Inspiring leaders to
improve children's lives

National College
for Leadership of Schools
and Children's Services

Annual Report and Accounts

2009|10

National College for Leadership of Schools and Children's Services

Annual Report and Accounts 2009–10

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The Report

ANNUAL REPORT AND ACCOUNTS 2009–10

The National College for School Leadership (NCSL) was officially opened in November 2000. The College has responsibility for training and developing leaders of schools and children's centres. In December 2008, it also gained responsibility for training directors of children's services. As a result, in September 2009 the College was renamed the National College for Leadership of Schools and Children's Services, and is known as the National College for short. It is a company limited by guarantee and a non-departmental public body (NDPB).

Foreword

A year of change and continuity

The National College has been in operation for nearly a decade. During that time, we have trained a new generation of school headteachers and leaders. Whilst our responsibilities have expanded to embrace leaders of services for children, our central aim remains unchanged: to work with the professions and the government to improve children's lives through the promotion and development of excellent leadership.

This report shows the progress we made during 2009–10. We focused on four corporate goals: inspiring new leaders; great leadership development; empowering successful leaders; and shaping future leadership.

A College for all leaders

Our courses and programmes are open to leaders in all sectors and phases of education and we are delighted that 93 per cent of all primary schools and 99 per cent of all secondary schools in England have now participated in National College provision. A total of 16,000 leaders took our courses last year and 93 per cent of school leaders agree that the College supports the development of future leaders.

In September 2009, the College launched a membership scheme and by March 2010 it had 82,000 members and affiliates. Over 2,200 school leaders attended our annual conference in June 2009, and our website continued to be the most popular online resource for school leaders in England.

Our new remit for training directors of children's services and our support for children's centre leaders mean that, for the first time, we have been able to work with leaders across the spectrum to improve children's lives and narrow the gaps that exist between different groups of pupils.

Securing a strong supply of leaders

Succession planning remained a key challenge for the College throughout the year. By working with schools and local authorities to help them develop local solutions to identifying and bringing on talent, we have helped keep the vacancy rate for headteachers low. Increasingly, we have targeted our support on schools facing the greatest difficulties in recruitment, including rural, small and faith schools.

Encouragingly, leadership is now a much more popular option for teachers than before, with 41 per cent aspiring to headship in 2009, up from 32 per cent in 2007. This compares well with the private sector, where just 31 per cent of employees aspire to the top job. For those with the greatest talent and potential we launched Accelerate to Headship, with two routes: Future Leaders for those wanting to work in challenging urban secondary schools; and Tomorrow's Heads, for those in other phases and contexts.

The **National Professional Qualification for Headship** (NPQH) remained at the heart of our work to develop new leaders. In 2009–10, those leaders who were within 12–18 months of being ready to apply for headship were able to access the redesigned NPQH. The new model is more rigorous and raised the bar in terms of entry requirements. It focuses on the key leadership skills needed for headship and includes a placement in an effective school and an executive coach, along with various optional elements prior to a final viva-style assessment.

Of course, despite all the preparation, getting that first headship and succeeding in the job itself can be a real challenge. That's why we introduced a new offer to NPQH graduates comprising access to an experienced and effective serving head to guide them through the recruitment and application process and into **the first two years of headship**.

As with school leaders, we also faced a significant **succession challenge for directors of children's services** (DCSs). Almost a third of all DCSs moved on or were covered by interim appointments in the 18 months running up to March 2010. Research for the College by McKinsey & Co early in 2009 showed that the average age of DCSs was 53. In response, we developed and consulted on an approach to tackling the succession challenge, through local authorities working together in regional groupings to identify and develop talented leaders. We also published a leadership framework, pinpointing the key knowledge, skills and behaviours for effective leadership in children's services.

Securing leadership quality

High-quality leadership is critical to the success of our schools and services for children. NPQH and our support for new heads are central to securing this quality, but we have also been developing other areas of our provision.

In September 2009, we began exploring a new approach to **developing middle leaders**, such as subject leaders and heads of department. Our established programme, Leading from the Middle, is commissioned from the market and aimed at talented individuals. It is popular and highly successful, but our research shows that the most effective leadership development for these leaders must be on-the-job based and run by our most effective school leaders, so that it is as practical and sustainable as possible.

We have therefore developed and tested **a franchise model for middle leadership development, run by and for networks of schools**. Facilitators from strong lead schools were trained and accredited by the College to provide leadership development for schools across their network, with the flexibility to make it relevant and appropriate for their context. Interestingly, in these austere times, early evidence suggests that this approach could deliver for 20,000 middle leaders for around the same cost as providing Leading from the Middle to 5,000.

Another area for development has been to meet the needs of the growing academy sector. We have worked with academy principals to develop bespoke training for academy leaders, recognising the additional qualities and expertise needed to lead independent state schools.

In the field of children's services, we designed and launched **the DCS programme**. Demand has been remarkable, with almost two-thirds of all DCSs in England registered on the programme by March 2010. Meanwhile, the National Professional Qualification for Integrated Centre Leadership (NPQICL), the leadership qualification for **Sure Start children's centre leaders**, has continued to build capacity in this fledgling sector, with 9 out of 10 participants reporting a real impact as a result of taking part in the programme.

School improvement and efficiency

Raising standards increasingly requires our best leaders to share their experience and expertise to improve other schools. Our flagship **National Leaders of Education** (NLE) programme has continued to enable the best leaders and their teams to support struggling schools. Those schools have improved at more than double the national rate and over 500,000 children have benefited from the work of NLEs. This work has been particularly intense in the three **City Challenge** areas of London, the Black Country and Greater Manchester, where 458 headteachers have worked as National and Local Leaders of Education and in other roles to support 679 schools.

National Leaders of Education (NLEs) are forming an impressive cadre of exceptional leaders, and we expanded the initiative to a total of 376 leaders nationally in 2009–10, whilst maintaining stringent standards. Their work has been supported by cutting-edge executive leadership programmes and one-to-one coaching offered by the College. Their expertise has also informed policy, for example through a group which presented proposals to ministers on how to enhance the quality of teaching and learning in schools.

In these challenging times, efficiency is vital in every school. The College has trained and accredited over 3,000 **school business managers** (SBMs) over the last year to help schools manage their finances more effectively, to work with others to pool resources and to find new sources of funds. We also explored ways to expand the number of SBMs in primary schools.

Shaping future leadership and working in partnership

As the school landscape diversifies, **new leadership roles** have begun to emerge. Some are leading groups of schools, while others are involved in academies or trusts. Through our New Models of Leadership campaign, we have worked with local authorities and schools to inspire and enable new approaches, while our pilot programme for primary executive heads has supported a new cadre of leaders.

We have continued to publish research and new thinking on leadership. For example, we published groundbreaking **research into chains of schools**, which are playing an increasingly important role in the development of academies, and we brought much of what is known about leadership in England together in School Leadership Today (National College, 2009).

Throughout all of our work, we have continued to work closely with partners, including the then Department for Children, Schools and Families (DCSF; now the Department for Education), the Training and Development Agency for Schools (TDA) and the Children's Workforce Development Council (CWDC). As a commissioning organisation, we could not operate without the commercial and not-for-profit providers who deliver our provision across the country.

Collaboration of this kind has remained at the very heart of the National College's work and ethos, as has our belief that the best sources of learning on leadership are leaders themselves – in schools, children's centres and children's services.

Overall, it was another busy but successful year for the College. We were pleased to achieve almost all of our balanced scorecard targets.

Steve Munby
Chief executive

Vanni Treves
Chair

Working with schools and academies: developing new headteachers and middle leaders

The National College has been responsible for the training and development of 135,000 school leaders in its first 10 years. The National Professional Qualification for Headship (NPQH), radically reformed in 2008, has remained our flagship programme and is required for all new heads. But no less important have been the follow-up support we have provided to its graduates, the training we have offered to those leading subject departments and occupying other middle leadership positions, and our specialist training for academy leaders.

With efficiency the new watchword of every school and academy, our programmes for school business managers have been increasingly important in helping schools manage their finances more efficiently and effectively. And our succession planning work has been helping schools and local authorities to minimise vacancies and develop the pipeline of heads needed for the future.

Succession planning

As significant numbers of baby-boomer generation headteachers approach retirement, too few candidates have been emerging to replace them. Two-thirds of heads are aged 50 or over and more than a third are 55 or over. Our modelling suggests that a third of all headteachers will have retired by 2014. Our succession planning work has helped school governors and local authorities to develop their own strategies to increase the supply of good leaders, supported by expert consultants and resources. We have aimed to create lasting local solutions by fostering a culture in which local leaders manage leadership development for their own area. Our research has looked at ways to diversify the talent pool of potential school leaders. As our knowledge of the issues has grown, we have increasingly been able to target our support on the schools and sectors that face the greatest challenges, such as faith, small and rural schools.

Confidence booster

Our Be a Head programme has worked to increase the confidence of those leaders who graduated from the previous model of NPQH to apply for headship. Since March 2008, two-thirds of newly appointed first-time heads have received this extra support from the College. By December 2009, 9,000 NPQH graduates had enrolled on Be a Head.

Diversifying the leadership pool remains a significant challenge. A six-month programme targeted at Black, Asian and minority ethnic (BAME) leaders, Equal Access to Promotion, has been established with 160 places, along with other initiatives such as a scheme to enable BAME leaders to shadow Ofsted inspectors.

Thanks to this work, despite a steady rise in retirements, the vacancy rate for headteachers has remained low and stable at 0.7 per cent, with 140 vacancies across 22,000 English schools in January 2009. The number of posts covered on a temporary basis pending recruitment of a permanent head stood at 530 (according to provisional data from the School Workforce Census in January 2010), well below a forecast figure of 870. This was a reduction from 2.7 per cent in 2009, to 2.5 per cent in 2010. There was also a reduction in readvertisements in primary and special schools, and in Catholic and Church of England schools.

The Targeted Support project has helped NPQH graduates secure headship posts. Of those enrolled on wave 2 (from May 2008), 65 per cent successfully gained headship or a next-stage promotion, while around 800 potential primary heads enrolled in wave 3, with a higher proportion from small, rural schools and faith schools and from BAME backgrounds. All bar two local authorities engaged in our local solutions work. They gave our succession consultants a 93 per cent satisfaction rating. We continue to identify areas of particular challenge such as rural and faith schools and these are priority areas for the next year.

National Professional Qualification for Headship

On 1 April 2009 it became mandatory that all first-time appointees to headship had NPQH. The programme was radically redesigned in 2008 with a greater emphasis on the skills and personal qualities that research shows are critical for successful headship, but in a flexible format so that participants only engage in the activities they most need to develop. There are now over 29,000 NPQH graduates. Over 1,900 trainee heads undertook the new programme during the year and 1,100 in total have now achieved the new qualification. Our recruitment is targeted strategically on areas with the highest number of headship vacancies.

The evidence that NPQH makes a difference to school leaders' effectiveness is growing, while the evaluation of the new model is also strong:

- 43 per cent of schools led by an **NPQH** graduate showed an improvement in their Ofsted leadership and management rating between 2005 and 2008, compared with 33 per cent of non-NPQH led schools.
- 43 per cent of schools led by an **NPQH** graduate showed an improvement in their overall Ofsted rating between 2005 and 2008, compared with 37 per cent of non-NPQH led schools.
- 48 per cent of schools led by an **NPQH** graduate from the point of entering special measures came out within three terms during 2004 and 2008, compared with 38 per cent of non-NPQH led schools.
- Independent evaluation of the new model **NPQH** in 2009 showed that 95 per cent of trainees felt their NPQH experience made them stronger and more effective leaders.

We will continue to develop and review our approach and consider other ways of developing the very best leaders.

Helping new heads

We have been working to make it easier for NPQH graduates to become heads. We replaced our Early Headship Provision with a new Head Start programme from April 2010, which we had developed and tested during the previous year. The initiative has provided help to NPQH graduates in finding a headship, preparing to take up the role and into the first two years in post. Participants chose a professional partner –an experienced, effective practising head, who had been accredited by the College – to provide real-world support and guidance. This approach was tested successfully in 2009–10 with 4 local authorities and dioceses, supporting 26 new heads with 15 professional partners. Early Headship Provision, which has been replaced by Head Start, recruited 1,700 new heads in 2009–10, compared with 1,400 in previous years.

The evaluation of the professional partner pilot in March 2010 indicated that the support from professional partners was positively received by most new heads involved. Local authority and diocesan representatives also perceived the pilot as progressing well. Surveys showed that Early Headship Provision was highly valued by participants, with 85 per cent feeling that they had become more effective leaders as a result of the programme (National College, 2010a).

Supporting academy leaders

The College worked closely with the Independent Academies Association (IAA) during the year to develop bespoke programmes for academy leaders. As the number of academies grew, the IAA wanted us to help principals to focus on succession planning and development of the wider range of leadership skills needed to deliver on their greater autonomy and budgetary responsibilities and their relationship with sponsors.

We developed this support through a new module for NPQH graduates focused on the particular skills and expertise needed to lead an academy, and a new Associate Academy Principals programme aimed at developing the leadership skills of a first cohort of academy vice/deputy principals to enable them to apply for principal positions. All participants rated the academy programme positively with over three-quarters judging it to be very good.

Supporting future leaders

The College encourages teachers to aspire towards leadership roles and helps those already in leadership positions to become heads. We particularly focus on identifying and supporting those with the greatest potential to move more quickly into leadership positions. Our Accelerate to Headship programme provides intensive, demanding three-year programmes to help them reach this goal. It is open to the best teachers and career changers with proven leadership expertise. The programme has two main routes. Tomorrow's Heads is open to all with the right drive and experience. Future Leaders is targeted at potential heads of challenging urban schools. By March 2010, we had 761 applications for both routes.

Adding to aspiration

The National College commissions ICM to measure levels of leadership aspiration annually. Its poll of 1,000 teachers provides our Headship Index, which showed 41 per cent of teachers aspiring to headship in 2009 – up from 35 per cent in 2008 and 32 per cent in 2007. More women are seeking the top spot, with 36 per cent now aspiring to the role, up from 31 per cent in 2008. Among middle leaders, 40 per cent aspire to headship – up from 29 per cent in 2008 – and 40 per cent more teachers in rural schools aspire to headship than last year. Nearly half of all primary teachers (49 per cent) have a desire to become headteachers. The ICM data helps us to shape our programmes.

Developing middle and senior leaders

Middle leaders are those staff who lead subject departments and other school teams. They play a vital role in their schools as the engine-room of improvement, most obviously by driving up the quality and consistency of teaching and learning. Many also aspire to become heads. Our commissioned programme Leading from the Middle has helped develop the leadership skills of this key group, focusing on the skills of leading teaching and learning, leading innovation and change, and enhancing their self-confidence and skills as team leaders. The programme had 4,310 participants in 2009–10.

Leadership Pathways is another commissioned programme which offered senior school leaders such as assistant heads practical access to the latest in leadership thinking and school practice. Over 4,000 leaders took part in 2009–10, well ahead of our target of 3,500. A new module on leading teachers' professional development attracted 619 participants.

The impact of these programmes continued to grow. Both Leading from the Middle and Leadership Pathways were consistently highly rated. For example, over 90 per cent of participants felt that it had increased their confidence as a leader and their leadership knowledge. Perhaps more importantly, they were two of the programmes that our analysis indicates make a real difference in terms of children's achievement:

- Key Stage 4 results of schools that have engaged with at least one of the College's development programmes increased by 8.1 per cent between 2005 and 2009, compared with 5.8 per cent improvement in schools that had not engaged.
- Key Stage 2 results of engaged schools increased by 2.7 per cent between 2005 and 2009, compared with 1.9 per cent improvement in schools that had not engaged.

