



**Annual Report and
Financial Statements
for the year ended 31 March 2006**



Annual Report and Financial Statements for the year ended 31 March 2006

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Annual Report

Introduction

This Annual Report covers the financial year 1 April 2005 to 31 March 2006 and incorporates the Management Commentary as required under the Financial Reporting Manual. It shows how the General Teaching Council for England (GTC) has pursued and delivered against the objectives set out in its Corporate Plan for 2005-08 *Committed to Teaching*.

Nature and objectives

The GTC, a Public Corporation (as defined by the Office of National Statistics), was established on 1 September 2000 as a self regulatory professional body under Section 1 of the Teaching and Higher Education Act 1998.

We are the professional body for teachers in England and hold the Register of teachers.

Our principal activities have remained unchanged throughout the year, the statutory aims being to contribute to improving standards of teaching and the quality of learning, and to maintain and improve standards of professional conduct among teachers, in the public interest.

Three principal statutory functions support those aims.

- The GTC awards qualified teacher status and maintains a Register of qualified teachers in England.
- We regulate the teaching profession in partnership with the public and in the public interest.
- We advise government and other agencies on key issues affecting the quality of teaching and learning.

The GTC has a strong integrated framework to ensure that the organisation meets its objectives. Each year the GTC's Corporate Plan sets out in detail the plans for the organisation for the three year period ahead. The plan makes explicit the overriding objectives of the organisation, driving the detailed service plans that set out the targets and key actions for each operation unit for the year.

In summary the key actions of the Corporate Plan 2005-08 were as follows.

Registration and regulation

We will:

- continue to award qualified teacher status (QTS) in accordance with statutory requirements
- continue to register qualified teachers in accordance with the statutory framework, giving teachers regular opportunities to update their personal data and manage the Register in accordance with data protection requirements
- implement a system of provisional registration in autumn 2005
- continue to carry out the GTC's disciplinary function effectively and fairly in full compliance with human rights legislation.

Advisory work and research

Work will be pursued in the following areas:

- initial teacher education and professional standards for the children's workforce
- teaching and learning
- continuing professional development (CPD)
- evidence-based research
- professional networks
- equal opportunities.

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Engaging with teachers and partners

We will use communications work to increase understanding of the GTC as the professional body for teaching. This will include:

- working with cohorts of newly qualified teachers (NQTs)
- offering a range of events around the country at which teachers and head teachers can participate
- directly communicating with all registered teachers by a termly magazine
- continuing a programme of liaison with local authorities
- strengthening the awareness of the value of registration and regulation with governors and parents.

Working effectively

We will:

- continue to improve fee collection processes
- ensure that investment in new information and communications technology (ICT) infrastructure and staff delivers better, more effective services to teachers and other stakeholders.

Development and performance of the organisation

This financial year saw our fifth anniversary. Since our inception we have continued to develop and mature as an organisation. The principal developments this year are set out in the sections below that deal with each service area.

Looking ahead

During the period covered by this report the Council agreed its corporate plan for 2006-09, *For children, through teachers*. The new corporate plan looks forward to the GTC's continued development in the context of change through the Children Act 2004, the new professional standards framework for teachers, and continuing demographic change within the teacher workforce. It recognises the challenges to be posed by the Education and Inspections bill and the Safeguarding Vulnerable Groups bill, when each is enacted, and the implementation by schools of equalities legislation such as the Race Relations Amendment Act.

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Registration

At 31 March 2006 there were over 538,000 qualified teachers registered with the Council.

All qualified teachers teaching in maintained schools, non-maintained special schools or pupil referral units in England must be registered with the GTC. So too must others in these schools who:

- have QTS, and
- work in roles such as local authority advisory teachers or higher level teaching assistants, and
- spend time on the teaching tasks of
 - planning and preparing lessons, or
 - delivering lessons, or
 - assessing or reporting on the development, progress and attainment of pupils.

The requirement to register applies to full-time, part-time and supply teachers.

Others with QTS who work in other education roles, or in sectors where registration is not required (such as independent schools or sixth form and further education (FE) colleges), may register voluntarily and are encouraged to do so by the GTC, although some employers require registration with the GTC as a condition of contract.

For teachers in academies, Government's original intention was that there should be no compulsion on teachers to register. The GTC sought to reverse this decision, and, supported by teacher, parent, governor, diocesan and higher education bodies, secured a decision by the Secretary of State in September that all teachers with QTS in future academies will be required to register. We are working with the Specialist Schools and Academies Trust, and many academies themselves, to encourage registration in the first phase of academies.

Data reliability and accuracy continues to improve, in terms of both quality and timeliness, as a result of our work with employers to collect accurate employment data each year and the introduction of the new customer relationship management system. At teacher level, we include a registration update form in the regular termly mailing. Improvements in data, linked with information from employer and fee collection, enable the removal from the Register of teachers who do not need to be registered.

	31 March 2006	31 March 2005	31 March 2004
Teachers registered with the GTC	538,000	525,000	555,000

Since autumn 2005, local authority employers have been able to check the registration status of teachers online, either authority-wide, school-specific or on an individual teacher basis. The number of checks being undertaken by employers has increased by 44 per cent, with the increased volumes almost totally attributable to the six month period since the introduction of the online facility. As well as providing an easy to use service for employers, the increase in checks is improving the quality of the teacher employment checking process.

	2005-06	2004-05
Employer access enquiries received and processed	90,000	63,000

Awarding qualified teacher status

The GTC is the awarding body for qualified teacher status and so ensures that only appropriately qualified teachers can enter the profession in the interest of the public and the profession. With some 38,000 new entrants to teaching each year, and statutory timescales for the award of QTS, this is one of the key responsibilities of the GTC.

Each year the GTC works in partnership with initial teacher training (ITT) providers, the Training and Development Agency for Schools (TDA), the Department for Education and Skills (DfES) and the Universities Council for the Education of Teachers (UCET) towards the efficient awarding of qualified teacher status to around 28,000 newly qualified teachers who obtain their qualification through the traditional ITT route. The GTC manages the exercise each year to ensure that newly qualified teachers are in receipt of their certificates and have their QTS award correctly recorded on the Register of teachers before the end of August, to facilitate their readiness for taking up teaching posts in early September.

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The GTC made a further 10,000 awards of QTS in 2005-06 through a variety of routes including employment based routes, requests from European Economic Area (EEA) applicants to have the qualification from their home country recognised in England, teachers qualifying through the Overseas Trained Teacher programme, and manual awards of QTS emanating from our archive work.

The figures show a steady year-on-year increase of four to five per cent in total QTS awards. EEA awards however rose by 40 per cent, almost entirely the result of 373 applicants from Poland in the first full year since Poland became part of European Union.

Type of QTS award	2005-06	2004-05	2003-04
ITT college exit process	28,288	27,606	27,283
Scotland	215	215	198
Northern Ireland	57	65	47
European Economic Area	1319	938	899
Flexible post graduate route	893	600	649
Graduate and Registered teacher programmes	4,808	5,039	3,487
Overseas trained teachers	1,163	906	969
Awards resulting from archive work	1,553	1,295	1,474
Total	38,296	36,664	35,006

Induction

The GTC continues to process induction results in line with recommendations from appropriate bodies on a termly basis. Certificates are issued to successful inductees and results recorded on the Register.

Result	2005-06	2004-05	2003-04
Pass	25,858	25,216	22,955
Deferred	109	185	148
Withdrawn	1090	1142	1005
Fail	22	41	24

Scope of the GTC Register

Although the Register already contains much valuable demographic data of use to researchers, employers and others, information on disability and ethnicity will be an important addition to the data held. We continue to be successful in securing details on ethnicity from 80 per cent of newly qualified teachers when they first register.

Provisional registration and suitability

We are continuing to work towards the development of a scheme of provisional registration for trainee teachers and overseas trained teachers and suitability criteria for all new registrants. Timescales in last year's corporate plan have not been met due to other priorities within DfES but we continue to engage with officials to establish the necessary regulations.

Teacher Enquiry Service

The teacher enquiry service, based in our Birmingham office, is the principal point of contact for teachers using the national telephone number to contact the GTC. Call volumes continue to increase year-on-year with 28 per cent and 13 per cent increases over the last two years respectively.

	2005-06	2004-05	2003-04
Calls handled	120,372	106,489	83,509

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Regulation

As stated previously, by awarding qualified teacher status the GTC ensures that only appropriately qualified teachers can enter the profession. Our regulatory role has a key role in ensuring that high professional standards of conduct and competence are maintained by each teacher throughout their career.

The GTC's regulatory procedures have continued to develop in the light of experience. 290 new disciplinary referrals were received in 2005-06, bringing the overall total of cases referred to the GTC by the end of March 2006 to 1,271. Of these, 57 fell outside our remit and 1,141 had by then been considered by the Investigating Committees. Their task is to establish whether there is a prima facie case of unacceptable professional conduct or serious professional incompetence or that it appears that a teacher has been convicted of a relevant criminal offence.

All cases are, however, screened initially by the Registrar, under procedures agreed by Council, to determine whether or not they meet a minimum threshold of likely impact upon registration. The total number of cases screened out at this stage in 2005-06 was 94.

During 2005-06, Investigating Committees met on 15 occasions, with outcomes as shown below.

Cases referred on to hearings	143
No case to answer or case discontinued	129
Cases adjourned for further investigation	35
Cases referred to Secretary of State	2
Total	309

Conduct, competence and criminal convictions

Where a teacher has been found to fall short of the standards of conduct or competence required of a qualified teacher, the Council's hearing committees may impose an appropriate sanction. This may range from a reprimand that remains on the teacher's record for two years, a conditional registration order, suspension, sometimes with conditions attached or, ultimately, prohibition. Where a conditional registration order is imposed, which sets limitations on a teacher's practice or requires the completion of remedial training, the Council's hearing committees have ensured that the order is workable and that compliance can be monitored effectively.

By the end of March 2006, the GTC had concluded a total of 179 disciplinary hearings in relation to cases referred on from Investigating Committees. Two other hearings were convened on application from teachers already subject to disciplinary orders; one seeking re-registration after prohibition and one a variation of a conditional registration order. Neither application was successful. Of the grand total of 181 hearings, therefore, 75 were concluded in 2005-06 and their outcomes are shown in the table below, compared to those for previous years.

