



National College for  
Teaching & Leadership

# **National College for Teaching and Leadership**

**Annual Report and Accounts**

**For the year ended 31 March 2015**

**An Executive Agency of the Department for Education**



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Teaching & Leadership

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### For the year ended 31 March 2015

**An Executive Agency of the Department for Education**

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Annual Report presented to the House of Commons by Command of Her Majesty

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# Introduction from Chief Executive

The year from 1 April 2014 to 31 March 2015 was the second full year of operation for the National College for Teaching and Leadership (the Agency), as an executive agency of the Department for Education (the Department).

As set out in our 2014-15 Business Plan, the Agency established a vision that by September 2016 our expertise and resources will be centred on activities that will support the school system; encouraging greater levels of system leadership and local responsibility for improving standards.

We have made good progress towards delivering this vision. It is supported by two strategic aims: to improve the quality of the education workforce; and to help schools to help each other to improve.

We have made important progress to improve the quality of the education workforce.

Recruitment in 2014/15 took place in a highly competitive graduate market and 32,543 trainee teachers have started teacher training<sup>1</sup>. This is just 236 fewer than in the 2013/14 academic year.

The quality of entrants to initial teacher training (ITT) remains high, when measured by degree class, with 73 per cent of all new postgraduate entrants holding a 2:1 degree or better and a new record of 17 per cent holding a first-class degree, an increase of five per cent since the 2011/12 academic year.

The School Direct programme has continued its expansion: 9,232 trainee teachers have been recruited through this route, up 40 per cent on the 2013/14 academic year. This means that 35 per cent of 2014/15 postgraduate trainees will enter the profession through School Direct. The Agency received 23,607 applications for places for School Direct in 2015/16, representing the enormous enthusiasm from schools for the programme. The Agency has also worked with schools to increase the number of school-centred initial teacher training (SCITT) providers to 160, with 42 newly accredited in the 2014-15 financial year.

This year we were able to launch the University and Colleges Admission Service Teacher Training (UTT) application route three weeks earlier than in 2013, with 85 per cent of allocated ITT courses available for applicants to search and apply for on day one. The earlier opening is helping schools and providers to attract and recruit the best applicants. A postgraduate qualification from a university was offered by 75 per cent of courses provided by School Direct schools and a record number of applicants were received via UTT.

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<sup>1</sup> Number of trainees recruited plus an estimate of those who will commence training later in the academic year. Provisional ITT results (November 2014). Final results due to be published autumn 2015.

Currently 26,012 participants are undertaking a leadership qualification licensed by the Agency. High-quality leadership development organisations are licensed to deliver the Agency's leadership provision and we are pleased that 98 per cent of teaching schools<sup>2</sup> are active in developing and/or delivering continuous professional development (CPD).

We have made important progress to help schools help each other to improve.

With a target of establishing 500 teaching schools by March 2015, the Agency exceeded this by designating 651 teaching schools across 517 alliances (some alliances contain more than one teaching school).

The Agency has responsibility for expanding the number of system leaders in schools and we continue to make progress on this. The number of headteachers designated to be national leaders of education (NLEs) is currently 1,050, exceeding the target of 1,000. The number of experienced middle or senior school leaders designated as specialist leaders of education (SLEs) has increased to 6,043, exceeding the target of 5,000 SLEs expected by March 2015. The Agency has also increased the number of designated chairs of governors to 341. However, we did not meet the target of 535 national leaders of governance to support chairs of governors in other schools to raise standards by March 2015. Despite moving to termly rounds and working hard to promote the role this target proved to be too ambitious. It has now been revised with a target of reaching 500 by March 2016, which we are confident can be achieved.

In 2014-15, the Agency introduced a new school-to-school support fund. This fund will support the deployment of NLEs and teaching schools to help schools in challenging circumstances to improve. We worked with Regional School Commissioners, local authorities and teaching school alliances to identify schools that would benefit. Applicants were informed of the outcome in December 2014 and funding was released in January 2015.

The Agency has performed well in meeting and exceeding most of its objectives and key performance indicators. However external factors such as an improving graduate labour market have created challenges, particularly to teacher recruitment and retention. We have launched a number of initiatives this year to address these issues, as reported in this Annual Report, but it will remain a challenging environment into 2015-16. However, I am confident that we will continue to make significant progress next year towards our September 2016 vision.

Charlie Taylor  
**Chief Executive**  
**Accounting Officer**

13 July 2015

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<sup>2</sup> Based on teaching schools in cohorts 1-4, designated between 2010 and March 2014. Based on a total of 549 teaching schools across cohorts 1-4.

# 1. Scope

- 1.1 This report covers the financial year 2014-15.
- 1.2 The report incorporates the Directors' Report and Strategic Report as required under the 2014-15 Government Financial Reporting Manual (FReM) which are signed and dated by me as Accounting Officer. It shows how the National College for Teaching and Leadership (the Agency) has carried out its statutory duties as an executive agency of the Department for Education (the Department).
- 1.3 The Agency has published its [Business Plan](#)<sup>3</sup> covering 1 April 2014 to 31 March 2015.

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<sup>3</sup> The Agency's 2014-15 business plan can be found at: [www.gov.uk/nctl](http://www.gov.uk/nctl)

## 2. Directors' report

### Management of the Agency

2.1 The Agency's Senior Management Team who served during the year were:

Charlie Taylor	Chief Executive
Brian Tytherleigh	Director, Operations
Sinead O'Sullivan	Director, Programme Delivery
Russell Andrews	Deputy Director, Business Services
Sara Aye Mounq	Deputy Director, External Engagement
Greg Burke	Deputy Director, Performance and Analysis
Paul Cohen	Deputy Director, Initial Teacher Training & Fieldwork
Jonathan Dale	Deputy Director, International Business Unit
Sarah Lewis	Deputy Director, Strategy Implementation
Aidan Melling	Deputy Director, CPD and Leadership (to September 2014)
Alan Meyrick	Deputy Director, Teacher Services
Deirdre Quill	Deputy Director, Early Years (to September 2014)
John Stephens	Deputy Director, Teaching Schools and School Improvement

2.2 Further details about the responsibilities of the governance of the Agency are set out in section 6 of this report.

### Purpose and background

2.3 The Agency is an executive agency of the Department for Education. Its purpose is to improve the quality of the education workforce and support the development of a school-led system.

2.4 The Agency has two aims:

- 1 Improving the quality of the education workforce.
  - 1a Assure the supply and improve the quality of the education workforce;
  - 1b Assure the supply of headteachers and leaders and improve the quality of leadership for schools, academies and early years provision.

2 Helping schools to help each other to improve.

2.5 These two aims are underpinned by the Agency's commitment to provide high-quality services that represent value for money.

## Business performance review

2.6 Three programmes carry forward the delivery of the Agency's objectives. They are: the School-Led System programme; the Initial Teacher Training (ITT) Delivery programme and the Business Transformation and Delivery programme, and each of the divisions reports into them. An organisation chart is set out in section 5. Each programme is overseen by a programme board which meets monthly, except for the School-Led System programme which meets bi-monthly.

### The remits of each programme are:

2.7 **School-Led System:** the aim of this programme is to develop the self-improving school-led system where the best schools are at the heart of teacher training, school improvement, the development of new leaders and continuous professional development. The expectation is that by September 2016 there will be an irrevocable shift of control from the centre to schools. The programme comprises five strands: teaching schools; school improvement; school-led targeted support; school-led ITT and external engagement.

2.8 **ITT Delivery:** this programme aims to ensure that there is a sufficient number of high-quality teachers in the right places, including for specialisms and for the very youngest children. The programme comprises seven strands: ITT recruitment; ITT allocations and funding; early years; special projects; ITT marketing activity; managing the provider base and STEM<sup>4</sup> subjects.

2.9 **Business Transformation & Delivery:** the aim of this programme is to deliver the necessary capabilities and changes to transform the Agency into an organisation that is focused on ministerial priorities and the delivery of activities that only the Government can carry out. The programme has eight strands which are: business transformation (including continuous improvement and International Business Unit transition); educational psychologists; funding & workforce planning; assurance; teacher services; IT strategy, commissioned programmes & licensed provision and the procurement of the High Potential ITT programme and the High Potential Senior Leaders programme.

2.10 The External Engagement programme ran for 12 months, closing in January 2015. The governance of external engagement activities were transferred to the School-Led System and ITT Delivery programme boards.

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<sup>4</sup> STEM= Science, Technology, Engineering and Mathematics.

## The Agency's objectives and progress:

### Aim 1a: Assure the supply and improve the quality of the education workforce

2.11 In our Business Plan we said we would deliver the following objectives under Aim 1a:

- Manage and maintain a high-quality initial teacher training provider market which has a level of stability, ensuring the supply of newly qualified teachers matches the needs of schools.
- Build schools' appetite and capacity for playing a greater and more effective role in leading ITT, including School Direct and School-Centred Initial Teacher Training.
- Allocate ITT places sufficient to recruit the number of trainees forecast by the teacher supply model.
- Ensure that enough initial teacher trainees are recruited.
- Expand Teach First trainee numbers and geographical spread.
- Manage the roll-out of the early years teacher training programme in line with the Government's ambition for a high-quality, graduate-led early years workforce.
- Fund high-quality doctorate training for educational psychologists.
- Work with the early years teaching schools and national nursery chain providers to develop a School Direct (early years) programme to increase school and nursery appetite and capacity for early years teachers.

2.12 The Agency has been operating in a challenging environment as the job prospects for high-quality graduates has improved.

### Managing a high-quality and stable ITT market to supply NQTs to schools

2.13 **Calibre of teacher trainees:** 73 per cent<sup>5</sup> of trainees now have at least a 2:1 degree (17 per cent attained a first class degree). This is compared to 71 per cent in the 2012/13 academic year.

### Building schools' appetite and capacity

2.14 **Schools leading ITT:** we have broadened the range of good quality training providers by expanding both School Direct and school-centred initial teacher training. There are now 841 schools, partnerships and academy chains delivering School Direct. Schools requested 23,607 places for 2015/16 representing substantial progress since the programme was launched in September 2012.

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<sup>5</sup> Relates to trainees actually recruited. Final results due to be published autumn 2015.

- 2.15 The Agency allocated 3,663 provider places for the 2015/16 academic year across 118 school-centred initial teacher training providers (SCITTs). The Agency has also worked with schools to increase the number of SCITTs to 160, with 42 newly accredited in the 2014-15 financial year.
- 2.16 **Allocation of ITT places to providers:** we received a record number of allocation requests with more than 50,000 bids and 43,516 places allocated to a range of providers.

### Ensuring enough ITT:

- 2.17 **Training provision and supply:** the November 2014 provisional census of ITT reported that 32,543 trainees<sup>6</sup> started or are expected to start teacher training during the 2014/15 academic year (an average 93 per cent against the Agency's target for required places of 34,890).
- 2.18 Some subjects were filled more successfully than others. There were more trainees who registered to teach English, art, history and physical education, than target places (123, 133, 124 and 120 per cent of targets respectively). For other subjects, there were fewer trainees registered than target places (maths, design and technology, social studies and physics (89, 43, 52 and 67 per cent of targets respectively) due to challenging recruitment conditions.
- 2.19 All of the above were achieved through a range of interventions, which included support services focused at high-quality graduates in subjects traditionally difficult to recruit to. Applicants were also able to access bursaries, scholarships, school experience, one-to-one advice and events specially designed for them.
- 2.20 **Improving trainee teachers' teaching skills:** Subject Knowledge Enhancement (SKE) programmes give potential trainees the depth of knowledge needed to teach a priority subject and meet the Teachers' Standards. Schools can now select their preferred SKE provider, and choose to nominate them to receive funding on their behalf, or develop and deliver their own SKE. SKE continues to be well used; the pattern of year-on-year increases in uptake continued in 2014/15. Uptake in physics was particularly high with 44 per cent of all 2014/15 physics trainees having undertaken SKE, compared to 33 per cent across the other subjects.
- 2.21 **Post-ITT Subject Knowledge Enhancement project:** the Agency has delivered a test and learn project with 45 teaching school alliances. Teaching school alliances have been responsible for designing and delivering post-ITT SKE provision, focusing on secondary maths, physics, chemistry, computing, modern foreign

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<sup>6</sup> Provisional ITT results (November 2014) showed the number of trainees recruited plus an estimate of those who will start later in the academic year. Final results published autumn 2015.

languages and primary maths to meet their local/regional need. 938 participants have benefited from the training in the 2014-15 financial year.

- 2.22 **Teacher Subject Specialism Training (TSST):** the purpose of TSST is to improve the maths and physics subject knowledge of non-specialist teachers through school-led teacher subject specialism training. This forms part of the wider STEM package announced by the Prime Minister and Secretary of State in March 2015. Applications opened for schools to apply to design and deliver TSST in secondary maths and/or physics on 11 March 2015.
- 2.23 **Supporting leadership development in the most challenging schools:** cohort 2 of the Troops to Teachers programme is completing their first term with 50 trainees. Recruitment for Cohort 3 is currently underway for a September 2015 start.
- 2.24 **SEN ITT:** the project initiation stage is complete and 10 teaching school alliances (with broad geographic spread and covering all ages and settings) have been invited to deliver pilot SEN ITT test and learn programmes for 2015/16.
- 2.25 **Expand Teach First trainees and geographical spread:** 1,387 Teach First<sup>7</sup> participants were recruited to the programme by June 2014 which represents 92 per cent of our target of 1,500. The geographical spread of Teach First extended into the East of England for the first time.

