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**National College for
Leadership of Schools
and Children's Services**

Inspiring leaders;
improving children's lives

08 | 09

ALL SCHOOL LEADERS
AND STAKEHOLDERS

Annual Report and Accounts

National College for School Leadership

Annual Report and Accounts 2008–09

Annual Report and Accounts presented to Parliament pursuant to section 7 of the Government Resources and Accounts Act 2000.

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ANNUAL REPORT AND ACCOUNTS 2008–09

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

Our purpose

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

Our mission

NCSL was established to:

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

Introduction

NCSL has been in operation now for almost a decade. Its central aim is to improve children's lives through the promotion and development of excellent leadership. The College also plays an important role in providing advice to government and informing the development of education policy.

Throughout 2008–09, in pursuit of its core purpose, the College has worked towards four corporate goals. The first was to continue **to develop provision for school and children's centre leaders** that enables them to meet the challenges of leadership, improve their schools and centres, and lead their increasingly diverse workforce. A key element here has been the redesigned National Professional Qualification for Headship (NPQH), the College's flagship programme. Having been revised in 2007–08 to meet the needs of aspiring headteachers of 21st century schools more closely, the new programme was piloted in May 2008. The first graduates of the revised model have now successfully completed the programme and rated it highly.

Our work to support children's centre leadership has also gathered pace this year. For example, working with Together for Children, we have launched a Children's Centre System Leadership pilot programme. This provides opportunities for highly effective children's centre leaders to support the development of leadership for integrated working across local authority children's trust areas.

Elsewhere, we have extended our support for school and local authority leaders involved in Building Schools for the Future and the Primary Capital Programme to help maximise the opportunities offered by these major national investment programmes.

Our second goal was **to develop leadership within and beyond the school and to support emerging models of leadership.**

Here, our work with school business managers has again been significant both in developing leadership skills in the wider workforce and in supporting new models. Some 80 per cent of Diploma of School Business Management (DSBM) graduates now play a full role in their school leadership teams. Early evidence suggests that this leads to greater efficiencies in the school and frees up time for other leaders in the school to focus on ensuring effective learning for pupils.

Excellent leaders and their schools have continued to provide support to other schools that are facing challenges through our National Leaders of Education Programme. This programme has continued to expand, and we now have more than 300 experienced heads able to assume these complex roles. Our Local Leaders of Education are continuing to make a significant contribution to the City Challenge initiatives in London, Greater Manchester, and the Black Country, and beyond.

Our third goal was **succession planning – the need to ensure that there are sufficient headteachers and bring more talent into the leadership pool.** We are particularly pleased to report that our government-agreed target for succession planning has been met for the second year running. Despite a predicted rise in headteacher retirements, the number of headship vacancies has been held stable at 0.7 per cent and temporary filled posts also remain stable at 2.7 per cent, which is under our target of 3.2 per cent.

Our fourth goal was **to ensure a fit-for-purpose national college.** We have carried out a comprehensive review of our provision to ensure that it is coherent, is meeting the needs of leaders and aspiring leaders, and can help them to fulfil the aims of the Children's Plan to improve the lives of all children and young people. As a result of the review, the College will be introducing major changes to its programmes and activities in 2009–10.

This year, our remit has been extended to include a programme of work with Directors of Children's Services and those close to stepping up to the role. Development of the programme is now under way, in partnership with the Children's Workforce Development Council (CWDC) and the Association of Directors of Children's Services (ADCS) and in close consultation with a range of stakeholders.

This extended role will build on our existing body of work with school and children's centre leaders, and will lead to greater integration between all the services and agencies that work with children and families. Such close-knit working is essential if all of those involved in the education and welfare of children are to fulfil the aims set out in the Children's Plan (DCSF, 2007).

To reflect the new remit and to embody the spirit of integration, the College will change its name in September 2009 to the National College for Leadership of Schools and Children's Services.

None of our work would be possible without collaboration with the Department for Children, Schools and Families (DCSF), its agencies, and other organisations. We continue to work in partnership with the professional associations, other agencies, local authorities and leaders themselves, so that we can inform policy, strive for the best use of resources and leaders' time, and maximise the difference that we make.

There is evidence that the National College for School Leadership is having a positive impact on education and that those involved have improved their knowledge. A majority [of school leaders] are reported to have felt that NCSL had contributed to improved standards of achievement in their school.

OECD, 2008:16;129

The College measures its impact in a number of different ways. One of the most significant to us is how we are rated by those we work with most closely: leaders themselves.

In 2008–09, the profession has continued to hold the College in high regard. Some 99 per cent of headteachers are aware of our work, 84 per cent believe that NCSL is helping to raise standards and 81 per cent believe that NCSL has had a positive effect on their own school (FreshMinds Research, 2009).

We will be striving to maintain these high levels of satisfaction in 2009–10 as we take on the challenges of our new remit and continue our work with leaders to improve the lives and life chances of children.

GOAL ONE Transform children's achievement and well-being through excellent school and children's centre leadership

Effective leadership is at the heart of improved performance for schools and children's centres. In pursuit of this goal, we focused on the following key strands in 2008–09:

- More flexible options to suit the different needs and contexts of leaders
- Leadership to deliver the five outcomes of Every Child Matters, raise standards and narrow the achievement gap
- Continuing development, support and policy advice to help school and children's centre leaders become better leaders

Flexible options

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

NPQH

The National Professional Qualification for Headship (NPQH) is the College's flagship programme and remains central to our work on succession planning.

The redesigned NPQH was piloted in May 2008 and the lessons learnt have informed its subsequent development. It is now targeted towards those who are likely to be serious candidates for headship within 18 months. It now offers a personalised leadership development pathway, based on individual development needs, supported by one-to-one coaching and peer learning groups, and incorporating a short placement in another context. NPQH trainee headteachers also have access to face-to-face development days, an online learning team and a wide range of leading-edge materials and interactive modules.

The pilot of the redesigned NPQH has been well received, with trainee heads rating their NPQH experience highly. An external evaluation found that assessment is rigorous and effective and that personalisation is a clear strength of the programme. Overall, pilot participants particularly valued the placement and peer learning elements, and excellent feedback has been

received on the online learning provision. Many participants reported that NPQH has contributed substantially to their career progression.

Although the model has been very well received, recruitment remains a challenge. While nearly 1,400 trainee headteachers have participated in the first cohorts of the redesigned programme, we had anticipated recruiting 2,000. It may be that an increase in recruitment to the final two intakes under the previous NPQH model played a part in this. However, we believe that the main reason for the drop in numbers is the fact that many of those within 18 months of headship already have the NPQH qualification. We continue to monitor this situation closely.

NPQICL

Some 337 children's centre leaders graduated from the National Professional Qualification in Integrated Centre Leadership (NPQICL). The fourth cohort began in September 2008 and 415 leaders were recruited to it. The programme was reshaped for 2008–09 to provide improved support and to reflect the diversity of children's centres. An interim report by Henley Management College (Williams, 2009) on the reshaped NPQICL indicated that the programme is working well so far and continues to be an excellent leadership development programme in its new format. Further work has continued over the year to develop support for children's centre leadership pre- and post-NPQICL.

Senior and middle leadership

The main programme for middle leaders, Leading from the Middle, has been delivered to just over 5,000 participants across England this year.

The Leadership Pathways programme targets around 3,000 middle and senior leaders in schools each year, some of whom are intending to move towards headship. This year, three new contextualised units have been delivered on urban leadership, moral leadership and leadership in small schools.

Equal Access to Promotion, a unit devised specifically for black and minority ethnic leaders and delivered in partnership with the National Union of Teachers, was taken by 47 black and minority ethnic school leaders. It was heavily oversubscribed and the number of places will be doubled for 2009–10.

Early Headship Provision (EHP) offered leadership development for all first-time and acting headteachers. Some 1,406 heads registered for the programme, which is delivered regionally by three commissioned providers. EHP formed part of the College's review of provision (see goal 4) and work is under way to provide a seamless professional development pathway from NPQH into headship and increase the effectiveness of support for first-time headteachers.

Head for the Future, a programme aimed at heads with more than three years' experience, is designed to meet the individual needs of each participant. This year, 560 experienced headteachers took part. The programme comes to a close at the end of 2009. Despite its significant impact on school leadership, the rapidly changing and complex context for headteachers in the light of new models of leadership and the need for greater flexibility means that a single national programme, no matter how effective, can no longer meet these increasingly diverse needs. The powerful practice developed through Head for the Future will be used to build future provision for experienced headteachers.