	2005-06	2004-05	2003-04
Prohibition order	10	6	8
Suspension order (with conditions)	9	1	4
Suspension order	3	1	5
Conditional registration order	25	19	11
Reprimand	14	7	8
No sanction	3	2	0
No finding	10	3	7
Other	1	1	0
Total	75	40	43

During the year the Council introduced a framework to assist with assessing the relevance of convictions, which further builds on the introduction of a Code of Conduct and Practice and Indicative Sanctions Guidance, as measures designed

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to foster consistency of decision making. In addition, steps were taken to streamline the Council's procedures to expedite the hearing of some cases where the facts are not in dispute and guilt is not contested.

Induction appeals

The GTC also hears appeals by teachers who have failed their induction period but believe that the decision of their employer was incorrect. By the end of March 2006, we had heard a total of 55 induction appeals, of which 11 were concluded during the year. The outcomes of these appeals are shown in the table below, similarly compared to those of previous years.

	2005-06	2004-05	2003-04
Appeal allowed	-	1	-
Appeal dismissed	3	7	5
Extension: one term	2	1	1
Extension: two terms	2	3	4
Extension: three terms	4	2	1
Total	11	14	11

Monitoring of regulatory work

The GTC's Registration and Regulation committee has monitored regulatory work, including the time taken to schedule and complete cases. The GTC has continued to invest significant effort into ensuring employers understand their responsibilities with respect to registration and regulation issues and employers may now check registration status, including the existence of a disciplinary sanction, online. In addition, the Registrar issues an Annual Report on registration and regulation, identifying key themes which may lead to improved professional practice. A summary of this report was issued to all schools in the autumn of 2005.

Professional standards

The Code of Conduct and Practice, issued in July 2004 after widespread consultation with the profession and partners, states the minimum standards required of registered teachers and underpins our regulatory work. The Code is issued to all teachers on first registration, in accordance with regulations made under Section 5 of the Teaching and Higher Education Act 1998. The Code is kept under review to ensure its continuing relevance.

Future trends

The number of referrals that we have received has been on a steady increase ever since we have been responsible for regulatory hearings. It is not clear how much further the number of referrals will rise, whether the numbers will reach plateau in the coming years, or indeed whether the current numbers represent an unusual peak with a future fall in the number of referrals. With only five years of historical data available to us, the accuracy of any extrapolated forecast is restricted. We have established a revised strategy for the future to enable it to meet the increased volumes which is also geared to securing operational and cost savings in the delivery of hearings.

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Advisory work

The GTC's policy and research programme serves its statutory remit to advise the Secretary of State and others on a wide range of issues affecting teachers, teaching and the quality of learning. Policy advice is supported by research evidence and the testimony and expertise of practising teachers and partners.

The formal advice and other responses submitted during the year are shown below. Many of the responses can be accessed through the GTC website.

Subject	Consulting agency or department	Date
Consultation on a new code of practice (The duty to promote disability equality)	Disability Rights Commission	April 2005
Arrangements for the next STRB Review	School Teachers' Review Body	May 2005
Children's Workforce Strategy	HM Government	July 2005
The work of Ofsted	Education and Skills Select Committee	October 2005
Higher Standards, Better Schools for All (white paper)	Education and Skills Select Committee	November 2005
Review of standards for classroom teachers	Training and Development Agency for Schools	February 2006
Education and Inspections bill	Secretary of State for Education and Skills	March 2006
Common induction standards for children's services	Children's Workforce Development Council	March 2006

Research evidence

We are committed to basing our policy recommendations on sound evidence. The research team marshals available published evidence and works with partner organisations to sponsor and disseminate research. We do this to support our advisory remit and encourage research-informed teaching practice.

The annual teacher attitude survey is a major resource for the GTC and our partners. Issues included in the 2005 survey, conducted on the GTC's behalf by the National Foundation for Educational Research (NFER), included teachers' views on

- their motivations and inspirations
- their views on the profession's future
- their hopes for their own futures
- their views on assessment.

The findings of the 2005 survey are available on the research section of the GTC website. Fieldwork for the 2006 survey took place in the spring term.

The GTC is a partner in 'Becoming a teacher', a major longitudinal cohort study of those entering teaching running from 2003 to 2009. The second year of this study examined NQTs' experiences of their first year of teaching, the support they received, their strengths and areas where they need further development.

The GTC continued to support the National Teacher Research Panel and continued to develop our popular Research of the Month feature on the website. Other GTC-funded research during 2005-06, with principal partners in brackets, included:

- Pedagogy using e-learning resources (Manchester Metropolitan University)
- Systematic review of the impact of CPD 4 (National Union of Teachers and DfES)
- Synthesis of CPD projects (Association of Teachers and Lecturers)
- Effective leadership in early years education (Institute of Education).

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Principal areas of policy development

Assessment

We have made clear our belief that a fundamental review of the purpose of assessment is needed, encompassing Key Stages 1 to 3. Our proposals see three major components for a future system:

- a bank of nationally devised tests for teachers to use when pupils are ready
- formative and summative assessment used side-by-side to better support learning, enrich public information and increase the accountability of schools
- national standards monitored through cohort sampling of schools.

As well as scrutinising research and working closely with teachers and teacher organisations, the GTC commissioned research of parental opinion on the value parents place on various forms of assessment and its reporting.

Values

During the year we have revised the *Statement of Professional Values and Practice* to reflect, in particular, the increasing inter-professional working of teachers following the introduction of the Children Act 2004. In furtherance of this, the GTC has developed particularly close working relationships with the Nursing and Midwifery Council and the General Social Care Council and is working on a joint statement of values and ethics.

Addressing inequality

The GTC established the Disabled teachers' task force in November 2005. The task force, supported by the Disability Rights Commission (DRC), brings together the TDA, the DfES and others. Its first task was to examine the barriers to teaching faced by new disabled entrants to the profession, and a series of recommendations followed its second meeting.

The GTC worked closely with Stonewall on its *Education for all* programme, including a feature on homophobic bullying in *Teaching: the GTC magazine* and the hosting of a major online forum called *Challenge homophobia: does every child matter?*

The Achieve network continued to develop and grow: see *Professional networks* below.

Continuing professional development

Robust and effective programmes of continuing professional development are a hallmark of a profession, and a major objective of the GTC is to address this issue, as an enabler and, through the GTC Teacher Learning Academy, as a verifier.

The GTC's CPD partnership project with 26 local education authorities (LEAs; now equivalent to local authorities, LAs) came to a close in summer 2005. Evaluation of the project by NFER, which reported in September 2005, was very positive and highlighted a variety of ways in which CPD provision in those authorities had improved as well as lessons for more general application.

The Connect network continued to develop and grow, and the Engage network was introduced: see *Professional networks* below.

Three more leaflets were published in the Teachers Professional Learning Framework series. *Learning together*, published in April 2005, examined the role of the CPD leader. *Networks: the potential for teacher learning*, was published in September 2005, and *Using research in your school and your teaching* in January 2006.

Professional networks

The GTC's first two professional networks, Achieve and Connect, have continued to develop and grow. A third network, Engage, was launched during the year. All three are online networks which disseminate case studies, news and resources through regular e-newsletters. The networks aim to support teaching practice and provide a link between teachers nationwide to share ideas, strategies and expertise.

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Achieve brings racial equality and diversity issues into the mainstream, and gives schools the support to face challenges and celebrate success. The majority of its 3,196 members in March 2006, up from 715 in summer 2005, are education professionals who promote racial equality and diversity in schools. During the year the network revised its resource file on asylum-seeker and refugee pupils and launched a resource file on Traveller education. In January 2006, the network event 'Race relations and your school' was held to coincide with the London meeting of the Council, with the renowned playwright Kwame Kwei-Armah as lead speaker.

Through Connect, which is for those who lead CPD in schools, teachers can inform national policy work, share good practice with other CPD leaders and hear the latest research and initiatives in CPD. Among the developments over the year are the creation of a network for small schools. Connect had 5,752 subscribers in March 2006, up from 2,769 in summer 2005.

Engage, which launched in September 2005, is the professional network for new teachers. Engage also welcomes those who support new teachers, such as induction tutors. Through Engage, new teachers can hear about national initiatives and research, put forward ideas to inform the GTC's national policy work, and build networks with other new teachers. Successful launch conferences were held in Wolverhampton, Gateshead and Brighton. In March 2006 there were 9,720 active subscribers to the Engage network.

Teacher Learning Academy

The GTC Teacher Learning Academy (TLA) went into its important third development phase during the year. Partnerships were established with the National Council for School Leadership, the Training and Development Agency for Schools and the Specialist Schools and Academies Trust as well as the national strategies, higher education institutions and 20 local authorities. Its development has been guided by the emerging and positive evidence of the independent evaluation by NFER.

Over the year, the range of eligible teachers was increased as a result of the new partnerships, and the use of peer verification strengthened. By the year end 2,322 teachers were enrolled and 548 had successfully submitted learning projects for verification. Eleven regional training days were held for leaders of TLA hubs, most of whom are teachers with some local authority and higher education staff, with a total attendance of some 300.

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Communications

The GTC is committed to raising the awareness of teachers, partners and the wider public of our role in promoting high standards of teaching through its registration, regulatory and advisory functions. We seek to engage with teachers and other partners, so that we support teacher professionalism and base our policy advice on the experience and expertise both of practising teachers and the wider education community.

Publications and mailings

Since September 2005, registered teachers have been able to opt for one of three options for the receipt of regular GTC mailings:

1. despatch by post of the annual fee mailing, other mandatory materials relating to registration and regulation, and the termly postal mailing of *Teaching: the GTC magazine* and other supporting materials
2. despatch by post of the annual fee mailing and other mandatory materials relating to registration and regulation, and the termly e-mailing of *Teaching: the GTC magazine* and other supporting materials
3. despatch by post of the annual fee mailing and other mandatory materials relating to registration and regulation.

By the end of March 2006, over 900 registered teachers had opted for option 2 and over 1,000 for option 3. These options continue to be promoted, as they allow registered teachers greater control and help reduce the GTC's print and postage costs.

Teaching: the GTC magazine continues to be the GTC's principal regular publication for registered teachers. Each issue has been themed around a specific topic: equal opportunities in summer 2005, mentoring and coaching in autumn 2005 and assessment in spring 2006. In order to accommodate those who chose 'option 2' above, the magazine has been provided in HTML format on the GTC's internet site, in addition to the pdf of the magazine pages that has always been available.