### **Managing the roll out of the Early Years Teacher Training programme including a School Direct programme**

- 2.26 **High-quality graduate-led Early Years workforce:** NCTL recruited 860 applicants to the 2014/15 Early Years Initial Teacher Training programme, representing 41 per cent of our target of 2,000. NCTL also developed the School Direct (Early Years) delivery method, to increase school and nursery appetite and capacity for early years teachers. In 2014 the test phase recruited 12 trainees. 108 places have been allocated to nine lead organisations for 2015/16 following the outcome of a tender process. The main external factors affecting recruitment to both programmes were the introduction of the skills tests for the first time, the ongoing debate around pay and status compared to Qualified Teacher Status (QTS) and the improving graduate labour market. The decision to prioritise quality of candidates means we are now recruiting from a much smaller but higher quality pool. Within that context the main mitigation to increase recruitment for 2015/16 is direct paid-for marketing of the programme, for the first time, to employers and potential candidates. We are also ensuring there are sufficient skills test slots later in the recruitment cycle and encouraging providers to actively support candidates with the skills tests. Quality

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<sup>7</sup> The Teach First programme aims to raise levels of pupil attainment in challenging schools. It is a two-year programme of initial teacher training (ITT) and leadership development that recruits high quality graduates, mainly from Russell Group universities. By the end of August 2014, Teach First teachers will have helped to make a difference to over a million school children.

assurance for Early Years ITT will be through Ofsted thus aligning with initial teacher training.

2.27 A total of 37 participants were recruited to the Early Years Teach First programme for 2014/15, exceeding the Business Plan target of 20. Ministers have agreed the expansion of the programme to 82 places for 2015/16.

2.28 In addition, 14 Early Years Educator level 3 qualifications have been brought to market by March 2015 completing the reforms that resulted from '*More great childcare*' (January 2013) and the workforce policy has transferred to colleagues in the Department's Children's Services and Departmental Strategy Directorate (CSDSD). The Agency has retained two areas of responsibility as we are named in the Early Years Foundation Stage Framework: 1) To assess any new level 3 qualifications against the Early Years Educator criteria, and 2) To maintain the 'Early Years Qualification List' and respond to any queries around this.

2.29 We received 78 successful applications for bursaries from early years apprentices through the Apprenticeship Bursary Scheme. 3,137 local practitioners have been trained through the Early Language Development programme this year, exceeding the target of 3,000 by March 2015.

2.30 **Provision of high-quality doctorate training for educational psychologists:** 132 trainees started training in September 2014 and the application system transferred to an external organisation (Association of Educational Psychologists) with recruitment opening for 2015 intake in October as planned, receiving 822 applications for 132 places. All 251 trainees in Years 2 and 3 have placements, seven of which were in schools for the first time, and seven with private providers. Ministers agreed to a joint Department and Department of Health review of clinical and educational psychology training arrangements. The review will: explore ways the Agency and Health Education England (HEE) can commission and plan psychology training together; and scope for more flexible training between the professions. It will report in October 2015.

2.31 **Aim 1b: Assure the supply of headteachers and leaders and improve the quality of leadership for schools, academies and early years provision**

2.32 In our Business Plan we said we would deliver the following objectives under Aim 1b:

- Manage a number of contracts and scholarship funds to increase capacity and skills of teachers in specialist subjects and subjects where recruitment has historically been challenging.
- Manage the contracts of the current licensees and deliver the final parts of the leadership curriculum. Work with licensees to manage the transfer of

responsibility for the development of leadership materials to them by September 2014.

- Develop a new simple platform to host leadership materials to become operational in October 2014.
- Manage the contracts for the new middle and talented leaders programmes and for other direct provision including Teaching Leaders and Future Leaders.

2.33 In our move to a school-led system we have passed greater responsibility to licensees to develop their leadership training programmes whilst continuing to have overall quality assurance of the National Professional Qualifications.

2.34 **Increase capacity and skills of teachers in specialist subjects:** the pilot phase for 2014/15 of Chairs in Maths and Physics has been highly successful, having started in September 2014 with 14 Chairs ('Chairs' are post-doctoral maths and physics researchers who will train as teachers in non-selective state secondary schools). A high-profile business sponsor event was held in February 2015 with Ministerial attendance. Regional expansion is on track through The Brilliant Club for up to 100 new researchers to start in September 2015, with assessment centres having started in January.

### **Manage licensees and transfer responsibility of development of leadership materials**

2.35 **Further develop the leadership curriculum:** we have developed a leadership curriculum with leadership development content that delivers ministerial priorities for middle leaders through to aspirant headteachers. It comprises 29 modules which are delivered through the three programmes (National Professional Qualification for Middle Leadership (NPQML), National Professional Qualification for Senior Leadership (NPQSL) and National Professional Qualification for Headship (HPQH)). The transfer of the content management and development of the leadership curriculum to licensees was completed by September 2014 including creating key contact links with policy teams across the Department. Over the past year we have recruited:

- 4,700 middle leader participants supported by scholarships (£1,051,000) to undertake the NPQML programme and 1,093 graduates who started during 2012/13 or 2013/14.
- 3,200 senior leader participants supported by scholarships (£1,265,000) to undertake the NPQSL programme and 859 graduates who started during 2012/13 or 2013/14.
- 916 aspirant headteachers supported by scholarships (£1,374,000) to undertake the NPQH programme and 1,243 graduates who started during 2012/13 or 2013/14.

- 2.36 We have contract managed the NPQH entry/gateway national provider processing over 1,200 applications from potential aspirant headteachers.
- 2.37 **Support licensees to deliver the leadership curriculum:** 33 regional licences were awarded to licensee partnerships in 2012 to deliver the leadership curriculum in their local context. The lead organisations for these partnerships include: nine teaching schools, nine schools, four charities, six universities and two businesses. Additionally, 17 regional licences have been awarded to 11 licensee partnerships to deliver the Chairs of Governors' leadership development programme and the governor training workshops. There is high demand for these Agency programmes: 26,012 participants registered to or accessed the three national qualifications; of whom 3,677 are Chairs of Governors registered for the leadership development programme and 943 are registered for the Clerks to Governing Bodies provision. An additional 6,346 attended the governor training workshops.
- 2.38 **Platform to host leadership materials:** we have made openly available a range of leadership development content for headteachers, senior and middle leaders on the new platform; we have also published a Learning Framework for Headteachers. The platform also hosts a wide range of other content, including for governing bodies and school business managers. Licensees have access to a secure area of the platform where only they can access materials still delivered under licence until April 2016.
- 2.39 **Promote talent management:** We have worked with school-led licensed providers of leadership development to ensure that talent management within and between schools effectively identifies, trains and promotes a new generation of outstanding school leaders. 30 lead schools are delivering leadership equality and diversity projects.
- 2.40 **Teaching Leaders and Future Leaders:** there were 413 Teaching Leaders (secondary) programme participants; 198 Teaching Leaders (primary) programme participants and 101 Future Leaders participants.

## **Aim 2: Helping schools to help each other to improve**

- 2.41 In our Business Plan we said we would deliver the following objectives under Aim 2:
- Work with the Teaching Schools Council to grow a national network of teaching schools and their partners to provide initial teacher training, high-quality continuous professional development, succession planning, support for other schools and research projects.
  - Support teaching schools to identify, train, designate and deploy specialist leaders of education, providing a school-led workforce of middle and senior leaders to provide school-to-school support.

- Work with teaching schools to address geographical gaps in teaching schools and national leaders of education (NLEs).
- Reform the NLE/national support school and local leader of education (LLE) programmes to enable designated system leaders to have the most impact in school improvement.
- Use national leaders of governance (NLGs) to improve the performance of schools by coaching other chairs of governors and by improving their skills in data analysis, performance management and challenging school leaders.
- Support the opening of two Pathfinder University Training Schools in September 2015, creating innovative practice in ITT and the application of research and development to take place in schools, sponsored by the universities of Cambridge and Birmingham.

2.42 The engagement of schools has increased significantly over this year and this has enabled the Agency to make significant progress.

2.43 **A national network of teaching school alliances:** the Agency has exceeded its target of designating 500 alliances by March 2015 with a total of 517. Overall 99.5 per cent of teaching schools<sup>8</sup> are involved in ITT in 2015/16: 59 per cent of lead teaching schools are leading School Direct partnerships (353); 11 per cent of teaching schools are SCITT providers (66) and 29 per cent of teaching schools are involved in School Direct partnerships (177). 67 per cent of teaching schools alliances have been involved with research and development networks, which are developing a greater evidence-base for teaching and leadership. Nine national research and development projects have been delivered with teaching schools this year.

2.44 **Specialist, local and national leaders of education and reform:** teaching school alliances recruit, designate, broker and deploy specialist leaders of education (SLEs). We have designated 6,043 SLEs, covering 99 per cent of local authorities, exceeding our target of 5,000 by March 2015. We are working with teaching school alliances and the Teaching Schools Council to support the further devolution of the SLE model. In the transition to a school-led approach there is no national route to LLE designation. We piloted devolving the delivery of the local leaders of education programme to teaching schools which finished in March 2015. Findings from the pilot will feed into recommendations for the future of the LLE programme from September 2015; therefore we have maintained 1,746 LLEs, against a target of 2,000 LLEs by March 2015. 1,050 NLEs have been designated nationally exceeding our target of 1,000 by March 2015.

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<sup>8</sup> Based on 598 teaching schools in cohorts 1-5, designated between 2010 and 2014.

- 2.45 The Agency held three panels in 2014-15 to review whether the designation of NLEs and teaching schools should continue. These panels removed the teaching school designation from eight teaching schools and 73 NLEs for a variety of reasons including that they no longer meet the eligibility criteria, or retirement of the headteacher. The panels decided to keep the designations of a further six teaching schools under review, subject to specific conditions being met.
- 2.46 The Agency works with teaching schools to **address geographical gaps** in teaching schools and NLE support. 99 per cent of local authorities<sup>9</sup> now have a teaching school and 32 per cent of schools<sup>10</sup> are currently known to be part of a teaching school alliance. We have targeted designation of schools in the areas of least coverage and in areas where we have identified a particular need. Since January 2014 over half of designations have been from these areas.
- 2.47 Our recruitment strategy is increasingly focused on designating system leaders in areas of the country, and phases, where they are needed most, and in doing so we are moving responsibilities to the school-led system. For example: Teaching Schools Council regional leads are leading work to identify potential teaching schools in target areas, and at the same time encouraging applications from aspirant NLEs and national leaders of governance where appropriate.
- 2.48 **National leaders of governance (NLG):** the Agency designated 341 NLGs against the target of 535 by March 2015. Carrying out the NLG role in addition to the Chair of Governors role, which individuals take on in a voluntary capacity, means a considerable time commitment. The Agency believe this to be a significant factor in explaining why the target has proven hard to meet and therefore the target, with Ministerial approval, has been revised to 500 by March 2016.
- 2.49 **Pathfinder University Training Schools:** the Agency is working closely with the Free Schools division to support the opening of two Pathfinder University Training Schools by September 2015. Plans are currently on track to meet this target.

### **Provide high-quality services that represent value for money**

- 2.50 In our Business Plan we said Aims 1 and 2 would be supported by delivering the following underpinning objectives:
- A commitment to deliver high-quality services that offer value for money. We expect to play a decreasing role, retaining only those functions that cannot readily be performed by schools and are required by school leaders or Ministers.

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<sup>9</sup> Knowsley and Kensington & Chelsea are the two Local Authorities without a teaching school. City of London and Isles of Scilly have been excluded because they have such small numbers of schools.

<sup>10</sup> Correct as of October 2014. It does not include full alliance information for schools that have been operational for less than a year.

- The Agency will support the quality and status of the teaching profession by ensuring that in cases of serious professional misconduct, teachers are prohibited from teaching.
- It will generate evidence of what works through engaging headteachers and principals in the development of education policy.
- The Agency is working to support schools themselves to develop and deliver continuous professional development for other school leaders. We are working to make all of our online content freely available by April 2016.
- The Agency will continue to phase out the support schools and colleges receive in the effective management and administration of examinations. Over the course of the year we will finalise and implement the relocation of our international work to another body.

2.51 We are on track to make all of our online content freely available by April 2016 and are working through our teaching schools network to support schools to develop and deliver continuous professional development for others.

2.52 In addition to this:

2.53 **A high-quality service** for teachers with **Qualified Teacher Status (QTS)** and their employers by making it easier to access QTS data online.

2.54 Across the year, a total of 32,108 QTS awards were made to individuals following an ITT course, of which 6,195 were made to teachers on the school direct route and 1,101 via Teach First. In addition, 459 QTS awards were made via the assessment only route and 6,179 QTS awards were made to trained teachers from the European Economic Area, Scotland, Northern Ireland or overseas countries where there is agreed recognition of qualified status.

2.55 The total number of induction passes registered was 29,925.

2.56 **Early Year Teacher Status (EYTS)** was introduced in September 2013, replacing the previous existing Early Years Professional Status qualification (EYPS). Up to March 2015 a total of 1,978 EYTS awards have been made to early years practitioners. In addition, a further eight have been awarded EYTS via the assessment only route.

2.57 **Teacher misconduct:** 99 per cent of teacher misconduct cases were sifted and screened within 72 hours of receipt with 97 per cent of referrals being concluded or referred to a hearing within 20 weeks. In the same period 1,003 teacher misconduct referrals were received and 856 cases have been concluded. 26 per cent of teacher misconduct cases where investigations have concluded have been referred to a hearing and the average time to reach a conclusion at a hearing is 44.5 weeks.