New remit for Directors of Children's Services

In December 2008, the College was asked by the Secretary of State for Children, Schools and Families to extend its remit to create a leadership development programme for Directors of Children's Services and those aspiring to the role, and to chair a group of partners to develop proposals for a more coherent offer of support for senior and middle managers throughout the workforce. We were delighted to take on this new work.

In March 2009 we presented advice to the Secretary of State on how this new remit could be further enhanced. These proposals, which were accepted in full, were to establish a

system leadership programme, an executive leadership programme, a succession planning strategy and an accelerated leadership development programme.

One key consequence of the extended remit has been a decision by the College's Governing Council to consult on a change of name for the College in order to reflect the wider range of stakeholders with whom we now engage. This name change was announced at the College's annual conference in June 2009 (see goal 4).

Our activity in 2008–09 has been focused on establishing the governance structure for this work, forging new partnerships, recruiting an internal NCSL team to provide capacity and developing the key design principles for the provision. The first cohort is due to start the DCS Leadership Programme in November 2009, closely followed by a second cohort in January.

Leadership of Every Child Matters and standards

Every Child Matters and the standards agenda have been a key focus in 2008–09. We have run a range of projects, research and events focusing on the leadership and development needs of effective integrated and multi-agency working across localities and clusters of schools and settings. Local partners from health, youth, social care and the private and voluntary sectors are increasingly involved.

The Children's Plan and associated child health strategy 'Healthy Lives, Brighter Futures' (DCSF and DoH, 2009) have guided our work in this area. Planning has been aligned to reflect strategy priorities and the increasing expectation for multi-agency collaboration and commissioning that develops the concept of the team around the child.

Professional development

We have commissioned and published a review of the leadership professional development requirements for ECM as part of the wider children's workforce to meet the needs of leaders more effectively at different stages of their careers.

The Multi-Agency Team Development Programme, which supports the development of integrated working for extended schools alongside their multi-agency partners, was delivered to 19 teams across the country. The programme is being reviewed to ensure its fitness for purpose as the landscape for integrated services is changing.

Evaluation

The ECM Premium Project assessed the impact ECM has had on raising standards of achievement. The study featured 14 extended schools which were leading and improving learning outcomes through a focus on the five outcomes of ECM. We have also carried out research into a number of case studies of effective models of ECM leadership where schools have collaborated with other schools, community partners and children's services to find innovative ways to deliver services that reflect local context and needs.

A public value project has identified how schools create value and change capacity within their local communities, engage children, young people and families in the design, development and improvement of services, and collaborate with other service providers.

Continuing development and support

Primary leadership has been a key area this year.

The College has continued to work with DCSF, TDA and other stakeholders to implement the key recommendations on primary leadership provided to the Secretary of State in summer 2007.

We have worked with four local authorities and the National Association of Head Teachers (NAHT) to develop proposals for newly appointed headteachers to receive support from a professional partner during their early months of headship. Some 28 professional partners were recruited, trained and deployed in 4 local authorities and an interim evaluation report produced in March 2009.

A project with 14 clusters of schools has explored the promotion of collaborative leadership through the role of extended schools' cluster co-ordinators. This was funded by DCSF with support from TDA, and the learning from it will be combined in a toolkit on collaborative leadership for use in schools and other settings.

We have worked with a group of primary headteachers to develop proposals for a primary executive headteachers programme for leaders overseeing more than one school in a variety of contexts. Further design and development of the provision are being commissioned to an external provider.

Small rural primary schools

Leadership of small rural primary schools has been another key area and we have worked with DCSF and other stakeholders to raise awareness of the challenges that leaders of such schools face. In particular, we have promoted the role of School Business Directors (see Goal 2) across clusters of schools and, as part of the succession planning programme (see Goal 3), we have provided support in highlighting the particular issues and challenges of recruiting leaders to small rural primary schools. In 2009–10 we will be providing funding for around 40 more local authorities to support participants who should be ready to step up to headship in the next 6–18 months. The focus of support will be on participants from primary schools, particularly those in faith schools and small rural schools.

Other activities

In other activity, the College has worked with the workforce agreement monitoring group of the Social Partnership to draft national standards for school leadership which will apply to those holding formal leadership roles within our schools. A consultation with the profession was held between November 2008 and March 2009 and work is being undertaken to amend the standards in the light of the feedback.

The Building Schools for the Future (BSF) Leadership Programme was refined to address the needs of those local authorities further on in their BSF journey. The programme has been divided into modules to address the needs of each local authority more closely. Programmes were successfully delivered to 11 local authorities, 9 from BSF waves 6 and 6a, and 2 from earlier waves.

The College hosted a national conference for 250 leaders involved in the Primary Capital Programme (PCP). It led to the development of a PCP Leadership Programme and 120 delegates from 20 local authorities participated at the pilot stage.

Some 295 school leaders attended two small-scale programmes: Working Together for Success and Developing the Capacity for Improvement, focusing on the development of team leadership. Although these programmes come to an end in autumn 2009, the high-quality content forms the basis of a new programme for school leadership teams in National and City Challenge areas.

The International Leadership and Learning Programme (ILLP) is a new initiative and follows on from the International Placements for Headteachers Programme which has ended. In ILLP, leaders go abroad to investigate an international leadership theme relating to school and system-wide development. They take part in workshops and follow-up activities before and after the visit so that the learning from the visits can be applied at school level and can also influence thinking at regional and national level. Some 114 school and children's centre leaders were recruited to the programme this year.

Goal One: Key facts for 2008–09

- 5,024 school leaders started Leading from the Middle
- 2,944 participants started the Leadership Pathways programme
- 1,362 trainee heads were entered for the redesigned NPQH
- 4,235 people graduated from NPQH, with a total of 27,902 people having graduated from the programme since 2001
- 1,406 new headteachers registered for Early Headship Provision
- 560 headteachers participated in Head for the Future
- 337 children's centre leaders graduated from the National Professional Qualification in Integrated Centre Leadership (NPQICL)
- 662 school and local authority leaders took part in the BSF Leadership Programme

GOAL TWO

Develop leadership within and beyond the school

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

This year, we have continued to focus on:

- developing leadership at all levels, freeing up more leaders to work beyond their schools and centres
- enabling excellent leaders to share their expertise

Developing leadership at all levels

School business managers or bursars free up teachers to teach and headteachers to focus on being leaders of learning in their own schools, making significant resource savings and raising funds as well as influencing the performance of other schools.

The School Business Management Development Programme, formerly the Bursar Development Programme, is now in its seventh year, and remains popular and highly successful. Around 80 per cent of Diploma of School Business Management (DSBM) graduates report that they play a full role in their school leadership teams.

During 2008–09, 1,675 school business managers started the Certificate of School Business Management (CSBM) programme, while 810 began DSBM. In addition, 1,372 CSBM students and 258 DSBM students completed their training.

This year, we have enhanced the College's current programmes to reflect the changing needs of school business managers and the schools they serve. We have developed and successfully piloted the Advanced Diploma in School Business Management.

Research suggests that school business managers can save 5 per cent of resources for reinvestment and raise an average of £23,000 in additional income from other sources (McKinsey, 2007; FreshMinds, 2009). Our annual opinion survey of school leaders suggests that a school business manager can free up to one-quarter of a head's time, but only about a third of primary schools have access to a school business manager. The same survey shows that directors have generated almost £80,000 on average in additional income for their schools in the last financial year, although the amount of income raised does vary. In addition, school business managers and directors bring additional skills to the leadership team, therefore helping to build leadership capacity in a number of ways.

Enabling excellent leaders to share their expertise

National Leaders of Education

Failing schools can be transformed by excellent leadership and support from a high-capacity school, as research has repeatedly shown.

The National Leaders of Education/National Support Schools (NLE/NSS) Programme, launched in 2006, is a prime example. NLEs are serving heads who use their skills and experience of managing complex schools to help others in difficulty. They receive induction, training and other support from the College, as does their own National Support School.

We have recruited the fifth tranche of NLEs and now have over 300 experienced heads who, with their NSS, are undertaking system leadership roles and supporting schools in the most challenging circumstances. Analysis shows that schools receiving this support continue to improve their attainment results at a rate that is considerably faster than the national rate of improvement. Importantly, the schools providing the support have also continued to improve their results. Since the NLE programme began, close to a quarter of a million children in schools facing the most challenging circumstances have benefited from the expertise of NLEs and their NSS staff.

School Improvement Partners

Our work on the School Improvement Partners (SIPs) Accreditation Programme has continued this year and we have exceeded our recruitment targets for all school phases. Since 1 April 2008, every maintained school and academy in England has had a school improvement partner attached to it. The number of accredited SIPs has reached 1,534 secondary SIPs, 2,941 primary SIPs and 402 special school.

