of the College and the work that it does. Its key priorities are:

- **Making a positive difference to children's lives through excellent school leadership:**
 - Providing a flexible range of programmes, e-learning resources, conferences and publications to support and develop school leaders at every stage of their careers.
 - Working with school leaders and others to make Every Child Matters a reality in their schools and communities.
 - Supporting the needs of different types of leaders by providing training for multi-agency working, support for diversity programmes, and development for school business managers.
- Providing recruitment training for headteachers and school governors to ensure the safety of children.
- Supporting school leaders in delivering the 14-19 reforms.
- Providing support for primary school leaders.
- **Developing leaders who think and act beyond their school:**
 - Identifying outstanding school leaders as National Leaders of Education so that they can provide support and leadership for schools in special measures.
 - Working with National Strategies to train, assess and accredit school improvement partners.
 - Promoting innovation in schools.
 - Developing all aspects of leadership capacity in London secondary schools.
- **Growing tomorrow's leaders:**
 - Working with schools and others to support the development of local solutions for succession planning.
 - Developing the skills, knowledge and experience of future headteachers.
 - Providing fast track leadership development for teachers in the early years of their careers.
 - Increasing the number of qualified and experienced urban leaders.
 - Providing on the job development for future leaders.
- **A national College working for you:**
 - Listening and responding to the needs and views of school leaders through a series of regional conferences.
 - Developing a leadership network for all schools so that they can connect with the College and with others regionally and nationally.
 - Pioneering online collaboration through online communities, conferences and hotseats.

The College is led by a Chief Executive who is supported by a senior leadership team responsible for the strategic direction of the College, and a team of operational directors who focus on the delivery of activity and monitoring of performance against the College's goals. The College is governed by a board of non-executive directors (Governing Council) appointed by the Secretary of State for Children, Schools and Families.

Review of 2007/08

Full details of our achievements are given in the annual review section of this document.

The Balanced Scorecard provides a high level set of measures which are agreed between the College and the Department for Children, Schools and Families to monitor the overall progress of the College.

The following presents the key achievements for 2007/08:

- OfSTED judgements on the quality of leadership and management – 3 per cent of schools with inadequate leadership and management against a target of 4 per cent.
- National Professional Qualification for Headship (NPQH) recruitment to DCSF target – 2,801 with 85 per cent graduation rate against a target of 1,800 with 85 per cent graduation rate.
- 83 per cent of a representative sample of school leaders believe the College's activities are effective (target 75 per cent).
- 82 per cent of sample of participants believe the College is impacting positively on their schools (target 70 per cent).
- -1 per cent variance of actual spend to budget against a target of 0 to -2.5 per cent.

Future developments

Over the last year, the College's close engagement with school leaders about the challenges they face and what they need from the College has reinforced its commitment to the four ambitious goals it set in 2006. These are to:

- develop excellent school leadership to transform children's achievement and well-being
- develop leadership within and beyond the school
- identify and grow tomorrow's leaders
- ensure a fit-for-purpose, national college

The College will develop its offer to school leaders and more widely across the system to help realise the vision set out for children and young people in the Children's Plan.

Over the next 12 months, the College sees its prime strategic challenges as:

- succession planning for school leadership
- the delivery of the redesigned National Professional Qualification for Headship (NPQH)
- working with key partners to develop new standards for school leadership
- the development of new roles of Advanced School Business Director (SBD).

In order to ensure that provision continues to meet the needs of the system, the College will undertake a comprehensive review of its leadership development provision.

The Corporate Plan 2008/09 explains how the College intends to achieve each of its goals and to address these core priorities through specific programmes and activities, with stretching targets. The College made significant progress towards its goals in 2007/08; the challenge now is to go further and faster.

Risks and uncertainties

Risk management and the consideration of risk have been built into the corporate planning and decision making processes of the College. A matrix is used to capture key organisational risks grouped under six categories; strategic, external, compliance, reputation, operational and financial.

Each of the risks is assessed for the likelihood of it occurring and its potential impact, and a decision is taken to either 'tolerate' or 'treat'. Each risk has a risk 'owner' – someone who is ultimately responsible for that particular risk, and a risk 'manager' – the person who is responsible for mitigating or overcoming the impact of that risk.

Each quarter, the Risk Matrix is updated to show what action is being taken to deal with the individual risks, and to incorporate new risks or remove those that are outdated or which no longer apply. During the year the College has reviewed and re-assessed the key risks affecting the College and updated the risk register. A summary 'risk matrix' is reported to each meeting of the Audit and Performance Appraisal Committee.

Areas of key risk for the College include:

- The College does not contribute to the delivery of the key DCSF targets in terms of achievement of results and priorities as set out in the annual remit letter, leading to key aspects of the government's agenda not being fulfilled, for example, succession planning for school leadership.
- Changes in government funding impact the College, resulting in the need to move quickly and flexibly to meet new expectations and remit requirements.
- A possible future change in Government may lead to scrutiny of the College and its ability to deliver the incoming government's agenda.
- Our provision may not be fit for purpose and ready to support the changes in context for headteachers and school leaders to deliver the Every Child Matters agenda, improve standards and deliver improved achievement in schools.
- Underutilisation of the Learning and Conference Centre for the core provision of courses and programmes leads to doubts around value for money delivered by the College.
- Overlapping responsibilities and poor relationships with other agencies and organisations may lead to confusion amongst school leaders and local authorities, resulting in less effective delivery of the core remit of the College.

The Governing Council

Governing Council members are appointed by the Secretary of State for Children, Schools and Families, normally for a fixed term of a minimum of three years.

The following people served during the year:

Chair

Vanni Treves
Chairman

Directors

Helen Baker
Chair of Advance

Martin Callaghan
Partner, PricewaterhouseCoopers

Pamela Jervis
Headteacher, Brookfield High School, Knowsley

Tony Mackay
Executive Director, Centre for Strategic Thinking, Melbourne, Aus.

Joan McVittie

Headteacher, Woodside High School, Haringey

Di Nightingale

Headteacher, Hounslow School, Southampton

David Patterson

HR Consultant and former MD of the Hay Group Ltd (UK)

Terry Piggott

Executive Director Children, Schools and Families, Rochdale

Jill Pullen

Headteacher, Colegrave Primary School, Newham

Himanshu Raja

Chief Financial Officer, BT Wholesale

Diana Ross

Former Director, Jobcentre Plus, South West

Andrew Seber

Former Chief Education Officer, Hampshire County Council

Ben Levin

Professor and Canada Research Chair in Education Leadership and Policy

Ex Officio

David Bell

Permanent Secretary, Department for Children, Schools and Families

Michael Gibbons

Chief Executive, The Innovation Unit

Judy Moorhouse

Chair, General Teaching Council for England

Steve Munby

Chief Executive, The National College for School Leadership

Observer

Dugald Sanderman

Director, School Resources Group, Department for Children, Schools and Families

Board Members' directorships and significant interests

The College requires board members to register with the College any company and organisation directorship or other significant interests.

The College maintains a register of interests of the financial, political and other relevant interests of board members. The register is available for inspection on request during normal working hours at the College's office at Lime House, Mere Way, Ruddington, Nottingham, NG11 6JS.

Note 15 to the accounts has details of board members' related party transactions for 2007/08.

Charitable and political donations

There were no charitable or political donations during the year.