Seven teacher misconduct cases went to a High Court Appeal of which one was withdrawn, four were dismissed in the Agency's favour, one agreed to consent to a prohibition order for life but with the opportunity to apply for it to be set aside after a minimum of two years and one case is currently pending. NB: 123 cases in progress are subject to an interim prohibition order whilst the case is investigated.

- 2.58 **Diminishing support for examinations:** in July 2014, the Agency ceased all work supporting schools and colleges in the effective management and administration of examinations. The closure of the Exams Delivery Support Unit was achieved in collaboration with external bodies to ensure adequate support remained after the Unit's closure. Staff working in the Unit were reassigned within the Agency.
- 2.59 **Relocation of International Work:** the Agency's International Business Unit (IBU) continued to deliver international activity for profit, promoting learning and sharing from international best practice and supporting the export of education. Activity delivered in 2014-15 includes:
- India: supporting the development of a sustainable approach to school leadership development;
  - Australia: rollout of a leadership development programme for middle leaders;
  - Brunei: supporting the development of a school leadership development programme and leadership standards;
  - Shanghai Maths Teacher Exchange Programme: supporting the development of an exchange programme for English and Chinese maths teachers; and
  - IPML: delivered middle leadership training in partnership with British International schools.
- 2.60 The existing work of the Unit and the team moved to the Department's International Evidence and Partnerships Team as part of a managed transition on 1 April 2015. The transferring team will ensure that existing contractual commitments are delivered and that reputational damage is avoided. The Unit will not undertake any new commercial work.

Charlie Taylor  
**Accounting Officer**

13 July 2015

## 3. Directors' report: financial review

### Total expenditure

- 3.1 Expenditure for the year ended 31 March 2015 was £394.1 million against a budget of £401.2 million. Details of the £7.1 million underspend are provided below.

#### Notional recharge of shared services costs

(budget £0.0 million, actual £11.1 million: £11.1 million overspend)

- 3.2 The Agency incurred a notional recharge relating to shared services of £11.1 million. The charge is an allocation of central Departmental costs made to enable an approximation to the full cost of the Agency to be disclosed. As this allocation is outside the control of the Agency, no budget allocation is made to the Agency.

#### Administration Costs

(budget £18.6 million, actual £18.4 million: £0.2 million underspend)

- 3.3 Staff costs drove the majority of the Administration underspend as the Agency carried a number of vacancies throughout the year.

#### Net Programme Costs

(budget £382.6 million, actual £364.6 million: £18.0 million underspend)

- 3.4 The majority of this underspend relates to the Subject Knowledge Enhancement programme (£8.2 million) which is a demand-led budget and was the result of lower levels of activity than expected and recoveries of unspent funding from the previous academic year. The remaining low value underspends are spread across a number of other demand-led programmes.
- 3.5 Details of the Agency's pension arrangements are covered in detail both in the Remuneration Report (paragraph 7.15) and Note 3 to the Accounts.

### Taxpayers' liability

- 3.6 Taxpayers' liability as recorded at the end of the reporting period was £16.7 million.

## Auditor

- 3.7 The Comptroller and Auditor General (C&AG) is the appointed external auditor of the Agency's accounts. The C&AG reports to Parliament the results of the audit examination under statute.

Charlie Taylor  
**Accounting Officer**

13 July 2015

## 4. Directors' report: about the Agency

- 4.1 The following areas are centrally managed by the Department for the Agency. Data is not collected at Agency level. Policies and outcomes are published within the Department's consolidated Annual Report and Accounts:
- equality and diversity;
  - fire, health and safety;
  - departmental correspondence;
  - details of freedom of information; and
  - sustainability.
- 4.2 The Department's consolidated Annual Report and Accounts is not scheduled to be published until the end of 2015. However, data for [previous years](#)<sup>11</sup> can be viewed online.
- 4.3 The Agency adheres to all Departmental HR policies and receives regular weekly corporate communications. Good use is being made of staff survey results to focus on specific areas and instant rewards have been used to respond positively to team and individual effort. At Agency level, good, regular corporate communications are helping to build commitment to corporate goals and include a weekly all staff email from the Chief Executive, monthly site briefings led by Deputy Directors, following the Programme Boards, on progress against objectives and potential issues and challenges (including external factors). Divisional sessions are also held throughout the year which focus on aspects specific to their areas of work. Analysis of the Departmental annual People Survey undertaken in November 2014 showed that staff engagement has risen by 12 percentage points since the 2013 annual survey: the engagement index for the Agency is now 58 per cent, which reflects the Departmental average. In addition Agency staff completed mini-surveys quarterly with results reviewed by the Management Group. To incentivise staff, instant rewards have been used to respond positively to team and individual effort.
- 4.4 The Agency's People Programme Sub-Group (PPSG) was created to deliver the People Programme vision and objectives, and is in line with the Agency's strategic objectives. Representatives from each division contribute to this group. We have engaged effectively with the Department's Trade Unions (DTUS) regarding significant changes that have affected staff or impact on the work that they do (for example change of contract or site). During the year, the Agency held four staff conferences which gave staff the opportunity to work collaboratively across

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<sup>11</sup> Previous years data can be found at: <https://www.gov.uk/government/collections/dfc-annual-reports>

divisions on corporate priorities and to hear directly from schools about their experiences of the school-led system.

- 4.5 To ensure financial policies and procedures were adhered to consistently, all Deputy Directors included a financial management objective that was reported on during the performance year. This enabled Directors to monitor and challenge financial activity across the divisions.

## Sickness absence

- 4.6 During the year 1,680 days were attributable to working days lost. Using the average number of staff employed over the year (per Note 3 of the Accounts) this equates to approximately 5.6 days (2013-14: 6.0 days) working days lost per employee per year. This compares with the Departmental average of 5.6 days working days lost per employee per year.
- 4.7 The Agency is focused on ensuring that all sickness is recorded and reduced, there are systems in place for reminding managers about applying the attendance management procedures, and these are generally applied consistently across the Agency.

## Personal data related security

- 4.8 The Agency is required to report personal data related incidents that have occurred during the financial year in accordance with the standard disclosure format issued by the Cabinet Office.
- 4.9 The Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data which the Agency or its delivery partners hold whose release or loss could cause harm or distress to individuals, including as a minimum:
- information that links one or more identifiable living person with information about them whose release would put them at significant risk of harm or distress; and
  - any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.
- 4.10 There were no protected personal data related incidents formally reported to the Information Commissioner's Office in 2014-15 for the Agency.
- 4.11 Other protected personal data related incidents reported in 2014-15 are summarised in the table below. Incidents not falling within the criteria for reporting to

the Information Commissioner's Office, but recorded centrally within the Department, are included. Smaller, localised incidents are not recorded centrally, so are not included:

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	None
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	8
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	None
IV	Unauthorised disclosure	None
V	Other	None

4.12 This is a higher than usual number of incidents, six of which were mail items that were not received, one sent in error and one incident of personal theft. All incidents were reported promptly and relevant procedures followed.

## Supplier payments policy

4.13 The Department has responsibility for paying the Agency's suppliers through the shared service arrangements and is legally required to pay correctly submitted invoices within 30 days of receipt from the day of physical or electronic arrival at the nominated address of the Department. In addition, it is practice for the Department to pay all correctly submitted invoices within 10 calendar days. During 2014-15, 99.2 per cent of valid invoices received from suppliers were paid within 30 calendar days of receipt and 97.8 per cent of valid invoices received from suppliers were paid within 10 calendar days of receipt. The Agency made no payments (2013-14: no payments) under the *Late Payment of Commercial Debts (Interest) Act 1998* as amended and supplemented by the *Late Payment of Commercial Debts Regulations 2002*.

4.14 The aggregate amount owed to trade creditors at 31 March 2015 compared to the total invoiced by suppliers during the year, expressed as the number of days in proportion to the total number of days in the financial year, amounts to 2.90 days.

## Shared services

4.15 Shared services are provided and centrally managed by the Department for the Department and all its agencies. Shared services include finance, information technology, estates, human resources, legal and communications functions. Notional costs for shared services are recharged to each Agency annually based upon the average full time equivalent headcount of the organisation.

## Basis of accounts preparation

- 4.16 These accounts cover the period from 1 April 2014 to 31 March 2015 and have been prepared in accordance with a direction issued by HM Treasury under Section 7 of the *Government Resources and Accounts Act 2000* and in accordance with HM Treasury guidance as set out in the *Financial Reporting Manual (FReM)*. The Directors' Report and Governance Statement sections of this report reference the Agency's accounts.
- 4.17 As an executive agency of the Department, the Agency's accounts are consolidated within the resource accounts produced and published by the Department.
- 4.18 These accounts have been prepared under a going concern basis.

## Audit arrangements

- 4.19 The accounts are audited by the C&AG in accordance with the *Government Resource and Accounts Act 2000*. For the statutory audit carried out on this report and accounts, the Agency has recognised notional fees of £70,000 (2013-14: £70,000). There were no payments for other non-audit services.

## Disclosure of relevant information to auditor

- 4.20 As the Agency's Accounting Officer, I can confirm that, so far as I am aware, there is no relevant audit information of which the Agency's auditor is unaware, and I have taken all appropriate steps to ensure that I am aware of any relevant audit information and to establish that the C&AG is aware of that information.

Charlie Taylor  
Chief Executive  
Accounting Officer

13 July 2015

## 5. Strategic report

### Agency remit

- 5.1 The National College for Teaching and Leadership (the Agency) is an executive agency of the Department for Education (the Department).
- 5.2 The Department's long-term vision is to 'provide a highly educated society in which opportunity is more equal for children and young people, no matter what their backgrounds or family circumstances'.
- 5.3 The Agency's purpose is to improve the quality of the education workforce (teachers and early years) and support schools to help each other to improve through the development of a school-led system. The Agency works with schools to develop an education system supported locally by partnerships and led by the best headteachers.
- 5.4 The Agency was formed from the merger of the National College for School Leadership and the Teaching Agency on 29 March 2013.
- 5.5 As stated within paragraph 2.4, the Agency has two aims to support the Department's long-term vision.
- 5.6 As Chief Executive and Accounting Officer for the Agency I am responsible for its leadership and day-to-day management. I have personal responsibility for maintaining a system of sound governance, internal control and risk management within my area of responsibility to support the achievement of the Department's policies, aims and objectives, whilst safeguarding public funds and departmental assets.
- 5.7 The Agency has responsibility for managing two of the Department's strategic risks. These relate to the:
- 'Supply and quality of teachers and school leaders', which we manage in partnership with the Department's Teachers & Teaching Group and;
  - 'Supply and quality of early years leaders' which we manage in partnership with the Department's Children's Services and Departmental Strategy Directorate.
- 5.8 Further details about our risk management activities and mitigations are outlined in the Governance Statement.

- 5.9 The Agency's Senior Management Team was in place from 1 April 2014 through to 31 March 2015. Further details are in the Directors' Report and Governance Statement.
- 5.10 Further details about the remits of these are available in the Directors' Report.
- 5.11 The Agency produces a Business Plan annually. Both the 2014-15 and 2015-16 [business plans](#)<sup>12</sup> are available online.

## Agency relationship with Departmental operational policies

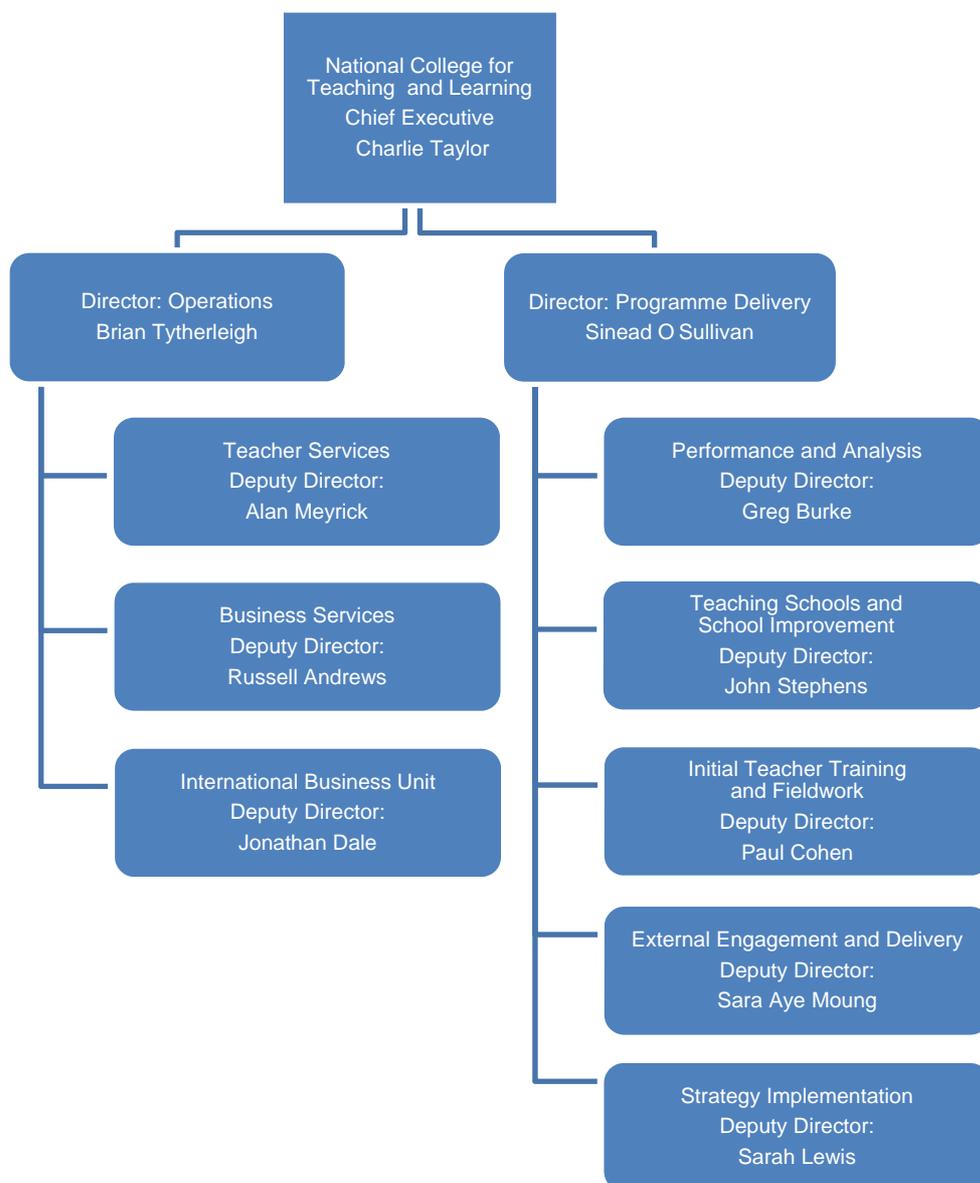
- 5.12 The Agency's relationships with Departmental operational policies are set out in paragraph 4.1.