Our Children's Centre Systems Leadership pilot programme has begun to consider the development of effective systems of peer-to-peer support for children's centre leaders.

City Challenge

The College's role in developing and delivering the leadership strategies in the three City Challenge areas has led to the development of solutions based on a system leadership model. Schools facing significant challenges receive leadership support from a National or Local Leader of Education, and have access to leadership programmes that provide opportunities for school leaders to develop their leadership skills based on specific local needs. Teaching and Learning programmes delivered by schools to other schools have been extended across all City Challenge areas.

In London, more than 53 primary schools have received support from Local leaders of Education (LLE) under the Primary Leadership Strategy. The LLE programme provides a bespoke package of activities to schools in challenging circumstances to enable the school to develop its leadership capacity and capability. Over 19 schools are working collaboratively in clusters to provide leadership challenge and support and to share best practice. Secondary schools in London are continuing to develop outstanding leadership practice through the support of the Good to Great Programme.

Since primary schools were first supported by the work of the London Leadership Strategy in 2006, schools receiving the support increased their KS2 combined English and maths results by over 4 times the national rate of improvement.

Between 2003 and 2008, secondary schools supported by the work of the London Leadership Strategy increased their GCSE results at a greater rate compared to all London schools and over one and a half times the national rate of improvement. Schools proving the support also achieved a higher rate of improvement in GCSE results compared to schools across England.

In Greater Manchester, 49 LLEs have been deployed to support Keys to Success schools: these are urban schools in challenging circumstances, identified by local authorities and challenge advisers. Other leadership support includes the development and deployment of lead teachers into Keys to Success schools. Lead teachers have developed outstanding practice at subject level and are sharing this practice in the schools in which they are working.

In the Black Country, there have been opportunities for middle leaders to develop their leadership skills and senior leadership teams to support collaboration across schools. More than 15 Black Country LLEs have been deployed to support Pathways to Achievement (P2A) schools. Pilot activities include the delivery of Teaching and Learning programmes and the development of a Good to Great strategy to support the continuation of outstanding practice in Black Country schools.

The Leadership Network

NCSL's Leadership Network represents school leaders from all phases and settings and others in education related leadership roles, contributing to leadership learning and drawing policy issues from professional practice. Providing regular updates on national and regional activity, it is designed to enable members to share in the latest thinking and practice of school leaders nationwide. Led by the voice of practice, regional leaders in all regions are serving headteachers from across all school phases, who step out of school for 2 or 3 days a week, allowing aspirant headteachers to step up. Leadership Network membership has steadily grown to above 38,000.

The network ran a large number of events on many different subjects during 2008–09. These subjects included community cohesion, leading sustainable schools, the primary curriculum, leadership in the special education sector, and leading in a multi-agency setting. Eighteen regional groups recruited by the Leadership Network have participated in the International Leadership Learning Programme (ILLP). This year, the network established an initiative to improve leadership for Narrowing the Gap – in other words, improving the outcomes for the most disadvantaged groups of children and young people.

Over 87 groups involving more than 900 leaders across 52 local authorities engaged in this initiative. We funded the action plans of each group, and a final evaluation of the impact of this work will be available in August 2009.

Goal Two: Key facts for 2008–09

- 1,675 school business managers started the Certificate of School Business Management (CSBM) programme, while 810 began DSBM. In addition, 1,372 CSBM students and 258 DSBM students completed their training
- school business managers can save their headteachers up to 30 per cent of their time, save 5 per cent of resources for reinvestment and raise an average of £23,000 in additional income from other sources
- a fifth tranche of National Leaders of Education (NLE) was identified, bringing the total to more than 300
- primary schools that received NLE support increased their Key Stage 2 combined English and maths results by over three and half times the national rate of improvement during the 2007–08 academic year. Schools providing the support also saw an increase in their pupil attainment levels above the national average
- the average rate of improvement in GCSE results (including English and maths) for secondary schools supported by NLEs in the 2007–08 academic year was more than double national figures. Schools providing the support also demonstrated higher pupil attainment levels compared to the national average.
- since primary schools were first supported by the work of the London Leadership Strategy in 2006, schools receiving the support increased their KS2 combined English and maths results by over 4 times the national rate of improvement
- between 2003 and 2008, secondary schools supported by the work of the London Leadership Strategy increased their GCSE results at a greater rate compared to all London schools and over one and a half times the national rate of improvement. Schools proving the support also achieved a higher rate of improvement in GCSE results compared to schools across England
- our targets for School Improvement Partner recruitment were exceeded, bringing the total accredited to 1,534 secondary SIPs, 2,941 primary SIPs and 402 special school SIPs for deployment by local authorities

GOAL THREE

Identify and grow tomorrow's leaders

In the last decade, the College has shown how to support and nurture and bring on leadership talent. I think we have a great opportunity to take that understanding, that leadership, the vision and the understanding and to spread the culture of succession planning and leadership development into our children's services.

Rt Hon Ed Balls MP, Secretary of State for Children, Schools and Families, 2009

Significant numbers of heads are retiring each year. This trend is predicted to continue, with a third of heads expected to retire in the five-year period from 2008 to 2012.

To meet the succession planning challenge and to maintain stable and high-quality leadership in schools, our third goal is to encourage more members of the school workforce to aspire to leadership. We are doing this by giving them the support to develop into excellent leaders and by emphasising the many personal and professional rewards of the school leadership role.

We have worked in partnership with other organisations and representatives of the profession to develop a strategic approach to this challenge, focusing on:

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

After a successful first year, our succession planning work has continued for a second year under the banner Tomorrow's Leaders Today. We have seen further success, but challenges remain and we are committed to focusing on this key priority in future years.

Local solutions

The College's succession planning strategy has continued to make strong progress in 2008–09. We have signed partnership agreements with all 150 local authorities and provided funds for them to develop their own local solutions to the recruitment and retention of heads.

We have also provided advice and support through deployment of our national succession consultants.

We continued to support 71 local authorities that have a particular challenge of hard-to-fill headship posts and to work closely with aspirant headteachers through our Be a Head communications strategy which has led to engagement with more than 9,000 NPQH graduates.

Involving governors is critical to establishing good succession planning in schools. Our governor engagement campaign, run in partnership with the National Governors Association (NGA) and National Co-ordinators of Governor Services (NCOGS), has targeted governing bodies to encourage them to consider succession issues. It has focused on how they can support leadership development in their schools and refine recruitment processes to encourage the maximum number of applicants for headship posts.

We delivered 10 regional events to support local co-ordinator of governor services (COG) networks in delivering their own local authority-based training. We also delivered 50 direct events to target local authorities, reaching 1,600 chairs of governors. More than 95 per cent committed to taking action after our engagement with them.

Our ongoing evaluation of our work on succession planning shows that local authorities are now better placed to respond to the challenges that they face. Some 96 per cent of local authorities now have a good strategy in place.

We have continued to research the issue of succession planning in schools, including through a major survey of heads approaching retirement to understand retention issues.

In order to equip local authorities, dioceses and others with the knowledge to lead succession planning locally, we have developed a series of guides which capture key research and best practice on issues such as:

- understanding the labour market
- recruiting at primary level

- faith
- special school heads
- identifying talent

We also commissioned Professor David Hargreaves to undertake a review of the College's local solutions approach to succession planning to inform our work and thinking as we move forward.

Identifying and growing talent

This year NCSL started to develop a new programme, Accelerate to Headship. It will enable those with the greatest potential to move rapidly to headship and develop as future system leaders, leading trusts, academies and federations and becoming National Leaders of Education, for example. There are two pathways: Tomorrow's Heads and Future Leaders.

The programme will capitalise on the talent and ambition within the teaching profession, helping to retain the highest quality individuals within education and will recruit career changers with real leadership expertise. It will target a diverse group of participants in terms of gender, ethnicity, school phase and career history.

The Associate Headteacher Programme (formally the Trainee Headteacher Programme) was revised in 2007 and local authorities were brought into the process as part of support for work on succession planning. Local authorities identify groups of suitable applicants and arrange placements for them to complement any succession and leadership strategies already in place. This model allows greater reach and is more cost-effective. In 2008, 25 local authorities with a high number of schools in challenging contexts participated and put forward 68 associate heads.

We have continued to deliver the Fast Track Programme. By March 2009, 1,783 teachers were on the programme, with 343 of these having registered during the year. Fast Track ends in August 2009, but plans are underway for our new Accelerate to Headship programme.