Equality and diversity

The College values the diversity of individual talents and creative potential that every employee and potential employee brings to its organisation. It aims to promote and maintain a culture of equality where appointments to jobs, reward and personal success depend solely on individual ability and performance. All employees and potential employees, whether part time, full time or temporary will be treated fairly with respect and dignity. Selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability. The College has specific duties in the areas of Race, Gender and Disability and as a public body publishes equality schemes and action plans for the given areas.

All facilities are easily accessible to guests and staff with disabilities and fully compliant with the Disability Discrimination Act. The College provides special reserved car parking and purpose-built bedrooms. The conference room and a selection of meeting rooms are equipped with facilities for delegates with hearing difficulties.

Furthermore the College provides alarm systems in bedrooms for guests with impaired hearing. The awarding to the College of the 'two ticks' disability symbol reinforces its commitment to good practice in employing disabled people. This is outlined in the diversity statement and the adherence to the Disability Discrimination Act not to treat disabled people any less favourably in recruitment and employment.

Employee involvement

The College values its employees' opinions and ideas and recognises that a formal system of consultation and communication can promote and help maintain constructive working relations throughout the College. A Staff Representative Committee was established in 2007 to further improve communication with staff and meets regularly. The purpose of consultation is for the College and its employees to put forward their views, ideally before a decision is reached by the College. The College gives serious consideration to employees' views and suggestions when making its decisions.

Effective communication can benefit employees and clients and can improve employment relations. Means of employee communication include regular team meetings, internet communications and regular briefings for all staff. A number of cross-college working groups have been established to encourage participation of staff and improved methods of working. The College holds an annual staff conference and undertakes an annual staff survey.

Sustainable development

The College's Sustainable Development Action Plan (SDAP) sets out its commitment to supporting sustainable development. It covers both how the College will operate internally to be more sustainable and how it will work with school leaders to develop their practice in this important area. The action plan builds on a range of existing policies and thinking from across government. Working with Forum for the Future, the College has adopted the Five Capitals framework (environmental, individual, social, infrastructure and financial). Some of the key actions in the plan are to:

- reduce the College's overall carbon footprint
- integrate sustainable development elements across programmes and strategic initiatives for school leaders
- build on current green school leadership research to understand how it can best support school leaders to integrate sustainable development into their practice
- work in partnership with other agencies to ensure that sustainable development messages are coherent across the system

By working together with schools and other agencies, partners can learn from each other and meet the sustainability challenge for all our futures.

Grant in aid and net expenditure for the year

The College received a funding allocation for 2007/08 of £104m grant in aid which was made up of £65m baseline funding and £39m ring-fenced funding (2006/07: £96.6m, £74m baseline and £22.6m ring-fenced). As at 31 March 2008 £83m grant in aid funding was received in cash from the DCSF. The College had not drawn down £21m of allocated funding which will be paid in 2008/09 to cover liabilities accrued at 31 March 2008.

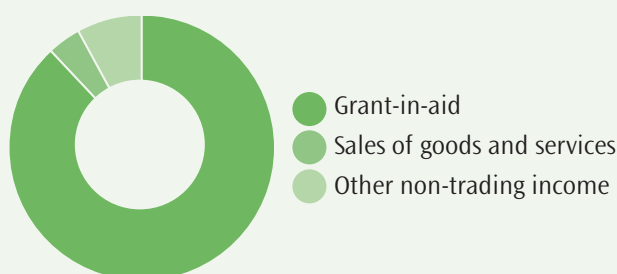
The FReM requires NDPBs to account for grants and grant in aid received for revenue purposes as financing because they are regarded as contributions from a controlling party (the DCSF) which gives rise to a financial interest in the residual interest of the NDPB.

Programme costs and infrastructure costs continue to be accounted for through the income and expenditure account regardless of the source of funding.

Financial results for 2007/08

These accounts cover the year ended 31 March 2008 and have been audited by KPMG LLP.

Total funding of £94.3m was received in 2007/08 as follows:



Total expenditure of £115.3m was spent during 2007/08 as shown below:



The primary financial target was to achieve a percentage of actual spend against profiled spend within an agreed tolerance level of -2.5 per cent to +2.5 per cent on a monthly basis and -2.5 per cent to 0 per cent on an annual basis. The actual variance for the year was -1 per cent, well within the agreed tolerance, calculated on an accruals basis.

The College is a not for profit organisation and its constitution prevents it from paying a dividend, therefore any retained profits currently remain in reserves.

Cash balances as at 31 March 2008

As at 31 March 2008, NCSL had a net cash balance of £2.1m (2006/07: £25.3m). This comprised a £5.3m cash balance in the Early Headship Provision (EHP) bank account and a £3.2m overdraft in the College's main bank account. Note 10 to the accounts provides further detail of the College's cash balances.

Fixed assets

Expenditure on the acquisition of tangible fixed assets is capitalised where the costs exceed £2,500 for a single item.

Depreciation is provided on all tangible fixed assets at rates calculated to write down the cost of each asset over its expected useful life, as follows:

| | |
|---|---------------|
| Land and buildings | over 50 years |
| Building improvements | over 10 years |
| Computer hardware and communications equipment | over 3 years |
| Computer software | over 2 years |
| Office furniture and equipment | over 3 years |

Depreciation is calculated monthly. A full year's depreciation is charged in the year of acquisition.

Note 8 to the accounts details the fixed asset additions and disposals during the year.

Payment of creditors

The College is committed to complying with the principles of HM Treasury's Better Payment Practice Code and monitors performance on a monthly basis, taking measures where indicated to improve compliance. During the period ending 31 March 2008, 83 per cent (2006/07: 80 per cent) of invoices were paid within the 30 day period.

Pension arrangements

The College operates a defined benefit staff pension scheme providing benefits based upon final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Fund which is administered under the statutory framework of the Local Government Pension Scheme.

Note 21 to the accounts details the College's pension liability and arrangements.

Auditor services

In respect of the year ended 31 March 2008, the College's external auditors KPMG LLP completed the statutory audit. The audit fee for 2007/08 is £44k (2006/07: £43k). The College's internal audit service has been provided by PKF (UK) LLP.

The external auditors received no remuneration for non-audit services during the year.

The directors who held office at the date of approval of this Management Commentary confirm that, so far as they are aware, there is no relevant audit information of which the College's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Going concern

The Balance Sheet at 31 March 2008 shows net liabilities of £21.1m. In addition, note 11 shows creditors of £25.8m arising from expenditure already committed. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the College's other sources of income, may only be met by future grants or grant in aid from the College's sponsoring department, the DCSF. This is because, under normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

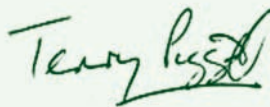
Grant in aid for 2008/09, taking into account the amounts required to meet the College's liabilities falling due in that year, has already been included in the Department's Estimates for that year, which have been approved by Parliament.

The negative Balance Sheet essentially reflects a timing difference between recognising a liability in our accounts and subsequent receipt of grant in aid to meet this liability. A letter of comfort has been issued by DCSF assuring the College that they are willing to provide the funding required to cover the net liability position at the year end. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Elective resolution

On 16 November 2001, an elective resolution was passed to dispense with the annual appointment of auditors and laying of the accounts before the company in a general meeting.