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<sup>12</sup> Both business plans are available at: [www.gov.uk/nctl](http://www.gov.uk/nctl)

## People management

### Structure of the Agency 2014-15



- 5.13 Our staff are civil servants and are employed by the Department on its terms and conditions. Responsibility has been delegated to me for the recruitment of staff for the Agency within the parameters provided by our agreed budget and the Department's policies and procedures.
- 5.14 The Department's diversity plan covers the Agency. This plan sets out the Department's objective to be an exemplary equal opportunities employer, to create a workplace that values diversity and to be free from unfair discrimination. Our most recently available equality data is shown in the Department's 2013-14 Annual Report.

- 5.15 The Agency has carefully managed staff resourcing throughout the year, reducing administrative expenditure. The Agency's FTE on 1 April 2014 was 314.90. By year-end the Agency had reduced this to 295.23 meeting its target of reaching 295 FTE by 31 March 2015.

## Equality data

- 5.16 At the financial year end, the number of persons of each gender comprising the staff and senior management of the Agency was as follows:

	Male *	Female *
Director SCS2	2	1
Deputy Director SCS1 & 1a	6	2
Other grades	101	208
	<b>109</b>	<b>211</b>

- 5.17 \* Excludes staff on maternity leave, secondments, loans, and those currently on career breaks. Figures relate to headcount and not FTE.
- 5.18 Good use is being made of staff survey results to focus on specific areas and instant rewards have been used to respond positively to team and individual effort. Regular corporate communications are helping to build commitment to corporate goals. Analysis of the annual Departmental staff survey undertaken in November 2014 showed that Agency staff engagement has risen by 12 percentage points since the 2013 annual survey: the engagement index for the Agency is now 58 per cent, which reflects the Departmental average.

## Key performance indicators (KPIs)

- 5.19 Performance against the Agency's [Business Plan](#)<sup>13</sup> is measured against a series of indicators and updated with the most recent information available, predominantly on an annual basis. NCTL achieved the majority of its KPIs in the business plan. Details of NCTL's performance against its KPIs can be found in the Directors Report. Instances where KPIs were not met can be found in the Governance Statement.
- 5.20 Our key performance indicators are described in our published [Business Plan](#) and are aligned under the two aims 1) Improving the quality of the education workforce and 2) Helping schools to help each other to improve. We met all KPIs with the exception of some of our demand-led programmes. We also did not meet the target of recruiting 100 per cent of the Teacher Supply model by November 2014.

<sup>13</sup> The Agency's business plan is available from: [www.gov.uk/nctl](http://www.gov.uk/nctl)

- 5.21 In February 2015 the Education Select Committee called me to respond to an evidence check in relation to the current policy of the Agency and its performance. The Committee's aim was to discover how effective the Agency is and how well it is achieving against its aims. No report was published in advance of the general election.

## Future development: Agency plan to develop a school-led system

- 5.22 As set out in our 2014-15 Business Plan, the Agency stated that by September 2016 our expertise and resources will be centred on activities that will support the school system, encouraging greater levels of system leadership and local responsibility for improving standards. It said we would continue to oversee a managed transfer of responsibility to the school system, continuing to provide help when necessary, but withdrawing in areas where schools are succeeding independently. It also said that there would be a continuing need for some activities that can currently only be done at a national level: for example the funding and allocation of places for initial teacher training and teacher misconduct.
- 5.23 In our 2015-16 Business Plan we say that we will achieve our vision through work on four core strands; as follows:
- 5.24 **Initial Teacher Training (ITT):** In the 2016/17 academic year, we want more than half of postgraduate ITT to be led by schools, with School Direct and SCITT providers proving increasingly attractive to high-quality candidates. By September 2015, at least half of ITT will be run by schools, with continued improvement in the proportion of new entrants with a 2:1 or better. Last year we brought forward the timing of the allocations process for 2015/16 ITT places. We will maintain this approach for 2016/17 and will continue to work with University and Colleges Admissions Service (UCAS), schools and other providers to identify improvements that can be made to the end-to-end process.
- 5.25 **Continuous professional development (CPD):** By September 2016, teaching schools and other outstanding schools will be generating and delivering a full range of CPD activity, with all schools, whether in teaching school alliances or otherwise, accessing excellent CPD through school partnerships. We ceased most centrally-commissioned CPD activity by March 2015.
- 5.26 **Leadership development:** In the 2016/17 academic year, schools will have responsibility for the identification and training of new leaders, with the national professional qualifications delivered by school partnerships. From April 2016 onwards, we will stop or reduce scholarships for leadership trainees to access the

national professional qualification programmes and we will expect licencees to operate in an open leadership market. When the current licences expire we will give open access to all national professional training materials but will retain our role in awarding the national professional qualifications until an appropriate alternative school-led body is identified. Succession planning and talent management will increasingly be undertaken by schools and school partnerships with some targeted support from the Agency.

- 5.27 **School-to-school support:** By September 2016, we will have a minimum of 600 teaching school alliances which will provide near national coverage. It is our aim that school improvement will be delivered by schools with national leaders of education, national leaders of governance, specialist leaders of education and local leaders of education brokered and deployed by teaching schools or other local partnerships, much in the same way as specialist leaders of education are currently. We will expect these partnerships to work closely with Ofsted and the Regional School Commissioners to ensure coherence in school-to-school support. It is also our ambition to work with teaching schools to ensure they play a stronger role in designating system leaders such as national leaders of education.

## Accounts direction and statutory background

- 5.28 These accounts have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual* (FReM) issued by HM Treasury (HMT), as set out in a statutory Accounts Direction issued pursuant to section 5(2) of the *Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2013*. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected.
- 5.29 The *Education Act 2011* gives responsibility to the Secretary of State to regulate teachers' conduct and to hold a list of teachers who have been prohibited from teaching. The Agency operates the regularity system on their behalf. *The Teachers' Disciplinary (England) Regulations 2012* provide specific and detailed information about how the system should operate.

Charlie Taylor  
Accounting Officer

13 July 2015

## 6. Governance statement

### Scope of responsibility

- 6.1 As Chief Executive and Accounting Officer for the Agency, I have personal responsibility for maintaining a system of sound governance, internal control and risk management within my area of responsibility to support the achievement of the Department's policies, aims and objectives, whilst safeguarding public funds and Departmental assets.

### Corporate governance

#### Governance framework

- 6.2 The framework document of the Agency sets out the arrangements for the governance, accountability and operation of the Agency, agreed between the Secretary of State, the Director General for Education Standards Directorate (ESD) (a directorate of the Department) and myself.

#### Governance at Departmental level

- 6.3 As Chief Executive, I am accountable to the Secretary of State for the performance, leadership and day-to-day management of the Agency, with the Director General for ESD performing an oversight role, on behalf of the Secretary of State.

#### Business plan

- 6.4 Throughout the year I met with the Director General on a monthly basis to discuss performance against the key performance indicators of the Agency.

#### Strategic performance review

- 6.5 Throughout the year the Director General for ESD held Strategic Performance Reviews (SPRs) quarterly to review and challenge progress against the Business Plan, financial management and the management of risks.
- 6.6 Two SPRs were also attended by a Non-executive Director (NED) of the main Department board.
- 6.7 Four strategic performance review meetings took place during 2014-15 on 28 April, 11 July, 28 October 2014 and 3 February 2015. Attendees are shown in the table overleaf:

<b>Strategic Performance Review meetings</b>	
Number of meetings in year:	4
<b>Member</b>	<b>Attendance</b>
Shona Dunn: Director General - Education Standards Division (Chair)	4
Bill Holledge: Departmental Policy Fellow	1
Brian Tytherleigh: NCTL Director, Operations	4
Carol Hartley-Burdett: Senior Audit Manager, Internal Audit	2
Charlie Taylor: NCTL Chief Executive	4
Dr Chris Tomlinson: Executive Principal, Harris Federation	1
Marcus Bell: Director, Teachers Group (part of Education Standards Division)	4
Russell Andrews: NCTL Deputy Director, Business Services	4
Sara Aye Moug: NCTL Deputy Director, External Engagement	3
Sinead O'Sullivan: NCTL Director, Programme Delivery	3
Dame Sue John: Departmental Non-executive Director	2
Susanna Todd: Deputy Director Finance Partnering, Policy and Payments (in Departmental Finance and Commercial Group)	3

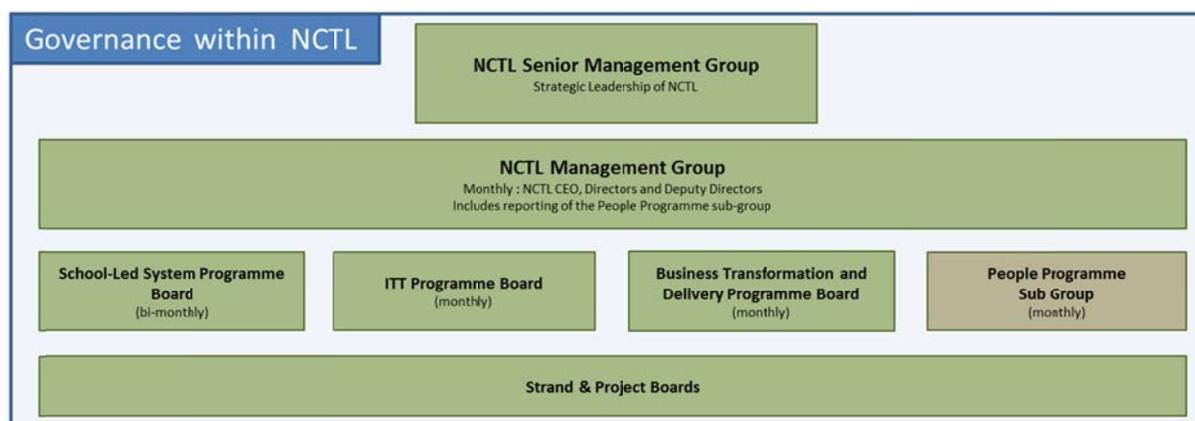
- 6.8 Dame Sue John retired as a Non-executive Director at the end of September 2014. A recruitment process was undertaken during the autumn. Marion Plant OBE was appointed in January 2015 and will attend future SPR meetings.
- 6.9 Other areas for discussion throughout the year included:
- the School-led System;
  - Initial Teacher Training (ITT) recruitment;
  - School-led ITT; and
  - Accelerated transfer of leadership provision to the school system; and making the Agency's online content freely available.
- 6.10 The Agency's strategic risk register was reviewed at each meeting (for more information on the Agency's strategic risks please refer to the Strategic Risk section of the Governance statement).
- 6.11 The inclusion of a Non-executive Director (Dame Sue John: April and July 2014) and Dr Chris Tomlinson, (Observer) at the February meeting to provide independent oversight at the SPR and by working to formal terms of reference and agenda has ensured they have been an effective forum to provide me with internal and external scrutiny and challenge of the work of the Agency.

## **Governance at Agency level**

- 6.12 I confirm that I have reviewed the governance, internal control and risk management arrangements in operation within my area of responsibility. My review of the effectiveness of the system of internal control has been informed by the work

of the Department's Internal Audit and by the executive managers within my area who have responsibility for the development and maintenance of the internal control framework.

- 6.13 Each programme has a Senior Responsible Owner at Director level and a Programme Lead at Deputy Director level responsible for overseeing the effective functioning/preparation of the boards. The Senior Responsible Owners and Programme Leads meet monthly to review the performance and effectiveness of each board. Performance of the boards is also reviewed at monthly Management Group meetings. An audit of the Agency's governance was undertaken by Internal Audit in Quarter 4 of the 2014-15 financial year. The audit noted that further significant progress has been made across a broad range of governance processes and the framework of governance, risk management and control is adequate and effective.
- 6.14 From April to September 2014, activity in the Agency was governed by: the Business Transformation & Delivery Programme; the School-Led System Programme; the External Engagement Programme and the People Programme. Following a review of the Boards' effectiveness during the summer it was agreed to split the School-Led System Programme to form two new programmes: the ITT Delivery Programme and a revised School-Led System Programme which came into operation from October 2014; additionally the People Programme moved to become a sub-group reporting directly to the Agency's Management Group (see diagram).