The College worked in partnership with Absolute Return for Kids (ARK) and the Specialist Schools and Academies Trust (SSAT) to deliver an urban, secondary leadership programme called Future Leaders through the Future Leaders Charitable Trust. This attracted 31 participants in London, and 21 in the North West.

This year the NCSL–Ofsted Shadowing Scheme provided 30 middle and senior leaders from black or minority ethnic backgrounds with the opportunity to shadow two school inspections at two different schools and to benefit from mentoring and coaching. An evaluation of the pilot cohorts, undertaken by the London Centre for Leadership, indicated that 'the programme reinforced and reinvigorated participants' orientation towards headship'. Participants reported that the programme had raised their profile within their own school, and increased their confidence.

Working with others to develop tomorrow's leaders

In 2008–09, we continued to build our highly effective programme of research and also enhanced our policy-influencing role. Over the year, we continued to engage with leaders of schools and children's centres, academics and other experts, tapping into their knowledge and insights to inform policy developments at both local and national level.

In the policy arena, we worked closely with partners including DCSF, TDA, the Children's Workforce Development Council, the Social Partnership and others to inform the 2020 workforce strategy and knowledge management strategy as well as the green paper consultation on 21st century schools (DCSF, 2008) and a range of other developments.

A major priority for the research was to inform the College's review of provision (see goal 4). Key research and activities on this included market research to understand the views of users and non-users of NCSL services on their skill needs and preferred styles of learning, and an International Symposium in summer 2008 that brought together leading academics from around the world to advise on the review.

Other major research projects focused on issues such as the leadership of sustainable schools, change leadership, the leadership of teaching and learning and the life histories of outstanding leaders (NCSL, 2009). We also launched a major new section of the website on the leadership of personalised learning.

We held nine Leading Practice events structured around the key priorities outlined in our corporate plan and the key issues faced by school leaders.

Elsewhere, two diversity consultants have provided the College with field knowledge and expert advice on a range of diversity issues which was made available through the NCSL tomorrow's leaders today as an 'investing in diversity' tool kit.

The diversity consultants have worked with our National Succession Consultants to engage local authorities and increase the number of them collecting diversity data and developing plans to increase leadership diversity.

Joint research was commissioned by NCSL and the National Association of Schoolmasters Union of Women Teachers (NASUWT) into the barriers and enablers experienced by black and minority ethnic teachers as they progress into school leadership. The findings will be available in 2009–10.

Goal Three: Key facts for 2008–09

- we achieved our government-agreed target for succession planning for the second year running. The number of headship vacancies was held stable at 0.7 per cent and temporary filled posts also remained stable at 2.7 per cent
- re-signed partnership agreements with all 150 local authorities supporting their local succession planning for headteachers
- by May 2009, 96 per cent of local authorities had developed a strategy and commenced an implementation plan for succession planning through NCSL's Wider Local Solutions project
- provided targeted support to 71 local authorities to tackle hard-to-fill headship posts. Over 1,100 NPQH graduates have taken part, of which more than 550 have achieved headship or a next-stage promotion
- provided support to over 9,000 NPQH graduates through our Be a Head programme
- delivered 60 events for co-ordinators of governor services and chairs of governors on succession planning and distributed 12,500 supporting governor toolkits
- delivered the Associate Headteacher Programme to 68 candidates in schools in challenging contexts in 25 local authorities. By October 2008, more than half of those who had graduated from NCSL's Associate Headteacher Programme were practicing head teachers. (NCSL Associate Headteacher Programme graduate tracking records, 2008)
- delivered the Fast Track Programme to 1,783 teachers
- attracted 31 participants in London, and 21 in the North West on to the Future Leaders programme

GOAL FOUR

Create a fit-for-purpose, national college

To deliver our first three goals, we need to work very closely with school leaders, giving them a strong voice in the development of programmes and a genuine sense of ownership of NCSL.

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

To this end, we have focused on:

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

Listening and responding to leaders

During 2008, NCSL undertook an extensive review and consultation exercise with stakeholders on how best to enable a self-sustaining and value for money approach to school leadership development. The consultation took the form of 8 regional conferences where more than 500 school leaders and other professionals gave us their views on the future direction of the College's leadership development provision. Following this, the College provided the Secretary of State for Children, Schools and Families with expert advice on three key proposals:

- cluster-based middle leadership development with a strong focus on leading teaching and learning
- increasing effectiveness of support to headteachers in their early years
- defining the concept of system leadership and identifying the different roles of system leaders now and into the future, through a system leadership framework

Having been accepted, these proposals are now being taking forward in order to address this key policy challenge.

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

At our June 2008 annual conference, Seizing Success, we engaged with more than 1,500 leaders and educationalists. Our November 2008 national New Heads conference, now in its 12th year, provided a unique occasion for 330 newly appointed headteachers to debate the issues that are important to them and gain ideas, insights and inspiration to help them bring their own thinking and actions into their schools.

We also held our first children's centre leaders conference, attracting over 150 children's centre leaders to the College.

Throughout the year, we continued to work proactively with our national stakeholders and partners, including the DCSF, TDA, the Children's Workforce Development Council (CWDC), the Association of Directors of Children's Services, local authorities, professional associations, Ofsted, the General Teaching Council for England, Becta, Partnerships for Schools, and other public bodies. In addition our extended remit gave us the opportunity to work more closely with the Association of Director's of Children's Services (ADCS) and the Children's Workforce Development Council (CWDC) and to build relationships with a range of new stakeholders as we have consulted extensively on our proposals.

The College continues to have a strong online presence for both programme and non-programme activities. The NCSL website, with 100,000 unique visits each month, is rated as the most popular online resource for school leadership in England (Edcoms, 2009).

E-learning content and sophisticated online needs analysis tools are embedded in all of the College's programmes. talk2learn, the College's online networking and collaboration service, continued to attract increased audiences and now has more than 120,000 members, with a significant year-on-year growth in membership activity. Last year NCSL successfully used both talk2learn and the College's online conferencing service for DCSF policy consultations, covering subjects that included 21st Century Schools, children's wellbeing, zero carbon schools and preventing violent extremism. ECM Leadership Direct, the web-based support resource for Every Child Matters, has also developed significantly with approximately 5,000 visits each month.

Aligning the organisation

We have made significant progress on our organisational effectiveness and culture change programme in the past 12 months, with several key initiatives completed. We have strengthened our approach to professional development and have revised our performance management system.

During the year we carried out a major external review of our commissioning processes and procedures and we are now implementing its recommendations.

We have made good progress on the information systems developments. Early in the year, we deployed a new, more up-to-date content management system for our website and intranet. This will support the relaunch of our website, planned for Autumn 2009. We also implemented a new participant records management system, upgraded our learning management system and further developed our data warehouse to enable a more effective and efficient use of data.

We have begun to enhance our knowledge management systems and processes, so that College staff have access to key information and can share key knowledge more easily, particularly between regionally-based and centrally-based staff.

We have now replaced most of our bespoke systems with ones based on packaged software, thus reducing the costs of deployment and providing a more consistent experience for school and children's centre leaders. People can now use the same registration system and processes to access all NCSL activities, including events, programmes and online learning, saving them time and helping us to build a clearer picture of who our participants are so that we can better understand and serve their needs.

Information Security has been a key focus for us during this year. The College has made very good progress in ensuring that it complies with the high standards of information assurance laid down by the government and the Cabinet Office. As well as introducing a number of technical and physical controls, new policies and procedures are in place and all staff have completed a Cabinet Office e-learning programme on information security.

Preparations have been made this year to introduce a membership scheme from September 2009 that will build on the success of our Leadership Network and provide personalised access to all aspects of the National College's offer.

Evaluating our impact

The National College is committed to continuous improvement. Our provision and activities are evaluated, reviewed and updated against our developing knowledge of leadership.

This year, we have increased our focus on demonstrating the impact we have upon those who participate in National College activities, and the impact that this has on leadership, performance and outcomes.

By May 2009, 98 per cent of maintained secondary schools and 81 per cent of maintained primary schools had taken part in at least one of our core leadership development programmes.

Research has shown that these programmes have had a significant impact on school improvement – schools that are more engaged with this provision have achieved faster rates of improvement in exam results than schools that are not engaged.

As we design new leadership development provision, we have been working to embed effective approaches to evaluation that engage leaders in testing out different approaches, identifying the different factors that determine success, and enabling us to learn quickly and make alterations where necessary. This ‘test and learn’ approach will be particularly important for the piloting of our revised approach to middle leadership provision from September 2009.

Being measured by results

The College’s reputation among school leaders remains high. An independent survey of 1,061 school leaders (FreshMinds, 2009) indicates that NCSL’s credibility is significantly up for the third year in a row. School leaders are more positive than ever before about the impact of the College.