During the year, the GTC also sponsored (and co-produced) two supplements in the Times Education Supplement: *On Course*, a guide to continuous professional development, and *First Steps*, for early career teachers. Other publications included:

- the annual review
- a revised version of the Council's introductory leaflet, *What we do*
- a guide to the GTC's policy and research work
- the annual statistical digest or data from the Register
- three leaflets in the *Teachers' professional learning framework* series
- various briefing notes for heads and governors.

Clear guidelines on the GTC's written and visual style have been put in place during the year. We retain corporate membership of the Plain English Campaign, and intend to gain our first Crystal Marks during the year 2006-07.

Events programme

The principal conferences and related events held during the year, with evaluation and attendance data, are shown in the table on the next page. The programme was a little smaller than that for 2004-05 but more tightly focussed.

Since autumn 2005, most Council meetings are once again supported by opportunities for local teachers to meet members of Council. In addition, a number of smaller events, such as seminars and focus groups, took place throughout the year, and we continue to be represented at major professional and commercial education conferences and shows.

Attendances for teacher-targeted events have been, in general, stronger this year than last, and evaluation feedback remains positive, although the development of event structures remains an important priority for the organisation.

The lead speaker at the June conference *Teachers leading, teachers learning* was the Schools minister, Jacqui Smith.

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Date	Venue	Topic	% approval	delegates
June 05	London	Teachers leading, teachers learning	80%	83
June 05	Liverpool	Engage network introduction	99%	45
June 05	Leicester	Engage network introduction	100%	41
July 05	London	Teacher Learning Academy	94%	140
July 05	York	Find out more about the GTC	n/a	34
October 05	Bristol	Engage network introduction	n/a	30
October 05	London	LEA CPD partnership project conference	100%	38
December 05	Wolverhampton	Engage network launch	94%	109
December 05	Gateshead	Engage network launch	98%	109
December 05	Medway	LEA CPD partnership project: parliamentary event	n/a	30
January 06	London	Achieve network	n/a	80
March 06	Brighton	Engage network launch	94%	102
March 06	Manchester	e-learning	90%	30

Website

In April 2005 we successfully launched our redeveloped website. It is based on a new content management system which has made site development and the updating of content more efficient, for example by allowing a wider range of users to enter content.

The GTC's website has continued to grow its content. New content included a Teacher Learning Academy area, nine *Research of the Month* articles, an online version of *Teaching: the GTC magazine*, a new publications section and an extended section on Council business. We have also provided electronic access to the full range of GTC publications from the most recent Teachers' Professional Learning Framework leaflet to the GTC briefing on the Education and Inspections bill.

The website has hosted discussion forums on Black history month, pupil assessment and challenging homophobia.

E-newsletters

E-newsletters continue to be an effective way of keeping in touch with teachers and stakeholders across the country. As well as the professional networks, over the year we expanded our digital communications to include directors of children's services and staff in local authority finance and human resources teams.

Delivery, opening and click-through rates for network e-newsletters, which are in general above industry standards, are shown in the table below. (Click-through rates show the proportion of users who opened at least one link in the email).

Network	Newsletter	Sent	% Delivered	% Opened	% Click through
Achieve	Summer 05	893	89.1	48.9	20.6
	Autumn 05	3,111	85.1	53.6	29.4
	Spring 06	3,245	88.9	42.7	28.4
Connect	Summer 05	2,769	76.1	43.1	6.3
	Autumn 05	6,143	79.5	43.6	25.4
	Spring 06	6,116	78.3	41.8	19.2
Engage	Autumn 05	9,546	88.4	48.2	10.8
	Spring 06	11,083	87.7	37.7	15.7

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Media relations and public affairs

Journalists increasingly approach the GTC's media office for information, comment and opinion on GTC work and general educational issues. There was particular interest during the year in the GTC's position on the issues arising from a series of cases where teachers on the sex offenders register had been allowed to teach in schools and the resulting review of the Government's List 99 procedures.

A new media database system was introduced to enable the press office to further extend and manage its contacts more effectively. During 2005-06, we received 208 media enquiries, of which 64 occurred in January 2006, at the time of the List 99 issue. News pieces, signed articles and papers were published covering various aspects of the GTC's work.

The majority of our media profile continues to come through the reporting of regulatory hearings in the education and regional press, and as these grow in number this is expected to place additional challenges on the media team. Overall the number of mentions of the GTC in the national and specialist press increased from 174 in 2004-05 to 209 in 2005-06.

Contact with parliamentarians included face-to-face briefings, themed events, for example on continuing professional development, and the introduction of a new parliamentary bulletin. We have identified a number of MPs and peers who have a particular interest in race equality issues.

An Early Day Motion on the issue of the registration of Academy teachers was tabled by Kerry Pollard, then MP for St Albans, who supported the campaign for registration of teachers in academies. The motion was signed by 66 MPs.

We developed a new format of event at the 2005 party political conferences, which attracted more party representatives and delegates than the equivalent events in 2004.

Liaison with employers

The GTC liaises closely with employers to collect accurate teacher data, the GTC fee (from those who pay by salary deduction) and to ensure equity in the referral of disciplinary cases. A national programme of meetings with local authority employers and employer agencies has resulted in marked improvements in the accuracy of teacher data and fee collection and improved confidence in the referral process. To date, we have visited over ninety of the largest local authorities and agencies.

Market research

Market research conducted in 2005-06 shows some evidence that the understanding of our remit is improving (see table below; all figures show percentages of teachers believing each area to be within the GTC's remit). This year's research also examined in some detail the experience of users of the GTC website, and the valuable findings will inform the site's continued development.

Remit area	2005-06	2004-05
Registration of teachers	89%	83%
Regulation of teachers	74%	65%
Policy advice to government	76%	69%

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Corporate support

This service area supports the work of the GTC through financial management and administration, corporate planning and review (including risk management), human resources, governance support and administration, information and communication technology (ICT) and facilities management.

Fee collection

Registration fee collection is an essential part of the GTC's organisational work, and is highly dependent upon registration data accuracy. Given that some 150,000 data records vary each year, this is a complex requirement. The collection work was affected by changes to the GTC's ICT systems in the year; this created some short term difficulties but these were overcome and the new systems contributed to the overall improvement achieved. The systems also provide an improved foundation for future fee collection with the introduction of 'balance billing': any fee arrears may be collected at the same time as current fees, which should quicken the collection of fee arrears.

Overall in 2005-06 collection outcomes have improved both in terms of the volumes collected in-year and also in terms of the proportion collected by Direct Debit and met budgeted targets. The GTC exceeded its target of collecting 490,000 fees in year, as shown below, although this represented a lower proportion of available fee income than the previous year, given the increase in recognised income in the year arising from improvements in our systems.

	2005-06	2004-05	2003-04
Number of fees recognised for income	543,200	519,100	512,600
Number of in year fees collected in year	494,000	483,000	460,000
Percentage of recognised fees collected in year	91%	93%	90%

The GTC requires new registrants to pay their fee by Direct Debit. Liaison with local authorities is also geared to promoting data improvements and Direct Debit, with a mutual benefit to both the GTC and employers through improved data and reduced workloads. The increase in the number of schools managing their own administration leads to some fragmentation in this work; further change in this direction, which may result from the Education and Inspections bill once enacted, may carry a risk for the GTC as we would need to work with more employers, of smaller average size.

During the year, the GTC increased Direct Debit payments to 44 per cent of fees collected. Direct Debit payments have increased over the last three years, as follows.

	2005-06	2004-05	2003-04
Number of payments by Direct Debit	218,600	191,200	156,900
Direct Debits as percentage of fees collected	44%	40%	34%

Governance

The Council reviewed the effectiveness of the committee structures that had been revised in 2004-05, and mainly assessed the structure as effective. Some minor changes in delegation authorities were agreed to improve efficiency. The new Co-ordinating Committee began its work in autumn 2005 with a remit to advise on strategic issues, contribute to such work as the Corporate Plan and medium-term financial strategy, and provide a corporate overview of strategic issues arising in policy advice, regulation and stakeholder communications. This will be reviewed later in 2006 following its first year of working.

Twelve new Council Members were appointed and one Council Member was re-appointed through the public appointment system. All of the new Members were successfully inducted into the work of Council. Overall participation by Members in the work of Council and its committees has remained effective and assisted by the new structure.

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The GTC continues to support its Council Members effectively. Satisfaction rates as demonstrated by an annual written survey of Members continue to be high, as shown by the table.

	July 2005	July 2004
Satisfaction rating	93%	90%

Human Resources

The GTC was successful in achieving Investor in People status during the year. This included a high priority focus on ensuring the effectiveness of performance management and on staff development across the GTC. The introduction of new ICT systems and working practices provided a major development opportunity for many staff, including an increased focus on on-the-job development.

Personal and organisational performance monitoring shows a high level of achievement against targets in most aspects of the GTC's work. Staff and systems have contributed to this and staff are now able to offer a further improved service to teachers and external stakeholders as a result of the new Customer Relationship Management (CRM) system.

The number of days of staff training, delivered by a combination of in-house training and external delivery, is as follows.

	2005-06	2004-05	2003-04
Training days	653	897	558

The change between 2004-05 and 2005-06 reflects the impact of greater e-learning and internal training resources which have reduced the reliance on externally-provided training courses; also, preparation for the introduction of the new CRM system required significant additional training in 2004-05.

A number of strategic human resources (HR) policies were reviewed in the year in consultation with the recognised trade unions and the GTC's equality and diversity practices are under review to meet the latest requirements on public bodies.

Some cyclical increase in staff turnover was experienced but without evidence of an underlying adverse trend.

Information and communications technology

The GTC's ICT Strategy has been reviewed and confirmed in the year. To better support the prioritisation of business requirements for ICT systems developments, a new approval process has been implemented to ensure decisions are taken more quickly and against a clear and shared set of criteria for determining priority.

Our new customer relationship management (CRM) system and revised web site went live in April 2005. These systems are delivered in line with contracted service levels with a 'host and run' partner. By integrating the CRM and web applications, improved service to teachers, employers and other stakeholders has been delivered through enhanced online self-service offerings.