- 6.15 All programmes were scrutinised monthly by the Agency's Senior Civil Service-level management team. Programme board reports form the basis of the Accounting Officer's accountability to the Director General and to the Strategic Performance Review Board attended by a Non-executive Director.
- 6.16 Financial information is reported to the Management Group on a monthly basis, where the Deputy Director of the Finance Partnering Division presents budget

reports (identifying risks early and highlighting concerns). The Agency's financial performance is also reviewed at the quarterly Strategic Performance Review meetings. Within the Agency there is an analytical team tasked with producing data, information and reports on behalf of the organisation. The Management Group and Programme Boards review all reports on a monthly basis, with any requested changes noted.

- 6.17 The Early Years work also reports into the Department's Children's Services and Departmental Strategy Directorate (CSDSD) Early Years Programme board, which is chaired by the responsible director in CSDSD. This ensures that the Agency's work is reflected in the formal bi-monthly reporting on the Early Years delivery plan and enables the responsible director to receive the necessary assurance. Similarly, there are close links between the special ITT projects and the relevant Departmental teams.
- 6.18 The Agency has established a Financial Assurance Strategy Group (FASG) to ensure that our financial assurance processes are robust. The Group applies the Agency's Assurance Strategy and Plan, which captures all assurance activity, providing clarity on Agency-wide activities to ensure regularity and propriety. The Group is accountable to the Business Transformation and Delivery Board, which is accountable to the Director, Operations. The FASG has continued to review the amount of direct awards and single tenders awarded by the Agency, working closely with the Agency's Grants Committee. There is an action plan which ensures that these will continue to be used only when necessary.
- 6.19 The Agency received Financial Management and Governance self-assessment returns from the ITT providers, it also received externally audited annual accounts from ITT providers who are not academies or higher education institutions. This information was then used to identify a sample of ITT provider audits. The Agency also received evaluation forms from the teaching schools and national leaders of education, which were assessed and evaluated. A total of 25 Agency grant recipients were selected for audits based on risk and random selection. Education Funding Agency and Departmental finance business partners contributed towards carrying out the audit work. An assurance report was submitted to me, as Accounting Officer, ahead of the accounts sign-off.
- 6.20 The Agency implemented its 2014-15 grant assurance framework, approved by the Business Transformation and Delivery Board and Departmental finance business partners. This detailed how the Agency obtains grant assurance via a variety of methods including externally audited annual accounts, annual grant reports, financial management and governance self-assessments, audits, evaluation reports, certification of expenditure and assurance statements. These built on the

improvements from the previous year's assurance cycle and the implementation of National Audit Office recommendations.

- 6.21 The assurance function was enhanced by being managed through the Agency's FASG and Grants Committee. FASG and the Grants Committee met on a monthly basis and acted as an additional level of internal control, membership was also extended to Internal Audit and Departmental finance business partners, who scrutinised the Agency's work throughout the year, ensuring it adhered to Departmental processes. Furthermore, the Agency's Grants Committee scrutinised the grant distribution process, ensuring all grants follow a rigorous process, including completion of grant forms, presenting their case to the committee, and responding to further questioning. Overall, this process provided a complete oversight on all Agency grants and how they are being assured.
- 6.22 The Agency also relied on third party assurances, which included assurance from Higher Education Funding Council for England (HEFCE) on all grant recipients that were from higher educational institutions. The Education Funding Agency (EFA) provided assurance on all grant recipients that were academy-led. I as Chief Executive and Accounting Officer of the Agency received a formal letter of assurance from the HEFCE and EFA Accounting Officer.
- 6.23 As a result of prior year external audit findings, we have:
- Clarified the guidance available about the use of the national leader of education bursary grants to avoid any ambiguity.
  - Continued to enhance the Financial Assurance Strategy, incorporating additional sources of assurance such as obtaining verification from national leaders of education bursary grant recipients.
  - Revised our criteria for selecting which funding recipients to audit to focus on in-year risk and the use of Agency funding.
  - Planned the timetable for the assurance activity in 2014-15 to ensure it complements the accounts production process.
- 6.24 Audits of the Agency's governance and the Agency's contract and procurement management were undertaken by Internal Audit in Quarter 4 of the 2014-15 financial year and are referenced in paragraph 6.32.

## **Audit and risk**

- 6.25 The Agency has received oversight from the Department's Audit and Risk Committee (ARC) and Performance Committee which are both sub-committees of the Department's Board and chaired by Non-executive Board Members. ARC's primary role is to provide scrutiny and challenge of the Department's Annual Report

and Accounts and key risk areas, and make recommendations to the Permanent Secretary (as Principal Accounting Officer), and the Board on the Department's and the Agency's risk management. ARC is supported by the Financial Audit Sub-Committee (FASC) which provides scrutiny and challenge of the Annual Report and Accounts prior to it being approved by ARC. The Performance Committee's primary role is to provide challenge and scrutiny of the department's performance on its delivery priorities. Membership of and attendance at ARC, the Performance Committee and other committees of the Department are disclosed in the Department's Annual Report and Accounts.

- 6.26 The Agency is scrutinised and challenged about its governance and control by the Strategic Performance Review, Education Standards Leadership Group meetings and through bilateral meetings between the Director General and myself. ARC makes recommendations to myself as Accounting Officer and the Board on the Agency's risk management and its Annual Report and Accounts. I attended the ARC meeting in June 2014 at which the Annual Report and Accounts for 2013-14 along with the Audit Completion Report from the National Audit Office was reviewed.

## Attendance records

<b>NCTL Management meetings</b>	
Number of meetings in year	13
<b>Member</b>	
Mr Charlie Taylor	13
Mr Brian Tytherleigh	13
Ms Sinead O'Sullivan	11
Mr Aidan Melling	5 out of 7
Mr Alan Meyrick	12
Ms Deirdre Quill	-
Mr Greg Burke	12
Mr John Stephens	13
Mr Jonathan Dale	7
Mr Paul Cohen	10
Mr Russell Andrews	13
Ms Sara Aye Mounq	12
Ms Sarah Lewis	10

- 6.27 Aidan Melling was seconded from October 2014 and so did not attend any further Agency management meetings. Deirdre Quill left the Agency as at 30 September 2014. Jonathan Dale was the Managing Director of the Agency's International Business Unit: his role involves significant international travel which has prevented his attendance at NCTL management meetings.

## Internal control

- 6.28 A system of internal control is in place within the Agency for the whole of 2014-15. This has continued up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance. The following section of this statement describes the system of internal control in operation in the Agency for the year.
- 6.29 Our 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 achieve a reasonable and not absolute assurance of effectiveness.

## Internal audit

- 6.30 The Agency receives internal audit and assurance services from the Government Internal Audit Agency (GIAA). GIAA provides independent and objective assurance to me on the adequacy and effectiveness of the Agency framework of governance, risk management and control by measuring and evaluating the Agency's effectiveness in achieving its agreed objectives. A full audit plan for the Department as a whole was produced and delivered for 2014-15. All of the planned Agency reports have been completed and published and, in addition, the Agency utilises Internal Audit to obtain assurance on process and controls arrangements as appropriate.
- 6.31 The Agency is included in any cross-Department compliance and themed audits where relevant, and in any audits based on the Resource Management (RM) system which have included finance and HR systems.
- 6.32 Audits of the Agency's governance and the Agency's contract and procurement management were undertaken in Quarter 4 of 2014-15. The audit of governance noted that further significant progress has been made across a broad range of governance processes and the framework of governance, risk management and control is adequate and effective. The contract and procurement audit has identified that despite recent significant improvements there remains a number of weaknesses in key areas. The audit identified that further actions were required to improve: monitoring contract outputs and KPIs; managing contract and supplier risks; clear audit trails and contingency plans for major contracts. Actions are also being taken to ensure value for money through the broadening of the supplier base in the reprocurement of high profile teacher training and leadership training programmes.

## Programme and project management

- 6.33 I have a division leading on business services and it provides programme/project management support to the whole Agency. All of the Agency's work is brigaded under the programme boards and each board has a Senior Responsible Owner (SRO), a programme lead and a secretariat providing support.
- 6.34 A programme/project management approach is used to provide governance over all of our work and is applied appropriately to the scale and complexity of the particular task. We have strengthened our approach to knowledge management and have captured lessons learned formally and made them available to staff electronically. Programme/project management is linked through to the wider management processes such as risk management and planning. Good progress with this has been made, for example the Programme Management Office concluded, following a review, that effective risk management is deployed consistently below programme-level and risks are being managed and escalated appropriately.
- 6.35 Both project progress and financial status is effectively monitored through monthly reviews and progress properly documented.

## Financial management

- 6.36 I am confident that we have clear lines of accountability in place for all programme and administrative expenditure with support from finance business partners. We have put in place a number of systems to ensure adherence to Departmental processes, controls, risk management and fraud prevention so that propriety, regularity and value for money are achieved. Management have regular planned meetings with finance business partners (to identify risks early and to flag concerns) and receive high-level monthly budget reports.

## Delivery arrangements and achievement against business plan

- 6.37 Performance objectives are set out in the Agency's 2014-15 Business Plan and progress is monitored monthly. Any procurement and award of contracts (for goods and services) or grants (for policy/programme delivery) is fair and open, except in a very limited range of circumstances, such as: extreme urgency; absence of suitable tenders in response to an invitation to tender; or technical reasons which require the use of a particular provider. We scrutinise all procurement activity to ensure it is compliant. We consistently seek agreement from the Director General of the Education Standards Directorate if we propose to offer a single tender to one organisation or if it is novel, contentious or repercussive or above my delegated authority limit. This has only happened in three circumstances. One was a single tender for one year due to a change in funding arrangements. It was previously a grant and was now being offered as a contract to provide increased monitoring and

management of the supplier. This was approved to ensure continuation of services with a caveat that this must be competitively tendered before the contract expires. The other two were extensions directly awarded to the incumbent for value for money reasons but were approved with the caveat of re-tendering before the contracts expire.

- 6.38 The ITT Census, published in November 2014 showed that 32,543 trainee teachers started teacher training in the 2014/15 academic year. This represents 93 per cent of the target to recruit 34,890 trainee teachers. Recruitment in some areas, especially to science, technology and maths, has proved challenging. In particular, we under recruited in physics (67 per cent of target achieved), modern and ancient languages (79 per cent) and computer science (85 per cent). While issues and risks were escalated to the Director General and to Management Committee in a timely fashion, and all countermeasures and contingencies were adopted, actions were not sufficient to deliver the target. Lessons have been recorded relating to activity that is critical to continue from year-to-year and new activity that should be rolled out, debated at the relevant sub-programme boards and are being implemented for 2015/16.
- 6.39 There have been severe challenges with recruitment to the Early Years Teacher Programme, following the introduction of the skills test as an entry requirement for the first time. This resulted in recruiting to 41 per cent of allocated places. The Department's Performance Committee considered performance on the programme and were satisfied that the necessary action was being taken.
- 6.40 There have also been challenges on recruitment to both the Troops to Teachers programme and the Primary PE programme. In both cases, senior officials and Ministers have been kept fully informed. The main challenge for both programmes has been the previously agreed delivery models due to using a very small number of providers. The process has been substantially changed for 2015/16 recruitment to embed better in mainstream ITT recruitment and benefit from the infrastructure that is in place.

## Policy development

- 6.41 I have worked in partnership with Departmental policy teams to embed clear protocols defining effective joint working to develop policy.
- 6.42 Stakeholder consultation practice reflects strong skills and working relationships in this area. No delivery plans are made without the appropriate budget being identified and the appropriate finance and legislative clearance being in place. Ministerial approval is always sought where necessary.

- 6.43 There is also good cross-Government working on the ITT special projects (such as the Troops to Teachers programme) with the Ministry of Defence, Department for Culture, Media and Sport and the Cabinet Office.

## **IT management and data safeguarding**

- 6.44 General information systems are developed to meet internal and external standards and the needs of the business. Data is securely handled and safeguarded within the IT Strategy Group. This group has oversight of IT systems and works with Departmental security and IT teams to ensure compliance. Mandatory information assurance training is undertaken by all staff annually. The Agency had no protected personal data related incidents which were judged significant enough to be formally reported to the Information Commissioner's Office in 2014-15.

## **Information risk management**

- 6.45 Arrangements have been, and are in place, to ensure that the Agency complies with the requirements of both HM Government and Cabinet Office policy and guidance in addressing risks to information and information systems. The Department's Director of Finance and Commercial Group is the designated Senior Information Risk Owner with overall responsibility for the management of information security in the agencies.
- 6.46 The Agency has information assets which are essential to the effective and efficient operation of the organisation and the delivery of its strategic aims and objectives. Information Asset Owners have responsibility for protecting the information assets that are assigned to them. The Agency received completed Responsibility Assurance Declarations in January and April 2015 from Deputy Directors and Directors to ensure that all Information Asset Owners had complied with their responsibilities. See 4.12 for more information.

## **People management**

- 6.47 The Agency has carefully managed staff resourcing throughout the year, reducing the administrative expenditure. Due to greater efficiencies realised towards the end of the previous year the Agency was able to hand back £837,000 in April 2014. For details of the Agency's FTE please refer to paragraph 5.15 in the Strategic Report.
- 6.48 The Agency has implemented a resource allocation process managed to ensure staff are effectively deployed to meet strategic priorities. This work is delivered through the People Programme Sub-Group.