The College’s reputation also remains strong in the eyes of other agencies and organisations with which we work. In November 2008, a survey of 84 stakeholders was conducted and produced very positive results (FreshMinds, 2008). The most positive area of performance was seen in stakeholder satisfaction with their relationship with NCSL, with 92 per cent of respondents being satisfied.

The majority felt that their relationship with NCSL had improved over the past two years, citing better collaboration, increased mutual understanding and recognition of shared priorities. 87 per cent of stakeholders believe that their relationship with NCSL is an effective one.

The reported increase in effectiveness can be attributed to the quality and clarity of leadership, expansion of products and activities into new areas and a greater sense of direction and purpose. As in previous surveys, very high scores were seen for NCSL’s senior management, with 92 per cent of respondents being satisfied or very satisfied.

In November 2008, we undertook our fourth major staff survey. It was completed by 85 per cent of our staff, an outstanding response signalling a strong sense of engagement. 98 per cent of staff indicated that they were aligned in their view that inspiring leaders and improving children’s lives is the College’s core purpose. Employee satisfaction was at 75 per cent and teamwork and collaboration were scored at 82 per cent. Areas for development and improvement were also identified, and each directorate has committed to working towards addressing these.

Goal Four: Key facts for 2008–09

- by May 2009, 98 per cent of maintained secondary schools and 81 per cent of maintained primary schools had taken part in at least one of our core leadership development programmes.
- we engaged with more than 1,500 school leaders and educationalists at our annual conference Seizing Success in June 2008, 330 new headteachers at our annual New Heads conference in November 2008, and more than 500 school leaders and other professionals at our 8 regional consultation conferences
- more than 150 leaders attended our first children's centre leaders conference
- 1,061 school leaders engaged with our annual opinion survey:
 - 99 per cent of headteachers surveyed said they were aware of our work and 95 per cent agreed that NCSL is helping to develop future school leaders
 - 89 per cent of schools leaders who have been engaged with NCSL activities say that their involvement has developed their leadership skills and knowledge.
 - 87 per cent of headteachers think NCSL has a positive impact on education.
 - 83 per cent of heads said they believed that the College is helping to raise standards
 - 83 per cent of headteachers described NCSL as effective in its overall activities
- our annual staff survey identified employee satisfaction at 75 per cent.

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OECD, *Improving School Leadership Volume 1: Policy and practice*, Paris, Organization for Economic Cooperation and Development

Williams, S, 2009, *Evaluation of National Professional Qualification for Integrated Centre Leadership (NPQICL) Rollout Programme: Final Evaluation Report*, Oxford, Henley Management College

Company information

Directors serving during the 2008–09 financial year and up to the date of signing this report

	Appointed	Resigned
V Treves (Chair)	1 September 2004	
H Baker	1 September 2006	
M Callaghan	1 September 2006	
P Jervis	1 September 2006	
J McVittie	1 September 2006	
D Nightingale	14 February 2003	28 February 2009
D Patterson	6 November 2002	30 November 2008
T Piggott	6 November 2002	30 November 2008
J Pullen	1 September 2006	
H Raja	1 September 2006	30 May 2008
D Ross	1 September 2006	
A Seber	1 September 2006	
B Levin	23 March 2008	
Dame M Richardson	1 April 2008	
C Baker	1 December 2008	
A Buck	1 December 2008	
A Middleton	1 December 2008	

Company secretary

Eversecretary Limited

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

Appointed 17 May 2004

Resigned 6 November 2008

Caroline Maley

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

Appointed 6 November 2008

Auditors

KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL

Appointed 17 April 2001

Resigned January 2008

National Audit Office

151 Buckingham Palace Road
London
SW1W 9SS

Appointed 21 January 2009

Solicitors

Eversheds

Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

Registered office

NCSL Business Centre

Lime House
Mere Way
Ruddington
Nottingham
NG11 6JS

Head office

Triumph Road

Nottingham
NG8 1DH

Registered number

04014904

Bankers

Office of HM

Paymaster General

National Investment
and Loans Office
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Management commentary

Background information

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

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

Principal activities

Since the year-end the remit for the National College has been broadened to include directors and aspirant directors of children's services but during 2008–09 the National College's purpose was to improve the lives and life chances of all children throughout the country by developing world-class school leaders, system leaders and future leaders.

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

- **developing excellent school leadership to transform children's achievement and well-being:**
 - Providing a flexible range of programmes, e-learning resources, conferences and publications to support and develop school leaders at every stage of their careers
 - equipping current and future leaders to meet the demands of a dynamic policy environment, in particular the Children's Plan, the Every Child Matters (ECM) agenda, and the delivery of extended schools and the leadership of children's centres
 - providing particular support for those leading our most complex and challenging schools
 - extending choice, promoting personalisation and driving up the quality of provision for school leaders
- **developing leadership within and beyond the school:**
 - identifying outstanding school leaders as national leaders of education (NLEs) so that they can provide support and leadership for schools in special measures
 - identifying local leaders of education (LLEs) to support the City Challenge and leadership strategy activities and provide leadership capacity to schools in vulnerable or challenging circumstances
 - working with the National Strategies to develop, assess and accredit school improvement partners (SIPs)
 - promoting innovation in schools
 - developing and extending the national leadership network so that 30 per cent of all maintained schools have at least one member of their school in the network
 - ensuring that e-learning is integrated throughout the National College's leadership development programmes including the National College's online communities, which support networking and collaboration between school leaders and other groups
- **identifying and growing tomorrow's leaders:**
 - working with schools and others to support the development of local solutions for succession planning

- redesigning the National Professional Qualification for Headship (NPQH)
- bringing in more leaders from a wider range of backgrounds
- continuing to provide a range of programmes to bring new leaders into schools, including people without qualified teacher status who have proven leadership credentials in other fields
- **ensuring a fit-for-purpose national college:**
 - carrying out a comprehensive review of the National College leadership development provision to ensure that programmes meet the needs of the system, to avoid duplication and to ensure that they deliver maximum impact on pupil outcomes
 - working in collaboration with others, drawing on research and bringing in national and international expertise, to ensure we remain at the cutting edge of leadership thinking
 - working to ensure that the culture of the organisation supports our aim of growing more leaders
 - continuing to strengthen our financial, budgeting and commissioning capabilities

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

Review of 2008–09

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

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

The following presents the key achievements for 2008–09:

- The proportion of pupils achieving level 4+ at Key Stage 2 in English was 81 per cent against a target of 80 per cent and in mathematics was 79 per cent against a target of 77 per cent.
- At Key Stage 4, 47.6 per cent of pupils achieved 5 GCSEs at grades A*-C including English and mathematics against a target of 46.3 per cent.
- Ofsted judgements on the quality of leadership and management saw the proportion of schools achieving a grade of 'outstanding' increase across all phases: primary at 15 per cent (target of 14 per cent), secondary at 20 per cent (target of 17 per cent) and special at 27 per cent (target of 24 per cent).
- NPQH has continued to deliver against its graduation rate target of 85 per cent by achieving a rate of 87.5 per cent.
- The National College's activities have been rated as effective by 85 per cent of a representative sample of school leaders against a target of 85 per cent.
- The National College is having a positive impact on their school according to 90 per cent of a sample of participants engaged in leadership provision activity, against a target of 85 per cent.
- The National College has delivered its efficiency target of 5 per cent after allowing for the reallocation of overhead costs

- The National College has successfully managed its finances by achieving a -0.5 per cent variance of actual spend to budget against a target of between 0 and -2.5 per cent.
- Overall employee satisfaction within the National College was surveyed and stands at 75 per cent, against a target of 70 per cent.

Future developments

The remit of the National College has been broadened to include directors and aspirant directors of children's services. In the light of this, the National College has reviewed and revised the goals that it set out in 2006 to ensure that they are reflective of the challenges that leaders of children's services, schools and children's centres face. The new goals are:

- inspiring new leaders: identifying, inspiring and developing future leaders to sustain the supply of talent
- great leadership development: giving all leaders the expertise they need
- shaping future leadership: changing how leaders work to respond to new demands and influencing policy and advising government
- empowering successful leaders: harnessing the expertise of great leaders to drive improvement

These new goals are underpinned by four ways in which we will enable them to happen and which will be a fundamental part of how the National College will work in the future. These are:

- local solutions: helping leaders to respond to their specific circumstances and to develop their expertise where they work
- listening to leaders: using consultations and research to ensure that our programmes and other activities deliver what leaders need
- working with others: building partnerships with key policy, professional and advisory bodies

- corporate efficiency and effectiveness: having rigorous processes, demonstrating the impact of our work and ensuring excellent value for money

To help realise its new goals and the vision set out for children and young people in the Children's Plan, the National College has reviewed its core leadership development offer to middle leaders, new headteachers and system leaders.