Despite the success of these commissioned programmes, we have been looking at ways to further enhance the impact and relevance of our provision and to improve their value for money. Building on our succession planning work and school-to-school improvement initiatives, we have also wanted to make our programmes more self-sustaining by embedding leadership development more into the day-to-day life of schools. So, this year, we tested out a new franchised model for middle leadership development in which networks of schools work together, led by a strong lead school that we have quality assured, to develop their middle leaders. This prototype Middle Leadership Development programme is founded on on-the-job training, supported by credible peers and mentors, with a focus on leading teaching and learning, reducing variation in teaching quality and narrowing gaps in outcomes. We have trained and licensed the school leaders who act as the programme facilitators in the 38 lead schools (including 3 international networks) involved in the programme since September 2009.

Although it is early days for this approach, the evaluation has already shown that:

- 90 per cent of participants feel that the content is more relevant for their local context
- over half feel that learning in a cluster is providing significant added-value beyond that provided by learning on more traditional programmes, and there are already signs of improved leadership skills

Efficient and effective leadership: support for school business managers and specific leadership skills

School business managers

Independent schools have traditionally had bursars to manage financial and business affairs. There has been a substantial growth in the number of bursars and school business managers (SBMs) in maintained schools in recent years thanks to the College's development work in this area. This new cadre of leaders has improved efficiency in schools, delivered savings and helped school leaders access additional funding sources.

The National College offered three courses – the Certificate (CSBM), Diploma (DSBM) and Advanced Diploma in School Business Management (ADSBM) and made almost 3,000 places available in 2009–10. In conjunction with the National Association of School Business Management (NASBM), which accredits graduates of the programmes, the College has published a competency framework for the profession.

Only a third of primary schools currently have access to SBM expertise, so the College worked to increase this penetration since the skills offered are critical as budgets tighten. We have been testing different solutions to sharing SBMs, drawing on the lessons from over 30 demonstration projects. A new Master's level School Business Director (SBD) programme was also piloted to provide high-level skills for those operating at the top of the profession and in complex and challenging contexts. We also began work to support an SBM partnership cluster in every local authority in the country.

Resourceful with resources

School business managers have improved the management of resources in schools by improved procurement of goods and services and by identifying and accessing additional funding and income from private and other sources, generating an estimated £306 million through procurement efficiencies and increased income. SBMs also save up to 35 per cent of the head's time, freeing them for other activities.

Specific curriculum support

We have provided support to school leaders in recent curriculum developments. The 11–19 New Secondary Curriculum Support programme has helped schools deliver the new curriculum in partnership with the Specialist Schools and Academies Trust (SSAT). Some 95 per cent of secondary schools engaged with it. An Ofsted report on Key Stage 3 developments stated: '[Senior leaders] found it gave them a useful platform from which to structure their own training for developing the curriculum in their schools' (Ofsted, 2009:7).

The Leadership and Management Support programme for diploma development provided coaching and consultancy to consortia of schools and colleges delivering the new diplomas. This included structured support conversations with all delivery consortia, which 93 per cent of consortia rated as useful. Specialist support to individuals and groups received 97 per cent and 91 per cent good or better ratings respectively.

We also held seminars for senior leaders and published research on best practice in relation to the new statutory requirements for impartial careers education.

School improvement partners

School improvement partners (SIPs) have provided external challenge to schools, often from experienced school leaders. The National College delivered the School Improvement Partner Accreditation programme on behalf of the National Strategies. In February 2010, there were 1,600 accredited SIPs for secondary schools, 3,100 for primaries and 400 for special schools.

Building Schools for the Future and Primary Capital programmes

Leading a major building programme presents its own challenges for school leaders. Our Building Schools for the Future (BSF) Leadership programme and Primary Capital programme (PCP) helped leaders meet the challenges of transforming their schools by developing their understanding of the impact of new environments on learning. For BSF, we ran programmes for 15 local authorities in 2009–10, receiving exceptionally positive evaluations. For PCP, the College ran 10 programmes each for up to 6 local authority teams and 2 review conferences to share best practice and draw together lessons learned. Over 90 per cent of participants in both programmes rated them positively.

School governors

We have worked with the National Governors' Association, National Co-ordinators of Governor Services and DCSF (now the Department for Education or DfE) to scope out the requirements for proposed new training for chairs of school governing bodies, which play a vital role in the recruitment of the next generation of leaders.

Promoting social mobility: improving leadership in schools in challenging circumstances

The College has played an important role in helping poorly performing schools to improve. We did so primarily by engaging good school leaders to work with others to share insights and expertise. Our ground-breaking National and Local Leaders of Education initiative proved highly successful in raising standards and improving leadership in schools in challenging circumstances. Our successful work in the London Challenge was expanded to the Black Country and Greater Manchester challenges. We supported over 1,000 leaders in developing practical projects aimed at narrowing gaps between advantaged and disadvantaged learners and we commissioned important research on ways of narrowing the gap between schools and between subject departments within schools.

National Leaders of Education and National Support Schools

National Leaders of Education (NLEs) are outstanding headteachers who run excellent schools with the skills, expertise and capacity to help other schools. They work particularly with schools given a notice to improve or that are in special measures, and with those in the City Challenge programme. The National College has designated more than 370 primary, secondary and special school leaders as NLEs since the programme was launched in autumn 2006.

NLEs also benefited from a new Fellowship programme in 2009–10. This was aimed at forming a top cadre of exceptional leaders who could influence the wider educational landscape as future leaders of groups, chains and federations of schools. The successful pilot had 40 of the best NLEs who went on to form the first cohort of the programme. Participants benefited from a range of cutting-edge executive leadership programmes and one-to-one coaching. Their expertise on subjects such as the leadership of teaching and learning was shared directly with ministers and senior government officials.

The benefits of the NLE programme were not just felt by the schools being supported. The schools providing support often benefited from new ideas, an increase in their leadership skills and a new challenge and experience. As a result, both the supported and supporting schools have improved faster than the national average and over 500,000 children have benefited from the work of the NLEs.

Leading on results

National Leaders of Education have supported faster improvements in the schools with which they worked. Average GCSE improvement (five GCSEs at grades A*–C including English and maths) in secondary schools supported by NLEs in 2008–09 was more than twice the national improvement rate. Primary schools supported by National Support Schools (NSSs) significantly improved (by 3 per cent) while nationally the results declined.

Local leaders of education

Local leaders of education (LLEs) are experienced heads recruited by local authorities to support schools in difficulties through coaching and school-to-school support. By the end of March 2010, the National College had engaged with 75 authorities outside the City Challenge regions, who have been working on the LLE model for some time.

City Challenge

We offered tailored leadership programmes for schools in disadvantaged areas in London, the Black Country and Greater Manchester, working with primary and secondary schools in 47 local authorities. NLEs and LLEs played a central role, although it is important to recognise that this was as part of a wider range of support.

Their work was not just focused on weaker schools: there were specific initiatives to help good schools become outstanding, to improve succession planning and the quality of middle leadership, and to support school sixth forms. Over the year, 458 headteachers worked as system leaders across 679 schools, including 273 leaders in London, 127 in Greater Manchester, and 58 in the Black Country. Through our 19 pilot national teaching schools in City Challenge areas, we are exploring the potential for our very best schools to provide high-quality professional development and school-to-school support as well as leading policy development across the wider system.

The average rate of improvement in GCSE results (five GCSEs at grades A*–C including English and maths) for secondary schools supported through National College City Challenge activity in 2008–09 was almost double the national rate of 2.2 per cent. Primary schools improved at a rate of 3 per cent while national results declined. Although not all of these improvements can be attributed to leadership interventions, an interim evaluation report on the leadership work by the National Foundation for Educational Research (NFER, 2010), indicates they have been key. The report, based on interviews with school leaders in the City Challenge areas, set out a range of benefits, including the bottom-up, school-based nature of City Challenge. One respondent stated that the success of the school-to-school support approach meant that "the days of traditional one- or half-day professional development courses held in the classroom were over".

Narrowing the gap and reducing within-school variation

Our work on narrowing the gap was designed to help school leaders reduce disparities in results for specific groups of pupils, including boys and some members of Black, Asian and minority ethnic groups, and between young people from different socio-economic backgrounds. We also worked to reduce in-school variation, ie the differences in achievement between teachers and between subject areas within schools.

The College's regional networks supported clusters of schools in working together to address the issue of Leadership for Narrowing the Gap, with 1,295 leaders taking part. Their work was supported by a team of researchers, who helped ensure the approach was based on sound evidence and helped capture the evidence of what worked and why. Much of the focus of projects undertaken by leaders as part of the College's programmes is also on narrowing gaps, for example through the leadership challenge which participants on the new Middle Leadership Development programme undertake.

We also brought together new and existing research to help leaders understand the disparities they face and ways to tackle them. We provided videos on our website, research reports and a practical toolkit for school leaders developed with the TDA, which was piloted in 19 training schools. Related research into managing high levels of pupil mobility and improving behaviour was commissioned. A report from an international symposium involving key thinkers, officials and leaders to consider these challenges was published on our website.

Making small affordable

Small, rural primary schools play a vital role in many village communities, but their size makes it costly to recruit dedicated headteachers, and this reduces their viability. The College provided these schools with fully subsidised places on its programmes, and has pioneered imaginative ways to support joint leadership of small, rural primaries to help them to survive and thrive. Our Maximising Progress project was established in autumn 2009. It involved 55 schools in 13 clusters across 4 shire counties (Shropshire, Dorset, Oxfordshire and Warwickshire). We also developed specific succession planning and curriculum programmes for small, rural primaries.

Improving outcomes for children with special educational needs and disabilities

The National College has been working to improve the provision and outcomes for children and young people identified with special educational needs (SEN) and disabilities. This work has identified the characteristics of effective leadership of inclusion, as well as delivering two rounds of leadership conferences in local authorities. We have worked with 457 schools in this area. Our publication *Achievement for All: Characteristics of effective inclusive leadership,* National College, 2010b was highlighted in the recent Lamb Inquiry (Lamb, 2009) into improving parental confidence in the SEN system. We commissioned new research into how leaders can support achievement for children with SEN and disabilities.

In evaluations, satisfaction rates with the leadership conferences were extremely high (94 per cent and 99 per cent). The impact on pupils in participating schools is being evaluated by the University of Manchester.

Sure Start leadership

There are now over 3,600 Sure Start children's centres providing a range of early years' services including education and childcare, parenting support, health visiting and other services for young children and their parents. The College continued to provide programmes to support the training and development of children's centre leaders.

A professional qualification for Sure Start leaders

The National Professional Qualification in Integrated Centre Leadership (NPQICL) is the first national programme to address the needs of children's centres that deliver a range of integrated services. This programme gave leaders of children's centres the opportunity to improve their leadership, and focused on ways to collaborate across the community and provide seamless, high-quality services for babies, children and families. By October 2009, nearly 1,400 children's centre leaders had graduated from NPQICL, 346 of them during 2009–10.

Participant feedback indicates that NPQICL has a significant personal impact in terms of self-confidence, knowledge about leadership, new skills, and changes in attitudes, values and beliefs. An independent external evaluation found that nearly all respondents (90 per cent) reported a real impact as a result of their taking part in the programme (Henley Business School, 2009:20). NPQICL graduates are also increasingly working as sector specialists, driving forward sector-led improvement through a range of forums and networks.

Leading children's services

The College gained responsibility for leadership development in children's services in December 2008. During the year, we worked intensively with our partners, the Association of Directors of Children's Services, Department for Education, Children's Workforce Development Council and Virtual Staff College, to design and deliver bespoke leadership programmes for aspiring and existing directors of children's services (DCSs) with responsibility for children's education and welfare in local authorities.

Directors of Children's Services Leadership programme

The College was asked to create a new programme offering development and support for DCSs in 2009–10. We developed the programme design and content with our strategic partners, Deloitte and Oxford Said Business School. The programme began in November 2009 with 26 participants, who helped to develop and finalise the provision. Two further cohorts joined the programme in January and April 2010. In total, more than 90 DCSs have begun the programme. Each cohort runs for 12 months, with 4 residential events. All participants undertake a leadership challenge to address a key issue they face in their work and receive support from an executive coach and a peer learning group.

The initial evaluation of the residential event for cohort 1 by the London Institute of Education indicated that DCSs are highly engaged in the programme. Particular elements including work on key issues, coaching and the leadership challenge were well received, while other aspects have been changed and improved in response to feedback.

Peer-to-peer support

In 2009–10, our work to harness the skills of DCSs to support each other was split into two programmes: Mentor Plus and the DCS Peer Support programme. Mentor Plus provided each new or acting DCS with an experienced mentor who was serving or had served successfully in a similar position.

Mentors were assigned to 15 newly appointed DCSs, and we appointed a dedicated co-ordinator to match other requests for support. The Peer Support programme was designed to run as a pilot, pairing a DCS with the relevant experience and expertise with a DCS requiring support with a particular challenge.

Provision for aspiring directors of children's services

The College has worked with its partners to develop new provision for people aspiring to the DCS role. More than 200 candidates have registered interest in the programme and over 160 people have registered to attend 3 regional launch events.

Planning for tomorrow's leaders

The College has developed a DCS succession planning initiative based on creating succession plans for the government regions. More than 250 stakeholders have contributed to the initiative and the results were fed into a succession planning framework, which will shape locally delivered regional succession plans. Directors are now much more aware of the succession planning challenge and are more willing to invest personal time in it. Strong links have been established with key stakeholders (eg, IDEA and search and recruitment agencies) to raise the profile of the issue. A national network for succession planning in children's services is also developing.

Leadership framework for directors of children's services

The first leadership framework for DCSs has been developed by the College with its partners. It pinpoints the key knowledge, skills and behaviours for effective leadership in children's services.

It supports DCSs in their work and performance management and can inform job descriptions and person specifications. It also enables directors and their teams to determine what further professional development they require while providing an assessment framework for the Aspirant DCS programme.

Director of children's services leadership academies

In 2009–10, the College provided sponsorship enabling 129 assistant directors and other senior leaders from across the children's workforce to attend a series of leadership academy seminars run by the Virtual Staff College. The academies have increased understanding of specific areas of service delivery and have contributed to the design of the Aspirant DCS programme.

Leadership Group

The National College's chief executive Steve Munby chaired a Leadership Group to develop proposals for a more coherent offer of support for senior and middle managers throughout the children's workforce. The group tested and refined a series of proposals that have been submitted to DfE. The proposals supported a national approach to provide clarity and consistency, but with flexibility for local areas to commission solutions tailored to their needs. The proposals also included recommendations aimed at supporting specific priority groups of middle and senior leaders.

Research

We commissioned McKinsey & Co to research effective leadership, leadership development and succession planning in children's services and this has informed our programme development.

We have also published literature and good practice reviews on:

- evidence on children's services leadership
- international practice on leadership and leadership development in children's services

We have also commissioned a major project, in partnership with C4EO, into how DCSs and their senior teams can help improve outcomes for children and young people.