The same partner provides additional information technology (IT) support services to the GTC for our internal systems, offering an integrated support service for all our IT infrastructure including a single help desk for logging support calls. This provides a seamless service to staff for resolution of all IT issues.

	achieved	target
Hosted infrastructure availability (website and CRM system)	99.7%	99.5%
IT help desk problem call resolution	99.5%	95.0%
IT hardware fault resolution	100.0%	100.0%

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Planning and control

The integration of planning, monitoring and risk management continues to provide a firm foundation to support the GTC's work and governance in conjunction with financial planning and control. The overall system of internal control continues to be assessed as effective and further improvements continue to add to that strength.

During the year the planning and budgeting processes were further improved, in both timeliness, quality of reporting, regularity of monitoring and achievement against budget.

Consistent with all public bodies and as part of the medium-term strategic plan, the GTC is targeting improved efficiency and value for money. New systems and practices will contribute to this and early benefits were achieved in 2005-06 building to a planned seven per cent efficiency saving in 2006-07.

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Resources, Risks and Relationships

Resources

Over 95 per cent of the GTC's income is from registration fees. All qualified teachers are required to be registered and pay the registration fee if they are employed as teachers in a maintained school or a non-maintained special school. Other qualified teachers may register on a voluntary basis.

Risks and uncertainties

The GTC has an established risk management policy and a supporting set of risk management arrangements. These include procedures for assessing, prioritising and recording risks, together with associated control measures, regular reviews and reporting to relevant committees and Council. A corporate Risk Management Group (with representatives from all parts of the organisation) is responsible for co-ordinating these actions, overseeing the preparation of the risk register and business continuity plan, and collating evidence upon which the Accounting Officer bases the statement of internal control. A set of criteria has been produced against which risks are assessed. The highest ranking risks (those which would have the most significant impact on the GTC) are reported to and reviewed by committees and Council.

These key risks include the following.

The risk that the GTC is unable to fulfil its statutory regulatory role in relation to registration and casework.

The GTC is required to prepare and maintain a register of all eligible teachers in England. This register is used to confirm the status of the teacher, and thus their eligibility to teach, and also as a database to facilitate fee collection, information distribution and other communications. Risks to the database could potentially have a major impact on a number of aspects of the GTC's work, and it has thus been considered a priority for robust control measures.

The disciplinary casework system is the core of professional self regulation. It is high profile, sensitive and integral to the safeguarding of high professional standards. Poor management or inconsistent decisions could quickly undermine the GTC's credibility and therefore, as above, this is a priority area for risk management.

The risk that GTC's statutory role in relation to the provision of policy advice is undermined due to the poor quality of the advice or because it is ignored by the Government.

It is important that the GTC's advice reflects its unique position representing all teachers and the public interest. The GTC's reputation could be damaged if poor quality advice entered the public domain. The combination of specialist staff, comprehensive networks, a robust evidence base and a clear GTC policy framework agreed by Members help ensure that advice is of a high quality and is communicated appropriately.

The risk that communications with stakeholders are poor, compromising the GTC's role as a major player in the education field.

The GTC is a national organisation in a heavily-populated education field. It has a distinct statutory role, but it is important that this is translated into clear aims, valued outputs and good working relationships, particularly with Government. Risks to these could undermine its credibility and damage its long-term reputation and thus managing stakeholder relationships continues to be given highest priority.

The above represent key corporate risks which could affect the GTC as a whole. The Risk Register comprises a comprehensive list of other corporate and service-specific operational risks, scored as gross and net risks, with the intervening control measures. All of these are reviewed annually as part of the planning cycle. The risk management arrangements are also examined in detail by internal auditors, and were evaluated by the Audit Commission in 2004 as effective.

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Relationships

Corporate structure and Governance

The composition of Council

Council is the governing body of the GTC. Council Members play a crucial role in developing and supporting effective relationships within the education community and beyond.

The composition of Council reflects the diversity of the education community. Members include practising teachers (a majority of Council), school governors and parents, as well as nominees from further and higher education, teacher unions and associations, and local government and equalities bodies.

Council Members

The Council comprises 64 Members. The following Members have served on the Council during the period.

Elected primary teachers (11 Members)

Sarah Bowie	Sheila Mountain	John Peebles	Patricia Castro Castro
Peter Britcliffe	Anthony Cuthbert	Derek Johns	David Storrie
Tamsin Austoni (to August 2005)	Paul Bird (from September 2005)	Richard Cullen (to October 2005)	Misbah Mann (from November 2005)
Christine Green			

Elected secondary teachers (11 Members)

Martin Allen	Peter Butler	Barbara Hibbert	John Rimmer
Terry Bladen	Ronald Clooney	Bulvinder Michael	Neil Taylor
Nigel Bowler	Anthony Handley	Gail Mortimer	

Elected special school teacher

David Dewhirst

Elected primary head teacher

Peter Strauss

Elected secondary head teacher

Ralph Ullmann

Nominees from teacher associations and unions (9 Members)

Michael Moore <i>ATL</i>	David Wilkinson <i>NASUWT</i>	Judy Moorhouse <i>NUT</i> (Chair)
Gillian Stainthorpe <i>ATL</i>	John Mayes <i>NASUWT</i>	David Whitewright (from April 2005) <i>PAT</i>
Elizabeth Paver <i>NAHT</i>	Hazel Danson <i>NUT</i>	Tony Neal <i>SHA</i>

Nominees from other bodies (17 Members)

Andrew Baxter <i>Association of Chief Education Officers</i>	Anne Madden <i>Equal Opportunities Commission</i>	Les Lawrence <i>Local Government Association</i> (to March 2006)	Chris Cook <i>Universities' Council for the Education of Teachers</i>
Conchita Henry <i>Association of Colleges</i>	John Hawkins <i>Independent Schools Council</i>	Philippa Stobbs <i>National Children's Bureau</i>	Geoff Whitty <i>Universities UK</i>

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Oona Stannard <i>Catholic Education Service</i>	Sam Crooks <i>Local Government Association</i>	Dorothy Elliott <i>National Governors Council</i>	Vacancy <i>Commission for Racial Equality</i>
Liz Carter <i>Church of England</i>	Peggie Harrison <i>Local Government Association</i>	Arthur Naylor <i>Standing Conference of Principals</i>	Vacancy <i>Confederation of British Industry</i>
Barry Carpenter <i>Disability Rights Commission</i>			

Secretary of State nominees (13 Members) – to August 2005

David Butler <i>Parent</i>	Alison Fisher <i>Parent</i>	Naila Zaffar <i>Primary head teacher</i>	Clare Easterbrook <i>Nursery teacher</i>
Valerie Dennis <i>Secondary teacher</i>	Jiffy Chug <i>Secondary teacher</i>	Bushra Nasir <i>Secondary head teacher</i>	Margaret Rudland <i>Independent secondary head teacher</i>
Lynn Lee <i>Sixth form college principal</i>	Caroline Gipps <i>Experienced education administrator</i>	Karen Brown <i>Communications and media practitioner</i>	Richard King <i>Experienced auditor</i>
Sashi Sivaloganathan <i>Advanced skills teacher; re-appointed (Vice-Chair)</i>			

Secretary of State nominees (13 Members) – from September 2005

Jean Scott <i>Parent</i>	Lesley Ansari <i>Parent</i>	Peter Cooper <i>SEN practitioner</i>	Nicola Wilson <i>Primary teacher</i>
Anne Garner <i>Head teacher</i>	Angela Stones <i>Head teacher of nursery school</i>	Naz Bokhari <i>Former college principal</i>	Gloria Hyatt <i>Education adviser</i>
Kirit Modi <i>Assistant Director of Education</i>	Anthony Wilkes <i>Education and training advisor</i>	Janet Draper <i>Senior university lecturer</i>	Robert Millea <i>Chartered accountant</i>
Sashi Sivaloganathan <i>Advanced skills teacher; re-appointed (Vice-Chair)</i>			

None of the Council Members had a service contract with the GTC.

Executive

The Senior Management Team during the year was unchanged and comprised:

Carol Adams	Chief Executive
Dennis Jones	Head of Finance and Administration
Alan Meyrick	Registrar
Fiona Simpson	Director of Communications
Sarah Stephens	Director of Policy

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Corporate governance

The GTC has established procedures to enable us to comply with both the Combined Code of the Committee on Corporate Governance and with the Guidelines for Best Practice on Corporate Governance published by the DfES (in line with the Treasury Code of Best Practice for Board Members of Public Bodies). The financial statements also include a Statement on Internal Control based upon Treasury Guidance. There is an established Code of Conduct for Council Members and both an Audit, Monitoring and Review and a Remuneration Committee.

The Audit, Monitoring and Review Committee met on five occasions during the year. Its responsibilities include a regular review of the adequacy of accounting systems and controls, and the determination and review of the internal audit programme. In addition, the Committee reviews the reports of the external auditors in relation to the GTC's compliance with the regulatory and financial reporting requirements.

Audit, Monitoring and Review Committee

Sarah Bowie (to August 2005)	Richard King (to August 2005)	Gail Mortimer (Chair from September 2005)	Ralph Ullmann
Anthony Cuthbert (from September 2005)	Arthur Naylor	Jean Scott (from September 2005)	Naila Zaffar (to August 2005)
Barbara Hibbert (from September 2005)	Robert Millea (from September 2005)	Lynn Lee (to August 2005) (Chair to August 2005)	

The Chief Executive is the Accounting Officer and is personally responsible to the Council and to the DfES's Accounting Officer, the Permanent Secretary, for the financial propriety and regularity of the GTC's expenditure and control. In addition she has responsibility for the overall organisation, its leadership, management and staffing.

Relations with stakeholders

Many stakeholders have direct representation on Council as noted on the list of Council Members. Relationships with other bodies range from clearly established partnerships to more occasional or project-based working. Relationships are conducted in a way that is highly professional reflecting the diligence and skills of staff and Members in fostering good relationships.

Particular effort was made over the year to strengthen relationships with parent and governor bodies, including the National Confederation of Parent Teacher Associations and the National Governors' Council. Other stakeholder relationships are described further in the sections on the work of the policy and communications teams.

Teachers are very significant stakeholders for the GTC, and much of this annual report indicates the way in which we have continued to build our relationships with teachers.

Relations with employees

The GTC continues to foster strong relationships with its staff. There are effective consultative and negotiating arrangements with the two recognised trade unions, FDA and PCS. The GTC's equal opportunities policy informs its employment policies and practices and is regularly reviewed to ensure that high standards are maintained.