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

- the development and delivery of children's services leadership provision
- continuing to address the succession planning challenge for school leadership
- the development of new models of system leadership across schools, children's services and children's centres

The Corporate Plan 2009–10 explains how the National College intends to achieve each of its goals and how it will address these core priorities through specific programmes and activities, with stretching targets. The National College made significant progress towards its goals in 2008–09; the challenge now is to go further and faster.

Risks and uncertainties

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

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

Each quarter, the risk matrix is updated to show what action is being taken to deal with individual risks, and to incorporate new risks or remove those that are outdated or that no longer apply. During the year, the National College has reviewed and reassessed the key risks affecting the National College and updated the risk register. A summary risk matrix is reported to each meeting of the audit and risk assessment committee.

Areas of key risk for the National College include the following.

- A possible change in government may lead to scrutiny of the National College and its ability to deliver the incoming government's agenda.
- The National College is not able to deliver value-for-money savings, which would prevent it from delivering efficiency targets set by DCSF.
- Changes in government funding impact on the National College, resulting in the need to move quickly and flexibly to meet new expectations and remit requirements.
- Internal processes are not sufficiently simple and customer focused to enable the National College to move at an appropriate pace.

The governing council

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

The following people served during the year:

Chair

Vanni Treves
Chair

Directors

Helen Baker
Chair, Advance

Martin Callaghan
Partner, PricewaterhouseCoopers

Pamela Jervis
Headteacher, Kirkby Sports College, Knowsley

Joan McVittie,
Headteacher, Woodside High School, Haringey

Dianne Nightingale
Headteacher, Hounslow School, Southampton

David Patterson
HR Consultant and former MD, Hay Group Ltd (UK)

Terry Piggott
Executive Director: Children, Schools and Families, Rochdale

Jill Pullen
Headteacher, Colegrave Primary School, Newham

Himanshu Raja
Chief Financial Officer, BT Wholesale

Diana Ross
Former Director, Jobcentre Plus South West

Andrew Seber
Former Chief Education Officer, Hampshire County Council

Ben Levin
Professor and Canada Research Chair in Education Leadership and Policy

Dame Mary Richardson
Former Chief Executive, HSBC Global Education Trust

Christopher Baker
Business Consultant

Andy Buck
Partnership Headteacher, Eastbrook, Jo Richardson Schools

Andrew Middleton
Former Principal, Stamford College

Ex officio

David Bell
*Permanent Secretary, Department for Children,
Schools and Families*

Steve Munby
Chief Executive, The National College for School Leadership

Judy Moorhouse
Chair, General Teaching Council for England

Observer

Dugald Sandeman
*Director, School Resources Group, Department for Children,
Schools and Families*

Deborah Eyre
TDA governing council

Michael Gibbons
Former Chief Executive, The Innovation Unit

Board members' directorships and significant interests

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

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

Note 15 to the accounts has details of board members' related party transactions for 2008–09.

Charitable and political donations

There were no charitable or political donations during the year.

Equality and diversity

The National College values the diversity of individual talents and creative potential that every employee and potential employee brings to our organisation. We aim to promote and maintain a culture of equality where appointments to jobs, reward and personal success depend solely on individual ability and performance. All employees and potential employees, whether part time, full time or temporary, will be treated fairly and with respect and dignity. Selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability. The National College's equality scheme and action plan outlines our commitment to equality and diversity in the way we employ staff, provide services and work with partners and stakeholders. It outlines the high-level steps that the National College is going to take to promote equality of opportunity. Whilst the National College has a legal duty to promote equality and diversity, we believe that the pursuit of equal opportunities for all is based on sound moral and business grounds. In readiness for the changes proposed by the single Equality Bill, which will introduce a new equality duty on public bodies, our revised single equality scheme and action plan brings together the three existing duties and has been extended to cover: race, gender, disability, religion and belief, sexual orientation and age.

All our facilities are easily accessible to guests and staff with disabilities and fully compliant with the Disability Discrimination Act. We provide special reserved car parking and purpose-built bedrooms. Our conference room and a selection of meeting rooms are equipped with facilities for delegates with hearing difficulties. Furthermore, we provide alarm systems in bedrooms for guests with impaired hearing. The awarding to the National College of the two ticks disability

symbol reinforces our commitment to good practice in employing disabled people. This is outlined in the diversity statement and the adherence to the Disability Discrimination Act not to treat disabled people any less favourably in recruitment and employment.

Employee involvement

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

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

Sustainable development

The National College's sustainable development action plan sets out its commitment to supporting sustainable development. It covers both how the National College will operate internally to be more sustainable and how it will work with school leaders to develop their practice in this important area.

The action plan builds on a range of existing policies and thinking from across government. Working with Forum for the Future, the National College has adopted the five capitals framework (environmental, individual, social, infrastructure and financial). Some of the key actions in the plan are to:

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

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

Grant-in-aid and net expenditure for the year

The National College received a funding allocation for 2008–09 of £104.6m grant-in-aid, which was made up of £61.1m baseline funding and £43.5m ring-fenced funding (2007–08: £104m, £65m baseline and £39m ring-fenced). As at 31 March 2009 £110.6m grant-in-aid funding was received in cash from DCSF; some of this relates to liabilities accrued at 31 March 2008. The National College had not drawn down £15m (2007–08: £21m) of allocated funding, which will be paid in 2009–10 to cover liabilities accrued at 31 March 2009.

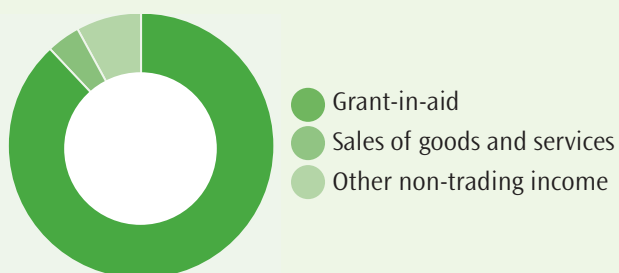
The FReM requires NDPBs to account for grants and grant-in-aid received for revenue purposes as financing because they are regarded as contributions from a controlling party (DCSF), which gives rise to a financial interest in the residual interest of the NDPB.

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

Financial results for 2008–09

These accounts cover the year ended 31 March 2009 and have been audited by the National Audit Office.

Total funding of £121.2m was received in 2008–09 as follows:



Total expenditure on continuing operations of £114.4m in 2008–09 is shown below:



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

Cash balances as at 31 March 2009

As at 31 March 2009, the National College had a net cash balance of £4.8m (2007–08: £2.1m). This comprised a £4.2m cash balance in the Early Headship Programme (EHP) bank account and a £0.6m cash balance in the National College’s main bank account. Note 10 to the accounts provides further details of the National College’s cash balances.

Fixed assets

Expenditure on the acquisition of tangible fixed assets is capitalised where the costs exceed £2.5k for a single item.

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

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

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

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

Payment of creditors

The National College is committed to complying with the principles of HM Treasury’s Better Payment Practice Code and monitors performance on a monthly basis, taking measures where indicated to improve compliance. During the period ending 31 March 2009, 92 per cent (2007–08: 83 per cent) of invoices were paid within the 30-day period.

During 2008, the Prime Minister gave an undertaking to change the prompt payment procedures to assist small- and medium-sized enterprises (SMEs) with their cash flow. The current procurement rule requiring payment within 30 days was changed to a commitment to pay within 10 days. During the period 1 February to 31 March 2009, 72 per cent of invoices were paid within the 10-day period.

Pension arrangements

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

Note 22 to the accounts details the National College's pension liability and arrangements.

Auditor services

In respect of the year ended 31 March 2009, the National College's external auditors National Audit Office completed the statutory audit. The audit fee for 2008–09 is £55k. This comprises an accrual for the statutory audit and amounts paid for the audit of the National College's initial preparations for conversion to International Financial Reporting Standards. The statutory audit of the 2007–08 accounts was completed by KPMG LLP for a fee of £44k. The National College's internal audit service has been provided by PKF (UK) LLP.

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

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

Going concern

The balance sheet at 31 March 2009 shows net liabilities of £15.5m. In addition, note 11 shows creditors of £22m arising from expenditure already committed. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the National College's other sources of income, may only be met by future grants or grant-in-aid from the National College's sponsoring department, DCSF. This is because, under normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant-in-aid for 2009–10, taking into account the amounts required to meet the National College's liabilities falling due in that year, has already been included in DCSF's estimates for that year, which have been approved by Parliament.