Signed by order of the board by:



T Piggott Director
Dated: 4 July 2008

Approved by:



S Munby Chief Executive
Dated: 4 July 2008

Statement of Governing Council Members' and Accounting Officer's Responsibilities

Under Section 227 of the Companies Act 1985, the Secretary of State for Children, Schools and Families has directed the College to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the College and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Secretary of State for Children, Schools and Families, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimate 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.

The Secretary of State has appointed the College's Chief Executive as Accounting Officer. The responsibility of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.

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 the National College for School Leadership's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the NDPB Accounting Officer Memorandum.

The NCSL is an executive NDPB sponsored by the DCSF.

The College's financial memorandum and management statement set out the respective roles of the Accounting Officer and Governing Council. The College's corporate plan, operating plan (delivery roadmap) and balanced scorecard, which reflect the expectations set by the annual remit letter, have been developed in consultation with the Department.

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 and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational 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 NCSL for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

In 2006/07, the College introduced a new risk management strategy, which has been fully operational in 2007/08. The Leadership Group have kept the main risks under regular strategic review, whilst risk management and the consideration of risk has been incorporated into the corporate planning and decision making process of the College. High level information on risks and the management of risks is integrated with other key performance data and presented to the Governing Council.

A bespoke programme of training to provide staff with the relevant level of skills to manage projects and to identify and manage risk has been rolled out.

The risk and control framework

Risk management and the consideration of risk have been included into the corporate planning and decision making processes of the College. The framework identifies the main risks that may affect the organisation within a risk register, against which each risk is attributed to a clearly identified owner. In respect of each risk a process of assessment, risk rating, impact consideration, a review of control measures and contingencies is identified, monitored and updated and reported to the Leadership Group (who act as the Risk Management Group) on a regular basis. During the year, the College has reviewed and re-assessed the key risks affecting the college and updated the risk register. A summary 'risk matrix' has been reported to each meeting of the Audit and Performance Appraisal Committee in 2007/08.

The College also has a programme and project management methodology. Key documents required for each programme and project include a risk register and issues log. These are reviewed by the individual programme and project boards, with the significant risks reported in the overall risk register and matrix.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the College who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board and the Audit and Performance Appraisal Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

In 2007/08, the following key internal control measures were in place:

Governing Council

The College is governed by a board of non-executive directors appointed by the Secretary of State. Governing Council receives regular reports on financial and operational performance as well as reviews of the risk management strategy and updated risks.

The Audit and Performance Appraisal Committee

A duly constituted Audit and Performance Appraisal Committee, a sub-committee of the Governing Council, has operated throughout the year and its terms of reference reflect best practice. It consists of four Governing Council members and is supported by a representative from the DCSF Sponsor Team.

The committee has met regularly throughout 2007/08 and has considered reports from internal audit on the system of internal control, risk management and governance and carries out an annual review of the effectiveness of the College's system of internal control. The committee also receive regular updates to the delivery roadmap.

In line with best practice, the committee has also completed a self-assessment of its effectiveness during 2007/08.

The Leadership Group

The Leadership Group act as the Risk Management Group for the College. Risks are discussed and updated regularly at the Leadership Group meetings.

Internal audit

A professional and independent internal audit service, carried out by PKF (UK) LLP, was maintained throughout the year. The internal auditors also submit an annual report providing an independent opinion on the adequacy and effectiveness of the College's system of internal control.

Internal audits were carried out in accordance with the annual audit plan, as agreed by the Audit and Performance Appraisal Committee to provide assurance about the level of controls operating. The audit plan for the year included reviews of the College's budgetary control and internal performance reporting, sales and miscellaneous income, and nominal general ledger, which were all found to be sound; the contract and procurement processes were found to be satisfactory. The audit plan also included reviews of a number of operational and corporate processes, which mainly were found to be satisfactory. A number of control weaknesses have been reported upon to the College, and we have a robust system of monitoring responses and change to processes to address any issues raised. Our tracking of internal audit management responses is also presented to the Audit and Performance Appraisal Committee at the regular meetings.

Based on the audit work carried out, the internal auditors have concluded that the College's system of internal control is adequate.

The internal auditors have reviewed this statement on internal control and confirm that it reflects Treasury guidance and follows a similar format to last year. They concur with the views expressed in this statement.

Other assurance mechanisms

The College has in place:

- A system of delegation of authority with defined revenue and capital spend authorisation limits.
- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Finance and Remuneration Committee of the Governing Council.
- Regular monitoring meetings at which project managers' report on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects and progress towards corporate plan objectives.
- Regular reviews by the Leadership Group of reports indicating financial and operational performance against forecasts.
- Governance is supported by a range of policies and procedures, and more detailed plans. The College's policies and procedures and systems of delegations have been reviewed and updated in 2007/08 to ensure that they continue to provide control and assurance.
- A business continuity plan has been developed and tested for effectiveness in 2007/08.

As Accounting Officer I am therefore satisfied with the College's internal control, risk management and governance arrangements.



S Munby Accounting Officer

Dated: 4 July 2008

Remuneration report

The College ensures it is able to deliver on its charter by attracting and keeping highly talented individuals in the senior management team. This entails maintaining a competitive stance with respect to the overall compensation package on offer when compared to both the private and public sectors.

The College ensures the remuneration package for senior managers is competitive by periodically commissioning a salary review. This review is undertaken by an independent consultancy. Salaries, benefits and pensions are compared against market norms in both the private and public sectors. The College aims to compete at the median point across both sectors for like positions. The median point does not include private sector bonuses which tend to skew comparatives. The results are reported to the Finance and Remuneration Committee for review and sanction.

The Finance and Remuneration Committee comprises of:

David Patterson (Chair) NCSL Governing Council

Martin Callaghan NCSL Governing Council

Pamela Jarvis NCSL Governing Council

Himanshu Raja NCSL Governing Council

Steve Munby Chief Executive Officer, NCSL

Caroline Maley Chief Operating Officer, NCSL

The final package for each senior manager comprises of salary, pension (local government pension scheme), performance-related bonus with corporate link. The performance-related bonus is linked to the achievement of the objectives as laid out in the corporate plan which is presented to and agreed by the DCSF. These objectives are subject to periodic measurement and are contained within NCSL's balanced scorecard. The achievement of the objectives is subject to review and confirmation by the Finance and Remuneration Committee (General Council reporting body). If the objectives are achieved strategic directors can receive up to 4 per cent of salary and operational directors up to 3 per cent of salary.

An eligible employee or director is one who is rated between effective and exceptional in the annual performance appraisal system. Those employees considered to be below this standard ie requiring development do not qualify. The CEO (Steve Munby) is subject to separate performance management and bonus arrangements, which operates under the DCSF scheme. He does not receive the performance-related bonus, but is entitled to a performance bonus of up to 10 per cent of salary. This is subject to achievement against objectives, which has to be agreed by the Permanent Secretary and the Chair of Governing Council (Vanni Treves).

The performance of senior managers is assessed on an annual basis by reviewing how well they have done against their objectives for the year. The performance appraisal review includes input from stakeholders and colleagues. Performance is reviewed and targets are set for the next year. The target setting process ensures the individual goals are aligned with and designed to achieve the College objectives as laid out in the operational plan. Steve Munby conducts the review for his direct reports and Vanni Treves conducts the review for Steve Munby.