The GTC achieved Investor in People status in November 2005, a recognition of the high priority we place in the development of our staff as part of the delivery of our business objectives. We have an effective performance review process for assessing the performance of staff and identifying their development needs.

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Policy on disabled employees

The GTC welcomes job applications from people with disabilities in accordance with its equal opportunities policy, which is to provide equal access to employment for all who are eligible, on the basis of ability, qualifications and fitness for work. The organisation also aims to give disabled staff equal access to training, career development and promotion opportunities and employs a small number of staff with disabilities, as defined under the Disability Discrimination Act 1995. In cases where an existing employee becomes disabled, or a disability worsens, the GTC will consider all reasonable adjustments to help them continue in their employment.

Relationships with contractors

Contractors are encouraged to understand the context in which the GTC works and their own part in the GTC's wider work. Contractors in the communications field meet regularly with key GTC staff to ensure they are aware of and understand current developments in the GTC's work, particularly the views and attitudes of registered teachers.

Supplier payments policy

The GTC is committed to complying with the *Better Payment Practice Code*. The policy with regard to all suppliers is to make payment within the stated credit terms or within 30 days of receipt of a valid invoice.

Environmental issues

The GTC operates from two newly renovated, city-centre offices which adopt modern technology to minimise the use of power for heating and lighting. Their location close to major public transport interchanges, and the presence of only very limited parking facilities, results in virtually all travel being undertaken through public transport.

Video conferencing is used both between the two GTC offices, and with other locations, to minimise staff and Member travel. Travel by air to locations outside of the GTC offices is subject to an appropriate business case being made.

The GTC's publications are printed on paper sourced from sustainable forests and in print works within England that conform to the ISO14001 environmental standard.

Social and community issues

The GTC's principal purposes concern a major area of public life and by its very existence the GTC plays an important role in the development of social and community policy in England.

GTC staff from time to time support a variety of charities through fund-raising efforts. Several staff serve on the governing bodies of schools and colleges in a personal capacity.

Carol Adams 5 July 2006
Chief Executive

General Teaching Council for England

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Remuneration Report

Remuneration subcommittee

The Remuneration subcommittee is a subcommittee of the Resources and Planning Committee and meets three or four times a year. Its membership during 2005-06 was as follows.

Remuneration subcommittee

Lesley Ansari (from September 2005)	Sarah Bowie (from September 2005)	John Mayes (Chair from September 2005)	Bushra Nasir (to August 2005)	Judy Moorhouse (ex-officio)
Andrew Baxter (from September 2005)	Christine Green (Chair to August 2005)	Alison Fisher (to August 2005)	Margaret Rudland (to August 2005)	Sashi Sivaloganathan (ex-officio)

Remuneration policy

The GTC has no separate policy for the remuneration of senior staff and the following statement relates to all employees.

- To provide a pay structure that is competitive and appropriate to enable the GTC to recruit and retain staff of appropriate experience, skills and qualifications so as to enable a high standard of service delivery to be secured.
- In maintaining competitiveness the GTC seeks to pay at levels consistent with the 'mid-market' pay values for each respective level within the organisation, having regard to locational factors for the London and Birmingham employment markets.
- The GTC policy does not provide for performance related pay other than in respect of the Chief Executive although pay increase benefits may be withheld in instances of serious under-performance by an individual member of staff. The GTC has a performance monitoring and review scheme.
- The value of salaries and pay ranges will normally be the subject of annual review in consultation with staff representatives, having regard to the requirement to apply national pay review guidelines.
- Individual salaries on joining the GTC are informed by the Starting Salary policy which seeks to ensure consistent and objective determination of initial salaries. The GTC adopts a job evaluation scheme to further contribute to ensuring that salaries are appropriate to the role of each individual.
- The pay policy forms part of the GTC's overall Equalities Policy and pay and other benefits are provided on the basis of securing high standards of equality and a periodic equality audit of the pay structure and system will be undertaken.
- The GTC will provide access to an appropriate employment pension scheme which is currently secured through membership of the Principal Civil Service Pension Scheme and the GTC will make the required employer contributions to this Scheme in respect of any member of staff electing to join the PCSPS. An alternative stakeholder pension will also be made available.
- Other benefits through the GTC's conditions of service (such as annual leave, maternity pay provision) will be provided broadly consistent with good public sector practice and at least meeting statutory obligations.
- This policy applies to all staff including the Chief Executive but with a specific pay review process for the Chief Executive whereby progression within the agreed pay range is determined by assessed performance. The GTC uses an external consultant to advise the Remuneration subcommittee in respect of the Chief Executive's remuneration.

Service contracts

Senior management covered by this report hold permanent appointments subject to the normal retirement age of 60. Early termination by the GTC, other than for misconduct, would result in the individual receiving compensation as set out in our HR policy. The notice period for these senior staff is three months.

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Remuneration Report

Salary and pension entitlements

The following sections provide details of the audited remuneration and pension interests of Council Members and senior staff.

Remuneration of Chair and Vice-Chair of Council

The GTC pays a daily allowance to the Chair and Vice-Chair of Council. The daily sum is set and reviewed annually, independently of the GTC. The GTC adopts the outcomes of the independent annual review as applied nationally for equivalent positions in National Non-Departmental Public Bodies (NDPBs). Council anticipates that the paid duties of the Chair and Vice-Chair amount to approximately 2 days and 1 day per week respectively.

The GTC also pays a sum of £220 per day attendance allowance to other Members of Council who are either self-employed or not employed. The sum is annually indexed by the rate of inflation. For all other Members of Council this daily sum is eligible to be paid to the Member's employer in recognition of the release from employment duties on GTC business days.

Chair's remuneration

	2005-06 £'000	2004-05 £'000
Judy Moorhouse (from September 2004)	28.7	25.5
John Beattie (until August 2004)	-	12.9
	28.7	38.4

Vice-Chair's remuneration

	2005-06 £'000	2004-05 £'000
Sashi Sivaloganathan (from September 2004)	19.1	12.4
Margaret Morgan (until August 2004)	-	5.7
	19.1	18.1

Of the above remuneration figures, £8,146 (Chair) and £5,974 (Vice-Chair) represent the amount paid to their employer for 2005-06 as a contribution to salary costs for time spent on GTC business. The equivalent figures for 2004-05 were £7,149 and £6,036 respectively.

Chief Executive emoluments

	2005-06 £'000	2004-05 £'000
Salary	123	118
Benefits-in-kind	-	2
Employers pension contributions	29	21
	152	141

The Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme with the organisation's contribution to the scheme amounting to the equivalent of 24.6 per cent of salary.

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Remuneration Report

Salary and pension entitlement of senior managers

The salary (total emoluments in post) and pension entitlements, including cash equivalent transfer values (CETV), of senior managers within the organisation, employed during the year, were as follows.

	Salary Payments	Benefits in kind	Real increase in pension	Total accrued pension and related lump sum	CETV at 1 April 2005	CETV at 31 March 2006	Employer funded real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carol Adams	120-125	-	0-2.5 and 2.5-5 lump sum	30-35 and 100-105 lump sum	600	763	34
Dennis Jones	70-75	-	0-2.5 and 0-2.5 lump sum	25-30 and 80-85 lump sum	392	508	14
Alan Meyrick	70-75	-	0-2.5 and 2.5-5 lump sum	15-20 and 50-55 lump sum	160	234	16
Fiona Simpson	75-80	-	0-2.5 and - lump sum	2.5-5 and - lump sum	30	58	17
Sarah Stephens	70-75	-	0-2.5 and 2.5-5 lump sum	10-15 and 35-40 lump sum	137	199	16

During the year there has been no compensation paid to former senior managers or Council Members.

Pension benefits

Pension benefits are provided through the Civil Service pension arrangements, as last revised from October 2002. Currently members of the scheme may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year, but actual contributions are paid annually into the scheme by the GTC for its employees. Pensions payable are increased annually in line with changes in the Retail Prices Index. New entrants may choose between membership of the 'premium scheme' or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

General Teaching Council for England

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Remuneration Report

The cash equivalent transfer value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in the value of the CETV

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

Carol Adams 5 July 2006
Chief Executive

General Teaching Council for England

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Financial Review

Income

Income for the year was £17.16m (2005: £16.92m), a 1.4 per cent increase on the previous year.

The vast majority (96 per cent) of the GTC's income is from registration fees. Qualified teachers are required to be registered and pay the GTC's registration fee if they are employed as teachers in a maintained school or a non-maintained special school. Other qualified teachers may register on a voluntary basis. The annual registration fee for the year was £30 (2005: £30).

The GTC's accounting policy on fee recognition for those teachers required to be registered is that the registration fee is only recognised where there is sufficient certainty with regard to the registration data, specifically with regard to teacher or employer contact details. In the absence of this certainty the recognition of the fee is delayed until the information becomes available.

Although the registration fee remained the same in 2005-06 as it was in 2004-05, at £30, the level of total fee income recognised during the year increased by 2.9 per cent. The implementation of a new ICT system and the continued improvement in the registration data has meant that individuals on the register, where there is sufficient certainty with regard to their registration data, can be identified more effectively and hence invoiced and recognised during the year.

For the 2005-06 year the GTC will have invoiced 546,700 individuals the annual fee of £30. This included 3,500 voluntary registrants, where the fee has not been received and so is not recognised as income. Therefore in accordance with accounting policies fee income for the current year has been recognised for 543,200 teachers. To be consistent with the GTC's income recognition policy, a further 5,400 fees from 2004-05 have been recognised as income in the year, in respect to fees that have been collected during the year but that had not previously been recognised as income in the financial statements.

There is a variety of means by which teachers currently pay the fee: direct debit, cheque, credit card and deduction from salary. Payment by direct debit provides greater economy and efficiency and the GTC wishes to move increasingly to this payment method, in order to provide best value from the registration fee and reduce the work load for employers. New registrants are required to pay by direct debit.

The GTC based its cash flow for the year on the collection of 490,000 fees, a prudent assessment which took into account the difficulties inherent in collecting large volumes of relatively low value amounts. In the event, this has been exceeded and 494,000 fees have been collected by the end of the year (2005: 483,000 fees) with collection still continuing.