Leadership for the future

Traditional models of school leadership are changing in response to a new educational landscape which is more diverse and autonomous. Schools and academies are increasingly led through executive headship, federations, trusts and chains. Such new partnership arrangements are securing strong leadership across groups of schools and thereby promoting innovation, raising standards and securing greater efficiencies. The College continued to build the evidence-base on what works and to support these developments.

New Models of Leadership

The New Models of Leadership research campaign supported research into the implications of new models for leaders and schools. *The impact of federations on pupil outcomes* by Manchester University (2010) identified 122 federations in 50 local authorities and found their impact to be positive, particularly where strong and weak schools federated together. *Chain Reactions*, by Robert Hill (2010), set out the recent development of chains of schools, such as the Harris academies, describing their key features. Other research explored the emerging role of head of school, working under an executive head. Our research and analysis helped to inform policymakers' thinking on the development of accredited schools and chains of academies.

In addition to research, the campaign worked to inspire and enable schools and localities to develop locally appropriate ways of organising schools, based on credible experience of what works. The College supported more than 1,000 school leaders in 2009–10, with 60 successful case studies on the Models of Leadership website.[1] We held nine well-received regional workshops for local authorities and schools in autumn 2009. The first of a series of practical guides, *Introduction to Models of Leadership* (National College, 2010c), was published and more than 5,000 copies distributed in the first few months.

Primary executive heads

We have trialled a new executive headship development programme for primary heads wanting to lead across two or more schools. The Primary Executive Headteacher Provision is being developed with the help of successful primary executive headteachers. The programme aims to create the appetite for more primary heads to step up, and to have the skills, to manage more than one school. This is critical if we are to use the leadership premium of the very best heads on a wider scale. We will continue to evaluate and develop this programme over the next year.

Practical research

The College offers opportunities for leaders of schools and children's centres to undertake research that can have real practical application in their work. In 2009–10, we supported 11 research associates. Their findings also inform the College's own work and thinking. A survey found that 96 per cent of heads feel that the College's research work is useful to them.[2] We have had nearly 2,400 requests for research reports and materials.

Leading sustainable schools

The Every Child's Future Matters (ECFM) research campaign developed our understanding of how leaders lead sustainability in schools. Sustainability and Renewal, based on research with 56 schools, showed the leadership skills and approaches required for success (National College, 2010d). We worked with schools, children's centres and a pupil referral unit to understand how leaders can engage parents, generate stronger communities and build public value. A think-piece by Jonathon Porritt and Professor David Hopkins (Every Child's Future: Leading the way, 2009) brought together research to challenge leaders on their approach to leadership for the future.

1. www.nationalcollege.org.uk/index/leadershiplibrary/leadingschools/leading-change/understanding-your-school-context/modelsofleadership/models-of-leadership-case-studies.htm
2. Survey of 1,100 heads to inform system leadership development, 2010

College developments and performance

In September 2009, the College changed its name from the National College for School Leadership to the National College for Leadership of Schools and Children's Services, reflecting its new, wider remit including directors of children's services. Meanwhile, the College's overall performance was strong. It continued to use a balanced scorecard approach to measure its work and impact. Measures were agreed in partnership with the Department for Education. The scorecard for 2009–10 shows that the College hit all but 3 of its 34 performance indicators.

Membership and website

During 2009–10, we introduced a membership programme as a way of enhancing our connection with our key audiences. By becoming a member of the National College, leaders of schools, children's services and children's centres will gain personalised access to events, leadership development programmes, publications, research and online communities. By March 2010, the College had 82,000 members and affiliates.

The College's website was completely redesigned to coincide with the College's name change in September 2009, with a new networking and collaboration space launched in early 2010. The website is rated the most popular online resource for school leaders in England. The online network is accessed by over 8,000 leaders each month and enables the sharing of issues and solutions. It means the College can reach a wider audience than just those people taking part in programmes and activities. It also enables DfE to consult quickly and authentically with those who work in a wide range of settings. It allows school and setting leaders to collaborate and broaden their knowledge and experience with minimal cost financially and to the environment.

Almost 44,000 of our 84,000 members have accessed some of our member benefits since our new website was launched in September 2009.

Around 60 per cent of leaders join the membership scheme as part of applying for one of our programmes or events, while the other 40 per cent join to access other benefits such as leadership library content or our online network. More than 4,000 members have told us they want to be involved in consultations around educational policy or National College initiatives.

Regional strategy

A new regional strategy, aimed at joining up College activity within the regions, will be launched in September 2010. The strategy is intended to make the best use of our expertise by avoiding duplication. The College's regional presence should allow us to offer more flexible support for leaders based on local need. This is backed by regional leaders, who are serving headteachers who ensure that our work is properly grounded in day-to-day school experience. They are the core of the College's regional presence. During 2009–10, the regional team facilitated a range of events on the curriculum, careers advice and on narrowing the achievement gap.

Human resources

There have been some significant initiatives across the College over the past 12 months, pulled together under the banner of the new People Strategy. This aims to enable the College to deliver on its strategic plans through our people. The focus is on four main areas of activities: reward and recognition; learning and development; employee engagement; and resourcing. Each has a series of different initiatives sitting behind it.

We achieved a 90 per cent response rate to our annual staff survey, with 91 per cent of staff saying that they enjoy working for the College, and 93 per cent who would recommend the College as a great organisation to work for.

Financial performance and efficiency

During 2008–09, the College establish a rigorous operational planning process that ensured that all activity was aligned with the College's vision. This operational planning process informed the budgeting process which then enabled financial delivery to be monitored very closely during 2009–10. As a result the College delivered against its budget with only a 0.4 per cent underspend, well within the target of 2.5 per cent.

In 2009–10, an efficiency programme was established that seeks to improve the National College's value-for-money status. This will ultimately have the effect of enabling the National College to improve outcomes by making every pound spent go further.

A goods receipting process was also introduced during the year to improve financial control over expenditure and to put the National College in a better position to deliver on the target of paying all invoices within 10 days.

Annex 1: References

Lamb, B, 2009, *The Lamb Inquiry: Special Educational Needs and Parental Confidence*, Nottingham, Department for Children, Schools and Families

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Henley Business School, 2009, *National Professional Qualification for Integrated Centre Leadership, Reshape Roll out Year 1*, Nottingham, National College for School Leadership

Hill, R, 2010, *Chain reactions*, Nottingham, National College for Leadership of Schools and Children's Services

Manchester University, 2010, *The impact of federations on pupil outcomes*, Nottingham, National College for Leadership of Schools and Children's Services

McKinsey & Co, 2009, *Succession Planning & Leadership Development for current and aspirant directors of children's services*

National College, 2009, *School Leadership Today*, Nottingham, National College for Leadership of Schools and Children's Services

National College, 2010a, *New Visions Cohort 12: End of Programme Survey*, Nottingham, National College for Leadership of Schools and Children's Services

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National College, 2010c, *Introduction to Models of Leadership*, Nottingham, National College for Leadership of Schools and Children's Services

National College, 2010d, *Sustainability and Renewal*, Nottingham, National College for Leadership of Schools and Children's Services

NFER, 2010, *Evaluation of City Challenge Leadership Strategies: Emerging findings Report*, Slough, National Foundation for Educational Research

Ofsted, 2009, *Planning for Change: The impact of the new KS3 Curriculum*, London, Ofsted

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Company information

Directors serving during the 2009–10 financial year and up to the date of signing this report

	Appointed	Resigned
V Treves (Chair)	1 September 2004	
D Absalom	1 January 2010	
C Baker	1 December 2008	31 July 2009
H Baker	1 September 2006	
A Buck	1 December 2008	31 August 2009
M Callaghan	1 September 2006	
J Coughlan	1 January 2010	
J Dunford	1 January 2010	
P Jervis	1 September 2006	
B Levin	23 March 2008	
G Lowth	1 January 2010	
J McVittie	1 September 2006	
A Middleton	1 December 2008	
J Pullen	1 September 2006	
Dame M Richardson	1 April 2008	31 March 2010
D Ross	1 September 2006	
A Seber	1 September 2006	

Company secretary

Caroline Maley
Old School House
Leake Road
Stanford on Soar
Loughborough
Nottinghamshire
LE12 5QL

Appointed 6 November 2008

Auditor

National Audit Office
157–197 Buckingham
Palace Road,
London
SW1W 9SP

Appointed 21 January 2009

Solicitors

Eversheds
Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

Resigned 31 July 2009

Pinsent Masons Solicitors
1 Park Row
Leeds
LS1 5AB

Appointed 1 August 2009

Registered office

Lime House
Mere Way
Ruddington
Nottingham
NG11 6JS

Head office

Triumph Road
Nottingham
NG8 1DH

Registered number

04014904

Bankers

Citibank (CitiDirect)
25 Canada Square
Canary Wharf
London
E14 5LB

National Westminster Bank Plc
Government Banking Service
London Corporate Service Centre
3rd Floor
2 ½ Devonshire Square
London EC2P 2GR
PO Box 64388

Management commentary

Background information

On 9 November 2009 (following the launch of the new name in September 2009) the National College for School Leadership Limited passed a resolution changing its name to the National College for Leadership of Schools and Children's Services Limited. This reflected a broadened remit that included directors of children's services as well as the National College's existing responsibilities for school leaders.

References in this report to 'the Department' and to 'the Secretary of State' relate to the Department for Children, Schools and Families (now the Department for Education), and the Secretary of State for Children, Schools and Families (now the Secretary of State for Education) respectively. The new Department for Education was announced on 11 May 2010. This report and accounts is concerned with the period prior to this change.

The National College for Leadership of Schools and Children's Services Limited (the National College) was incorporated on 14 June 2000. It is an executive non-departmental public body (NDPB) sponsored by the Department. It is a company limited by guarantee, having no share capital. The accounts have been prepared in accordance with an accounts direction issued by the Secretary of State with the consent of HM Treasury.

The full accounts direction is available on request but in summary the direction requires the National College to comply with the accounting and disclosure provisions of the Companies Act as adapted by International Financial Reporting Standards (IFRS). In preparing the accounts, the National College has also paid regard to the 2009–10 Government Financial Reporting Manual (FReM) issued by HM Treasury.

Principal activities

The vision for the National College is to raise the achievement of children and young people and improve their wellbeing by:

- **ensuring the highest quality of school and children's services leadership**
- **optimising the use of our best leaders across the school and children's services systems**
- **enabling schools and children's services leaders to be truly responsive to the needs and aspirations of every child**
- **supporting a self-sustaining culture in schools and children's services that inspires and develops its own high-quality leaders**

The annual report that accompanies these financial statements contains an update on progress against this vision.

The National College is led by a chief executive, who is supported by a strategic leadership team, which includes a chief operating officer, deputy chief executive officer, strategic director for policy, research and development, strategic director for continuous leadership learning and a strategic director for children's services. They are responsible for the strategic direction of the National College, along with a team of operational directors who focus on the delivery of activity and monitoring of performance against the National College's goals. The National College is governed by a board of non-executive directors (the Governing Council) appointed by the Secretary of State.

Review of 2009–10

Full details of the National College's achievements are given in the annual report section of this document.

The balanced scorecard provides a high-level set of measures that are agreed between the National College and the Department to monitor the overall performance of the National College.

The following presents the highlights of the National College's achievements (taken from the balanced scorecard) for 2009–10:

- The rate of improvement in schools achieving Level 4+ at Key Stage 2 in English and mathematics has been greater where there has been national leader of education (NLE) or national support school (NSS) support compared with those schools that have not been engaged in this initiative.
- The proportion of pupils achieving Level 4+ at Key Stage 2 in English and mathematics is higher in those schools that are providing support as part of the NLE or NSS initiative compared with schools not providing support.
- The rate of improvement in schools achieving Level 4+ at Key Stage 2 in English and mathematics has been greater in each of the City Challenge areas where local leader of education (LLE) support has been provided compared with those schools in these areas that have not been engaged in this initiative.
- The rate of improvement of schools achieving five GCSEs at grades A*–C at Key Stage 4 including English and mathematics has been greater where there has been NLE or NSS support compared with those schools that have not been engaged in this initiative.
- The proportion of pupils achieving 5 GCSEs A* – C at Key Stage 4 including English and mathematics is higher in those schools where they are providing support as part of the National Leaders of Education or National Support Schools initiative compared to schools not providing support.
- Ofsted judgements on the quality of leadership and management saw the proportion of schools achieving an 'outstanding' result increase across all phases; primary at 17 per cent (target of 15 per cent), secondary at 25 per cent (target of 20 per cent) and special at 39 per cent (target of 27 per cent).
- NPQH has achieved a graduation rate of 96 per cent, ahead of its 95 per cent target.
- There is a positive impact on 86 per cent of schools that have engaged with the National College against a target of 85 per cent.
- The National College has delivered its efficiency target of 5 per cent after allowing for the reallocation of overhead costs.
- The National College has successfully managed its finances to between 0 and -2.5 per cent of budget, coming in at -0.4 per cent.

Future developments

The National College underwent substantial change during the past year, with a change in name, the introduction of a membership scheme and an extension to its remit to include the development of leadership provision for directors of children's services (DCSs) and aspiring directors of children's services. The coming year will see the realisation of these developments as the majority of directors of children's services engage in the College's leadership provision and the provision for aspiring directors of children's services commences. The College's new membership scheme will bring it closer to its many stakeholders.

The major strategic challenge for the National College will be succession planning in schools and academies. Key activities in achieving this aim will be supporting the executive head model, particularly in the primary sector, and the continuing delivery of NPQH. The National College will also develop further its school-to-school support, making the most of the best school leaders, and expand its franchise model for middle leadership development, run by networks of schools.

The National College is also anticipating a more challenging financial environment in the short to medium term, requiring it to continue to deliver its activities in the most efficient way possible, as well as focusing its resources on those activities that result in the greatest impact on outcomes for children.

By implementing improvements in a number of areas, the National College is confident that it will continue to deliver value for money:

- A new impact measurement and evaluation framework will enable the National College to better assess the impact of its activities, allowing it to direct its resources to achieve maximum impact.
- Maintaining a robust governance framework and an effective corporate planning process that aligns all of the National College's activity against its goals will ensure that its aims and objectives are delivered.
- A rigorous risk assurance framework will allow the National College to identify, manage and mitigate the impact of events that may prevent the delivery of its objectives.
- Continually improving processes and systems will ensure that the National College operates as efficiently and effectively as possible.
- A continued focus on the development of staff will ensure talented individuals are nurtured and retained.

Risks and uncertainties

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

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

The risk matrix is updated on a monthly basis and high risks are reported onwards so that the Governing Council and strategic leadership team can satisfy themselves that risks are being managed in line with the risk appetite for the National College.

The key risks are:

- A major programme (eg NPQH) fails to deliver the anticipated numbers or quality of graduates to satisfy the demands of the system. The National College manages this risk through the Succession Planning programme and by listening to applicants to ensure that the programmes remain relevant.
- The National College fails to gain the confidence of the new coalition government.

This is managed through a strong focus on delivery and value for money, close monitoring of the policies as they are clarified and through planning to enable the National College to respond flexibly to new expectations/requirements.

- The National College's delivery of its programmes is affected by a reduction in funding. An efficiency programme is being developed which will enable the National College to operate with reduced funding. In addition, the operational planning process already ensures that the National College's resources are used to maximise the value added.