The College's policy on director contracts is as follows:

- Duration of contracts.
 - CEO – five year fixed term contract.
 - All other directors – continuous until retirement.
- Notice periods – all executive directors are on six months.
- Termination payments – no formal termination payments for directors however, the College's policy on the termination of fixed-term contracts is to treat these in same way as for full-time employment and award a redundancy payment for loss of office. The redundancy payment is based on two weeks payment for each complete and partial year of service.

The salary and benefits for the board and directors is as follows:

| Director | Position | Contract Dates and notice | Theoretical provision for early termination | Salary and allowances* | Benefits in kind* | Total 07/08* | Total 06/07* | Compensation for loss of office* |
|---------------------------|--------------|-----------------------------------|---|-----------------------------------|-------------------------|-----------------------|------------------------|----------------------------------|
| Non Exec Directors | | | | | | | | |
| Vanni Treves | Chairman | 09/04 | N/A | £42,431 | Nil | £42,431 | £41,690 | |
| Helen Baker | Board Member | 09/06 to 09/09 | N/A | £4,500 Note (d) | Nil | £4,500 | £2,400 | |
| Martin Callaghan | Board Member | 09/06 to 09/09 | N/A | Note (d) | Nil | Nil | Nil | |
| Pamela Jervis | Board Member | 09/06 to 09/09 | N/A | Notes (d)(e) | Nil | Nil | Nil | |
| Tony Mackay | Resigned | 09/00 to 03/08 | N/A | Note (d) | Nil | Nil | Nil | |
| Joan McVittie | Board Member | 09/06 to 09/09 | N/A | Notes (d)(e) | Nil | Nil | Nil | |
| Dianne Nightingale | Board Member | 02/03 to 02/09 | N/A | Note (d) | Nil | Nil | Nil | |
| David Patterson | Board Member | 11/02 to 11/08 | N/A | £4,200 Note (d) | Nil | £4,200 | £7,200 | |
| Terry Piggott | Board Member | 11/02 to 11/08 | N/A | Notes (d)(e) | Nil | Nil | Nil | |
| Jill Pullen | Board Member | 09/06 to 09/09 | N/A | £3,900 Note (d) | Nil | £3,900 | £900 | |
| Himanshu Raja | Board Member | 09/06 to 09/09 | N/A | Note (d) | Nil | Nil | Nil | |
| Diana Ross | Board Member | 09/06 to 09/08 | N/A | £6,900 Note (d) | Nil | £6,900 | £3,000 | |
| Andrew Seber | Board Member | 09/06 to 09/09 | N/A | £87,890 Notes (d)(f) | Nil | £87,890 | £4,200 | |
| Ben Levin | Board Member | 03/08 to 03/11 | N/A | Note (d) | Nil | Nil | Nil | |
| Exec Directors | | | | | | | | |
| Steve Munby | CEO | 03/05 to 03/10 6 months notice | £96,000 Note (g) | £145,000- £150,000 Note (c) | £8,000 Note (a) | £150,000- £155,000 | £150,000- £155,000 | |
| Geoff Southworth | Deputy CEO | 04/02 onwards 6 months notice | £99,000 Note (g) | £130,000- £135,000 Note (c) | Nil | £130,000- £135,000 | £125,000- £130,000 | |
| Christine Lovett | Director | 04/06 to 01/08 6 months notice | N/A | £90,000- £95,000 Note (c) | Nil | £90,000- £95,000 | £120,000- £125,000- | |
| Caroline Maley | Director | 01/08 onwards 6 mths notice | £73,000 Note (g) | £25,000- £30,000 Note (c) | Nil | £25,000- £30,000 | Nil | |
| Ken Gill | Director | 04/06 onwards 6 mths notice | £82,000 Note (g) | £125,000- £130,000 Note (c) | £21,400 Notes (a)(b) | £145,000- £150,000 | £125,000- £130,000 | |
| Toby Salt | Director | 04/06 onwards 6 mths notice | £82,000 Note (g) | £125,000- £130,000 Note (c) | £7,700 Note (a) | £130,000- £135,000 | £115,000- £120,000 | |

Notes

- * Information has been subject to audit.
- (a) Steve Munby, Ken Gill and Toby Salt all have licenses for their sole occupancy of a room at the Learning and Conference Centre. The College pays for the cost of this room (£11.15 per night) and the associated income tax for the benefit in kind.
- (b) Ken Gill received relocation expenses in 2007/08. The first £8,000 of this is non-taxable but balance of £12,160 plus tax is deemed to be a benefit in kind.
- (c) Performance-related pay:
- Steve Munby has a performance related bonus of up to 10 per cent of salary based on achievement of objectives for the year.
 - Senior directors have a performance related bonus of up to 4 per cent (corp link) of salary based on the College achieving at least 75 per cent of the balanced scorecard.
 - All directors contribute to the attainment of the College objectives as measured within the NCSL balanced scorecard. Attainment of at least 75 per cent of the balanced scorecard gives rise to the release of the corporate bonus to the College. Operational directors are eligible for a performance-related bonus of up to 3 per cent (corp link), middle managers 2 per cent and other staff £500.
- (d) Board members were allowed to claim expenses for travelling to board meetings and a daily board attendance fee of £300 per day in addition to the travel expenses.
- (e) Board attendance fees were paid directly to their employer in accordance with the DCSF and government guidelines. These payments did not result in a change to their overall salary and therefore were not disclosed in this report.
- (f) Andrew Seber is also employed as a National Succession Planning Consultant. Fees in respect of this work were £79,490 in 2007/08.
- (g) These are the theoretical costs associated with an early termination of the contracts. They are based on the College's redundancy policy. The actual contractual cost is less.

In accordance with DCSF guidelines on employment, the College offers its employees the option of joining the Local Government Pension Scheme. The terms and conditions are very similar to central government schemes. The scheme is only available to executive directors, as unlike the non-executives they are employees of the College. The following represents the details of the executive directors' pension entitlements.

| Director | Position | Accrued pension as at 31 March 2008 and the related lump sum at age 60 £'000 Col A* | Real increase during the year and the related lump sum at age 60 £'000 Col B* | Cash equivalent value at 31 March 2007 £'000 Col C* | Cash equivalent value at 31 March 2008 £'000 Col D* | Real increase in cash equivalent value during the year £'000 Col E* |
|----------------------------|------------|---|---|---|---|---|
| Executive Directors | | | | | | |
| Steve Munby | CEO | 45-50/145-150 | 0-(2.5)/(2.5)-(5) | 797 | 795 | (2) |
| Geoff Southworth | Deputy CEO | 55-60/170-175 | 0-2.5/5-7.5 | 913 | 1,067 | 154 |
| Christine Lovett | Director | 0-5/5-10 | 0-2.5/2.5-5 | 15 | 28 | 13 |
| Caroline Maley | Director | 0-5/0-5 | N/A | N/A | 2 | 2 |
| Ken Gill | Director | 45-50/140-145 | 0-(2.5)/(2.5)-(5) | 749 | 724 | (25) |
| Toby Salt | Director | 35-40/105-110 | 2.5-5/7.5-10 | 436 | 489 | 53 |

There were no partnership pensions in existence.

Notes

Col A – The value at 31 March 2008 of the accrued pension and (if applicable) related lump sum at age 60 in bands of £5,000.

Col B – The real increase during the year 07/08 in the pension and (if applicable) related lump sum at age 60 in bands of £2,500.