The collection process is a complex one where the key issue is that of accurate, up-to-date personal data. It is estimated that in any one year, there could be 150,000 changes to individual records as teachers enter or leave the profession, change jobs or move house. Accordingly at any one time there will be a percentage of teachers on the Register for whom there is out of date information such as the contact address which creates difficulties for fee collection. The GTC is committed to continuing to improve the accuracy of data on the Register, which is key to achieving the objectives of the organisation. Teachers have an individual responsibility to keep the GTC informed of their up-to-date personal data.

Other income relates to a number of specific grants, the largest of which are from the DfES to fund; the processing of teacher qualifications, the innovation of the Teacher Learning Academy, and the partnership project with 26 LEAs to develop local models for continuing professional development.

General Teaching Council for England

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Financial Review

Expenditure

During the year, expenditure on operational costs (excluding notional interest) was £18.59m (2005 : £16.73m), an 11.1 per cent increase on the prior financial year. Areas of significant variation compared to the prior financial year are as follows:

- **Regulation.** The number of cases completed during the year increased to 74 compared to 40 in the previous year in line with the increased number of referrals that are being made to the GTC.
- **Award of QTS.** As the number of QTS awards increases each year, the administrative support team has been enlarged to deal with these and also with the increased number of enquiries arising from the expansion of the European Union.
- **Policy services.** This represents the costs of operating the three Professional networks and the Teacher Learning Academy pilot. The Connect and Achieve networks were launched in the summer of 2004 and 2005-06 was the first full year of their operation. In addition the new Engage network was launched in September 2005. The TLA moved in to its third development phase which has seen it expand into 20 local authorities.
- **Conferences and events.** The current year events programme has had a more focused schedule resulting in fewer but better attended events and lower contract management costs.
- **Fee collection.** During the year, extra work was carried out using temporary staff to assist in improvements in the accuracy of financial data (including answering a greater number of fee enquiries), and to recover from delays experienced at the start of the year as the new ICT system was introduced. Mailing costs were also higher as additional collection letters were sent out.
- **Council and committee costs.** Due to the timings of the academic year, five Council meetings fell during the financial year compared to the usual four. In addition the new allowance scheme for Council Members was introduced at the start of the financial year which meant that an allowance payment could be claimed in respect of all Council Members not just Members who are registered teachers.
- **Premises.** During the prior year the leases on both of the existing London and Birmingham offices ended and the GTC moved into two new premises. The prior year expenditure includes the costs of the relocation to the new premises.
- **ICT strategy.** The new ICT system became operational in April 2005 and the current year expenditure relates to the residual revenue costs of completing the project compared to the major costs of the project in the prior year.
- **Depreciation.** The increase in the annual depreciation charge is due to the start of the writing down of the new ICT system over its useful economic life from when it went operational in April 2005.
- **Provision and charge for doubtful debts.** Better information recording, resulting from the changes in the ICT system used to register teachers and record fees, has resulted in a larger number of fees being recognised. However, not all these fees are collectable, as contact addresses for registrants can be lost during the course of the year where individuals do not update the GTC with their new details. This has meant an increase in doubtful debts and so an increase in the provision required. Notwithstanding this prudent approach, the GTC continues to make substantial commitment to collect unpaid fees

Staff costs have increased by 19.7 per cent as our workload increases. The full time equivalent number of employees averaged 192 (2005: 176) for the year, a 9.1 per cent increase. The principal changes from the prior year were:

- additional senior and support staff employed within the Policy team to work on the delivery of the pilot of the GTC Teacher Learning Academy
- professional standards administrative staff as additional regulatory cases are managed
- a further in house legal presenting officer along with legal support staff, whose employment will yield overall savings in the cost of casework hearings
- the creation of an in-house service delivery team to work in the area of registration data collection and improvement reducing the need to use external suppliers bringing about cost savings.

General Teaching Council for England

Annual Report and Financial Statements for the year ended 31 March 2006

Financial Review

Deficit for the year

The deficit for the year was £1.12m (2005: £0.58m surplus) reflecting the budget for the financial year. A deficit was planned encompassing the large depreciation charge arising from the new ICT system which is covered by a transfer from the designated reserve set aside for the ICT strategy.

Reserves

The reserves policy of the GTC is to maintain sufficient general reserves to provide a minimum of the equivalent to two months cash requirement.

Council has determined that it may at its discretion set aside unrestricted funds for designated future purposes. Where such funds are no longer required for the intended purposes, they will be released to the General Reserve.

Reserves can be held by the GTC and carried forward for use in future years. At 31 March 2006 the general reserves of the GTC were £3.90m, with designated reserves of £3.89m.

Treasury management

The Council receives payment for the bulk of its fees in the first quarter of the year. It prudently invests these cash reserves in money market deposits in low risk (B+ and above rated) investments with high street banks. All its investments are in sterling and gave rise to interest receivable of £400,000 for the year. Current legislation does not allow the GTC to borrow. Therefore it has to ensure that it has sufficient cash to manage fluctuations in activity levels and also the funding of major projects.

Fixed assets

The gross current cost value of fixed assets purchased up to the 31 March 2006 was £7.48m. These all relate to the operational infrastructure of the GTC and are classified into two categories:

- Non-Grant Funded (assets purchased from registration fee income).
- Grant Funded (assets purchased by DfES and transferred to the GTC and assets funded by DfES Grant-in-Aid).

The accounting policy is to include fixed assets in the financial statements at current cost, revaluing annually on 31 March using the Price Index Numbers for Cost Accounting, issued by the Office of National Statistics. The assets have been depreciated in line with the GTC's accounting policy and had a written down value of £4.61m at 31 March 2006.

Auditors

As provided by Schedule 1 paragraph 14(3) of the Teaching and Higher Education Act 1998, the financial statements are audited by the National Audit Office (NAO), on behalf of the Comptroller and Auditor General. The NAO in turn sub-contracts the audit to Baker Tilly. The cost of external audit services for 2005-06 was £32,000. Baker Tilly was paid a further £1,821 for further assurance and other services during the year. The GTC ensures that the level of further assurance and other services provided by Baker Tilly does not impair their independence.

Disclosure of relevant information to auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the GTC's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Carol Adams
Chief Executive

5 July 2006

General Teaching Council for England
Annual Report and Financial Statements for the year ended 31 March 2006
Statement of the General Teaching Council for England
and Chief Executive's Responsibilities

Under Schedule 1 paragraph 14(1) of the Teaching and Higher Education Act 1998 the GTC is required to prepare a statement of accounts in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The financial statements are prepared on an accruals basis and must give a true and fair view of the GTC's state of affairs at the year-end and its income and expenditure and cash flows for the financial year.

In preparing the financial statements the GTC is required 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 estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Accounting Officer for the DfES, under the endorsement of the Council, has designated the Chief Executive as the Accounting Officer for the GTC. The relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of the public finances and the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by the Treasury and published in *Government Accounting*.

General Teaching Council for England

Annual Report and Financial Statements for the year ended 31 March 2006

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 GTC's organisational policies, aims and objectives, whilst safeguarding the public and registrants' funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and through Treasury Guidance and Requirements.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the GTC's 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 GTC for the year ended 31 March 2006 and up to the date of approval of the annual report and financial statements, and accords with Treasury guidance.

Capacity to handle risk

As Accounting Officer, I place a high value on the existence of an effective risk management strategy. Accordingly I have ensured that an integrated process for managing risk is embedded within the service planning and monitoring of the organisation.

Having regard to the effective use of funds generated from teacher fees, the GTC's overall approach to risk is one of caution.

The risk management policy and strategy has been approved by the Council Members, who receive regular reports on current risks. The risk management process enables key strategic risks to be identified and these, in particular, are the focus of Council Member and senior management scrutiny during the year. The Council Members also require each paper submitted to Council Meetings and Committees, to include an assessment of risk, and the controls in place to mitigate that risk.

During the year all staff have received up to date training in risk management and expert external advisors have been used to ensure continuous improvement of the process. The Corporate Planning Manager also acts as a permanent source of advice and guidance on risk matters for all staff, working to, and under the guidance of, the Head of Finance and Administration. A Risk Management Group meets at intervals during the year to consider and monitor risk issues and comprises managers representing all divisions of the organisation.

The risk and control framework

A comprehensive risk management strategy is in place which establishes a standard procedure throughout the organisation for identifying and documenting risk. The GTC adopts a medium level appetite to risk, encouraging appropriate innovation whilst ensuring that effective internal control and good management practice is in place. Risks are identified by operational teams, and integrated into annual service plans, budget plans and corporate objectives. They are regularly reviewed by team management and updated quarterly or as circumstances change as part of the regular review of performance. Risks are evaluated according to their inherent risk in relation to Operational, Financial and Reputational matters and graded from 1 to 5 in order of importance. The likelihood of risks occurring is also assessed on scale of 1 to 5. Guidance is in place to ensure the consistent evaluation of risks and their likelihood. Control measures are set out which reduce the level of the identified risks.

The risks are recorded in a centrally held risk register and at least quarterly each operational team reviews risks, identifies any new risks, and assesses the adequacy of controls. The risk reports are reviewed by senior management and Council Members in conjunction with service delivery reviews.

The GTC has established good working relationships with key stakeholder organisations, and meets with them regularly. This helps to ensure that new proposals work effectively and reduces risk around the delivery of key aims.

General Teaching Council for England

Annual Report and Financial Statements for the year ended 31 March 2006

Statement on Internal Control

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and also by the Heads of Service within the GTC who have responsibility for the development and maintenance of the internal control framework, and by any comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit, Monitoring and Review Committee and the Risk Management Group and a plan to address any areas of identified weakness and ensure continuous improvement of the system is in place.

The risk management system identifies key risks and their related controls. The review of risk is integrated with that of service performance and results in summary reports of key risks to Committees and Council. The Risk Management Group works to ensure corporate consistency in the identification, evaluation and control of risks.

The work plan of the Internal Audit Service is based on the assessment of risk and adjusted annually to reflect changes in key risks. The findings of Internal Audit provide evidence and assurance to management of the effectiveness of internal controls. The identification of weaknesses by audit and by internal review, allows management to improve systems and give improved levels of assurance.

The Audit, Monitoring and Review Committee reviews all internal and external audit reports and tracks the implementation of recommendations. The Audit, Monitoring and Review Committee provides me with assurance on the standards of effectiveness of the organisation's internal controls and also reports annually to Council on the range of its work.

Significant internal control problems

The review of internal control, including that undertaken by the GTC's auditors, has not identified any weaknesses in the control framework sufficient for me to draw attention to in this annual statement.