## Account of corporate governance

6.49 As an Executive Agency, we operate within the *Corporate governance in central government departments: Code of good practice 2011* principles in a way that is appropriate to our size, status and legal framework.

## Risk management

### Mechanisms for risk management

- 6.50 The Agency refreshed its risk management framework in November 2014 and delivered improvements in risk management practice. The Agency's Programme Management Office undertook a review of risk management (see 6.34) below programme board level and consequently provided recognition, challenge and training across the Agency.
- 6.51 The risk management framework defines escalation between boards. The maintenance of risk registers is a key mechanism used to manage risk within the Agency, and these are used to identify both operational and strategic risks within divisions, programmes and projects. When a risk is considered to have a high likelihood and high impact it is escalated to the Management Group via the programme boards for consideration, and following agreement by my senior team is added to the Agency's strategic risk register. The strategic risk register contains all strategic risks relating to delivery, stakeholder engagement, staffing and funding. Each risk has an agreed review date when the Management Group will review in detail its mitigations and contingency plans and consider any further actions to manage any residual risks which remain after mitigation actions have been implemented.

### Assurance over risk management mechanisms

6.52 As outlined in the Agency's framework document, the quarterly SPR, monthly bilateral meetings with the Director General of ESD and ARC monitor and challenge the Agency's process for risk management; and through a process of monitoring and challenge, provide me with assurance over the Agency's risk management mechanisms.

### Risk management and delivery assurance

6.53 The Agency manages risk in accordance with its risk management framework: the Programme Management Office maintains a strategic risk register for the Agency's Management Group. The strategic risk register comprises risks to the successful delivery of our vision and aims (including sub-risks relating to the two strategic risks on which the Agency reports to the Department's Management Committee). Risks

to the successful delivery of an Agency programme and its benefits are managed by Programme Boards. Risks to the successful delivery of project or strand outputs are managed at Project or Strand Boards.

- 6.54 Each risk managed within the Agency has its likelihood and potential impact assessed and is assigned an owner who is responsible for ongoing monitoring, management and contingency planning as appropriate. Risks are regularly reviewed at Board meetings and are appropriately escalated or de-escalated between boards.
- 6.55 The Agency manages two of the Department's strategic risks (relating to the supply and quality of teachers and school leaders, which we manage in partnership with the Department's Teachers & Teaching Group and relating to the *supply and quality of early years leaders* which we manage in partnership with the Department's Children's Services and Departmental Strategy Directorate).

## Strategic risks

- 6.56 Risk management processes have identified the following strategic risks to the Agency. These risks are overseen by the Agency's Management Group.
- 6.57 The following three risks are being managed through the Agency's strategic risk register.
- 6.58 **There is a risk that there will be an insufficient supply of high-quality new graduates and career changers entering the teaching profession to meet schools' requirements (this is a sub-risk of the Department's Strategic Risk 7: there are not enough teachers and leaders of sufficient quality).**
- 6.59 This risk became an issue during 2014-15. We have sought to mitigate this for 2015-16 by introducing a range of activities to attempt to secure additional applicants, and to reduce the risk that good applicants will fail to secure places. Activities include: TV advertising for four weeks in March 2015; increasing the volume of registrants contacted about applying for places by expanding our helpline activity and recruiting additional recruitment advisers; allocating additional places to HEIs, schools and SCITTs that have already or are close to filling their allocated places in specific subjects; and allocating additional School Direct salaried places, with an additional subsidy of £5,000 to those schools that have already or are about to fill their existing allocation of SD salaried places. In addition, marketing efforts were begun earlier in the year, with a new push on Train to Teach events from October (rather than in spring), and a new focus on helping schools to improve the way they market their programmes. We also allocated places to ITT providers

earlier in the autumn term than in previous years, enabling UCAS to launch applications at the end of October 2014 (three weeks earlier than in 2013-14).

- 6.60 There is a risk that the Agency fails to deliver its Business Plan commitments due to significant slippage in the development and delivery of supporting IT systems.
- 6.61 An Agency ICT Strategy group has been established to keep oversight of all Agency IT projects and strategically important systems. Representation of this group consists of the Head of ICT Strategy and senior managers from all of the Agency's divisions. Terms of reference for this group have been defined. The group ensures governance is in place to manage any ICT projects, monitors risks and proactively engages with issues. It has a Deputy Director SRO and reports into the Business Transformation and Delivery Board.
- 6.62 As discussions continue regarding potential moves to more strategic IT system delivery, the Agency continues with interim solutions for two strategically important systems: Customer Relationship Management and digitalising of the Early Years Initial Teacher Training Data Management System, both of which are working well.
- 6.63 There is a risk of challenge to the overall process of Teacher Regulation and the Agency's ability to make decisions on behalf of the Secretary of State, due to an individual's actions or successful legal challenge, causing adverse press and media scrutiny and/or fundamental breakdown in the process.
- 6.64 Sensitive teacher regulation case updates are being shared with the Press Office on a weekly basis and communication lines are agreed in advance where appropriate. Risks for individual cases are identified and discussed at senior level. Close working relationship with the Department's Legal Adviser's Office continues to ensure potential issues are considered at an early stage to support a robust legal defence.

## Overall assessment of governance

- 6.65 As Accounting Officer I am satisfied with the Agency's internal control, risk management and governance arrangements. The Agency continues to deliver successfully across a broad range of delivery areas. Governance has improved overall but I will be seeking to achieve improvements in financial forecasting and a continued improvement in the oversight of our commercial activities during 2015-16.

Charlie Taylor  
Accounting Officer

13 July 2015

## 7. Remuneration report

### Part 1: unaudited information

#### Chief Executive and senior team members' remuneration policy

- 7.1 The Chief Executive and all members of the Senior Management Team are Senior Civil Servants (SCS) whose pay is decided by the SCS Pay Committee, chaired by the Permanent Secretary, and comprising members of the Department's Executive Management Board. The SCS Pay Committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the Senior Salaries Review Body (SSRB). The Permanent Secretary meets separately with a Departmental Non-executive Board Member to determine the pay of board members.
- 7.2 Performance management and reward policy for members of the SCS, including board members, is managed within the central framework set by the Cabinet Office. It allows for annual performance related base pay and non-consolidated performance awards, agreed centrally each year following SSRB recommendations. The SCS performance management and reward principles for 2014-15, which include explanations of how base pay and bonus levels are determined and their relative value, can be found at: [www.civilservice.gov.uk](http://www.civilservice.gov.uk). The SCS performance bonuses are allocated from a central salary pot expressed as a percentage of the department's SCS salary bill, which is agreed centrally each year following the SSRB recommendations. In 2014-15 this pot was limited by the Cabinet Office to 3.3 per cent (2013-14: 3.3 per cent) of the total SCS salary bill from which individuals were awarded varying amounts, dependent on performance.

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

- 7.3 The Chief Executive is responsible to the Department's Director General Education Standards Directorate (ESD) for the performance, leadership and day-to-day management of the Agency.
- 7.4 All senior team members' contractual terms comply with the requirements set centrally for the SCS by Cabinet Office, and the exact terms offered reflect the requirements of the post. The principles governing recruitment to, and departure

from the Civil Service, including details of compensation for early termination, are set out in the [Civil Service Management Code](#)<sup>14</sup>.

## Service contracts

- 7.5 The *Constitutional Reform and Governance Act 2010* requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.
- 7.6 Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the [Civil Service Commission](#)<sup>15</sup> is available online.

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<sup>14</sup> The Code can be found at: [www.civilservice.gov.uk](http://www.civilservice.gov.uk)

<sup>15</sup> More details about the Commission are held at: [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

## Part 2: audited information

### Remuneration (including salary) and pension entitlements

7.7 The following paragraphs provide details of the remuneration and pension interests of senior management of the Agency.

### Remuneration (salary, benefits-in-kind and pensions)

7.8 In the tables below benefits in kind have been rounded to the nearest £100 and pension benefits have been rounded to the nearest £1,000. For those officials who served part of the year the full year equivalent is presented in italicised brackets below the actual cost.

	2014-15					2013-14				
	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000
<b>Chief Executive</b> Mr Charlie Taylor	140-145	-	-	52	190-195	140-145	-	-	53	190-195
<b>Director</b> Mr Brian Tytherleigh	90-95	-	-	39	130-135	95-100	5-10	-	70	175-180
Ms Sinead O'Sullivan	80-85	-	-	18	100-105	55-60 (80-85)	-	-	8	60-65
<b>Deputy Director</b> Mr Greg Burke	65-70	-	-	27	90-95	35-40 (65-70)	-	-	-	35-40
Mr Paul Cohen	75-80	-	-	2	75-80	40-45 (75-80)	-	-	-	40-45

	2014-15					2013-14				
	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000
Mr Alan Meyrick	85-90	5-10	-	-	95-100	45-50 (80-85)	-	-	15	60-65
Ms Deidre Quill (to 30 September 2014)	35-40 (85-90)	-	-	17	55-60	45-50 (85-90)	-	-	8	55-60
Mr Aidan Melling (to 30 September 2014)	40-45 (80-85)	-	-	20	60-65	45-50 (80-85)	-	-	5	50-55
Mr John Stephens	110-115	5-10	-	28	145-150	60-65 (105-110)	-	-	15	75-80
Mr Jonathan Dale	90-95	-	-	24	110-115	50-55 (90-95)	-	-	12	65-70
Ms Sarah Lewis	65-70	-	-	26	95-100	20-25 (65-70)	-	-	10	30-35
Ms Sara Aye Mounq	80-85	-	-	26	105-110	10-15 (80-85)	-	-	-	10-15
Mr Russell Andrews	130-135	-	-	-	130-135	50-55 (130-135)	-	-	-	50-55

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

## Salary

7.9 'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

## Benefits-in-kind

7.10 The monetary value of benefits-in-kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as a taxable emolument. No board members received any benefits-in-kind.

## Non-consolidated performance awards

7.11 Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to performance in the year in which they become payable to the individual. The bonuses reported in 2014-15 relate to performance in 2013-14 and the comparative bonuses reported for 2013-14 relate to the performance in 2012-13.

## Pay multiples

7.12 Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

	2014-15	2013-14
Band of highest paid director's total remuneration (£000)	140-145	140-145
Median total remuneration (£)	31,868	33,569
Ratio	4.5	4.0

7.13 In 2014-15 and 2013-14, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £18,000 to £140,000 (2013-14: £18,000 to £140,000).

7.14 Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payment, employer pension contributions, and the cash equivalent transfer value of pensions.

## Pension benefits

### Civil service pensions

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

benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with pensions increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

- 7.16 Employee contributions are salary-related and range between 1.5 per cent and 6.85 per cent of pensionable earnings for classic and 3.5 per cent and 8.85 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the *Finance Act 2004*.
- 7.17 The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
- 7.18 The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.
- 7.19 Further details about the [Civil Service pension arrangements](#)<sup>16</sup> are available online.
- 7.20 New Career Average pension arrangements will be introduced from 1 April 2015 and the majority of **classic**, **premium**, **classic plus** and **nuvos** members will join the [new scheme](#)<sup>17</sup>.

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<sup>16</sup> Further details can be found here: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Cash Equivalent Transfer Value (CETV)

- 7.21 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.
- 7.22 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.
- 7.23 CETVs are worked out in accordance with *The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008* and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### *The real increase in the value of the CETV*

- 7.24 This is the element of the increase in accrued pension funded by the employer. It excludes increases due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It is worked out using common market valuation factors for the start and end of the period.

	Accrued pension (and related lump sum) at pension age as at 31/03/2015 £000	Real increase in pension (and related lump sum) at pension age £000	CETV at 31/03/2015 £000	CETV at 31/03/2014 £000	Real increase in CETV £000	Employer contribution to partner's pension account £000
<b>Chief Executive</b>						
Mr Charlie Taylor	5-10	2.5-5	98	57	25	-
	-	-				
<b>Director</b>						
Mr Brian Tytherleigh	45-50	2.5-5	868	782	33	-
	-	-				
Ms Sinead O'Sullivan	20-25 (70-75)	0-2.5 (2.5-5)	354	325	9	-

<sup>17</sup> More details about the new scheme can be found at:

<http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

	Accrued pension (and related lump sum) at pension age as at 31/03/2015 £000	Real increase in pension (and related lump sum) at pension age £000	CETV at 31/03/2015 £000	CETV at 31/03/2014 £000	Real increase in CETV £000	Employer contribution to partner's pension account £000
<b>Deputy Director</b>						
Mr Greg Burke	35-40	0-2.5	629	579	20	-
	-	-				
Mr Paul Cohen	25-30	0-2.5	508	482	-	-
	(80-85)	(0-2.5)				
Mr Alan Meyrick	30-35	(10)-(7.5)	553	681	(162)	-
	(90-95)	((27.5)-(25))				
Ms Deirdre Quill (to 30 September 2014)	10-15	0-2.5	184	166	15	-
	-	-				
Mr Aidan Melling (to 30 September 2014)	35-40	0-2.5	566	530	14	-
	-	-				
Mr John Stephens	5-10	0-2.5	85	54	19	-
	-	-				
Mr Jonathan Dale	0-5	0-2.5	71	45	16	-
	-	-				
Ms Sarah Lewis	5-10	0-2.5	54	38	7	-
	-	-				
Ms Sara Aye Moug	30-35	0-2.5	670	615	22	-
	(95-100)	(2.5-5)				
Mr Russell Andrews	75-80	0-2.5	1,299	1,243	(7)	-
	-	-				

7.25 There are no members of the senior management board who received compensation for loss of office.

Charlie Taylor  
**Chief Executive**  
**Accounting Officer**

13 July 2015

## 8. Statement of the Accounting Officer and Chief Executive's responsibilities

- 8.1 Under the *Government Resources and Accounts Act 2000*, HM Treasury has directed the Agency 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 Agency and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.
- 8.2 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the FReM and in particular to:
- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
  - prepare the accounts on a going concern basis.
- 8.3 The Permanent Secretary as Principal Accounting Officer of the Department has designated the Chief Executive as Accounting Officer of the Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in *Managing Public Money* published by HM Treasury.