Col C – The value of the cash equivalent transfer value at 31 March 2007, to the nearest £1,000.

Col D – The value of the cash equivalent transfer value at 31 March 2008, to the nearest £1,000.

Col E – The real increase in the cash equivalent transfer value during the year 07/08, to the nearest £1,000.

* Information has been subject to audit.



S Munby Accounting Officer

Dated: 4 July 2008

Independent auditors' report to the member and directors of the National College for School Leadership Limited

We have audited the financial statements of the National College for School Leadership Limited for the year ended 31 March 2008 which comprise the income and expenditure account, statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Governing Council Members' and Accounting Officer's responsibilities, the company's directors are responsible for the preparation of the financial statements, which include the Remuneration Report, in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), and Secretary of State for Children, Schools and Families' accounts direction, and for ensuring the regularity of financial transactions.

Our 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statement and the part of the Remuneration Report to be audited are properly prepared in accordance with the Companies Act 1985.

We also report to you whether in our opinion the information given in the Management Commentary is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the commentary and accounts, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We have reviewed whether the statement on internal control reflects the company's compliance with the Treasury's guidance Corporate Governance: statement on the system of internal financial control. We report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounts. We are not required to consider whether the director's statement on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us 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 mis-statement, whether caused by fraud or other irregularity 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 our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its result for the year then ended.
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Secretary of State for Children, Schools and Families' accounts direction.
- The information given in the Management Commentary is consistent with the financial statements.
- 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.

KPMG LLP Chartered Accountants, Registered Auditor

Dated: 4 July 2008

Income and Expenditure Account

For the year ended 31 March 2008

| | Note | year ended 31 March 2008 | | year ended 31 March 2007 | |
|--|------|--------------------------|------------------|--------------------------|-----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Turnover | | | | | |
| From continuing operations: | 3 | | | | |
| Other income | | 11,324 | | 12,934 | |
| | | 11,324 | | 12,934 | |
| From discontinued operations: | 4 | | | | |
| Network Learning Group | | | | | |
| Other income | | – | | 3 | |
| | | | 11,324 | | 12,937 |
| From continuing operations: | | | | | |
| Programme costs | | (106,126) | | (94,917) | |
| Infrastructure costs | | (9,146) | | (9,306) | |
| Contributions to provisions | | 1 | | 999 | |
| From discontinued operations: | | | | | |
| Programme costs | | – | | (1,560) | |
| | | | (115,271) | | (104,784) |
| Net expenditure before FRS17 adjustments | | | (103,947) | | (91,847) |
| Less Employers LGPS costs | | 650 | | 3,011 | |
| Current service cost | | (1,047) | | (1,170) | |
| Past service cost | | (215) | | (614) | |
| | | | (612) | | 1,227 |
| Net expenditure | | | | | |
| From continuing operations | 5 | | (104,559) | | (89,063) |
| From discontinued operations: Network Learning Group | | | – | | (1,557) |
| Net expenditure | | | (104,559) | | (90,620) |
| Interest payable and similar charges (net interest on pension scheme) | 21 | | 390 | | 221 |
| Net expenditure after tax | | | (104,169) | | (90,399) |
| Tax on net expenditure | 7 | | – | | – |
| Net expenditure on ordinary activities after taxation | | | (104,169) | | (90,399) |
| Notional capital charge | | | (825) | | (930) |
| Net expenditure after notional capital charge | | | (104,994) | | (91,329) |
| Add back notional capital charge | | | 825 | | 930 |
| Net expenditure for the year | 14 | | (104,169) | | (90,399) |

Statement of Total Recognised Gains and Losses (STRGL)

For the year ended 31 March 2008

| | Note | year ended 31 March 2008 £'000 | year ended 31 March 2007 £'000 |
|---|------|---|-----------------------------------|
| Net expenditure for the year | | (104,169) | (90,399) |
| Actual return less expected return on pension scheme assets | | (2,405) | 49 |
| Experience losses arising on the scheme liabilities | | 1,841 | – |
| Change in financial and demographic assumptions underlying the scheme liabilities | | (711) | 1,501 |
| Recognised losses for the year | | <u>(105,444)</u> | <u>(88,378)</u> |

Balance Sheet

As at 31 March 2008

| | | year ended 31 March 2008 | | year ended 31 March 2007 | |
|--|------|--------------------------|----------|--------------------------|----------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 8 | | 23,648 | | 24,063 |
| Current assets | | | | | |
| Debtors | 9 | 2,799 | | 6,602 | |
| Cash at bank | 10 | 5,337 | | 25,264 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 11 | (25,827) | | (31,735) | |
| Bank overdraft | 10 | (3,199) | | – | |
| Net current (liabilities)/assets | | | (20,890) | | 131 |
| Total assets less current liabilities | | | 2,758 | | 24,194 |
| Creditors: amounts falling due after more than one year | | | | | |
| Provisions for liabilities and charges | 12 | (22,781) | | (23,223) | |
| | 13 | (183) | | (204) | |
| Pension (liability)/asset | | | (22,964) | | (23,427) |
| | 21 | (895) | | 602 | |
| Net (liabilities)/assets | | | (21,101) | | 1,369 |
| Capital and reserves | | | | | |
| Income and expenditure reserve (including pension liability) | 14 | (21,101) | | 1,369 | |
| Member's (deficit)/surplus | | (21,101) | | 1,369 | |

These accounts were approved by the board of directors and signed on their behalf by:



T Piggott Director
Approved by the board on: 4 July 2008



S Munby Chief Executive & Accounting Officer
Dated: 4 July 2008

Cash Flow Statement

For the year ended 31 March 2008

| | year ended 31 March 2008 £'000 | year ended 31 March 2007 £'000 |
|--|-----------------------------------|-----------------------------------|
| Net cash (outflow)/inflow from operating activities | (23,126) | 362 |
| Capital expenditure | | |
| Purchase of tangible fixed assets | 506 | 465 |
| Receipt of deferred capital grants | (506) | (465) |
| (Decrease)/increase in cash | <u>(23,126)</u> | <u>362</u> |
| Reconciliation of operating loss to net cash flow from operating activities | | |
| Net expenditure | (104,559) | (90,620) |
| Depreciation | 921 | 1,050 |
| Release from deferred capital grants | (506) | (465) |
| Non cash pension charges | 1,262 | 1,784 |
| Decrease/(increase) in debtors | 3,803 | (3,268) |
| (Decrease)/increase in creditors | (6,349) | 4,044 |
| (Decrease) in provisions | (22) | (999) |
| Cash payments made to offset pension liability | (650) | (3,011) |
| Grant in aid financing | 82,974 | 91,847 |
| Net cash (outflow)/inflow from operating activities | <u>(23,126)</u> | <u>362</u> |
| Reconciliation of net cash flow to movement in net funds | | |
| (Decrease)/increase in cash in the year | <u>(23,126)</u> | <u>362</u> |
| Change in net funds | (23,126) | 362 |
| Opening net funds | 25,264 | 24,902 |
| Net funds at 31 March 2008 | <u>2,138</u> | <u>25,264</u> |

Notes to the Accounts

For the year ended 31 March 2008

1 Company status

The company is limited by guarantee and has no share capital.

The maximum liability of each member is £1. The sole member is the Secretary of State for Children, Schools and Families.

The company is an executive non-departmental public body, sponsored by the DCSF.