The Governing Council

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

The following people served during the year 2009–10:

Chair

Vanni Treves
Chair of the Governing Council

Directors

Dr Deborah Absalom
Director of Children's Services, Bexley

Christopher Baker
Business Consultant

Helen Baker
Chair, Advance

Andy Buck
Partnership Headteacher, Eastbrook, Jo Richardson Schools

Martin Callaghan OBE
Partner, PricewaterhouseCoopers

John Coughlan CBE
Director of Children's Services and Deputy Chief Executive, Hampshire County Council

Dr John Dunford OBE
General Secretary, Association of School and College Leaders

Pamela Jervis MBE
Headteacher, Kirkby Sports College, Knowsley

Ben Levin
Professor and Canada Research Chair in Education Leadership and Policy, University of Toronto

Glynn Lowth
Past President, Chartered Institute of Management Accountants

Joan McVittie
Headteacher, Woodside High School, Haringey, London

Andrew Middleton
Former college principal

Jill Pullen
Former Headteacher, Colegrave Primary School, Newham, London

Dame Mary Richardson
Former Chief Executive, HSBC Global Education Trust

Diana Ross
Former Director, Jobcentre Plus South West

Andrew Seber CBE
Consultant, former County Education Officer, Hampshire County Council

Board members' directorships and significant interests

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

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

Note 17 to the accounts has details of board members' related party transactions for 2009–10.

Charitable and political donations

There were no charitable or political donations during the year.

Equality and diversity

The National College values the diversity of individual talents and creative potential that each employee and potential employee brings to its organisation. The National College aims to promote and maintain a culture of equality where appointments to jobs, reward and personal success depend solely on individual ability and performance. All employees and potential employees, whether part time, full time or temporary, are treated fairly and with respect and dignity. Selection for employment, promotion, training or any other benefit is on the basis of aptitude and ability. The National College's equality scheme and action plan outlines its commitment to equality and diversity in the way it employs staff, provides services and works with partners and stakeholders. It outlines the high-level steps that the National College is going to take to promote equality of opportunity. Whilst the National College has a legal duty to promote equality and diversity, it believes that the pursuit of equal opportunities for all is based on sound moral and business principles. In readiness for the changes proposed by the Equality Act 2010, which will introduce a new equality duty on public bodies, the National College's single equality scheme and action plan reflects its commitment to equality and diversity across all issues of race[1], gender, disability, religion and belief, sexuality and gender identity[2] and age.

All the National College's facilities are easily accessible to guests and staff with disabilities and fully compliant with the Disability Discrimination Act 1995. The National College provides special reserved car parking and purpose-built bedrooms. The National College's conference room and a selection of meeting rooms are equipped with facilities for delegates with hearing difficulties. Furthermore, the National College provides alarm systems in bedrooms for guests with impaired hearing. The awarding to the National College of the two ticks disability symbol reinforces its commitment to good practice in employing disabled people. This is outlined in the National College's diversity statement and its adherence to the principle set out in the Disability Discrimination Act 1995 not to treat disabled people any less favourably in recruitment and employment.

Employee engagement

Employment engagement, or passion for work, involves feeling positive about your job, as well as being prepared to go the extra mile to make sure you do your job to the best of your ability. High levels of engagement have been linked to a whole range of beneficial outcomes, including high levels of performance. Engaged employees also experience increased job satisfaction and more positive attitudes and emotions towards their work.

The National College employee survey was conducted in November 2009 and 90 per cent of staff responded.

1. For the purposes of this strategy the National College will use the term BAME (Black, Asian, and minority ethnic) groups.
2. 'Sexuality and gender identity' is used throughout this report to refer to lesbian, gay, bisexual, transsexual and transgender issues, as well as male-female issues.

The results from the survey indicate high levels of engagement (93 per cent consider the National College a great organisation to work for and 91 per cent enjoy working here). It was however disappointing to see that overall satisfaction dropped from 75 per cent last year to 67 per cent this year.

The National College is committed to improving engagement and in response to the survey results is developing an action plan to address the issues identified by staff.

Effective communication is key to both developing and sustaining employee engagement. At the National College, employee communication includes regular team meetings, intranet news, monthly cascade briefings for all staff via their operational directors, a quarterly staff magazine and quarterly In Conversation presentation sessions. Staff are also encouraged to get involved in the National College charity group and the staff representative committee. The National College holds an annual staff conference and state-of-the-nation presentation by the chief executive to help ensure staff are kept informed about key National College issues.

Sickness absence

During 2009–10 the total number of workings days lost due to sickness absence amounted to 2,249 (2008–09: 2,598 days). This is an average of 6.6 days per employee (2008–09: 8.3 days).

Sustainable development

The National College is committed to supporting sustainable development in both how the National College will operate internally to be more sustainable and how it will work with school leaders to develop their practice in this important area. In 2009–10 the National College:

- began to implement controls to reduce the National College's overall carbon footprint, by reducing utilities consumption and increasing waste recycling, in line with the government's sustainability targets
- delivered a research campaign developing the understanding of how leaders lead sustainability in schools based on research with 56 schools

Grant-in-aid and net expenditure for the year

The National College's funding is agreed with the Department on an annual basis by the receipt of a remit letter. This remit letter lays out the activity of the National College for the coming year as well as the level of funding that will be made available for the National College. Any funding not used during the year must be given back to the Department.

The National College received a funding allocation for 2009–10 of £121.8m grant-in-aid (2008–09: £104.6m). As at 31 March 2010 £124.5m grant-in-aid funding was received in cash from the Department; £13.6m of this relates to liabilities accrued at 31 March 2009. The National College has not drawn down £10.4m (2008–09: £15m) of allocated funding, which will be paid in 2010-11 to cover liabilities accrued at 31 March 2010. The funding allocation also includes £0.5m relating to depreciation on the finance lease of the National College's learning and conference centre.

The FReM requires NDPBs to account for grant-in-aid (other than that provided to finance a specific asset) as financing because it is regarded as a contribution from a controlling party (the Department), which gives rise to a financial interest in the residual interest of the NDPB.

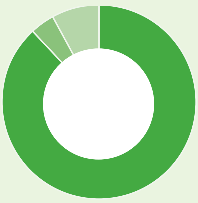
Programme costs and support costs continue to be accounted for through the income and expenditure account regardless of the source of funding.

Financial results for 2009–10

These financial statements at pages 47 to 82 cover the year ended 31 March 2010 and have been audited by the National Audit Office.

Total funding of £135.0m was received in 2009–10 (Figure 1).

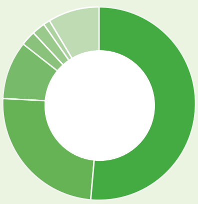
Figure 1: Total funding 2009–10



- Grant-in-aid £124.5m
- Sales of goods and services £3.0m
- Other non-trading income £7.5m

Total expenditure during 2009–10 was £130.4m (Figure 2).

Figure 2: Total expenditure 2009–10



- Leadership development £68.8m
- Strategic intervention £34.8m
- Succession planning £9.8m
- Learning and conference centre £4m
- Research £3.3m
- Annual and new heads conferences £1.7m
- Support £8.0m

Cash balances as at 31 March 2010

As at 31 March 2010, the National College had a net cash balance of £6.1m (2008–09: £4.8m). This comprised a £4.7m (2008–09: £4.2m) cash balance in the Early Headship Provision (EHP) bank account, a £0.2m (2008–09: £0.6m) cash balance in the National College's main bank account, in addition to £1.1m (2008–09: £nil) in the CitiDirect account and £0.1m (2008–09: £nil) in the Royal Bank of Scotland account. Note 14 to the accounts provides further details of the National College's cash balances.

Non-current assets and intangible assets

Tangible non-current assets and intangible assets with a purchase cost in excess of £2,500 are capitalised unless they are part of a recognised scheme, in which case items with a lower cost are capitalised as distinct groups.

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

Buildings	over 50 years
Building improvements	over 10 years
Furniture and fittings	over 3 years
Information technology	over 3 years
Websites that deliver services	over 2 years

A full year's depreciation or amortisation is taken in the year of purchase for non-current and intangible assets respectively.

Note 11 to the accounts details the non-current asset additions and disposals during the year.

Payment of payables

The National College is committed to complying with the principles of HM Treasury's Better Payment Practice Code and monitors performance on a monthly basis, taking measures where indicated to improve compliance. During 2008, the prime minister gave an undertaking to change the prompt payment procedures to assist small- and medium-sized enterprises (SMEs) with their cash flow. The previous procurement rule requiring payment within 30 days was changed to a commitment to pay within 10 days. During the year, 71 per cent (1 February to 31 March 2009: 72 per cent) of invoices were paid within the 10-day period.

The aggregate amount owed to trade payables at 31 March 2010 compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year, is equal to 1 day.

Pension arrangements

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

Note 24 to the accounts details the National College's pension liability and arrangements.

Auditor services

In respect of the year ended 31 March 2010, the National College's external auditors, the National Audit Office, completed the statutory audit. The audit fee for 2009–10 is £55k (2008–09: £55k). This comprises an accrual of £50k for the statutory audit and £5k paid for the audit of the National College's workings for conversion to International Financial Reporting Standards. The National College's internal audit service has been provided by KPMG LLP. In the previous year this was provided by PKF (UK) LLP.

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

The members of the strategic leadership team (including the Accounting Officer) employed at the date of approval of this management commentary confirm that, so far as they are aware, there is no relevant audit information of which the National College's auditors are unaware; and that they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the National College's auditors are aware of that information.

Going concern

The statement of financial position at 31 March 2010 shows net liabilities of £19.0m (2008–09: restated for IFRS as £15.8m). In addition, note 15 shows payables of £20.2m (2008–09: restated as £22.6m) arising from expenditure already committed. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the National College's other sources of income, may only be met by future grant-in-aid from the Department. This is because, under normal conventions applying to parliamentary control over income and expenditure, grant-in-aid may not be issued in advance of need.

Grant-in-aid for 2010-11, taking into account the amounts required to meet the National College's liabilities falling due in that year, has already been included in the Department's Estimates for that year, which have been approved by HM Treasury.

The net liabilities on the statement of financial position reflect a timing difference between recognising a liability in the National College's accounts and subsequent receipt of grant-in-aid to meet this liability. A letter of comfort has been issued by the Department assuring the National College that it is willing to provide the funding required to cover the net liability position at the year-end. It has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these financial statements.

Elective resolution

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

Signed by order of the board by:

D Ross

D Ross Director
Dated: 23 June 2010

Approved by:

Steve Munby

S Munby Chief Executive
Dated: 23 June 2010

Statement of Governing Council members' and Accounting Officer's responsibilities

Under Section 394 of the Companies Act 2006, the Secretary of State has directed the National College to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National College and of its income and expenditure, changes in tax payers' equity and cash flows for the financial year.

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

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimate on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going-concern basis

The Secretary of State has appointed the National College's chief executive as Accounting Officer. The responsibility of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets, are set out in Managing Public Money, issued by HM Treasury.

Statement on internal control

Scope of responsibility

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

The National College for Leadership of Schools and Children's Services (the National College) is an executive non-departmental public body (NDPB) sponsored by the Department.

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the National College for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance. During the year, the system of internal control has been further improved to ensure consistent treatment and reporting of risk across the National College.

The risk and assurance framework

During the year, the audit and risk assessment committee signed off a revised risk and assurance framework for the National College which was implemented in the second half of 2009–10. Within this framework, the risk appetite of the National College was defined, clarifying the accepted treatment of risks at different levels.

Although the National College has always managed risk consistently, the method of reporting and escalation has not been consistent and the revised risk assurance framework seeks to address this. In line with the revised risk assurance framework, new processes were established in the second half of the year and there will be a focus in the new financial year on properly embedding these processes and ensuring that they are used to assist with the overall management of the National College.

The leadership group, comprising all strategic directors and operational directors, is responsible for the management of risks in accordance with the National College's risk assurance framework. A corporate risk register is maintained which is compiled through both bottom-up and top-down risk identification. This register is updated on a monthly basis and the high risks are reported in the monthly management information pack which is then circulated to the leadership group, audit and risk assessment committee, finance and remuneration committee, Governing Council and the Department. The revised process ensures an increased focus on the management of risk as well as achieving absolute transparency of the risks that the National College is managing at any point in time.

The monthly management information pack is not only a mechanism for reporting risk but also for monitoring performance against all key performance indicators (internal and external to the National College) and is therefore a source of assurance for the majority of the risks that face the National College.

Risk management and the consideration of risk are included in the planning, decision-making and monitoring processes of the National College. Within the corporate risk register each risk is attributed a clearly identified owner and an impact and likelihood score (inherent, residual and current). In addition, controls and sources of assurance are identified. These sources of assurance are monitored regularly throughout the National College to ensure that the risk is being managed to an appropriate level.

The finance team provide support and guidance to teams to ensure that risks are being managed and reported in line with the risk assurance framework and some focused risk management training is planned for 2010–11 together with a dedicated risk management intranet site.

Key areas of risk for the National College include the following:

- A major programme (eg NPQH) fails to deliver the expected numbers or quality of graduates to satisfy the demands of the system. The National College manages this risk through the Succession Planning programme, well-targeted marketing and by listening to applicants to ensure that the programmes remain relevant.
- The National College fails to gain the confidence of the new coalition government. This is managed through close monitoring of the policies of the various parties, thorough planning to enable the National College to respond flexibly to new expectations/requirements and a strong focus on delivery and value for money.
- The National College's delivery is affected by a cut in funding. An efficiency programme is being developed which will in the medium- to long term enable the National College to operate with reduced funding. In addition, the operational planning process already ensures that the resources are targeted in the most value-adding way.

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

The National College is subject to a programme of gateway reviews which are reported to the audit and risk assessment committee.

Key control mechanisms

The National College has in place the following key controls which help to manage the risks detailed above:

- quarterly business reviews with the leadership group, led by the Accounting Officer, where assurance can be gained that the risks are being managed appropriately across the National College
- a system of delegation of authority with defined revenue and capital spend authorisation limits
- a comprehensive budgeting system with an annual budget that is reviewed and agreed by the finance and remuneration committee of the Governing Council
- governance supported by a range of policies and procedures, and a detailed plan[3]
- a business continuity plan, which has been developed and tested for effectiveness in 2009–10

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, regular performance[3] monitoring across the National College, the leadership group which has responsibility for managing risk, and comments made by the external auditors in their management letter and other reports.

In 2009–10 the following key internal assurance arrangements were in place:

3. The National College's policies and procedures and systems of delegation have been reviewed and updated in 2009–10 to ensure that they continue to provide control and assurance.

Governing Council

The National College is governed by a board of non-executive directors appointed by the Secretary of State. The Governing Council receives regular reports on financial and operational performance as well as reviews of the risk management strategy and updated risks. The Governing Council relies on four subcommittees to assist it in carrying out its role. These subcommittees are the strategy committee, the finance and remuneration committee, the provision, research and technology committee and the audit and risk assessment committee.

Audit and risk assessment committee

A duly constituted audit and risk assessment committee, a subcommittee of the Governing Council, has operated throughout the year and its terms of reference reflect best practice. It consists of four members of the Governing Council and during 2009–10 was also supported by a representative from the Department sponsor team.

The committee has met regularly throughout 2009–10 and has considered reports from internal audit on the system of internal control, risk management and governance. On an annual basis the committee carries out a review of the effectiveness of the National College's system of internal control and reports the results of this review to the Governing Council.

In line with best practice, the committee has also completed a self-assessment of its effectiveness during 2009–10.