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

I certify that I have audited the financial statements of the National College for Teaching and Leadership for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer, Chief Executive and auditor**

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

## **Scope of the audit of the financial statements**

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

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

**Opinion on regularity**

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

**Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the National College for Teaching and Leadership's affairs as at 31 March 2015 and of the net costs for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP

**15 July 2015**

# Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

	Note	Staff Costs £000	Other Costs £000	Income £000	2014-15 Total £000	2013-14 Total Restated £000
<b>Administrative costs</b>						
Staff costs	3.1	15,197			15,197	18,330
Other administrative costs	4		14,290		14,290	20,324
Income	6			(48)	(48)	(81)
<b>Programme costs</b>						
Programme costs	5		369,555		369,555	420,763
Income	6			(4,906)	(4,906)	(4,300)
<b>Net operating costs</b>		<b>15,197</b>	<b>383,845</b>	<b>(4,954)</b>	<b>394,088</b>	<b>455,036</b>
Total expenditure		15,197	383,845		399,042	459,417
Total income				(4,954)	(4,954)	(4,381)
<b>Net operating costs</b>		<b>15,197</b>	<b>383,845</b>	<b>(4,954)</b>	<b>394,088</b>	<b>455,036</b>
<b>Net costs</b>					<b>394,088</b>	<b>455,036</b>
<b>Other comprehensive net expenditure</b>						
					<b>2014-15 Total £000</b>	<b>2013-14 Total £000</b>
<b>Items that will not be reclassified to net operating costs</b>						
Net (gain)/loss on revaluation of property, plant and equipment					-	-
Net (gain)/loss on revaluation of intangible assets					-	-
Net (gain)/loss on transfer of assets					-	-
<b>Total comprehensive expenditure</b>					<b>394,088</b>	<b>455,036</b>

All income and expenditure reported in the Statement of Comprehensive Net Expenditure is derived from continuing operations.

The notes on pages 56 to 75 form part of these accounts.

# Statement of Financial Position

as at 31 March 2015

	Note	2015 £000	2014 Restated £000
<b>Non-current assets</b>			
Intangible assets	7	-	-
		-	-
<b>Current assets</b>			
Receivables	9	10,080	30,691
		<b>10,080</b>	<b>30,691</b>
<b>Total assets</b>		<b>10,080</b>	<b>30,691</b>
<b>Current liabilities</b>			
Payables	11	(24,911)	(38,049)
		<b>(24,911)</b>	<b>(38,049)</b>
<b>Total assets less current liabilities</b>		<b>(14,831)</b>	<b>(7,358)</b>
<b>Non-current liabilities</b>			
Provisions	12	(1,874)	(1,874)
		<b>(1,874)</b>	<b>(1,874)</b>
<b>Assets less liabilities</b>		<b>(16,705)</b>	<b>(9,232)</b>
<b>Taxpayers' equity</b>			
General fund		(16,705)	(9,232)
Revaluation reserve		-	-
<b>Total taxpayers' equity</b>		<b>(16,705)</b>	<b>(9,232)</b>

Charlie Taylor  
Accounting Officer

13 July 2015

The notes on pages 56 to 75 form part of these accounts.

# Statement of Cash Flows

for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 Restated £000
<b>Cash flows from operating activities</b>			
Net operating cost		(394,088)	(455,036)
Adjustment for non-cash transactions		11,161	17,228
Decrease/(increase) in trade and other receivables		20,611	(19,562)
(Decrease)/increase in trade payables		(13,138)	13,509
<b>Net cash outflow from operating activities</b>		<b>(375,454)</b>	<b>(443,861)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	7	-	-
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Net Parliamentary Funding – drawn down		375,454	443,861
Cash receipts on transfer of functions		-	-
<b>Net cash inflow from financing activities</b>		<b>375,454</b>	<b>443,861</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	10	<b>-</b>	<b>-</b>

The notes on pages 56 to 75 form part of these accounts.

# Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2015

Note	General Fund Restated £000	Revaluation Reserve £000	Total Restated £000
<b>Balance at 1 April 2013</b>	(14,850)	1	(14,849)
Net Parliamentary Funding - drawn down	443,861	-	443,861
Comprehensive expenditure for the year	(455,036)	-	(455,036)
<b>Non-cash adjustments</b>			
Recharge of shared services	17,158	-	17,158
Auditor's remuneration	70	-	70
Intra-departmental asset transfers	(436)	-	(436)
<b>Movements in reserves</b>			
Transfers between reserves	1	(1)	-
Other general fund movement	-	-	-
<b>Balance at 31 March 2014</b>	<b>(9,232)</b>	<b>-</b>	<b>(9,232)</b>
Net Parliamentary Funding - drawn down	375,454	-	375,454
Comprehensive expenditure for the year	(394,088)	-	(394,088)
<b>Non-cash adjustments</b>			
Recharge of shared services	11,091	-	11,091
Auditor's remuneration	70	-	70
Intra-departmental asset transfers	-	-	-
<b>Movements in reserves</b>			
Transfers between reserves	-	-	-
Other general fund movement	-	-	-
<b>Balance at 31 March 2015</b>	<b>(16,705)</b>	<b>-</b>	<b>(16,705)</b>

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

The Revaluation Reserve reflects the unrealised element of the cumulative balance of the revaluation adjustments to intangible assets (see Note 7).

The notes on pages 56 to 75 form part of these accounts.

# Notes to the Accounts

## 1. Accounting policies

These accounts have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual* (FReM) issued by HM Treasury (HMT), as set out in a statutory Accounts Direction issued pursuant to section 5(2) of the *Government Resource and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2012*. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency for 2014-15 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of intangible assets.

### 1.2 IFRSs in issue but not yet effective

In order to comply with the requirements of *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8), the Agency must disclose where it has not applied a new IFRS that has been issued but is not yet effective. The Agency has carried out a review of the IFRSs in issue but not yet effective, to assess their impact on its accounting policies and treatment, and found that none of the updates have any material impact on the accounts.

### 1.3 Areas of judgement

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis.

# 1. Accounting policies (continued)

## 1.4 Transfer of functions

As part of the ongoing reforms, the Agency transferred the responsibility for the initial teacher training skill test to the Standards and Testing Agency (STA). This was effective from November 2013. The Agency has accounted for this transfer using absorption accounting as per the 2013-14 FReM 4.2.22. There was no transfer of assets.

## 1.5 Intangible assets

Intangible assets are initially valued at cost and then re-valued to existing use through indices supplied by the ONS. Assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Assets are amortised over their estimated useful economic lives. Assets under construction are not amortised but are assessed for impairment annually.

Asset lives are in the following ranges:

- Software licences: 5 years; and
- Developed software: 5 years.

## 1.6 Revaluation and impairment of non-current assets

Increases in value are credited to the revaluation reserve, unless it is a reversal of a previous impairment, which is credited to the Statement of Comprehensive Net Expenditure to the extent of the previous impairment and then to the revaluation reserve, in accordance with *IAS 36 Impairment of Assets* (IAS 36).

Impairments of revalued assets that do not result from a clear consumption of economic benefits are debited to the revaluation reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the general fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Statement of Comprehensive Net Expenditure. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the general fund to ensure consistency with IAS 36.

## 1. Accounting policies (continued)

### 1.6 Revaluation and impairment of non-current assets (continued)

On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the general fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### 1.7 Financial instruments

The Agency adopts *IFRS 7 Financial Instruments: Disclosures* (IFRS 7), *IAS 32 Financial Instruments: Presentation* (IAS 32) and *IAS 39 Financial Instruments: Recognition and Measurement* (IAS 39). The Agency does not have any complex financial instruments. Financial assets and financial liabilities are recognised when the Agency becomes party to the contractual provisions of the instrument. Embedded derivatives are recognised if separable from the host contract.

#### 1.7.1 Financial assets

Financial assets are classified where appropriate as loans and receivables; available-for-sale; financial assets at fair value through profit and loss. Financial assets include cash and cash equivalents, and trade and other receivables. The Agency determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable costs. Presently the Agency does not have any financial assets that need to be classified as available-for-sale or financial assets at fair value through profit or loss; neither does it have cash equivalents or derivative financial instruments. Agency

## 1. Accounting policies (continued)

### 1.7 Financial instruments (continued)

#### 1.7.1 Financial assets (continued)

The subsequent measurement of financial assets depends on their classification, as follows:

##### *Trade and other receivables*

Trade and other receivables have fixed or determinable payments that are not quoted on an active market. They do not carry any interest and are initially recognised at their face value. They are then carried at amortised cost using the effective interest method. Appropriate allowances (provisions/write-offs) for estimated irrecoverable amounts (bad debts) are recognised in the Statement of Comprehensive Net Expenditure when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future recoverable amount.

#### 1.7.2 Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortised cost. Financial liabilities include trade and other payables and accruals. The Agency does not currently have financial liabilities classified as fair value through profit or loss; neither does it have derivative financial instruments. The Agency determines the classification of its financial liabilities at initial recognition.

The measurement of financial liabilities depends on their classification, as follows:

##### *Trade and other payables*

Trade and other payables including accruals are generally not interest-bearing and are stated at their face value on initial recognition. Subsequently, they are measured at amortised cost using the effective interest method.

### 1.8 Research and development

Research expenditure is reported in the Statement of Comprehensive Net Expenditure in the year in which it is incurred. Development expenditure is also recognised in the Statement of Comprehensive Net Expenditure when incurred unless it meets the specific criteria for capitalisation within *IAS 38 Intangible Assets*.

### 1.9 Operating income

The Agency recognises income on an accruals basis. Income is stated net of recoverable VAT.

## 1. Accounting policies (continued)

### 1.10 Administration and programme expenditure

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

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

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Agency. These costs relate directly to the front line delivery of a specific programme.

### 1.11 Foreign exchange

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

### 1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating leases are charged to the Statement of Comprehensive Net Expenditure as expenditure is incurred.

The Agency does not hold any finance leases.

## 1. Accounting policies (continued)

### 1.13 Pensions

The Agency has adopted *IAS 19 Employee Benefits* (IAS 19) to account for all of its pension schemes.

Accordingly for funded defined benefit schemes the Agency recognises a liability in respect of any deficit, being the excess of the present value of the scheme's liabilities over the value of the assets in the scheme, to the extent that the Agency has a legal or constructive obligation to make good the deficit in the scheme. The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full on the face of the Statement of Financial Position. Actuarial gains/losses from the scheme are recognised in reserves.

Where the Agency makes contributions to defined contribution and unfunded defined benefit pension schemes (which do not have underlying assets and liabilities) the Agency recognises contributions payable in the Statement of Comprehensive Net Expenditure.

Further details of the Agency's pension schemes are available in Note 3.

### 1.14 Early departure costs

The Agency is required to meet the additional costs of benefits in respect of employees who retire early and for compensation payments payable to employees who take early severance. The Agency provides for the costs when the early departure programme has been announced and is binding on the Agency.

The exit costs of Agency staff are borne and managed centrally by the Department. The exit costs shown in the accounts have been charged directly to the Department.

### 1.15 Grants

Grants made by the Agency are recorded as expenditure in line with any agreed payment profile; in line with any milestone agreement; or in the period in which the signed grant offer documentation is received. The recognition of entitlement to grant varies according to the individual programme. Where grant funding cannot be directly related to activity in a specific period the signed grant offer documentation is deemed to be the only appropriate and measurable activity that truly creates an entitlement for the recipient.

## 1. Accounting policies (continued)

### 1.15 Grants (continued)

Grants paid to local authorities remaining unspent at the year-end may be retained to fund future activity. The Agency does not recognise a prepayment except where there are specific claw back provisions.

Initial Teacher Training Grants are allocated based on provisional trainee numbers and adjusted when actual trainee numbers are known. Wherever possible adjustments are made within the year, or otherwise over-funding is recognised as a receivable at the end of the year and recovered during the following year.

### 1.16 Provisions

The Agency makes provision in the accounts where the following criteria are met in accordance with *IAS 37: Provisions, Contingent Liabilities and Contingent Assets* (IAS 37):

- a legal or constructive obligation exists that will result in the transfer of economic benefit;
- the transfer is probable; and
- a reliable estimate can be made.

The provision's value is discounted when the time value of money is considered material. Changes in the discount rate applied will be recognised in the year in which the change occurred. Comparative figures are not adjusted as this constitutes a change in accounting estimate.

### 1.17 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency also discloses certain other contingent liabilities subject to Parliamentary reporting; which is to comply with Parliamentary reporting and accountability requirements in accordance with the guidance contained in *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

## 1. Accounting policies (continued)

### 1.18 Value added tax

Most of the activities of Agency are outside the scope of VAT. However, the Agency sits within the Department's group VAT registration allowing for Agency to be partially VAT-registered.