2 Accounting policies

The accounts have been prepared in accordance with the Companies Act 1985, applicable accounting standards and in accordance with a direction given by the Secretary of State for Children, Schools and Families with the consent of the Treasury. The particular accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts, with the exception of the accounting policy in respect of grant in aid financing (see 2.2 and 2.3 below) The accounts have been prepared on a going concern basis for the reasons set out in the management commentary.

As permitted by section 226A(5) of the Companies Act 1985 the directors have adopted a format for the income and expenditure account that differs from that prescribed by Schedule 4 to the Act as it is considered that the directors' presentation provides a more true and fair view of the College's activities.

2.1 Accounting convention

The accounts have been prepared under the historical cost convention, except for assets received from the DCSF for which no consideration is paid which are capitalised at their cost to the DCSF.

2.2 Government grants

The College is funded mainly by grant in aid from its sponsor department, the DCSF. Grant in aid is received monthly and except as detailed below is treated as financing, credited to the General Reserve, because they are regarded as contributions from controlling party. Outstanding grant in aid at the year end is not accrued on the balance sheet.

Amounts used for the purchase of fixed assets are held as deferred income in creditors and released to the income and expenditure account in line with depreciation on the relevant assets.

Where the College receives funds from the DCSF which are specifically earmarked for identified projects the income is recognised to the extent that expenditure has been incurred, any unspent income being taken to creditors as deferred income.

Where the College has provided training bursaries for individuals, a liability is recognised on the balance sheet to the extent to which it is expected the bursary will be used. Income and expenditure is recognised at the time the claimant becomes entitled to the bursary. The balance of funding attributable to individual applicants is held in a separate HM Paymaster account.

2.3 Grants paid

Grants to other bodies are recognised upon payment becoming due according to an agreed profile or specified milestones.

2.4 Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

2.5 Value added tax

The College is treated as an 'eligible body' for VAT purposes and its supplies of education and vocational training are exempt from VAT. Irrecoverable VAT, excluding that on fixed assets, is charged to the income and expenditure account in the period in which it is incurred.

2.6 Fixed assets and depreciation

Assets with a purchase cost in excess of £2,500 are capitalised unless they are part of a recognised scheme in which case items with a lower cost are capitalised as distinct groups.

Depreciation is provided for on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | |
|--|---------------|
| Land and buildings | over 50 years |
| Building improvements | over 10 years |
| Computer hardware and communications equipment | over 3 years |
| Computer software | over 2 years |
| Office furniture and equipment | over 3 years |

Where the College receives assets for nil consideration from its sponsor department, the DCSF, these are capitalised on their receipt at the cost to the DCSF and a corresponding entry is credited to deferred grants. A release is made from deferred grants to income in line with the depreciation charge on the associated asset.

2.7 Research and development

Research and development expenditure, including research grants, is written off as incurred.

2.8 Notional cost of capital

The notional cost of capital of 3.5 per cent on average capital employed during the year, excluding cash at bank and donated assets, has been shown in the income and expenditure account. Where the capital employed is represented by liabilities a negative charge or credit is shown. This is in line with HM Treasury guidance.

2.9 Cash

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand.

3 Turnover

In addition to the grant in aid, the College also invoices the DCSF for specific project funding. The College has also received programme funding from several other sources during 2007/08:

Training & Development Agency for Schools – Bursar training - £5.5m

Capita – School Improvement Partners - £1.9m

The College charges fees to participants on several of its programmes. When the fees were initially set they were based on a percentage of the costs NCSL pays to the providers of the programmes. The financial objective is, over several years, to reduce the amount by which NCSL subsidises school leadership training.

The College receives other income from the sales of publications and other training materials and from chargeable seminars and conferences.

4 Discontinued operations

There are no discontinued operations.

5 Net expenditure

| This is stated after charging: | 2008 | 2007 |
|--|---------------|-------|
| | £'000 | £'000 |
| Depreciation of fixed assets | 921 | 1,050 |
| Auditors' remuneration | | |
| Audit services – external auditors | 44 | 43 |
| Audit services – internal auditors | 66 | 48 |
| Other fees – external auditors – tax advice | – | – |
| – external auditors – other consultancy | – | – |
| – external auditors – provision of interim staff | – | – |
| Other fees – internal audit – other consultancy | – | – |
| Research and development expenditure | 16,912 | 8,347 |
| Operating lease payments – plant and equipment | – | 4 |
| Operating lease payments – other | 501 | 783 |

6 Staff costs

| | 2008 | 2007 |
|---|---------------|--------|
| | £'000 | £'000 |
| a) Wages and salaries of direct employees | 8,284 | 7,827 |
| Social security costs | 741 | 730 |
| Other pension costs | – | 132 |
| Contract & temporary staff costs | 719 | 737 |
| Seconded staff costs | 447 | 391 |
| LGPS current service charge | 1,047 | 1,110 |
| LGPS past service cost (gain) | 215 | (253) |
| | 11,453 | 10,674 |

Salaries includes gross salaries and performance bonuses payable. It does not include the estimated monetary value of benefits in kind. Following the adoption of FRS 17, the employers pension cost in respect of the College's main pension fund, the Nottinghamshire County Council Pension Fund, is charged directly to the pension liability in the balance sheet. The amount charged for the year was £650,000 (2006/07: £3,011,000).

b) The average number of employees during the year was made up as follows:

| | 2008 | 2007 |
|--------------------------------------|-------------|------|
| Senior management | 5 | 5 |
| Other staff | 222 | 202 |
| Seconded staff | 5 | 6 |
| Agency, temporary and contract staff | 16 | 22 |
| | 248 | 235 |

c) The College is a member of the Nottinghamshire County Council Pension Fund.

d) Details of directors' emoluments are shown in the remuneration report. The Chair of the Governing Council is the only member of council who receives a salary from the College. With effect from September 2005 other members of the Governing Council, who are directors for the purpose of company law, have been entitled to claim an allowance for meeting attendance; for those directors employed full-time in the public sector this is paid to their employer. Expenses incurred for attendance at meetings are also reimbursed.

e) Information in respect of the remuneration and pension entitlements of the Chief Executive, who is not a director for the purposes of company law, and the individual salary and pension entitlements of the other senior managers are shown in the Remuneration Report.

7 Taxation

It has been agreed by HMRC that the College is currently exempt from taxation (other than Value Added Tax) on its educational activities, and therefore no provision for current or deferred corporation tax is necessary. This position is reviewed annually.