Carol Adams 5 July 2006
Accounting Officer

General Teaching Council for England

Annual Report and Financial Statements for the year ended 31 March 2006

The Certificate and Report of the

Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the General Teaching Council for England for the year ended 31 March 2006 under the Teaching and Higher Education Act 1998. These comprise the Income and Expenditure Account, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the General Teaching Council for England, Chief Executive and auditor

The General Teaching Council for England and Chief Executive are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by the Secretary of State for Education and Skills and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the General Teaching Council for England and Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by the Secretary of State for Education and Skills. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the General Teaching Council for England has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on page 31 and 32 reflects the General Teaching Council for England's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the General Teaching Council for England's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Annual Report, the unaudited part of the Remuneration Report and the Financial Review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

General Teaching Council for England
Annual Report and Financial Statements for the year ended 31 March 2006
The Certificate and Report of the
Comptroller and Auditor General to the Houses of Parliament

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by the Secretary of State for Education and Skills, of the state of the General Teaching Council for England's affairs as at 31 March 2006 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 12 July 2006

General Teaching Council for England
Annual Report and Financial Statements for the year ended 31 March 2006
Income and Expenditure Account
For the year ended 31 March 2006

	Note	2005-06		2004-05	
		£'000	£'000	£'000	£'000
Income					
Teacher registration fees	2a		16,459		15,992
Other operating income	2b		705		928
			<u>17,164</u>		<u>16,920</u>
Expenditure					
Staff costs	3	6,553		5,472	
Depreciation and revaluation	4	1,757		673	
Other operating charges		10,553		10,891	
Total expenditure	5		<u>18,863</u>		<u>17,036</u>
Operating deficit on ordinary activities			(1,699)		(116)
Interest receivable	6		400		518
(Deficit)/surplus for the year after interest			(1,299)		402
Reversal of notional interest on capital employed			273		306
(Deficit)/surplus for the year before tax			(1,026)		708
Tax on interest receivable	7		(90)		(129)
(Sustained deficit)/retained surplus for the year			(1,116)		579
Net transfer from designated reserves	13		1,471		271
Retained surplus after transfer			355		850
General reserve brought forward			3,540		2,690
General reserve carried forward			<u>3,895</u>		<u>3,540</u>

Note: All operations are continuing

There were no recognised gains or losses other than those included in the income and expenditure account.

General Teaching Council for England
Annual Report and Financial Statements for the year ended 31 March 2006
Balance Sheet
As at 31 March 2006

		2006		2005	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		4,611		5,478
Current assets					
Debtors and prepayments	9	1,815		1,389	
Investments	10	4,500		4,500	
Cash at bank and in hand		124		727	
		<u>6,439</u>		<u>6,616</u>	
Current liabilities					
Creditors - amounts falling due within one year	11	3,247		3,065	
Deferred grants falling due within one year	12	-		96	
		<u>3,247</u>		<u>3,161</u>	
Net current assets			<u>3,192</u>		<u>3,455</u>
Total assets less current liabilities			<u><u>7,803</u></u>		<u><u>8,933</u></u>
Represented by:					
Capital and reserves					
Government capital reserve	14		15		29
Designated reserves	13		3,893		5,364
General reserve	14		<u>3,895</u>		<u>3,540</u>
			<u><u>7,803</u></u>		<u><u>8,933</u></u>

Approved on 5 July 2006 by

Carol Adams
Accounting Officer

General Teaching Council for England
Annual Report and Financial Statements for the year ended 31 March 2006
Cash Flow Statement
For the year ended 31 March 2006

		2005-06	2004-05
	Note	£'000	£'000
Net cash inflow from operating activities	17	576	2,183
Returns on investments and servicing of finance			
Interest received		399	532
Taxation		(129)	(103)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,449)	(5,010)
Decrease in cash and cash equivalents	16	(603)	(2,398)

General Teaching Council For England

Financial Statements for the year ended 31 March 2006

Notes to the Financial Statements

1 Accounting Policies

1a Accounting Convention

The financial statements cover the period 1 April 2005 to 31 March 2006.

The financial statements have been prepared under the accruals concept and the historic cost convention, except as modified by the revaluation of fixed assets as highlighted in 1c below. Without limiting the information given, and subject only to compliance with the requirements set out in the Accounts Direction, they also comply with the accounting and disclosure requirements of the Companies Act 1985 and with accounting standards issued or adopted by the Accounting Standards Board except where HM Treasury has issued alternative guidance. The particular accounting policies adopted by the GTC are described below. These have been applied consistently in dealing with items considered as material in relation to the financial statements.

1b Income

Fee Income

The Registration Fee is set by the Council and approved by the Secretary of State and the fee year is the same as the financial year of the GTC.

Registration Fees for those teachers required to be registered are accounted for on an accruals basis, where there is sufficient certainty with regard to the registration data, specifically with regard to teacher or employer contact details. In the absence of this certainty the recognition of fees is delayed until the information becomes available.

Fees for voluntary registrants are accounted for on a receipts basis.

Grant Income

Grant-in-Aid received from DfES in respect of revenue expenditure is recognised in the income and expenditure account in the year it is received. Grant-in-Aid relating to specific capital expenditure is credited to the Government Capital Reserve and released to the income and expenditure account over the estimated useful economic life of the assets to which it relates, matching the depreciation charged on these assets.

Specific grants received from DfES and other funding bodies are credited to a Deferred Grant Account and released to the income and expenditure account as the related expenditure is incurred.

1c Fixed Assets

Tangible fixed assets are stated at current cost less depreciation. The GTC's policy is to capitalise items where their expected useful life exceeds one year and the cost of acquisition exceeds £250. In instances where there are large numbers of separate individual items of IT hardware and office furniture, which individually fall below the capitalisation threshold, items of the same nature are grouped together and the combined cost is used for the purposes of determining whether they fall within the threshold.

Fixed assets are re-valued as at 31 March using indices taken from "Price Index Numbers for Current Cost Accounting" issued by the Office of National Statistics.

Depreciation is provided at rates calculated to write off the current cost of fixed assets, less their estimated residual value, over their expected useful lives on a straight line basis. The classes and standard expected useful lives are reviewed annually. The categories and respective depreciation rates applied are as follows:

Class of asset	Standard expected useful life (years)
Computer hardware and telecommunications	3 - 4
Computer software and development	2 - 4
Fixtures & fittings	5
Office refurbishment	5

General Teaching Council For England

Financial Statements for the year ended 31 March 2006

Notes to the Financial Statements

Assets under construction are not depreciated.

1d Operating Leases

Rentals payable under operating leases are charged in the income and expenditure account on a straight-line basis over the lease term.

1e Notional Charges

Interest on Capital Employed

Interest on capital employed is charged to the income and expenditure account through other operating charges and credited back to the retained surplus at the end of the year. This cost of capital is calculated in accordance with HM Treasury requirements at the HM Treasury required rate on the average value of capital employed during the period. Capital employed is defined as being total assets less all liabilities.

1f Value Added Tax

The GTC cannot currently be registered for Value Added Tax. All expenditure reported in these statements therefore includes VAT where this was charged.

1g Corporation Tax

The GTC is only liable to Corporation Tax on investment income.

1h Pension Costs

Employees are covered by the provision of the Principal Civil Service Pension Scheme (PCSPS), an un-funded multi-employer defined benefit scheme, and a defined contribution stakeholder scheme.

The defined benefit scheme is a multi-employer scheme where it is not possible to identify the GTC's share of the underlying assets and liabilities. Therefore the GTC accounts for the contributions to the scheme as if it was a defined contribution scheme as required by Financial Reporting Standard 17. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation.

The pension charge in the income and expenditure account represents the total contributions payable by the GTC to both schemes in respect of the year.

1i Designated Reserves

The Council has determined that it may at its discretion set aside unrestricted funds for designated future purposes. Where such funds are no longer required for the intended purposes, they will be released to the General Reserve.

General Teaching Council For England
Financial Statements for the year ended 31 March 2006
Notes to the Financial Statements

2 Income

	2005-06		2004-05	
	<i>Number of teachers</i>	£'000	<i>Number of teachers</i>	£'000
2a Registration fee income				
Registrants	543,200	16,297	519,100	15,573
Recognition of prior year fees		162		419
		16,459		15,992

Rounded figures are used for the number of teachers.

During the course of the year the maximum number on the Register was 547,100 individuals with new registrations occurring and individuals leaving the profession throughout the year. The Register contained approximately 538,000 individuals as at 31 March 2006.

Better information recording, resulting from the changes in the ICT system used to register teachers and record fees, has resulted in a larger number of fees being recognised. For the 2005-06 year the GTC will have invoiced 546,700 individuals the annual fee of £30. This included 3,500 voluntary registrants, where the fee has not been received and so is not recognised as income. Therefore in accordance with accounting policies income has been recognised for 543,200 teachers.

The GTC works with Local Education Authorities and other employers of teachers to update the employment data held on the Register and will recognise the above income once the uncertainty is removed. As part of this process, some teachers will be removed from the Register if it becomes clear that there is no longer a requirement for them to be registered.