In general output tax does not apply, or where it does, input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of intangible assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

### 1.19 Prior period adjustment

	2013-14 published accounts £000	Adjustment £000	Restated 2013-14 £000
Staff costs	18,330	-	18,330
Other administrative costs	20,324	-	20,324
Income	(81)	-	(81)
Programme costs	431,576	(10,813)	420,763
Income	(4,300)	-	(4,300)
<b>Net Operating costs</b>	<b>465,849</b>	<b>(10,813)</b>	<b>455,036</b>
Receivables	19,073	11,618	30,691
<b>Total assets</b>	<b>19,073</b>	<b>11,618</b>	<b>30,691</b>
Payables	(37,244)	(805)	(38,049)
<b>Total assets less current liabilities</b>	<b>(18,171)</b>	<b>10,813</b>	<b>(7,358)</b>
Provisions	(1,874)	-	(1,874)
<b>Assets less liabilities</b>	<b>(20,045)</b>	<b>10,813</b>	<b>(9,232)</b>
Taxpayers' equity	(20,045)	10,813	(9,232)
<b>Total taxpayers' equity</b>	<b>(20,045)</b>	<b>10,813</b>	<b>(9,232)</b>

## 1. Accounting policies (continued)

### 1.19 Prior period adjustment

The independent validation on the ITT bursary annual grant returns relating to 2012/13 academic year was completed in May 2014. This has resulted in £10.8 million of unspent grant which has been recovered from the grant recipients in 2014-15. Given the materiality of the recovery as compared to the total net expenditure of the Agency in 2013-14, a prior period adjustment was required.

## 2. Statement of operating costs by operating segment

For both management and financial reporting purposes, the Agency was split into two Directorates: Operations and Delivery. The teams that report into these Directorates are detailed in the organisation chart under 5.12 of the Strategic Report. These are each classed as reportable segments for the analysis required by *IFRS 8: Operating Segments*.

	Gross expenditure	Income	2014-15 Total	2013-14 Total Restated
	£000	£000	£000	£000
Operations	26,649	(1,170)	25,479	282,176
Delivery	342,906	(3,736)	339,170	134,287
Administration	29,487	(48)	29,439	38,573
	<b>399,042</b>	<b>(4,954)</b>	<b>394,088</b>	<b>455,036</b>

### 3. Staff numbers and related costs

#### 3.1 Staff costs

	Permanently employed £000	Others £000	2014-15 Total £000	2013-14 Total £000
Wages and salaries	11,674	211	11,885	14,325
Social security costs	1,010	2	1,012	1,237
Pension costs	2,296	4	2,300	2,768
	<b>14,980</b>	<b>217</b>	<b>15,197</b>	<b>18,330</b>
Less recoveries in respect of outward secondments	(48)	-	(48)	(71)
	<b>14,932</b>	<b>217</b>	<b>15,149</b>	<b>18,259</b>

#### 3.2 Average number of persons employed

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

	Permanently employed Number	Others Number	2014-15 Total Number	2013-14 Total Number
Directly employed	302	-	302	371
Other	-	10	10	5
	<b>302</b>	<b>10</b>	<b>312</b>	<b>376</b>

#### 3.3 Pension schemes

##### Principal Civil Service Pension Scheme (PCSPS)

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Agency is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: [Civil Superannuation](#)<sup>18</sup>.

<sup>18</sup> The Civil Superannuation resource accounts can be found at: <http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

## 3. Staff numbers and related costs (continued)

### 3.3 Pension schemes (continued)

For 2014-15, employers' contributions of £2.29 million were payable to the PCSPS (2013-14: £2.77 million) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £9,459 (2013-14: £4,763) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable earnings. Employers also match employee contributions up to 3 per cent of pensionable earnings. In addition, employer contributions of £678 (2013-14: £423), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £990 (2013-14 £419). Contributions prepaid at that date were £nil (2013-14: £nil).

#### **Ill-health retirement**

No individuals retired early on ill-health grounds (2013-14: nil).

### 3. Staff numbers and related costs (continued)

#### 3.4 Reporting of civil service and other compensation schemes

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<£10,000	-	-	1	-	1	-
£10,001 - £25,000	2	-	10	19	12	19
£25,001 - £50,000	3	-	5	5	8	5
£50,001 - £100,000	-	-	1	4	1	4
£100,001 - £150,000	-	-	-	2	-	2
<b>Total number of exit packages</b>	<b>5</b>	<b>-</b>	<b>17</b>	<b>30</b>	<b>22</b>	<b>30</b>
<b>Total cost (£000)</b>	<b>149</b>	<b>-</b>	<b>417</b>	<b>834</b>	<b>566</b>	<b>834</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the *Superannuation Act 1972*. Exit costs are accounted for in full in the year the departure is agreed. Where the Department has agreed early retirements, the additional costs are met by the Department and not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

The exit costs of Agency staff are borne and managed centrally by the Department. The exit costs shown above have been charged directly to the Department.

## 4. Other administration costs

	2014-15 £000	2013-14 £000
Professional fees	1,609	1,402
Travel and subsistence	1,021	1,030
Computers and telecoms costs	194	325
Other office services	66	112
Advertising and publicity	43	88
Consultancy	-	15
Other expenditure	196	124
	<b>3,129</b>	<b>3,096</b>
<b>Non-cash items:</b>		
Shared services recharges	11,091	17,158
Auditor's remuneration	70	70
	<b>11,161</b>	<b>17,228</b>
	<b>14,290</b>	<b>20,324</b>

The professional fees total above includes £1.6 million (2013-14: £1.2 million) of costs associated with teacher regulation hearings, with the majority of the expenditure relating to legal services.

## 5. Programme costs

	2014-15 £000	2013-14 Restated £000
<b>Current grants:</b>		
Initial Teacher Training grants	209,754	276,682
Teaching schools grants	34,001	20,159
Continuing professional development grants	409	(2,303)
Golden Hellos	1,504	4,923
Repayment of Teacher Loans	9,813	15,060
Other current grants	41,358	28,171
	<b>296,839</b>	<b>342,692</b>
<b>Capital grants</b>	300	-
<b>Other current expenditure</b>	71,767	77,119
Research and development	649	952
	<b>72,716</b>	<b>78,071</b>
	<b>369,555</b>	<b>420,763</b>

## 6. Income

	2014-15 £000	2013-14 £000
<b>Administration income</b>		
Miscellaneous income	48	81
<b>Programme income</b>		
International business	1,170	1,788
Conference fees	-	988
Local Authority contributions to training costs	-	92
BIS funding of FE ITT bursaries	3,436	901
Capital Income	300	-
Other income	-	531
	<b>4,906</b>	<b>4,300</b>
	<b>4,954</b>	<b>4,381</b>

## 7. Intangible assets

### 7.1 2014

	Developed Software £000
At 1 April 2013	456
Additions	-
Revaluations	-
Transfers to DfE	(456)
<b>At 31 March 2014</b>	<b>-</b>
At 1 April 2013	20
Charged in year	-
Transfers to DfE	(20)
<b>At 31 March 2014</b>	<b>-</b>
<b>31 March 2014</b>	<b>-</b>
<b>31 March 2013</b>	<b>436</b>

### 7.2 2015

The Agency held no intangible assets in 2014-15.

## 8. Financial instruments

As the cash requirements of the Agency are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

*IFRS 7 Financial Instruments: Disclosures* requires entities to provide sufficient disclosures that enable users of accounts to evaluate:

- the significance of financial instruments for the entity's financial
- position and performance; and

- the nature and extent of risks arising from financial instruments to which the entity is exposed during the reporting period, and how those risks are managed.

## 8. Financial instruments (continued)

Due to the largely non-trading nature of its activities and the way in which government departments are financed, the Agency is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the limited companies to which IFRS 7 mainly applies. The Agency has no powers to borrow or invest surplus funds and, except for relatively insignificant purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

### *Liquidity risk*

The Agency's net revenue resource requirements are financed by resources voted annually by Parliament. The Agency is therefore not exposed to any significant liquidity risks.

### *Interest-rate risk*

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

### *Foreign currency risk*

The Agency's exposure to foreign currency risk is low. The foreign currency income received by the Agency is negligible and foreign currency expenditure is less than 0.11 per cent of total gross expenditure and therefore is not significant.

### *Credit risk*

The Agency's exposure to credit risk is very low. Credit risk is the risk that a service user or counter party to a financial instrument will fail to pay amounts due causing financial loss to the Agency and arises principally from cash and outstanding debt. The Agency has a credit (receivables) policy that ensures consistent processes are in place throughout the Agency to measure and control credit risk.

For loans and receivables not carried at fair value, there is no active market and there is no intention to sell. Therefore, the Agency do not disclose fair value comparatives.

## 9. Receivables

### 9.1 Analysis by type

	2015 £000	2014 Restated £000
Trade receivables	7,143	16,608
Deposit and advances	16	12
Other receivables	61	16
Prepayments and accrued income	2,860	14,055
	<b>10,080</b>	<b>30,691</b>

### 9.2 Intra-government balances

	2015 £000	2014 Restated £000
Balances with other central government bodies	669	3,061
Balances with local authorities	871	2,768
Balances with NHS bodies	-	-
Balances with public corporations and trading funds	-	-
<b>Intra-government balances</b>	<b>1,540</b>	<b>5,829</b>
Balances with bodies external to government	8,540	24,862
	<b>10,080</b>	<b>30,691</b>

## 10. Cash and cash equivalents

Cash payments and receipts are processed on behalf of the Agency by the Department. The Agency therefore does not operate its own bank account and has no cash or cash equivalents.

## 11. Payables

### 11.1 Analysis by type

	2015 £000	2014 Restated £000
Deposits and advances	-	-
Other taxation and social security	274	306
VAT	-	-
Trade payables	2,871	2,891
Other payables	251	274
Accruals and deferred income	21,515	34,578
	<b>24,911</b>	<b>38,049</b>

### 11.2 Intra-government analysis

	2015 £000	2014 Restated £000
Balances with other central government bodies	9,800	20,336
Balances with local authorities	416	585
Balances with NHS bodies	672	-
Balances with public corporations and trading funds	10	-
<b>Intra-government balances</b>	<b>10,898</b>	<b>20,921</b>
Balances with bodies external to government	14,013	17,128
	<b>24,911</b>	<b>38,049</b>

## 12. Provision for liabilities and charges

	2015 VAT Provision £000	2014 VAT Provision £000
Balance at 1 April	1,874	1,874
Provided for in year	-	-
	<b>1,874</b>	<b>1,874</b>

The provision relates to a potential liability for VAT payable in relation to a contract. The Agency is awaiting a decision from HM Revenue and Customs to confirm whether any liability exists and if so, the extent of the VAT liability arising.

## **13. Capital and other commitments**

### **13.1 Capital commitments**

There were no capital commitments at the year-end (2014: £Nil).

### **13.2 Commitments under leases**

There were no commitments under operating leases as at the year-end (2014: £Nil).

## **14. Non-IAS 37 contingent liabilities**

There were no non-IAS 37 contingent liabilities as at the year-end (2014: £Nil).

## **15. Losses and special payments**

### **15.1 Losses**

There were no losses in the year to 31 March 2015 (2014: £Nil).

### **15.2 Special payments**

There were no losses in the year to 31 March 2015 (2014: £Nil).

## **16. Related party transactions**

The National College for Teaching and Leadership is an executive agency of the Department and for the purposes of these accounts is regarded as a related party.

In addition, the Department has had a number of transactions with other government departments and other central government bodies on behalf of the Agency. The significant transactions in this regard have been with HM Revenue and Customs and PCSPS.

No board member, key manager or other related party has undertaken any material transactions with the Agency in the period to 31 March 2015.

## 17. Events after the reporting period

The accounts were authorised on 15 July 2015 by Charlie Taylor (Accounting Officer). There have been no events between the Statement of Financial Position date and the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

## Glossary

AO	Accounting Officer
ARC	Audit and Risk Committee
CAO	Chief Accounting Officer
CEO	Chief Executive Officer
CPD	Continuous Professional Development
CSDSD	Children's Services and Departmental Strategy Directorate
DfE	Department for Education
EFA	Education Funding Agency
ESD	Education Standards Directorate
EYPS	Early Years Professional Status
EYTS	Early Years Teacher Status
FASC	Financial Audit Sub-Committee
FReM	Financial Reporting Manual
GIAA	Government Internal Audit Agency
HEE	Health Education England
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institution
HMT	Her Majesty's Treasury
IBU	International Business Unit
ITT	Initial Teacher Training
KPI	Key Performance Indicator
LA	Local Authority
LLE	Local Leaders of Education
NAO	National Audit Office
NCTL	National College for Teaching and Leadership
NED	Non-executive Director
NLE	National Leaders of Education
NLG	National Leaders of Governance
NPQH	National Professional Qualification for Headship
NPQML	National Professional Qualification for Middle Leadership
NPQSL	National Professional Qualification for Senior Leadership
NQT	Newly Qualified Teacher
NSS	National Support School
PCSPS	Principal Civil Service Pension Scheme
PPSG	People Programme Sub-Group
QTS	Qualified Teacher Status
RM	Resource Management
SCITT	School Centred Initial Teacher Training
SD	School Direct
SKE	Subject Knowledge Enhancement
SLS	School-Led System
SMT	Senior Management Team
SLE	Specialist Leaders of Education
SEN	Special Educational Needs
SENCO	Special Educational Needs Coordinator
SPR	Strategic Performance Review
SRO	Senior Responsible Owner

STA	Standards and Testing Agency
STEM	Science, Technology, Engineering and Mathematics
TSST	Teacher Subject Specialism Training
UCAS	University and College Admissions Service
UTT	University and Colleges Admission Service Teacher Training

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