8 Tangible fixed assets

| | Land and Buildings | ICT | Furniture & Fittings | ICT, Furniture & Fittings | |
|---------------------------------|-------------------------------|------------------------|-------------------------------------|--|------------------------|
| | Owned £'000 | Owned £'000 | Owned £'000 | Donated £'000 | Total £'000 |
| Cost or valuation | | | | | |
| At 1 April 2007 | 27,145 | 1,704 | 706 | 43 | 29,598 |
| Additions at cost | 382 | 124 | – | – | 506 |
| Disposals | – | (324) | (1) | – | (325) |
| At 31 March 2008 | 27,527 | 1,504 | 705 | 43 | 29,779 |
| Accumulated depreciation | | | | | |
| At 1 April 2007 | 3,246 | 1,557 | 689 | 43 | 5,535 |
| Charge for the year | 769 | 142 | 10 | – | 921 |
| Disposals | – | (324) | (1) | – | (325) |
| At 31 March 2008 | 4,015 | 1,375 | 698 | 43 | 6,131 |
| Net book value | | | | | |
| At 31 March 2008 | 23,512 | 129 | 7 | – | 23,648 |
| At 31 March 2007 | 23,899 | 147 | 17 | – | 24,063 |

On 7 June 2002, the College entered into a 99 year lease with the DCSF for the use of a building sited on the Jubilee Campus of the University of Nottingham. No consideration was transferred by the College to the DCSF in respect of this lease and the lease contains no provision for rental to be charged. Under the provisions of FRS 5, this building was capitalised at cost within the College's accounts to reflect the substance of the lease which confers the operational risk of the building to the College. A corresponding entry was made to deferred capital grants within creditors and this creditor balance is being released to income in line with depreciation on the asset. During the year, the College made a payment of £1.3m to the DCSF in lieu of rent on a non-prejudicial basis. Discussions about the lease terms and associated rental payments between the DCSF and the College have been ongoing during the year.

9 Debtors

| | 2008 | 2007 |
|--------------------------------|--------------|-------|
| | £'000 | £'000 |
| Trade debtors | 1,439 | 4,197 |
| Other debtors | 964 | 1,320 |
| Prepayments and accrued income | 396 | 1,085 |
| | 2,799 | 6,602 |

These balances can be analysed between:

| | 2008 |
|---------------------------------|--------------|
| | £'000 |
| Other central government bodies | 614 |
| Local authorities | 96 |
| Bodies external to government | 2,089 |
| | 2,799 |

10 Cash at bank

The College's cash balances at the year end can be analysed as follows:

| | 2008 | 2007 |
|-------------------|----------------|--------|
| | £'000 | £'000 |
| Cash at bank | | |
| HMPG Main Account | – | 18,578 |
| HMPG EHP Account | 5,337 | 6,686 |
| | 5,337 | 25,264 |
| Bank overdraft | | |
| HMPG Main Account | (3,199) | – |

Following advice from the DCSF in March 2008 cash was only drawn down to meet required cash flow for the month, rather than drawing down the full balance of grant in aid due as in past years.

As a result, the HMPG main account is showing as £3m overdrawn. Payments of £4m had been processed though the ledger at the end of March but due to the time delay in processing BACs payments, the cash had not physically left the College's bank account. Therefore the actual physical cash balance in the main account was £1m as at 31 March 2008.

11 Creditors: amounts falling due within one year

| | 2008 £'000 | 2007 £'000 |
|------------------------------------|-----------------------------|---------------|
| VAT | – | 317 |
| Other taxation and social security | 239 | 216 |
| Trade creditors | 1,181 | 390 |
| Other creditors | 3,185 | 2,113 |
| Accruals and deferred income | 15,243 | 22,024 |
| EHP Grants | 5,113 | 5,835 |
| Deferred capital grant | 866 | 840 |
| | 25,827 | 31,735 |

These balances can be analysed between:

| | 2008 £'000 |
|---------------------------------|-----------------------------|
| Other central government bodies | 3,623 |
| Local authorities | 294 |
| Bodies external to government | 21,910 |
| | 25,827 |

12 Creditors: amounts falling due after more than one year

| | 2008 £'000 | 2007 £'000 |
|---|-----------------------------|---------------|
| Deferred capital grant – land and buildings | 22,743 | 23,168 |
| Deferred capital grant – other | 38 | 55 |
| | 22,781 | 23,223 |

13 Provisions for liabilities and charges

| | Senior management restructure £'000 | Other including dilapidations £'000 | Total £'000 |
|---|--|--|------------------------|
| Opening balance | 134 | 70 | 204 |
| Additions during the year | 12 | 10 | 22 |
| Amount used during the year | (22) | – | (22) |
| Unused amounts reversed during the year | (21) | – | (21) |
| Balance at 31 March 2008 | 103 | 80 | 183 |

Provision was made in 2004/05 for the identified early retirement costs of staff leaving the College. During 2005/06 further provision was made for the remaining costs of the senior management restructure which occurred during the year. The liability at 31 March 2008 is based on one outstanding individual pension entitlement and other related costs. These are expected to become payable in 2008/09.

A further provision was made in 2006/07 in respect of anticipated dilapidation costs in respect of other leased premises.

14 Income and expenditure reserve

| | 2008 £'000 | 2007 £'000 |
|-------------------------|-----------------------|---------------|
| At 1 April 2007 | 1,369 | (1,629) |
| | 1,369 | (1,629) |
| Grant in aid financing | 82,974 | 91,847 |
| Net operating costs | (104,169) | (90,399) |
| Movement from STRGL | (1,275) | 1,550 |
| Closing reserves | (21,101) | 1,369 |

15 Related party transactions

The College is a NDPB and a company limited by guarantee. The guarantor is the Secretary of State for Children, Schools and Families and thus is considered a related party. Grant in aid income of £83,305,067 was received from the DCSF during the year, of this funding £44,785 is held within deferred income at the year end. £2,924,673 was held in creditors and to be returned to the DCSF in 2008/09.

The College invoiced the DCSF for a further £2,285 for reimbursement of expenditure and other services rendered.

The DCSF invoiced the College for £89,290 to cover the costs of seconded staff and other activities. The DCSF also invoiced the College a rental charge of £1,300,000 in respect of the Learning and Conference Centre.

The College paid £1,532,589 to Serco Limited, and invoiced them £3,769 during the year. A family member of Joan McVittie is Chief Executive of Serco Education a division of the limited company. Joan is also on the Executive of Association of School and College Leaders (ASCL) and the College paid £3,030 to the organisation during the year.

The College paid £872,678 to PricewaterhouseCoopers LLP. Martin Callaghan is a partner of the partnership and Chris Kirk is on secondment from the organisation.

The College paid £74,310 to MouchelParkman PLC, and invoiced them £715 during the year. Di Morton's spouse is an employee of the company.

The College paid £112,905 to The Innovation Unit. Mike Gibbons is the Chief Executive of the company.

The College paid £15,000 to the National Union of Teachers and invoiced them £3,376 during the year. Judy Moorhouse is an Executive member of the organisation.

The College paid £532,131 to the Specialist Schools & Academies Trust, and invoiced them £17,387 during the year. Judy Moorhouse is a Trustee of the organisation.

The College requires staff to declare any potential purchases from suppliers with whom they may have a financial interest, prior to contracting. Where it is deemed acceptable for the purchase to proceed, staff are not permitted to take any part in the contract negotiations with any related party.

The College, together with Absolute Return for Kids (ARK) and the Specialist Schools and Academies Trust (SSAT) have formed a charitable company limited by guarantee to deliver the Future Leaders initiative, Future Leaders Charitable Trust (FLCT). Each organisation nominates two members of their management team as non remunerated directors of the company. During the year, NCSL paid FLCT £939,425.

The University of Nottingham is not a related party.

None of the Governing Council members, senior management personnel or other related parties have undertaken any material transactions with the College during the year, other than those noted above.

16 Grant payments made

The College made £23.7m grant payments to support research and educational activity. Of this £16.5m went to bodies within the public sector, including schools, local education authorities and universities. Of the total grants paid, £7.4m was made to support succession planning, £6m was made to support the Fast Track programme and £3.6m was made to support Early Headship grants made to newly appointed headteachers to support their personal leadership development.