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

Elective resolution

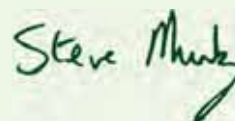
On 16 November 2001, an elective resolution was passed to dispense with the annual appointment of auditors and laying of the accounts before the company in a general meeting.

Signed by order of the board by:

Approved by:



M Callaghan Director
Dated: 7 July 2009



S Munby Chief Executive
Dated: 7 July 2009

Statement of governing council members' and Accounting Officer's responsibilities

Under Section 399 of the Companies Act 2006, the Secretary of State for Children, Schools and Families has directed the National College to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National College and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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

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

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

Statement on internal control

Scope of responsibility

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

The National College for School Leadership (the National College) is an executive non-departmental public body (NDPB) sponsored by the Department for Children, Schools and Families (DCSF).

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the National College for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

The leadership group is responsible for keeping the main risks under regular strategic review. During the year the risk management framework has been updated and a risk and control group has been established to ensure that the framework is applied consistently across the National College. High-level information on risks and the management of risks is integrated with other key performance data and presented to the governing council.

A bespoke programme of training to provide staff with the relevant level of skills to manage projects and to identify and manage risk is in place.

The risk and control framework

Risk management and the consideration of risk are included in the planning, decision-making and monitoring processes of the National College. The framework identifies the key risks that may affect the organisation within a risk register, against which each risk is attributed to a clearly identified owner. In respect of each risk, a process of assessment, risk rating, impact consideration, a review of control measures and contingencies is identified, monitored and updated and reported to the risk and control group on a quarterly basis. This group will then report onwards to the leadership group and the audit and risk assessment committee to ensure that key issues are highlighted and managed appropriately. During the year, the National College has reviewed and reassessed the key risks affecting it and updated the risk register. A summary risk matrix has been reported quarterly to the audit and risk assessment committee in 2008–09.

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

Review of effectiveness

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

In 2008–09 the following key internal control measures were in place:

Governing council

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

Audit and risk assessment committee

A duly constituted audit and risk assessment committee, a sub-committee of the governing council, has operated throughout the year and its terms of reference reflect best practice. It consists of four members of the governing council and is supported by a representative from the DCSF sponsor team.

The committee has met regularly throughout 2008–09 and has considered reports from internal audit on the system of internal control, risk management and governance and carries out an annual review of the effectiveness of the National College's system of internal control.

In line with best practice, the committee has also completed a self-assessment of its effectiveness during 2008–09.

Leadership group

The leadership group, which consists of the National College's strategic and operational directors, is responsible for ensuring that risks are being managed according to the risk management strategy. The group takes advice from the risk and control group to ensure that the National College is managing risk effectively. The risk and control group is a subgroup of the leadership group and all meetings are attended by internal audit.

Information risk management

Arrangements have been made to ensure that the National College fully complies with the requirements of HM government and Cabinet Office policy and guidance in respect of addressing risks to information and information systems. The Chief Operating Officer has been designated the senior information risk owner (SIRO) with responsibility to manage information security across the National College.

The National College has a variety of information assets which are essential to the effective and efficient operation of the organisation and the delivery of its strategic aims and objectives. These assets are protected by controls applied and managed by information asset owners (IAOs). The creation of a college information asset register with assigned IAOs has given the National College a greater understanding of the type and level of information assets it holds. It has been challenging to ensure that this register is reviewed regularly; however, the appointment of IAOs early in the process has given this work the authority it requires.

The National College recognises that the key risk to the security of its assets is the need to change the culture within the organisation. A staff awareness campaign has been put in place to move the culture across the whole organisation to

one of a higher level of self-awareness and increased sense of responsibility. All National College employees, starting with the strategic leadership team, completed and passed the Cabinet Office e-learning programme during a three-week period in February, and a process is in place to ensure all new starters, temporary staff and contract staff complete this training within the first few weeks of employment. An independent security consultant was commissioned to test out access controls of all National College sites. The results have been reviewed and recommendations included in a risk treatment plan.

The consultant was then interviewed and filmed, with a five-minute DVD produced for presentation by the SIRO at staff briefing sessions. The key message presented was that all National College staff were responsible for protecting information and each other.

Controls include quarterly risk assessments, which will be included in support of an annual written report from the SIRO, written assessments from each IAO and the implementation of regular and systematic checks. All staff are required to undertake a comprehensive information security training programme which ensures compliance with National College policy and procedures.

The decision by the National College to work towards ISO 27001 compliance, with the appointment of a project team, has enabled it to drive forward business change with structure and challenge. It has been acknowledged that this is a substantial business change project, with a two-year timeline. However, it will place the National College in a position of excellence with a clear message to our customers and colleagues that information assurance is taken seriously at all levels within the organisation.

During 2008-09 there have been no losses of data.

Internal audit

A professional and independent internal audit service, carried out by PKF (UK) LLP, was maintained throughout the year.

Internal audits were carried out in accordance with the annual audit plan, as agreed by the audit and risk assessment committee to provide assurance about the level of controls operating. The audit plan for the year included reviews of the National College's financial policies, purchases, payments, expenses, corporate governance and IT data security management as well as a number of programme areas such as Fast Track, City Challenge and the National Professional Qualification for Headship.

Based on the audit work carried out and the actions that are being taken to address and monitor identified control weaknesses, the internal auditors have concluded that the National College's system of internal control is adequate. Most areas of activity reviewed were rated either sound or satisfactory and no areas were rated inadequate.

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

The contract for the provision of internal audit services was tendered during the year and the contract has been awarded to KPMG with effect from 1 April 2009.

KPMG was the external auditor for the National College in 2007-08 but the National Audit Office has now been appointed to this role with effect from the audit of the 2008-09 accounts.

Areas for development

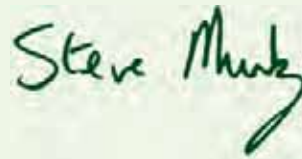
The key areas arising from internal audit that the National College needs to address relate to the contract and procurement arrangements, the process for issuing grants and the method of quality-assuring the National College's provision. All recommendations have been accepted by management and delivery of control improvements is being monitored very closely by both the risk and control group and the audit and risk assessment committee.

Other assurance mechanisms

The National College has in place:

- a system of delegation of authority with defined revenue and capital spend authorisation limits
- a comprehensive budgeting system with an annual budget that is reviewed and agreed by the finance and remuneration committee of the governing council
- regular monitoring meetings at which project managers report on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects and progress towards corporate plan objectives
- regular reviews by the leadership group of reports indicating financial and operational performance against forecasts
- governance supported by a range of policies and procedures, and more detailed plans. The National College's policies and procedures and systems of delegation have been reviewed and updated in 2008–09 to ensure that they continue to provide control and assurance
- a business continuity plan, which has been developed and tested for effectiveness in 2008–09

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



S Munby Accounting Officer
Dated: 7 July 2009

Remuneration report

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

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

The finance and remuneration committee comprises:

Martin Callaghan (Chair) National College governing council

Christopher Baker National College governing council

Pamela Jervis National College governing council

Andrew Middleton National College governing council

Caroline Maley Chief Operating Officer, National College (ex officio)

The final package for each senior manager comprises salary, pension (Local Government Pension Scheme) and performance-related bonus. The performance-related bonus is linked to the achievement of the objectives as laid out in the corporate plan which is presented to and agreed by DCSF. These objectives are subject to periodic measurement and are contained within National College's balanced scorecard. The achievement of the objectives is subject to review and confirmation by the finance and remuneration committee (governing council reporting body). An eligible employee or director is one who is rated between effective and exceptional in the annual performance appraisal system. Those employees considered to be below this standard, ie requiring development, do not qualify. The CEO (Steve Munby) is subject to separate performance management and bonus

arrangements, which operate under the DCSF scheme. He is entitled to a performance bonus of up to 10 per cent of salary, subject to achievement against objectives agreed by the Permanent Secretary and the Chair of the governing council (Vanni Treves).

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

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

- Duration of contracts:
 - The Chief Executive is a five-year fixed-term contract and Steve Munby was awarded a new five-year contract with effect from 1 January 2009.
 - All other directors are continuous until retirement.
- Notice periods – all executive directors are on six months' notice.
- Termination payments – there are no formal termination payments for directors. However, the National College's policy on the termination of fixed-term contracts is to treat these in same way as for permanent employment and award a redundancy payment for loss of office. The redundancy payment is based on two weeks' payment for each complete and partial year of service.