Leadership group

The leadership group, which consists of the National College's strategic and operational directors, is responsible for ensuring that risks are being managed in accordance with the risk assurance framework.

Information risk management

Arrangements have been made to ensure that the National College complies fully with the requirements of both HM Government and Cabinet Office policy and guidance in addressing risks to information and information systems.

The chief operating officer is the designated senior information risk owner (SIRO) with overall responsibility for the management of information security at the National College.

The National College has a variety of information assets that are essential to the effective and efficient operation of the organisation and the delivery of its strategic aims and objectives. These assets are protected by controls applied and managed by information asset owners (IAOs). The creation of a College Information Asset Register with assigned IAOs has given a greater understanding of the type and level of information assets held.

The National College undertakes quarterly and annual risk assessments and key risks to the security of its assets are identified. The National College recognises that a key risk to the security of its assets is the need to change the culture within the organisation, and with third parties who may access or use our data in carrying out their work. A continuing staff awareness campaign has highlighted the importance of information security and the associated risks and has fostered an increased sense of responsibility. The success of this campaign was evidenced in the very high level of staff awareness of the importance of information security demonstrated in the National College's recent staff survey.

More formally, all National College employees complete the Cabinet Office Level 1 e-learning programme within their first two weeks of employment and all employees will be required to undertake an annual refresher training programme. Furthermore, as higher level training programmes are developed by the Cabinet Office, National College staff are required to complete the training accordingly. In 2009–10, a Level 2 training programme was issued and all employees at managerial grade and above were required to complete this by the end of the calendar year. The requirement to complete this training is being extended in the coming year to include non-staff who have access to the National College's internal ICT systems, including third-party providers and suppliers.

A further key risk is the potential loss of National College information assets by suppliers and delivery partners (including their subcontractors).

All of the National College's suppliers and delivery partners are assessed for risk in terms of the data they may handle on behalf of the National College. Once assessed, the appropriate requirements are included in a schedule to their contract clearly setting out the information security requirements to be fulfilled. Therefore if a supplier has access to or holds a large amount of sensitive data belonging to the National College, the schedule requires more rigorous information security procedures to be in place. Whilst good progress has been made in terms of the contractual arrangements required for our suppliers and delivery partners, in the coming months the National College will be doing further work with these stakeholders to ensure that all National College information assets are protected in accordance with policies and procedures and that contractual requirements are being met.

The decision by the National College to work towards ISO 27001 compliance, with the appointment of a project team, has enabled it to drive forward business change with structure and challenge. This is a substantial business change project. Very good progress has so far been made and work on the project is still ongoing. However, once completed, the project will place the National College in a position of excellence with a clear message to our customers and colleagues that information assurance is taken seriously at all levels of the organisation.

All incidents relating to information security are reported to the audit and risk assessment committee of the National College, along with the action taken and how the incident has been closed. During 2009–10 there have been no reportable losses of data.

Internal audit

A professional and independent internal audit service, carried out by KPMG, was maintained throughout the year. KPMG's contract with the National College began on 1 April 2009.

Internal audits were carried out in accordance with the annual audit plan, as agreed by the audit and risk assessment committee to provide assurance about the level of controls operating.

The audit plan for the year was compiled based on the high risks to the National College and included value for money, procurement risk identification and management, payroll and expenses, succession planning, NPQH, business continuity and the programme and project management unit. In addition specialised support has been provided to the development of the regional strategy and talent management processes.

Based on the audit work carried out and the actions that are being taken to address and monitor identified control weaknesses, the internal auditors have concluded that the National College's system of internal control is adequate. All areas that underwent an internal audit during the year were either rated as low or medium risk with the framework of internal control noted as satisfactory. No areas subject to audit were deemed to be of high risk.

The internal auditors have reviewed this statement on internal control and confirm that it reflects HM Treasury guidance and follows a similar format to last year's.

In addition, all members of the leadership group have submitted letters of assurance to the Accounting Officer confirming that for 2009–10, there have been no control weaknesses or highlighting where there have been control weaknesses with the associated action that has been taken to resolve the issue.

Areas for development

During the year, the National College focused on some key areas to improve control (as identified through the risk management process and assurance mechanisms detailed above). These areas are as follows:

- **Procurement processes and controls:** Through the development of a better buying programme, the National College has improved (and continues to improve) how it contracts with and manages its suppliers. The aim of the better buying programme is to enable the National College to procure in a more flexible and efficient way, whist ensuring legislative compliance and rigorous control.

It has focused on five areas for improvement:

- educational associates – introduces a new, faster process for engaging with educational associates that complies with legislation and reduces administrative costs
- frameworks – looks for more opportunities to procure through framework agreements and seeks to increase the amount of collaborative procurement that we do, ensuring that in so doing we deliver improved value for money
- supplier relationship management – improves the way that we manage suppliers, ensuring that we monitor their performance closely and encourage them to work in partnership with us at a strategic level
- procurement processes and policies – streamlines all of the processes and policies to ensure that they are customer friendly and efficient
- value for money – establishes an ongoing programme within procurement that constantly seeks to deliver efficiency across all of our procurement activity

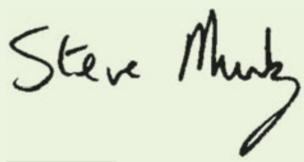
• **Grants process:** The grants process was revised in the year with the setting up of a grants committee that approves all grants issued by the National College. A page on the National College's internet site was also established aimed at providing a central point for information about the grants that the National College has available, together with instructions on how to apply for them. In addition, the impact and evaluation processes were improved.

• **Maximising our resources:** An efficiency programme was established during 2009–10 with the aim of delivering even more efficiency in the medium to long term.

This programme aims to embed an efficiency mindset across the National College, ensuring that individuals constantly seek to drive for value for money with everything that the National College does.
Elements of it include:

- carrying out a cost versus impact comparison across all of the National College's portfolio to ensure that the National College only invests its resources in the most value-adding activities
- aligning all the National College's activities against the goals and objectives of the National College ensuring that the National College only engages in activities that will ultimately deliver its purpose (see the management commentary)
- a number of cost-reduction activities aimed at ensuring that the National College's structure, processes and systems allow it to operate as efficiently as possible
- in addition, towards the end of year it was identified that the National College must improve the way it manages its consultants. Work will therefore be carried out that improves the rigour around the recruiting, performance management and payment of consultants

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



S Munby Accounting Officer
Dated: 23 June 2010

Remuneration report

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

The National College ensures the remuneration package for all staff is competitive by commissioning an annual salary survey. This review is undertaken by an independent consultancy. Salaries, benefits and pensions are compared against market norms in both the private and public sectors. The National College aims to compete at the median point across both sectors for similar positions. The median point does not include private sector bonuses which tend to skew comparatives. The results are reported to the finance and remuneration committee for review and sanction.

The finance and remuneration committee comprises:

Martin Callaghan (Chair)	National College Governing Council
Glynn Lowth	National College Governing Council
Pamela Jervis	National College Governing Council
Andrew Middleton	National College Governing Council
Caroline Maley	Chief Operating Officer, National College (ex officio)

The final package for each staff member comprises salary, pension (Local Government Pension Scheme) and performance-related bonus. The performance-related bonus is linked to the achievement of the objectives as laid out in the corporate plan which is presented to and agreed by the Department. These objectives are subject to periodic measurement and are contained within the National College's balanced scorecard. The achievement of the objectives is subject to review and confirmation by the finance and remuneration committee. An eligible employee is one who receives an acceptable rating in the annual performance appraisal system.

Those employees considered to be below an acceptable rating do not qualify. The chief executive is subject to separate performance management and bonus arrangements, which operate under the Department's scheme. If eligible, he is entitled to a performance bonus of up to 10 per cent of salary, subject to achievement against objectives agreed by the Permanent Secretary and the chair of the Governing Council.

The performance of all staff members is assessed on an annual basis by reviewing how well they have done against their objectives for the year and against the National College leadership competencies. The performance appraisal review includes input from stakeholders and colleagues. Performance is reviewed and targets are set for the next year. The target-setting process ensures the individual goals are aligned with and designed to achieve the National College's objectives as laid out in the operational plan. The chief executive conducts the review for the people reporting directly to him and the chair of the Governing Council conducts the review for the chief executive.

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

- Duration of contracts:
  - The chief executive is employed on a five-year, fixed-term contract. The current chief executive, Steve Munby, was awarded a new five-year contract with effect from 1 January 2009. The contract is terminable on six months' notice.
  - All other directors are employed on contracts which are terminable on notice but otherwise continue until retirement.
- Notice periods – all executive directors are on six months' notice.

- Termination payments – there are no formal termination payments for executive directors. However, the National College's policy on the termination of fixed-term contracts is to treat these in same way as for permanent employment and award a redundancy payment for loss of office. The redundancy payment is based on two weeks' payment for each complete and partial year of service.

In accordance with the Department's guidelines on employment, the National College offers its employees the option of joining the Local Government Pension Scheme (LGPS). The terms and conditions are very similar to those for central government schemes. The scheme is only available to executive directors, as unlike the non-executives they are employees of the National College.

Audited information

The salary, pension entitlements and benefits for the board and executive directors are as follows:

	Salary paid including bonus* 2009–10 £'000	Salary paid including bonus* 2008–09 £'000	Real increase in pension at 60 £'000 *Col A*	Real increase in lump sum £'000 *Col B*	Total accrued pension and related lump sum £'000 *Col C*	CETV** at 1 April 2009 £'000 *Col D*	CETV** at 31 March 2010 £'000 *Col E*	Real increase CETV in the year £'000 *Col F*
Exec Directors								
Steve Munby Chief Executive	150–155 Note (b)	150–155 Note (b)	5–7.5	12.5–15	60–65/ 165–170	1,093	1,185	92
Maggie Farrar Strategic Director	105–110 Note (b)	95–100 Note (b)	27.5–30	72.5–75	30–35/ 90–95	119	723	604
Catherine Fitt*** Strategic Director	80–85 Note (b)	n/a	n/a	n/a	50–55/ 145–150	n/a	1,148	n/a
Ken Gill Strategic Director	130–135 Note (b)	130–135 Note (b)	2.5–5	5–7.5	50–55/ 150–155	1,053	1,193	140
Caroline Maley Chief Operating Officer	130–135 Note (b)	125–130 Note (b)	0–2.5	0–2.5	0–5/ 0–5	28	59	31
Toby Salt Deputy Chief Executive	135–140 Note (b)	130–135 Note (b)	2.5–5	5–7.5	45–50/ 120–125	665	767	102

* Steve Munby's remuneration excludes benefits in kind of £8,835 (2008–09: £8,860). This brings his total remuneration excluding pension to £160k–£165k (2008–09: £160k–£165k) (Note a).

** Cash equivalent transfer value

*** Started during August 2009

**** Total paid includes salary, allowances and any benefits in kind.

Col A – The real increase during the year 2009–10 in the pension at age 60 in bands of £2,500.
Col B – The real increase during the year 2009–10 in the lump sum in bands of £2,500.
Col C – The total accrued pension at 31 March 2010 and related sum at age 60 in bands of £5,000.
Col D – The value of the cash equivalent transfer value at 1 April 2009, to the nearest £1,000.
Col E – The value of the cash equivalent transfer value at 31 March 2010, to the nearest £1,000

All non-executive directors, with the exception of the chair, are allowed to claim a daily board attendance fee of £300 per day. In addition, all non-executive directors including the chair are entitled to claim travel expenses.

	Total paid 2009–10**** £'000	Total paid 2008–09**** £'000
Non Exec Directors		
Vanni Treves Chair	43.6	43.3
Deborah Absalom	nil	n/a
Christopher Baker	1.8	1.7
Helen Baker	6.3	7.2
Andy Buck	nil Note (c)	nil Note (c)
Martin Callaghan	nil	nil
John Coughlan	nil	n/a
John Dunford	nil	n/a
Pamela Jervis	nil Note (c)	nil Note (c)
Ben Levin	0.9	nil
Glynn Lowth	0.6	n/a
Joan McVittie	nil Note (c)	nil Note (c)
Andrew Middleton	3.6	1.5
Jill Pullen	4.2	3.9
Dame Mary Richardson	3.3	nil
Diana Ross	7.8	6.5
Andrew Seber	10.7	12.3

There were no partnership pensions in existence.

Notes

a. Steve Munby has a licence for the sole occupancy of a room at the National College's learning and conference centre. The National College pays for the cost of this room (£11.15 per night) and the associated income tax for the benefit in kind.

b. Performance-related pay:

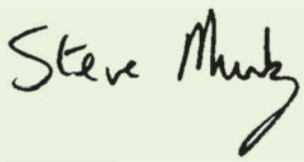
- Steve Munby's contract provides for a discretionary performance bonus of up to 10 per cent of basic salary, based on the achievement of objectives and targets. Payment is agreed between the chair of the Governing Council and in consultation with the Permanent Secretary of the Department. Payment included in remuneration for the 2009–10 year was for performance to 31 March 2009 and amounted to 7.5 per cent of basic salary (2008–09: 10 per cent).

- Strategic directors were awarded performance-related bonuses of between 2 per cent and 6 per cent based on the balanced scorecard for 2008–09, depending on the individual performance rating assessed by the chief executive.

- All directors contribute to the attainment of the National College objectives as measured within the National College balanced scorecard. Attainment of at least 75 per cent of the balanced scorecard gives rise to the release of the corporate bonus to the National College.

- The finance and remuneration committee has reassessed the corporate bonus for the 2009–10 year, and a small bonus of £688 per eligible employee will be paid in 2010–11 based on the achievement of the balanced scorecard for 2009–10. No corporate bonus is anticipated to be paid for subsequent years.

c. Board attendance fees were paid directly to their employer in accordance with the Department and government guidelines. Payments were made to third parties in respect of directors Joan McVittie and Pamela Jervis. £9,900 (2008–09: £4,500) was paid to Joan McVittie's school and £4,050 (2008–09: £2,335) was paid to Pamela Jervis' school.