	2005-06		2004-05	
	£'000	£'000	£'000	£'000
2b Other operating income				
<i>Grant-in-Aid</i>				
Government Capital Reserve Released to Income and Expenditure Account	14		187	
		14		187
<i>Other Grants</i>				
DfES Teacher qualifications grant	400		506	
DfES Continuing professional development grants	123		228	
DfES E-Facilitator grant	-		6	
DfES Teacher Learning Academy Innovations grant	86		-	
Hamlyn Foundation grant	12		-	
Alumni Association	4		1	
		625		741
<i>Other income</i>		66		-
		705		928

General Teaching Council For England
Financial Statements for the year ended 31 March 2006
Notes to the Financial Statements

3 Remuneration

3a Average Number of Employees

	2005-06	2004-05
<i>Section</i>	<i>Full Time Equivalent</i>	<i>Full Time Equivalent</i>
Chief Executive's office	5	5
Registration and professional standards	97	79
Finance and administration	27	32
Communications	13	12
Policy and research	33	26
Project Evolve	-	3
Agency staff	17	19
	192	176

3b Staff Costs

	2005-06	2004-05
	<i>£'000</i>	<i>£'000</i>
Wages and salaries	4,538	3,894
Teacher secondees	430	315
Social security costs	358	322
Other pension costs	825	539
Agency staff	402	402
	6,553	5,472

4 Depreciation and revaluation

	2005-06	2004-05
	<i>£'000</i>	<i>£'000</i>
Depreciation charge for the year	1,570	673
Depreciation adjustment for current cost revaluation	(57)	-
Deficit on current cost revaluation	244	-
	1,757	673

General Teaching Council For England
Financial Statements for the year ended 31 March 2006
Notes to the Financial Statements

5 Expenditure

The total expenditure of the GTC analysed by function:

	2005-06	2004-05
	<i>£'000</i>	<i>£'000</i>
Regulation	2,295	1,836
Registration	1,913	1,765
Award of QTS	783	676
Policy advice	702	623
Policy services	2,067	973
Policy research and information	915	861
GTC magazine and publications	1,335	1,387
External relations	600	571
Conferences and events	578	700
Website	568	531
Fee collection	991	793
Council and committee costs	744	597
Finance, HR and administration	1,060	1,178
Premises	1,201	1,411
ICT Strategy	186	1,891
Depreciation, current cost revaluation and loss on disposal	1,757	733
Notional interest on capital employed	273	306
Provision and charge for doubtful debts	895	204
	<u>18,863</u>	<u>17,036</u>

The operating (deficit)/surplus is stated after charging:

	2005-06	2004-05
	<i>£'000</i>	<i>£'000</i>
Payments to auditors		
Audit fee	32	35
Other fees	2	8
Operating lease rentals		
Office equipment	20	17
Other (land and buildings)	870	909
	<u>924</u>	<u>969</u>

General Teaching Council For England
Financial Statements for the year ended 31 March 2006
Notes to the Financial Statements

6 Interest Receivable

	2005-06	2004-05
	<i>£'000</i>	<i>£'000</i>
Interest receivable from cash deposits	400	518

7 Taxation Charge

	2005-06	2004-05
	<i>£'000</i>	<i>£'000</i>
Corporation tax	90	129

Factors affecting the tax charge for the year:

The GTC is only liable to corporation tax on investment income. The tax charge for the year is less than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2005-06	2004-05
	<i>£'000</i>	<i>£'000</i>
Investment income for the year	400	518
Investment income multiplied by the standard rate of corporation tax in the UK of 30%	120	155
Marginal relief	(30)	(26)
Current tax charge for the year	90	129

General Teaching Council For England
Financial Statements for the year ended 31 March 2006
Notes to the Financial Statements

8 Fixed Assets

	Fixtures and fittings £'000	Hardware £'000	Software £'000	Office re- furbishment £'000	Assets under construction £'000	Total £'000
Cost						
At 1 April 2005	491	788	1,202	1,068	4,107	7,656
Additions	51	122	366	38	313	890
Transfers	-	449	3,971	-	(4,420)	-
Disposals	-	(88)	(735)	-	-	(823)
Current cost revaluation	(7)	(39)	(212)	14	-	(244)
At 31 March 2006	535	1,232	4,592	1,120	-	7,479
Depreciation						
At 1 April 2005	357	566	1,144	111	-	2,178
Charge for year	44	236	1,073	217	-	1,570
Disposals	-	(88)	(735)	-	-	(823)
Current cost revaluation	1	(12)	(49)	3	-	(57)
At 31 March 2006	402	702	1,433	331	-	2,868
Net book value						
At 31 March 2006	133	530	3,159	789	-	4,611
At 1 April 2005	134	222	58	957	4,107	5,478

All fixed assets held are used in the furtherance of the GTC's objectives.

Fixed assets with a net book value of £14,818, included above, were either purchased by the DfES on behalf of the GTC or funded by DfES Grant-in-Aid. The value of the assets is recognised in the financial statements by a credit to the Government capital reserve. This is released to the income and expenditure account over the estimated useful economic life of the assets to which it relates, matching the depreciation charged on these assets.

'Assets under construction' represented the capital costs of the new ICT system that was implemented in April 2005.

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9 Debtors

	2006	2005
	£'000	£'000
Registration fees	2,211	1,683
Provision for doubtful debts	(829)	(636)
Trade debtors	4	9
Other debtors	10	13
Prepayments and accrued income	419	320
	<u>1,815</u>	<u>1,389</u>

The provision for doubtful debts relating to registration fees reflects collection experience to date.

10 Current Asset Investments

	2006	2005
	£'000	£'000
Money market deposits	<u>4,500</u>	<u>4,500</u>

The GTC has no borrowings and relies primarily on fee income for its cash requirements and is therefore not exposed to liquidity risks. It has material deposits invested only in B+ rated investments at fixed rates and is therefore not exposed to interest rate risk. All material assets and liabilities are denominated in sterling, therefore there is no exposure to currency risk.

11 Creditors – Amounts Falling Due Within One Year

	2006	2005
	£'000	£'000
Registration fee received in advance	-	297
Trade creditors	1,410	1,183
Corporation tax	90	129
Other creditors	127	23
Accruals	1,620	1,433
	<u>3,247</u>	<u>3,065</u>

Accruals include £1,069,197 (2005: £509,482), relating to the averaging of lease costs to recognise rent free periods, which will be released to the income and expenditure account after more than one year.

Trade creditors include amounts totalling £nil (2005: £48,411) that were due to DfES.

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12 Deferred Grants

	Balance as at 1 April 2005 £'000	Received during the year £'000	Recognised in the income and expenditure account £'000	Repaid during the year	Balance as at 31 March 2006 £'000
Continuing professional development	35	88	(123)	-	-
E-Facilitator	45	-	-	(45)	-
Hamlyn Foundation	12	-	(12)	-	-
Teacher qualifications	-	400	(400)	-	-
TLA Innovations grant	-	86	(86)	-	-
Alumni Association	4	-	(4)	-	-
	96	574	(625)	(45)	-

13 Designated Reserves

In accordance with the Council's financial strategy, designated reserves have been established as follows:

Casework	To equalise the impact of the costs of fluctuating casework loads across future financial years and a contingency reserve to cover any significant costs arising from legal challenges to rulings of the GTC's disciplinary function.
Election	To equalise four yearly election costs across financial years.
ICT Strategy	To fund the depreciation charge in future years of the large initial capital costs of the investment in the ICT strategy. The ICT strategy is designed to improve service delivery to teachers and employers through the use of more effective and efficient processes involving the use of a customer relationship management system, supported by appropriate information and communication strategies, channels and systems.

	Casework £'000	Election £'000	ICT Strategy £'000	Total £'000
Balance as at 1 April 2005	750	100	4,514	5,364
Transfer from general reserve	-	125	-	125
Released to general reserve	(250)	-	(1,346)	(1,596)
Balance as at 31 March 2006	500	225	3,168	3,893

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14 Movement on Reserves

	Balance as at 1 April 2005 £'000	Deficit for the year £'000	Released to income and expenditure account £'000	Net transfer to/from designated reserves £'000	Balance as at 31 March 2006 £'000
Government capital reserve	29	-	(14)	-	15
Designated reserves	5,364	-	-	(1,471)	3,893
General reserve	3,540	(1,116)	-	1,471	3,895
	8,933	(1,116)	(14)	-	7,803

15 Leases

15a Annual obligations under operating leases comprise:

	2006 £'000	2005 £'000
<i>Land and Buildings</i>		
Expiry after 5 years	870	870
	<u>870</u>	<u>870</u>
	2006 £'000	2005 £'000
<i>Other</i>		
Expiry within 1 year	4	-
Expiry within 2 to 5 years	12	15
	<u>16</u>	<u>15</u>

15b Finance Leases

There are no obligations under finance leases.

16 Analysis of Balances and Movements of Cash and Cash Equivalents during the Year

	Balance as at 1 April 2005 £'000	Cash Flow £'000	Other Changes £'000	Balance as at 31 March 2006 £'000
Cash at bank and in hand	727	(603)	-	124
Current asset investments	4,500	-	-	4,500
	5,227	(603)	-	4,624

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17 Reconciliation of Operating Deficit to Net Cash Inflow from Operating Activities

	2005-06	2004-05
	£'000	£'000
Operating deficit	(1,699)	(116)
Depreciation and revaluation	1,757	673
Loss on sale of fixed assets	-	60
Released from Government capital reserve	(14)	(187)
Notional interest on capital employed	273	306
(Increase)/decrease in debtors	(425)	295
(Decrease)/increase in registration fees received in advance	(297)	198
Increase in creditors	1,077	926
(Decrease)/increase in deferred grants	(96)	28
Net cash inflow from operating activities	576	2,183

18 Capital Commitments

There were no (2005: £313,069) capital commitments that were either contracted or authorised as at 31 March 2006.

19 Contingent Assets and Liabilities

There were no contingent assets or liabilities at 31 March 2006.

20 Gifts

There were no gifts received or made by the GTC during the year ended 31 March 2006 other than a £500 donation that the GTC made to charity in lieu of sending Christmas cards.

21 Related Party Transactions

During the year the GTC had various material transactions with other Government departments and other central Government bodies. These were with Paymaster as provider of banking services, the Office of Government Commerce as provider of telecommunications and with DfES for the provision of payroll services and pension administration.

None of the Council Members, key managerial staff or other related parties has undertaken any material transactions with the GTC during the year to 31 March 2006.

22 Losses and special payments

The GTC incurred no material losses or special payments in the year to 31 March 2006.

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23 Pension costs

For members of the PCSPS defined benefit scheme, employers' contributions are payable at one of four rates in the range 16.2 to 24.6 per cent of pensionable pay, based on salary bands. The rates will be in the range of 17.1 to 25.5 per cent for the next financial year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

For members of the PCSPS defined contribution stakeholder scheme, employers' contributions are payable, to one or more of a panel of the appointed stakeholder pension providers, in the range of 3 to 12.5 per cent of pensionable pay, based on the age of the member. Any contributions made by employees are matched by a further employer contribution up to a limit of 3 per cent. In addition, a contribution of 0.8 per cent of pensionable pay is paid to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

The defined benefit scheme is a multi-employer scheme but the GTC is unable to identify its share of the underlying assets and liabilities and so accounts for the contributions to the scheme as if it was a defined contribution scheme.

The assets of both schemes are held separately from those of the GTC in independently administered funds. The pension charge in the income and expenditure account represents the total amounts payable by the GTC to both schemes in respect of the year and is disclosed in note 3.

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