17 Material non-cash transactions

There were no material non-cash transactions.

18 Financial performance targets

The primary financial target was to achieve a percentage of actual spend against profiled spend within an agreed tolerance level of -2.5 per cent to +2.5 per cent on a monthly basis and -2.5 per cent to 0 on an annual basis. The actual variance for the year was -1 per cent, well within the agreed tolerance, calculated on an accruals basis.

19 Operating lease commitments

At 31 March 2008, the College had annual commitments under non-cancellable operating leases falling due as set out below.

| | 2008 | 2007 |
|--|---|--------------------------------|
| | Land and buildings £'000 | Land and buildings £'000 |
| Within one year | — | — |
| In the second to fifth years inclusive | 224 | 218 |
| | 224 | 218 |

20 Post balance sheet events

A lease deed variation was signed by the Secretary of State for Children, Schools and Families on 30 May 2008. The impact of this is that the Learning and Conference Centre will be de-recognised as an asset in the 2008/09 accounts.

21 Pensions

The College operates a defined benefit staff pension scheme providing benefits based upon final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Fund which is administered under the statutory framework of the Local Government Pension Scheme. The scheme is funded with assets held by trustees. The pension costs are assessed by a qualified actuary, on the basis of triennial valuations using the projected unit method.

The pensions costs are assessed every three years in accordance with the advice of a qualified independent actuary, the latest valuation is as at 31 March 2007. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

| | |
|--|----------------|
| Latest actuarial valuation | 31 March 2007 |
| Actuarial method | Projected Unit |
| Market value of assets at date of valuation | 2,418m |
| Proportion of members' accrued benefits covered by the actuarial value of the assets | 83% |
| Salary scale increases per annum | 4.3% |
| Pension increases per annum | 2.8% |

| | Past service | Future service |
|-------------------------------------|--------------|----------------|
| Investment returns per annum | | |
| – pre retirement | 7.15% | 6.5% |
| – post retirement | 5.4% | 6.5% |

The College made employer contributions of £650,144 in 2007/08. The pension deficit of £895,000 shown on the balance sheet is after applying FRS17 actuarial assumptions.

| Contribution rates with effect from 1 April 2008 | As a percentage of pensionable pay |
|---|------------------------------------|
| – Employers | 9.8% |
| – Employees | |
| Band 1 £0 - £12,000 | 5.5% |
| Band 2 >£12,000 – £14,000 | 5.8% |
| Band 3 >£14,000 – £18,000 | 5.9% |
| Band 4 >£18,000 – £30,000 | 6.5% |
| Band 5 >£30,000 – £40,000 | 6.8% |
| Band 6 >£40,000 – £75,000 | 7.2% |
| Band 7 >£75,000 | 7.5% |

FRS 17

The following information is based upon the full triennial actuarial valuation of the fund as at 31 March 2007, updated to 31 March 2008 by a qualified, independent actuary.

| | 31 March 2008 | 31 March 2007 | 31 March 2006 |
|------------------------------|--------------------------|------------------|------------------|
| Rate of inflation | 3.6% | 3.1% | 2.9% |
| Rate of increase in salaries | 5.1% | 4.85% | 4.65% |
| Rate of increase in pensions | 3.6% | 3.1% | 2.9% |
| Discount rate | 6.1% | 5.4% | 4.9% |

The assets in the scheme (of which the College's share is estimated at 1.2 per cent) and the expected rates of return were:

| | rate of return expected at 31 March 2008 | 31 March 2008 £'000 | rate of return expected at 31 March 2007 | 31 March 2007 £'000 | rate of return expected at 31 March 2006 | 31 March 2006 £'000 |
|-------------------------------------|---|------------------------------------|--|---------------------------|--|---------------------------|
| Equities | 7.5% | 18,353 | 7.5% | 17,379 | 7.0% | 14,982 |
| Government Bonds | 4.6% | 2,810 | 4.7% | 1,951 | 4.3% | 1,727 |
| Other Bonds | 6.1% | 815 | 5.4% | 1,064 | 4.9% | 1,360 |
| Property | 6.5% | 4,721 | 6.5% | 4,281 | 6.0% | 3,087 |
| Cash/liquidity | 5.25% | 1,124 | 5.25% | 659 | 4.50% | 432 |
| Other | 7.5% | 281 | N/A | – | N/A | – |
| Total market value of assets | | 28,104 | | 25,334 | | 21,588 |
| | | | | 2008 £'000 | 2007 £'000 | 2006 £'000 |
| College's estimated asset share | | | | 28,104 | 25,334 | 21,588 |
| Present value of scheme liabilities | | | | (28,999) | (24,732) | (23,984) |
| (Deficit)/surplus in the scheme | | | | (895) | 602 | (2,396) |

Analysis of the amount charged to the income and expenditure account

| | 2008 | 2007 |
|---|----------------|---------|
| | £'000 | £'000 |
| Employer service cost (net of employee costs) | (1,047) | (1,170) |
| Past service (cost) | (215) | (253) |
| Curtailment (loss) | – | (361) |
| Total operating charge | (1,262) | (1,784) |

Analysis of pension finance income

| | 2008 | 2007 |
|--|----------------|---------|
| | £'000 | £'000 |
| Expected return on pension scheme assets | 1,768 | 1,407 |
| Interest on pension scheme liabilities | (1,378) | (1,186) |
| Pension finance income | 390 | 221 |

Amounts recognised in the statement of total recognised gains and losses (STRGL)

| | 2008 | 2007 |
|---|----------------|-------|
| | £'000 | £'000 |
| Actual return less expected return on pension scheme assets | (2,405) | 49 |
| Experience losses arising on the scheme liabilities | 1,841 | – |
| Change in financial and demographic assumptions underlying the scheme liabilities | (711) | 1,501 |
| Actuarial (loss)/gain recognised in STRGL | (1,275) | 1,550 |

Movement in deficit during year

| | 2008 | 2007 |
|--|----------------|---------|
| | £'000 | £'000 |
| Surplus/(deficit) in scheme at beginning of year | 602 | (2,396) |
| Movement in year: | | |
| Employer service cost | (1,047) | (1,170) |
| Employer contributions | 650 | 3,011 |
| Past service costs | (215) | (614) |
| Net return on assets | 390 | 221 |
| Actuarial (loss)/gain | (1,275) | 1,550 |
| (Deficit)/surplus in scheme at end of year | (895) | 602 |

History of experience gains or losses

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|----------------|-------|---------|---------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Difference between the expected and actual return on assets: | | | | | |
| Amount | (2,405) | 49 | 2,499 | 491 | 488 |
| % of scheme assets | 8.5% | 0.2% | 12.8% | 3.2% | 8% |
| Experience gains and losses on scheme liabilities | | | | | |
| Amount | 1,841 | – | (1,003) | (4,364) | – |
| % of scheme assets | 6.3% | 0% | 4.2% | 28.2% | 0% |
| Total amount recognised in statement of total recognised gains and losses | | | | | |
| Amount | (1,275) | 1,550 | (679) | (5,254) | 159 |
| % of scheme liabilities | 4.4% | 6.3% | 2.8% | 26.9% | 2% |

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**National College for
School Leadership**
Triumph Road
Nottingham NG8 1DH

T: 0845 609 0009
F: 0115 872 2001
E: enquiries@ncsl.org.uk
W: www.ncsl.org.uk