S Munby Accounting Officer
Dated: 23 June 2010

The certificate and report of the Comptroller and Auditor General

The certificate and report of the Comptroller and Auditor General to the members of the National College for Leadership of Schools and Children's Services

I certify that I have audited the financial statements of the National College for Leadership of Schools and Children's Services for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Tax payers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the directors and auditor

As explained more fully in the Statement of Governing Council members' and Accounting Officer's responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its net expenditure for the period then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- the part of the Remuneration report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Management commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters for 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
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria, London, SW1W 9SP

30 June 2010

Income and expenditure account
for the year ended 31 March 2010

	Note	£'000	2010 £'000	£'000	2009 £'000
Turnover					
From continuing operations:					
Income	5		**10,516**		10,534
From continuing operations:					
Programme costs	8	**(122,391)**		(106,617)	
Support costs	8	**(8,000)**		(8,686)	
Release from provisions		**11**		82	
			(130,380)		(115,221)
Net expenditure before IAS19 adjustments			**(119,864)**		(104,687)
Less employers' LGPS costs	24	**1,908**		1,221	
Current service cost	24	**(840)**		(1,082)	
Past service cost		**–**		–	
			1,068		139
Asset impairment	12		**–**		(169)
Net expenditure from continuing operations			**(118,796)**		(104,717)
Interest payable and similar charges	22		**(880)**		(531)
Net expenditure			**(119,676)**		(105,248)
Tax on net expenditure	10		**–**		–
Net expenditure on ordinary activities after taxation			**(119,676)**		(105,248)
Notional capital charge			**749**		782
Net expenditure after notional capital charge			**(118,927)**		(104,466)
Add back notional capital charge			**(749)**		(782)
Net expenditure for the year			**(119,676)**		(105,248)

Statement of financial position
as at 31 March 2010

	Note	£'000	2010 £'000	£'000	2009 £'000
Non-current assets					
Property, plant and equipment	11.1	**21,557**		22,129	
Intangible assets	11.2	**1,088**		292	
Total non-current assets			**22,645**		22,421
Current assets					
Trade and other receivables	13	**1,571**		2,536	
Cash and cash equivalents	14	**6,135**		4,780	
Total current assets			**7,706**		7,316
Total assets			**30,351**		29,737
Current liabilities					
Trade and other payables	15	**(20,175)**		(22,598)	
Overdrawn at bank		**–**		–	
Total current liabilities			**(20,175)**		(22,598)
Net current liabilities			**(12,469)**		(15,282)
Non-current assets less net current assets			**10,176**		7,139
Non-current liabilities					
Provisions	16	**(90)**		(101)	
Other payables	15	**(20,819)**		(21,033)	
Pension liabilities	24	**(8,227)**		(1,812)	
Total non-current liabilities			**(29,136)**		(22,946)
Assets less liabilities			**(18,960)**		(15,807)
Capital and reserves					
General reserve			**(18,960)**		(15,807)
Total capital and reserves			**(18,960)**		(15,807)

Restatement of statement of financial position for prior year due to adoption of IFRS

as at 31 March 2009

	Note	**2009 £'000**	**2009 £'000**	2008 £'000	2008 £'000
Non-current assets					
Property, plant and equipment	11.1	**22,129**		22,815	
Intangible assets	11.2	**292**		1,004	
Total non-current assets			**22,421**		23,819
Current assets					
Trade and other receivables	13	**2,536**		2,799	
Cash and cash equivalents	14	**4,780**		5,337	
Total current assets			**7,316**		8,136
Total assets			**29,737**		31,955
Current liabilities					
Trade and other payables	15	**(22,598)**		(27,038)	
Overdrawn at bank	14	**–**		(3,199)	
Total current liabilities			**(22,598)**		(30,237)
Net current liabilities			**(15,282)**		(22,101)
Non-current assets less net current assets			**7,139**		1,718
Non-current liabilities					
Provisions	16	**(101)**		(183)	
Other payables	15	**(21,033)**		(21,949)	
Pension liabilities	24	**(1,812)**		(1,176)	
Total non-current liabilities			**(22,946)**		(23,308)
Assets less liabilities			**(15,807)**		(21,590)
Capital and reserves					
General reserve			**(15,807)**		(21,590)
Total capital and reserves			**(15,807)**		(21,590)

These financial statements were approved and authorised for issue by the board of directors and signed on their behalf by:

Steve Munby

D Ross, Chair of the audit and risk assessment committee.
Dated: 23 June 2010

S Munby, Chief Executive and Accounting Officer
Dated: 23 June 2010

Statement of cash flows
for the year ended 31 March 2010

	2010 £'000	2009 £'000
Cash flows from operating activities		
Net expenditure after cost of capital and interest	**(118,927)**	(104,466)
Adjustments for cost of capital charge	**(749)**	(782)
Deferred grant-in-aid	**12**	33
Deferred capital grant applied	**(698)**	811
Creation of capital reserve	**–**	384
Asset impairment taken to reserves	**–**	169
Decrease in trade and other receivables	**965**	263
Depreciation	**970**	847
Amortisation	**1,379**	1,296
Asset impairment	**–**	169
Loss on asset disposal	**1**	2
Interest on pension obligation net of expected return on scheme assets	**192**	(158)
Non-cash pension charges	**840**	1,082
Cash payments made to offset pension liability	**(1,908)**	(1,221)
Decrease in trade and other payables	**(2,637)**	(5,356)
Release of provisions	**(11)**	(82)
Net cash outflow from operating activities	**(120,571)**	(107,009)
Cash flows from investing activities		
Purchase of property, land and equipment	**(399)**	(332)
Purchase of intangible assets	**(2,175)**	(584)
Net cash outflow from investing activities	**(2,574)**	(916)
Cash flows from financing activities		
Grants from the Department	**124,500**	110,567
Net financing	**124,500**	110,567
Net increase in cash and cash equivalents in the year	**1,355**	2,642
Cash and cash equivalents at beginning of the year	**4,780**	2,138
Cash and cash equivalents at end of the year	**6,135**	4,780

Statement of changes in tax payers' equity
for the year ended 31 March 2010

	General Reserve £'000
Balance at 31 March 2008	**(21,590)**
Changes in tax payers' equity for 2008–09	
Deferred grant-in-aid	**33**
Deferred capital grant applied	**811**
Impairment of asset	**169**
Net actuarial pension losses	**(933)**
Net operating costs	**(105,248)**
Creation of capital reserve	**384**
Total recognised income and expense for 2008–09	**(104,784)**
Grant from the Department	**110,567**
Balance at 31 March 2009	**(15,807)**
Changes in tax payers' equity for 2009–10	
Deferred grant-in-aid	**12**
Deferred capital grant applied	**(698)**
Impairment of asset	**–**
Net actuarial pension losses	**(7,291)**
Net operating costs	**(119,676)**
Movement in capital reserve	**–**
Total recognised income and expense for 2009–10	**(127,653)**
Grant from the Department	**124,500**
Balance at 31 March 2009	**(18,960)**

Notes to the accounts

1 Company status

The company is an executive non-departmental public body, sponsored by the Department. It is registered in England as a private company limited by guarantee with no share capital, registration number 04014904. The maximum liability of each member is £1. The sole member is the Secretary of State.

The registered office of the company is:

National College, Lime House, Mere Way, Ruddington, Nottingham, Nottinghamshire, NG11 6JS.

2 Accounting policies

The accounts have been prepared in accordance with the Companies Act 2006, applicable accounting standards and in accordance with a direction given by the Secretary of State with the consent of HM Treasury. The particular accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

This is the first year the accounts are prepared in line with International Financial Reporting Standards (IFRS). The 2008–09 figures are restated accordingly. In addition, the accounts comply with the 2009–10 IFRS-based Government Financial Reporting Manual (FReM), where this exceeds or does not conflict with the Companies Act, and HM Treasury guidance in relation to IFRS compliance.

This year, as part of the adoption of IFRS, the National College has adopted IFRS 8 Operating Segments. The standard is applied retrospectively. The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision-maker (CODM). The National College has identified its CODM as the chief operating officer (COO). Refer to note 2.4 for further information about the company's segment reporting accounting policies under IFRS 8. The new format can be found in note 6.

2.1 Accounting convention

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

2.2 Government grants

The National College is funded mainly by grant-in-aid from the Department. Grant-in-aid is received monthly and except as detailed below is treated as financing, credited to the income and expenditure reserve, because it is regarded as a contribution from a controlling party. Outstanding grant-in-aid at the year-end is not accrued on the statement of financial position.

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

Where the National College receives funds from the Department that are specifically earmarked for specific assets, the income is recognised to the extent that expenditure has been incurred, any unspent income being taken to payables as deferred income.

2.3 Operating income

Income is recognised net of trade discounts, VAT and other similar taxes every month in line with expenditure incurred.

2.4 Segmental reporting

In identifying operating segments, management follows the National College's organisational structure and strategic lines of operation.

The National College operates five main operational segments: continuous leadership learning; directors of children's services; policy, research and development; school leadership development and corporate services.

The activities undertaken by continuous leadership learning include the provision of a range of programmes targeted at heads, aspiring heads, middle leaders and senior leadership teams within schools, the provision of e-learning materials to support the work of the National College and the National College membership scheme.

Directors of children's services provides a range of programmes targeted at directors of children's services (DCSs) and aspiring DCSs in addition to supporting the Every Child Matters agenda and supporting the development of integrated working for extended schools alongside their multi-agency partners.

Policy, research and development work includes building knowledge of the most effective development and delivery of our provision and ensuring that we stay ahead of advances in knowledge about effective leadership development. Additionally, succession planning work aims to secure the supply of high-quality, next-generation leaders and regional work is building meaningful relationships with leaders and their local practice.

School leadership development provides a number of strategic interventions designed to develop leadership at all levels, freeing up more leaders to work beyond their schools and centres. Additionally, programmes aimed at school business managers and directors are managed through this directorate.

Corporate services provides support for all areas including the provision of accommodation, facilities, technology and programme management. The leadership team and corporate governance is also included within corporate services. An 'other' segment is used as part of management reporting primarily to hold the credit for support costs relating to ring-fenced budgets reallocated to programmes.

Income and costs are allocated between these operating segments based on where they are managed, eg interest payable retained in corporate services.

Assets and liabilities are managed centrally with no segregated buildings, credit control or bank accounts. Accommodation is shared and a number of employees divide their time between different areas. Assets and liabilities are accounted for centrally and are not reported to management by segment. For this reason we have adopted early the amendment to IFRS 8 made as part of Improvements to IFRS published in April 2009 which clarifies that segmental information for total assets is required only if such amounts are regularly reported to the chief operating decision-maker. Segmental split of assets is therefore not disclosed here.

2.5 Early Headship Provision

The National College provides a programme for the training and development of new and aspiring headteachers. The programme involves the award of funds that may be called off over a three-year period.

Funds are earmarked at the time of award and a liability is recognised on the statement of financial position to the extent to which it is expected the bursary will be used. Expenditure is recognised at the time the claimant becomes entitled to the bursary. The balance of funding attributable to individual applicants is held in a separate bank account.

2.6 Research and development

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

2.7 Grants paid

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

2.8 Pensions

The National College participates in a defined benefit staff pension scheme providing benefits based upon final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Fund which is administered under the statutory framework of the Local Government Pension Scheme. The scheme is funded with assets held by trustees. The pension scheme deficit or surplus is recognised in full on the face of the statement of financial position. Pension scheme actuarial gains/losses are recognised in reserves as required by the FReM.

2.9 Value-added tax

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

2.10 Notional capital charge

A charge reflecting the cost of capital utilised by the National College is included in the income and expenditure account. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances. In view of the net liabilities in the statement of financial position, the notional charge is negative. This will be the last year of calculation due to changes in the FReM for 2010–11.

2.11 Non-current assets

Tangible non-current assets with a purchase cost in excess of £2,500 and intangible assets with a cost greater than £5,000 are capitalised unless they are part of a recognised scheme, in which case items with a lower cost are capitalised as distinct groups.

Where the National College receives assets for nil consideration from the Department, these are capitalised on their receipt at the cost to the Department and a corresponding entry is credited to deferred grants.

A release is made from deferred grants to income in line with the depreciation charge on the associated asset.

A full year's depreciation or amortisation is taken in the year of purchase for non-current and intangible assets respectively.

2.11.1 Property, plant and equipment

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

Buildings	over 50 years
Building improvements	over 10 years
Furniture and fittings	over 3 years
Information technology	over 3 years

Assets are carried at depreciated cost as a proxy for fair value based on asset values and useful estimated lives.

2.11.2 Intangible assets

Intangible assets include software licences, purchases and website development costs that meet the IAS 38 requirement of delivering future service potential.

Amortisation is provided for on all intangible non-current assets as per the policy for tangible non-current assets above. The expected useful life for intangible assets is as follows:

Websites that deliver services	over 2 years

2.12 Leases

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

The National College has a lease from the Department in respect of the learning and conference centre building at Triumph Road, Nottingham. The land element is treated as an operating lease and the building is treated as a finance lease.

The value of the finance lease asset was capitalised at the discounted value of the lease payments and is being depreciated over the estimated asset life. The lease liability is reduced by annual principal and interest payments. Details of the impact of the lease, which came into effect on 1 April 2008, appear in note 21 to the accounts.

2.13 Financial instruments

As a non-departmental public body funded by the government, the National College is not exposed to any liquidity or interest rate risks. The National College has no overseas operations and does not operate any foreign currency bank accounts. It is not subject to any foreign currency, credit or market risks.

2.14 Cash

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand. The company has no cash equivalents.

2.15 Provisions

The National College maintains a provision for potential dilapidation costs of leased buildings.

2.16 Managing capital

The National College has several objectives in managing its capital.

- seeking to comply with the objectives set by the Department in terms of cash holding
- seeking to reduce its net liabilities as far as possible while working within the Department guidelines
- aiming to pay invoices within 10 days

3 First-time adoption of IFRS

	2008–09 £'000
Net expenditure	
Net expenditure for the year ended 31 March 2009 under UK GAAP	(104,465)
Untaken annual leave included per IAS 19	
Increase in provision for untaken annual leave in year to 31 March 2009	(71)
Capitalisation of intangible assets included per IAS 38	
Capitalisation of intangible assets in year to 31 March 2009	584
Amortisation of intangible assets in year to 31 March 2009	(1,296)
Net expenditure for the year ended 31 March 2009 under IFRS	**(105,248)**

	2008–09 £'000
Tax payers' equity	
Tax payers' equity at 31 March 2009 under UK GAAP	(15,527)
Untaken annual leave included per IAS 19	
Untaken annual leave as at 31 March 2008	(209)
Increase in provision for untaken annual leave in year to 31 March 2009	(71)
Capitalisation of intangible assets included per IAS 38 (see note 11.2)	
Capitalisation of intangible assets to 31 March 2008	(2,008)
Capitalisation of intangible assets in year to 31 March 2009	(584)
Funding of asset through deferred capital income to 31 March 2008	2,008
Funding of asset through deferred capital income in year to 31 March 2009	584
Tax payers' equity at 31 March 2009 under IFRS	**(15,807)**

4 IFRSs in issue but not yet effective

In line with the requirements of IAS 8, the National College has identified the following IFRSs which have been issued and that may have an impact on the accounts but have not been applied as they are not yet effective.

IFRS 9 Financial Instruments

The classification of financial assets under IFRS 9 will be on the basis of the entity's business model for the management, and contractual cash flow characteristics. The effective date is 1 January 2013. The National College intends to apply IFRS 9 in the year ending 31 March 2014. The impact of application is uncertain as additional instalments covering financial liabilities and impairment methodology have not yet been published.

IAS 24 Related party disclosures

The revised IAS 24 simplifies and clarifies the definition of a related party. There is partial exemption from disclosure of transactions and outstanding balances. The effective date is 1 January 2011. The National College intends to apply the revised IAS 24 in the financial year to 31 March 2012. The impact is not likely to be significant. Some transactions and outstanding balances may become exempt from disclosure.

IAS 7 Statement of cash flows

In the revised IAS 7, only expenditure that results in the recognition of an asset (rather than simply to generate future income and cash flows) can be classified as a cash flow from investing activities. The effective date is 1 January 2010. The National College intends to apply the revised IAS 7 in the financial year ending 31 March 2011. The impact is not expected to be significant. In the financial year ending 31 March 2010 the cash flows from investing activities relate entirely to the recognition of tangible and intangible assets.

IAS 17 Leases

The revised IAS 17 clarifies that where a lease includes both land and buildings elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS 17, taking into account that land normally has an indefinite economic life. Thus the land element may be classified as a finance lease. The effective date is 1 January 2010. The National College intends to apply the revised IAS 17 in the financial year ending 31 March 2011. Following the adoption of the revision of IAS 17, the College will assess unexpired land operating leases, and account for any change retrospectively. Land is already separated from buildings in lease commitments note 21.

5 Income

In addition to the grant-in-aid, the National College has also received programme funding from several other sources during 2009–10:

	2010 £'000	2009 £'000
Training and Development Agency for Schools – bursar training	**6,861**	5,811
Capita – school improvement partners	**684**	1,142
Fees and charges	**2,971**	3,581
	10,516	10,534

The National College charges fees to participants on several of its programmes. When the fees were initially set they were based on a percentage of the costs the National College pays to the providers of the programmes. Fees and charges includes amounts charged for attendance at the annual conference, where all income covers the cost of delivery. Income received from the Training and Development Agency for Schools and Capita are purely to cover the cost of the activity that the National College has been asked to deliver.

6 Segmental reporting

Management currently identifies the National College's operating segments as described in note 2.4. These operating segments are monitored by the chief operating officer and management in the running and monitoring of the National College. Following the principle of IFRS 8 as being disclosure relating to how the chief operating decision-maker is informed and how management decisions are made, items are disclosed here as they are accounted for (such as interest payable in corporate services) rather than being arbitrarily allocated.

	Continuous leadership learning	Directors of children's services	Policy, research and development (Note i)	School leadership development	Corporate Services (Note ii)	Other	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
2009–10							
Turnover							
Other income	1,355	62	121	8,977	1	0	**10,516**
Costs	(46,236)	(11,454)	(19,541)	(43,361)	(16,660)	6,861	**(130,391)**
Release from provisions	–	–	–	–	–	11	**11**
Less employers' LGPS costs	–	–	–	–	1,908	–	**1,908**
Current service cost	–	–	–	–	(840)	–	**(840)**
Past service cost	–	–	–	–	–	–	**–**
Interest payable and similar charges	–	–	–	–	(880)	–	**(880)**
Notional capital charge	–	–	–	–	–	749	**749**
Add back notional capital charge	–	–	–	–	–	(749)	**(749)**
Net expenditure for the year	**(44,881)**	**(11,392)**	**(19,420)**	**(34,384)**	**(16,471)**	**6,872**	**(119,676)**

Note i: The policy, research and development directorate includes succession planning and leadership models.

Note ii: Corporate services costs include the running costs of the learning and conference centre, which is used to provide accommodation for delegates attending courses and conferences. This amounts to £3,958k (2009: £4,074k).

	Continuous leadership learning	Directors of children's services	Policy, research and development (Note i)	School leadership development	Corporate services (Note ii)	Other	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
2008–09							
Turnover							
Other income	2,852	–	226	7,429	847	(820)	**10,534**
Costs	(41,561)	–	(21,581)	(39,116)	(15,763)	2,718	**(115,303)**
Release from provisions	–	–	–	–	–	82	**82**
Less employers' LGPS costs	–	–	–	–	1,221	–	**1,221**
Current service cost	–	–	–	–	(1,082)	–	**(1,082)**
Past service cost	–	–	–	–	–	–	**-**
Asset impairment	–	–	–	–	(169)	–	**(169)**
Interest payable and similar charges	–	–	–	–	(531)	–	**(531)**
Notional capital charge	–	–	–	–	–	782	**782**
Add back notional capital charge	–	–	–	–	–	(782)	**(782)**
Net expenditure for the year	**(38,709)**	**–**	**(21,355)**	**(31,687)**	**(15,477)**	**1,980**	**(105,248)**

All segments are within the UK and therefore no geographical split is included.

In addition to grant-in-aid, the National College has also received programme funding. The National College's one major customer is the Training and Development Agency for Schools (TDA). A major customer is defined as any customer that contributes more than 10 per cent of total revenue. Note 5 provides details. Aside from TDA, the National College receives income from Capita Business Services Limited and fee income from many schools.

7 Net expenditure

a) This is stated after charging:

	2010 £'000	2009 £'000
Depreciation of non-current assets	**970**	847
Amortisation of intangible assets	**1,379**	1,296
Auditors' remuneration:		
Audit services – external auditors, statutory audit	**50**	50
Audit services – external auditors, IFRS audit fees	**5**	5
Audit services – internal auditors	**68**	49
Research and development expenditure	**3,332**	3,027
Operating lease payments	**537**	616

8 Expenditure details

a) Programme costs

	2010 £'000	2009 £'000
Leadership development	**68,836**	66,820
Strategic intervention	**34,766**	19,338
Succession planning	**9,772**	11,441
Learning and conference centre	**3,958**	4,074
Research and development	**3,332**	3,027
Annual and new heads conferences	**1,727**	1,917
	122,391	106,617

b) Support costs

	2010 £'000	2009 £'000
Core operational ICT costs and projects	**3,565**	3,084
Senior managers and governance	**2,305**	2,165
Human resources	**2,318**	2,174
Core marketing and corporate communications	**1,570**	1,439
Ruddington accommodation	**1,029**	1,075
Commercial management	**1,149**	924
Finance	**988**	748
Costs reallocated to ring-fenced programmes	**(4,924)**	(2,923)
	8,000	8,686

In 2009–10 and 2008–09 the National College received both ring-fenced and non-ring-fenced grant-in-aid from the Department. Ring-fenced funding is provided for specific projects or activities, and may be of fixed duration, such as for one financial year. Non-ring-fenced funding is used for all other programme and running costs expenditure. Expenditure on ring-fenced projects has been included within programme costs above.

In recognition of the overhead costs associated with the delivery of projects with ring-fenced budgets, and as agreed with the Department, the accounts show a ring-fenced project overhead reallocation from support costs to programme costs. In 2009–10 this has been calculated at a rate of 8 per cent of the cost of the programme. The average overhead reallocation rate applied in 2008–09 was 5.8 per cent. The increase in the rate has been agreed with the Department as, following a review of the cost basis, management consider that a rate of 8 per cent better reflects the proportion of the National College's total support costs relating to ring-fenced-funded projects.

9 Staff numbers and related costs

a) Staff costs included within programme and support costs above comprise:

2009–10	**Total £'000**	**Permanently employed staff £'000**	**Others £'000**
Wages and salaries	**13,074**	**11,909**	**1,165**
Social security costs	**1,003**	**1,003**	**–**
Other pension costs	**840**	**840**	**–**
Sub-total	**14,917**	**13,752**	**1,165**
Less recoveries in respect of outward secondments	**(30)**	**(30)**	**–**
Total net costs	**14,887**	**13,722**	**1,165**

2008–09	**Total £'000**	**Permanently employed staff £'000**	**Others £'000**
Wages and salaries	10,800	9,446	1,354
Social security costs	796	796	–
Other pension costs	1,082	1,082	–
Sub-total	12,678	11,324	1,354
Less recoveries in respect of outward secondments	–	–	–
Total net costs	12,678	11,324	1,354

b) Average number of persons employed:

	2009–10 Total	**Permanently employed staff**	**Others**
Directly employed	**342**	**341**	**1**
Other	**22**	**–**	**22**
Total	**364**	**341**	**23**

	2008–09 **Total** (restated)	**Permanently employed staff** (restated)	**Others** (restated)
Directly employed	315	313	2
Other	32	–	32
Total	347	313	34

The average number of employees disclosed is the average headcount in the year. In the previous year's accounts the average disclosed was the average full-time equivalent. The previous year comparatives are restated accordingly.

Salaries include gross salaries and performance bonuses payable. It does not include the estimated monetary value of benefits in kind. Following the adoption of IAS 19, the employer's pension cost in respect of the National College's main pension fund, the Nottinghamshire County Council Pension Fund, is charged directly to the pension liability in the statement of financial position. The amount charged for the year was £1,908k (2009: £1,221k). For further pension scheme details see note 24.

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

Information in respect of the remuneration and pension entitlements of the chief executive, who is not a director for the purposes of company law, and the individual salary and pension entitlements of the other executive directors are shown in the remuneration report.

10 Taxation

The National College is not liable to corporation tax for the year 2009–10 and no such liability has arisen post year-end. HMRC has confirmed that the National College is treated as a dormant company for corporation tax purposes because no profits have been made, and therefore no corporation tax is owed. Consequently, there are no provisions for current or deferred corporation tax. This position is reviewed annually.

11 Non-current assets

11.1 Property, plant and equipment

	Buildings		Information technology	Furniture and fittings	Information technology, furniture and fittings	Total
	Owned	Held under finance lease	Owned	Owned	Donated	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2009	2,931	23,617	1,248	732	43	28,571
Reclassified	–	–	30	–	(30)	–
Additions	102	–	297	–	–	399
Impairment	–	–	–	–	–	–
Disposals	–	–	(171)	(2)	(1)	(174)
At 31 March 2010	3,033	23,617	1,404	730	12	28,796
Depreciation						
At 1 April 2009	1,332	3,211	1,143	713	43	6,442
Reclassified	–	–	30	–	(30)	–
Charge for the year	303	475	183	9	–	970
Impairment	–	–	–	–	–	–
Disposals	–	–	(170)	(2)	(1)	(173)
At 31 March 2010	1,635	3,686	1,186	720	12	7,239
Net book value						
At 31 March 2010	**1,398**	**19,931**	**218**	**10**	**–**	**21,557**
At 31 March 2009	1,599	20,406	105	19	–	22,129

Owned buildings includes building improvements for the learning and conference centre and the Ruddington office. Buildings held under finance lease relates solely to the learning and conference centre.

11.1 Property, plant and equipment

	Buildings		Information technology	Furniture and fittings	Information technology, furniture and fittings	Total
	Owned	Held under finance lease	Owned	Owned	Donated	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2008	2,727	23,967	1,504	705	43	28,946
Additions	204	–	100	28	–	332
Impairment	–	(350)	–	–	–	(350)
Disposals	–	–	(356)	(1)	–	(357)
At 31 March 2009	2,931	23,617	1,248	732	43	28,571
Depreciation						
At 1 April 2008	1,039	2,976	1,375	698	43	6,131
Charge for the year	293	416	122	16	–	847
Impairment	–	(181)	–	–	–	(181)
Disposals	–	–	(354)	(1)	–	(355)
At 31 March 2009	1,332	3,211	1,143	713	43	6,442
Net book value						
At 31 March 2009	**1,599**	**20,406**	**105**	**19**	**–**	**22,129**
At 31 March 2008	1,688	20,991	129	7	–	22,815

11.2 Intangible assets

	Websites that deliver services £'000	Total £'000
Cost or valuation		
At 1 April 2009	2,592	2,592
Additions	2,175	2,175
Disposals	–	–
At 31 March 2010	4,767	4,767
Amortisation		
At 1 April 2009	2,300	2,300
Charged in the year	1,379	1,379
Disposals	–	–
At 31 March 2010	3,679	3,679
Net book value		
At 31 March 2010	**1,088**	**1,088**
At 31 March 2009	292	292

Cost or valuation		
At 1 April 2008	2,008	2,008
Additions	584	584
Disposals	–	–
At 31 March 2009	2,592	2,592
Amortisation		
At 1 April 2008	1,004	1,004
Charged in the year	1,296	1,296
Disposals	–	–
At 31 March 2009	2,300	2,300
Net book value		
At 31 March 2009	**292**	**292**
At 31 March 2008	1,004	1,004

As a result of adopting IFRS for the first time this year, IAS 38 Intangible Assets has been applied. As a result, expenditure on software and websites that deliver services has been capitalised and amortised.

Intangibles amortisation is found within the support costs line of the income and expenditure account.

12 Impairment of asset

On 7 June 2002, the National College entered into a 99-year lease with the Department for the use of a building sited on the Jubilee Campus of the University of Nottingham (the learning and conference centre). Until April 2008, the building was capitalised at cost within the National College's accounts with a corresponding entry made in deferred capital grants within payables.

A deed of variation to the lease was made on 30 May 2008 to the effect that the National College will pay a total of £750k per annum until May 2102 in respect of the land and building. The building element of £721k per annum is a finance lease and accounting adjustments have been made to reflect the revised valuation of the building based on the discounted lease payments for the life of the lease, asset depreciation and the lease liability.

The land element of £29k is an operating lease and is no longer included as a non-current asset.

The non-current asset account balance was restated in a prior year to remove the land element, which was valued at £833k. A further reduction of the building cost was made in a prior year to a net value of £169k and treated as an impairment.

13 Trade receivables and other current assets

	2010 £'000	2009 £'000	2008 £'000
VAT	**–**	164	439
Trade receivables	**804**	1,558	1,439
Other receivables	**–**	–	525
Deposits and advances	**6**	4	–
Prepayments and accrued income	**761**	810	396
	1,571	2,536	2,799

These balances can be analysed between:

	2010	2009	2008
	£'000	£'000	£'000
Other central government bodies (including non-departmental public bodies)	**68**	172	614
Local authorities	**52**	716	96
Bodies external to government	**1,451**	1,648	2,089
	1,571	2,536	2,799

Trade receivables by ageing are analysed as:

	2010	2009	2008
	£'000	£'000	£'000
0–30 days	**460**	1,045	276
31–60 days	**293**	501	1,050
61–90 days	**4**	–	44
91–120 days	**24**	2	25
Greater than 120 days	**23**	10	44
Total trade receivables	**804**	1,558	1,439

Items older than 30 days are past due.

Included within the trade receivables balance is £388k (2008–09: £512k; 2007–08: £216k) relating to conferences in the following financial year. If this is deducted from the trade receivables total, the debt would reduce to £416k (2008–09: £1,046k; 2007–08: £1,223k).

14 Cash and cash equivalents

The National College's cash balances at the year-end were:

	2010 £'000	2009 £'000	2008 £'000
Balance at 1 April			
HMPG main account/(overdrawn)	**627**	(3,199)	18,578
HMPG Early Headship Provision account	**4,153**	5,337	6,686
	4,780	2,138	25,264
Net change in cash and cash equivalent balances	**1,355**	2,642	(23,126)
Balance at 31 March	**6,135**	4,780	2,138

The following balances at 31 March were held at:

	2010 £'000	2009 £'000	2008 £'000
HMPG main account/(overdrawn)	**254**	627	(3,199)
HMPG Early Headship Provision account	**4,679**	4,153	5,337
HMPG CitiDirect	**1,061**	–	–
HMPG NatWest	**141**	–	–
	6,135	4,780	2,138

All balances are held with the Government Banking Service (GBS).

During the year the National College has set up new bank accounts in line with a GBS project to transfer banking services to CitiDirect and NatWest.

The National College has no cash equivalents.

15 Trade and other payables

	2010	2009	2008
	£'000	£'000	£'000
Amounts falling due within one year			
Other taxation and social security	**324**	262	239
Trade payables	**329**	5,412	1,181
Other payables	**135**	110	3,185
Accruals and deferred income	**14,219**	11,269	15,450
Early Headship Provision grants	**2,900**	4,156	5,113
	17,907	21,209	25,168
Deferred capital grant	**1,546**	667	1,870
Current financial lease	**722**	722	–
Total trade and other payables	**20,175**	22,598	27,038

These balances can be analysed between:

	2010	2009	2008
	£'000	£'000	£'000
		(restated)	
Other central government bodies (including non-departmental public bodies)	**3,984**	4,291	7,410
Local authorities	**178**	1,387	294
Bodies external to government	**16,013**	16,920	19,334
	20,175	22,598	27,038

In the prior year balances relating to finance leases were included in bodies external to government. This year finance lease payables have been disclosed within other central government bodies (including non-departmental public bodies). The prior year's figures have been restated to reflect this change. As a result of adopting IFRS for the first time this year, IAS 19 Employee Benefits has been applied. An accrual for holiday pay for £375k (2009: £280k) is included in the accruals and deferred income line above. This represents holiday earned up to 31 March 2010 which had not been taken at that point. The holiday pay accrual has been calculated based on a sample of employees across several departments. A percentage of holiday days which they have earned by the year-end reduced by the number they actually took is applied to a pay estimate for the year.

	2010 £'000	2009 £'000	2008 £'000
Amounts falling due after more than one year			
Deferred capital grant – land and buildings	1,095	1,306	21,911
Deferred capital grant – other	73	43	38
Finance leases	20,035	20,068	–
Capital reserve	(384)	(384)	–
	20,819	21,033	21,949

16 Provisions

	Senior management restructure £'000	Other including dilapidation £'000	Total £'000
Balance 1 April 2009	11	90	101
Provided in the year	–	–	–
Provisions not provided – written back	(11)	–	(11)
Provisions utilised in the year	–	–	–
Balance at 31 March 2010	**–**	**90**	**90**
Balance at 1 April 2008	103	80	183
Provided in the year	–	10	10
Provisions not required written back	(92)		(92)
Provisions utilised in the year	–	–	–
Balance at 31 March 2009	**11**	**90**	**101**

Provision was made in 2004–05 for the identified early retirement costs of staff leaving the National College. During 2005–06 further provision was made for the remaining costs of the senior management restructure which occurred during the year. The liability at 31 March 2009 was based on one outstanding individual pension entitlement and other related costs. This has been released during 2009–10 as it is no longer required.

A provision was made in 2006–07 in respect of anticipated dilapidation costs in respect of other leased premises. This is reviewed annually and adjusted based on the National College's latest estimate for the costs of restoring rented premises to the state in which they were when first entered into.

17 Related party transactions

The National College is a non-departmental public body (NDPB) and a company limited by guarantee. The guarantor is the Secretary of State and thus is considered a related party. Grant-in-aid income of £124,500,000 (2009: £110,567,574) was received during the year from the Department.

At the year-end the Department owed the National College £6,660 (2009: £nil) in relation to the Achievement for All workshop. The National College owed the Department £410 (2009: £nil) for catering and hospitality at 31 March 2010.

The Department invoiced the National College for £60,436 (2009: £52,317) to cover the costs of seconded staff and other activities. The Department also invoiced the National College £nil (2009: £20,000) for professional fees.

The National College paid the Department £58,105 (2009: £nil) for rent of the Sanctuary Buildings in London and £750,000 (2009: £750,000) for rent in respect of the learning and conference centre including £688,432 (2009: £689,537) in finance lease interest. Rent prepayments of £127,717 (2009: £nil) were also paid to the Department.

The National College paid £3,430,601 (2009: £2,704,355) to Serco Limited and invoiced it £5,323 (2009: £2,064) during the year. The National College owed Serco Limited £648 (2009: £nil) at year-end and is due £92 (2009: £nil) from Serco Limited. A sister of board member Joan McVittie is a senior executive at Serco Limited.

Joan McVittie is a membership officer of the Association of School and College Leaders (ASCL). Board member Pamela Jervis is also a member of ASCL, and fellow board member John Dunford is the General Secretary. The National College paid £2,939 (2009: £4,072) to this organisation during the year, and received £5,935 (2009: £nil) in income from ASCL.

The National College paid £858,264 (2009: £2,020,857) to PricewaterhouseCoopers LLP. Board member Martin Callaghan is a partner of the organisation.

Martin Callaghan is also a governor at Yardley Primary School; the head is a local leader of education (LLE). The National College received £573 (2009: £nil) from Yardley Primary School in the year, relating mostly to a delegate ticket for the annual conference. Yardley Primary School invoiced the National College for £9,210 (2009: £nil).

The National College paid £142,912 (2009: £99,773) to Andrew Seber Limited for consultancy services in respect of national succession planning. Board member Andrew Seber and his wife own Andrew Seber Limited with a 50 per cent share each.

Independent charity Teach First received £60,000 (2009: £nil) from the National College in the year. Board member John Dunford is a trustee at Teach First.

During the first part of the financial year the National College, together with Absolute Return for Kids (ARK) and the Specialist Schools and Academies Trust (SSAT) was participating in a charitable company limited by guarantee to deliver the pilot Future Leaders programme, Future Leaders Charitable Trust Limited (FLCT). During the year the relationship changed. On 2 December 2009 the National College's participation came to an end and the organisation became an unrelated supplier to the National College. During the year the National College paid FLCT £3,453,624 (2009: £2,427,128).

Pamela Jervis is a board member at the National College and principal of Kirkby Sports College. Kirkby Sports College paid the National College £760 (2009: £nil) in the year and received £15,000 (2009: £nil) from the National College for the Middle Leadership Development Pilot.

The National College paid the Academy of Youth £83,683 (2009: £nil) during the year. Executive director Maggie Farrar was a director then trustee of the organisation before resigning in November 2009.

The Institute of Education invoiced the National College £1,534,642 (2009: £nil) in the year. The National College received £1,059 (2009: £nil) from the Institute of Education, which also owed the National College £718 (2009: £Nil) at the year-end. Paul Bennett is an operational director at the National College and also a member of the advisory board of the Institute of Education at the University of Warwick.

Mark Pattison is a contractor working as an operational director of the National College and owns his own company, Mark Pattison Limited. During the year the National College paid £217,062 (2009: £154,712) to Mark Pattison Limited.

Jo Pickering is on secondment from the University of Derby, working as an operational director of the National College. Her son-in-law is an HR business partner at Nord Anglia Education Limited, which invoiced the National College £390,638 (2009: £nil) in the year. Income from the sale of conference tickets in the year amounting to £1,305 (2009: £nil) was received from Nord Anglia Education Limited.

The National College requires staff to declare any potential conflicts of interest where they may or do have a financial interest, prior to contracting. Where it is deemed applicable for a procurement to proceed, staff are not permitted to take any part in the contract negotiations with any related party.

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

18 Grant payments made

The National College made £20.4m (2009: £21.5m) grant payments to support research and educational activity. Of this, £17.8m (2009: £11.8m) went to bodies within the public sector, including schools, local education authorities and universities and the balance of £2.6m (2009: £9.7m) was paid to a range of educational and training providers.

The total grant payments of £20.4m (2009: £21.5m) included support to the programme areas of succession planning (£5.4m (2009: £5.0m)), City Challenge (£5.4m (2009: £3.3m)), National Leaders of Education (£4.1m (2009: £2.4m)), Future Leaders (£1.3m (2009: £2.4m)) and Fast Track (£1.7m (2009: £4.5m).

19 Material non-cash transactions

There were no material non-cash transactions.

20 Financial performance targets

The primary financial target was to achieve a percentage of actual spend against profiled spend within an agreed tolerance level of -2.5 per cent to +2.5 per cent on a monthly basis and -2.5 per cent to 0 per cent on an annual basis. The actual variance for the year was -0.4 per cent, well within the agreed tolerance, calculated on an accruals basis.

21 Lease commitments

21.1 Operating leases

Following the adoption of IFRS for the first time this year, IAS 17 Leases has been applied. Instead of disclosing commitments under operating leases to pay rentals during the year following the year of the accounts, total future minimum lease payments under operating leases are given in the table overleaf:

Obligations under operating leases comprise:	2010 £'000	2009 £'000
Land		
Not later than one year	**28**	28
Later than one year and not later than five years	**113**	113
Later than five years	**2,456**	2,484
	2,597	2,625
Building		
Not later than one year	**320**	320
Later than one year and not later than five years	**1,278**	1,278
Later than five years	**959**	1,278
	2,557	2,876

The land operating lease is held with the Department and runs for 99 years from 31 May 2002 to 28 May 2101; there are 92 years remaining. The building operating lease is held with the Ruddington Building Company Limited and started on 17 November 2008. There is a break point dated 17 November 2013 and the expiry date is 17 November 2018.

21.2 Finance leases

Following revision of the lease held with the Department for the use of the building sited on the Jubilee Campus of the University of Nottingham, a finance lease obligation was created in the accounts for the year ending 31 March 2009. The liability was raised at the initial valuation of £20,822k representing the discounted value of future lease payments. After allowing for repayments to 31 March 2010 the liability is £20,757k.

Obligations under finance leases comprise:	2010 £'000	2009 £'000
Buildings		
Rentals due within one year	**722**	722
Rentals due after one year but within five years	**2,887**	2,888
Rentals due thereafter	**62,193**	62,913
	65,802	66,523
Less interest element	**(45,045)**	(45,733)
	20,757	20,790

As with the land operating lease, the finance lease runs for 99 years from 31 May 2002 to 28 May 2101 with 92 years remaining.

22 Interest paid and received during the year

	2010 **£'000**	2009 £'000
Interest on pension obligation net of expected return on scheme assets	**(192)**	158
Interest paid on finance lease	**(688)**	(689)
	(880)	(531)

23 Events after the reporting period

There were no events after 31 March 2010 requiring an adjustment to the financial statements. The financial statements were authorised for issue on 23 June 2010 by Steve Munby, Chief Executive and Accounting Officer.

24 Pensions

Pensions costs are assessed every three years in accordance with the advice of a qualified independent actuary. The latest valuation is as at 31 March 2007 and a revised valuation is expected during the year ended 31 March 2011. The assumptions and other data that have the most significant effect on the determination of the contribution levels are provided in the following tables.

In 2009–10, the National College made total employer contributions to the fund of £1,908,000 (2009: £1,221,000) made up of regular contributions of £908,000 (2009: £721,000) plus a lump sum contribution of £1,000,000 (2009: £500,000). The pension deficit of £8,227,000 (2009: £1,812,000) shown on the statement of financial position is after applying IAS 19 actuarial assumptions.

Contribution rates with effect from 1 April 2009		As a percentage of pensionable pay
Employer		9.8%
Employees		
Band 1	£0–£12,600	5.5%
Band 2	>£12,600–£14,700	5.8%
Band 3	>£14,700–£18,900	5.9%
Band 4	>£18,900–£31,500	6.5%
Band 5	>£31,500–£42,000	6.8%
Band 6	>£42,000–£78,700	7.2%
Band 7	>£78,700	7.5%

IAS 19 reporting requirements

Information is based upon the full triennial actuarial valuation of the fund as at 31 March 2007, estimated whole-fund income and expenditure items for the period to 31 March 2010 and estimated whole-fund returns for the period to 31 March 2010 based on actual fund returns for the period to 31 December 2009 and then market returns (estimated where necessary) for the period to 31 March 2010.

Demographic assumptions:
Life expectancy from age 65 years

Retiring today	Males	20.30
	Females	23.91
Retiring in 20 years	Males	21.22
	Females	24.91

Financial assumptions as at	31 March 2010		31 March 2009		31 March 2008	
	% pa	Real	% pa	Real	% pa	Real
Price increases	3.9%	–	3.0%	–	3.6%	–
Salary increases	5.4%	1.5%	4.5%	1.5%	5.1%	1.5%
Pension increases	3.9%	–	3.0%	–	3.6%	–
Discount rate	5.5%	1.5%	6.7%	3.6%	6.1%	2.4%

The discount rate is the yield on the iBoxx AA rated over 15 year corporate bond index.

The expected return on fund assets is based on the long-term expected investment return for each asset class at the beginning of the period (ie as at 1 April 2009 for the year to 31 March 2010). The return on gilts and other bonds is assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

Asset class		**Expected return % pa**	
	1 April 2010	**1 April 2009**	**1 April 2008**
Equities	7.4%	6.9%	7.5%
Gilts	4.5%	4.0%	4.6%
Bonds	5.5%	6.5%	6.1%
Property	6.9%	6.4%	6.5%
Cash	3.0%	3.0%	5.3%

Statement of financial position disclosure of net National College pension assets

	31 March 2010 £'000	**31 March 2009 £'000**	**31 March 2008 £'000**
Present value of funded obligation	42,974	25,848	28,999
Fair value of scheme assets (bid value)	34,747	24,036	27,823
Net liability in statement of financial position	**8,227**	**1,812**	**1,176**

Income and expenditure account costs for the year to 31 March 2010

The amounts recognised in the income and expenditure account are:	**2010 £'000**	**2009 £'000**
Current service cost	840	1,082
Interest on obligation	1,779	1,807
Expected return on scheme assets	(1,587)	(1,965)
Past service cost	–	–
Total	**1,032**	**924**
Actual return in scheme assets	**8,202**	**(5,205)**

Asset and benefit obligation reconciliation for the year to 31 March 2010

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Year to 31 March 2010 £'000
Opening defined benefit obligation	**25,848**
Service cost	840
Interest cost	1,779
Actuarial loss	13,906
Estimated funded benefits paid (net of transfers in)	(47)
Contributions by scheme participants	648
Closing defined benefit obligation	**42,974**

Reconciliation of opening and closing balances of the fair value of scheme assets	Year to 31 March 2010 £'000
Opening fair value of scheme assets	**24,036**
Expected return on scheme assets	1,587
Actuarial gain	6,615
Contributions by employer including unfunded benefits	1,908
Contributions by scheme participants	648
Estimated benefits paid including unfunded benefits	(47)
Fair value of scheme assets at end of period	**34,747**

Reconciliation of opening and closing deficit

	Year to 31 March 2010 £'000	Year to 31 March 2009 £'000
Deficit in scheme at beginning of year	**(1,812)**	(1,176)
Current service cost	(840)	(1,082)
Employer contributions	1,908	1,221
Past service costs	–	–
Other finance (charges)/income	(192)	158
Actuarial loss	(7,291)	(933)
Deficit in scheme at end of year	**(8,227)**	(1,812)

Sensitivity analysis showing the impact of a change in discount rate and mortality age rating assumptions on total obligation and projected service cost

Adjustment to discount rate	**£'000 +1.0%**	**£'000 0%**	**£'000 -1.0%**
Present value of total obligation	42,085	42,974	43,885
Projected service cost	1,842	1,909	1,977
Adjustment to mortality age rating assumption	**+ 1 year**	**None**	**-1 year**
Present value of total obligation	41,362	42,974	44,602
Projected service cost	1,816	1,909	2,003

Amounts for the current and previous periods

	Year to 31 March 2010 £'000	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000	Year to 31 March 2006 £'000
Defined benefit obligation	(42,974)	(25,848)	(28,999)	(24,732)	(23,984)
Scheme assets	34,747	24,036	27,823	25,547	21,372
(Deficit)/surplus	(8,227)	(1,812)	(1,176)	815	(2,612)
Experience adjustments on scheme assets	6,615	(7170)	(646)	520	2,499
Experience adjustments on scheme liabilities	–	–	1,841	–	(1,003)

Movements in actuarial loss

	Year to 31 March 2010 £'000	Year to 31 March 2009 £'000
Actual return less expected return on pension scheme assets	**6,615**	**(7,170)**
Change in assumptions underlying the present value of scheme liabilities	**(13,906)**	**6,237**
Actuarial loss in pension scheme	**(7,291)**	**(933)**

Projected pension expense for the year to 31 March 2011

	Year to 31 March 2011 £'000
Service cost	1,909
Interest cost	2,432
Return on assets	(2,435)
Total	**1,906**
Employer contributions	1,004

Figures exclude the capitalised cost of any early retirements or augmentations that may occur after 31 March 2010.

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