All non-executive directors, with the exception of the Chairman, are allowed to claim expenses for travelling to board meetings and a daily board attendance fee of £300 per day in addition to the travel expenses.

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

Director	Position	Contract Dates and notice	Theoretical provision for early termination	Salary and allowances*	Benefits in kind*	Total 08/09*	Total 07/08*
Non Exec Directors							
Vanni Treves	Chairman	01/09/07 to 31/08/10	N/A	£43,280	Nil	£43,280	£42,431
Helen Baker	Board member	01/09/06 to 31/08/09	N/A	£7,200	Nil	£7,200	£4,500
Martin Callaghan	Board member	01/09/06 to 31/08/09	N/A	Nil	Nil	Nil	Nil
Pamela Jarvis	Board member	01/09/06 to 31/08/09	N/A	Note (e)	Nil	Nil	Nil
Joan McVittie	Board member	01/09/06 to 31/08/09	N/A	Note (e)	Nil	Nil	Nil
Dianne Nightingale	Board member	14/02/03 to 28/02/09	N/A	Nil	Nil	Nil	Nil
David Patterson	Board member	06/11/02 to 30/11/08	N/A	£5,400	Nil	£5,400	£4,200
Terry Piggott	Board member	06/11/02 to 30/11/08	N/A	Note (e)	Nil	Nil	Nil
Jill Pullen	Board member	01/09/06 to 31/08/09	N/A	£3,900	Nil	£3,900	£3,900
Himanshu Raja	Board member	01/09/06 to 30/05/08	N/A	Nil	Nil	Nil	Nil
Diana Ross	Board member	01/09/06 to 31/08/11	N/A	£6,450	Nil	£6,450	£6,900
Andrew Seber	Board member	01/09/06 to 31/08/09	N/A	£12,300	Nil	£12,300	£8,400
Ben Levin	Board member	23/03/08 to 22/03/11	N/A	Nil	Nil	Nil	Nil
Dame Mary Richardson	Board member	01/04/08 to 31/03/10	N/A	Nil	Nil	Nil	Nil
Christopher Baker	Board member	01/12/08 to 30/11/11	N/A	£1,650	Nil	£1,650	N/A
Andy Buck	Board member	01/12/08 to 30/11/11	N/A	Note (e)	Nil	Nil	Nil
Andrew Middleton	Board member	01/12/08 to 30/11/11	N/A	£1,500	Nil	£1,500	N/A
Exec Directors							
Steve Munby	CEO	03/05 to 12/13 6 mths' notice	£100,000 Note (d)	£150,000– £155,000 Note (c)	£8,860 Note (a)	£160,000– £165,000	£150,000– £155,000
Geoff Southworth	Deputy CEO	Left 31/08/08	N/A	£55,000– £60,000 Note (c)	Nil	£55,000– £60,000	£130,000– £135,000
Caroline Maley	Chief Operating Officer	01/08 onwards 6 mths notice	£79,000 Note (d)	£125,000– £130,000 Note (c)	Nil	£125,000– £130,000	£25,000– £30,000
Ken Gill	Director	04/06 onwards 6 mths notice	£88,000 Note (d)	£130,000– £135,000 Note (c)	£2,100 Notes (a) (b)	£130,000– £135,000	£145,000– £150,000
Toby Salt	Deputy CEO from 09/08, previously Director	09/08 onwards 6 mths notice	£88,000 Note (d)	£130,000– £135,000	£1,200 Note (a)	£135,000– £140,000	£130,000– £135,000
Maggie Farrar	Director from 07/08, previously Operational Director	07/08 onwards 6 mths notice	£78,000 Note (d)	£95,000– £100,000 Note (c)	Nil	£95,000– £100,000	£85,000– £90,000

Notes

- * Information has been subject to audit.
- (a) Steve Munby has a licence for the sole occupancy of a room at the Learning & Conference Centre. The National College pays for the cost of this room (£11.15 per night) and the associated income tax for the benefit in kind. Ken Gill had a sole licence until 2 June 2008, and Toby Salt had a sole licence until 1 June 2008.
- (b) Ken Gill received £900 relocation expenses in 2008–09. Total relocation expenses, including payments in 2007–08, were £21,160. The first £8,000 of this was non-taxable but the balance is deemed to be a benefit in kind.
- (c) Performance-related pay:
- Steve Munby has a performance-related bonus of up to 10 per cent of salary based on achievement of objectives for the year.
 - Senior directors have a performance-related bonus of up to 6 per cent of salary based on the National College achieving at least 75 per cent of the balanced scorecard and an exceptional performance rating awarded to the director.
 - All directors contribute to the attainment of the National College objectives as measured within the National College balanced scorecard. Attainment of at least 75 per cent of the balanced scorecard gives rise to the release of the corporate bonus to the National College. Operational directors are eligible for a performance-related bonus of up to 4 per cent, and other staff up to 3 per cent dependent on an exceptional performance rating being awarded.
- (d) These are the theoretical costs associated with an early termination of the contracts. They are based on the National College's redundancy policy. The actual contractual cost is less.
- (e) Board attendance fees were paid directly to their employer in accordance with DCSF and government guidelines. These payments did not result in a change to their overall salary and therefore were not disclosed in this report.

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

	Position	Accrued pension as at 31 March 2009 and the related lump sum at age 60 £'000 Col A*	Real increase during the year and the related lump sum at age 60 £'000 Col B*	Cash equivalent value at 31 March 2008 £'000 Col C*	Cash equivalent value at 31 March 2009 £'000 Col D*	Real increase in cash equivalent value during the year £'000 Col E*
Strategic Directors						
Steve Munby	CEO	50-55/155-160	2.5-5/5-7.5	796	1,093	297
Geoff Southworth	Retired 31/08	55-60/170-175	2.5-5/7.5-10	N/A	N/A	N/A
Caroline Maley	Chief Operating Officer	0-5/0-5	0-2.5/0-2.5	2	28	26
Ken Gill	Director	50-55/140-145	2.5-5/2.5-5	773	1,053	280
Toby Salt	Deputy CEO	40-45/110-115	2.5-5/2.5-5	490	665	175
Maggie Farrar	Director	5-10/15-20	0-2.5/0-2.5	67	119	52

There were no partnership pensions in existence.

Notes

Col A – The value at 31 March 2009 of the accrued pension and (if applicable) related lump sum at age 60 in bands of £5,000.

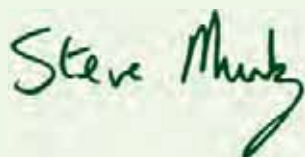
Col B – The real increase during the year 2008–09 in the pension and (if applicable) related lump sum at age 60 in bands of £2,500.

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

Col D – The value of the cash equivalent transfer value at 31 March 2009, to the nearest £1,000.

Col E – The real increase in the cash equivalent transfer value during the year 2008-09, to the nearest £1,000.

* Information has been subject to audit.



S Munby Accounting Officer
Dated: 7 July 2009

The certificate and report of the Comptroller and Auditor General

1.1 The certificate and report of the Comptroller and Auditor General to the members of the National College for School Leadership

I certify that I have audited the financial statements of the National College for School Leadership for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the income and expenditure account, the balance sheet, the cash flow statement and statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

1.1.1 Respective responsibilities of the directors and auditor

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Governing Council Members' and Accounting Officer'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 are properly prepared in accordance with the Companies Act 1985. I report to you whether, in my opinion, the information given in the management commentary is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.

In addition, I report to you if, in my opinion, the National College for School Leadership 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 law regarding directors' remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects the National College for School Leadership's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the National College for School Leadership'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 Report" and, within the section described as "The Audited Accounts", the Company Information, the Statement of Governing Council Members' and Accounting Officer's Responsibilities and the unaudited part of the Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

1.1.2 Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

1.1.3 Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its deficit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and the part of the remuneration report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual
- the information given in the management commentary is consistent with the financial statements

Opinion on regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria, London, SW1W 9SS

10 July 2009

Income and expenditure account as at 31 March 2009

	Note	£'000	2009 £'000	Restated 2008 £'000
Turnover				
From continuing operations:	3			
Other income			10,534	11,324
From continuing operations:	4			
Programme costs	5	(106,617)		(106,126)
Infrastructure costs	5	(7,903)		(9,146)
Release from provisions	13	82		1
			(114,438)	(115,271)
Net expenditure before FRS17 adjustments			(103,904)	(103,947)
Less employers' LGPS costs		1,221		650
Current service cost		(1,082)		(1,047)
Past service cost		–		(215)
			139	(612)
Asset impairment	8		(169)	–
Net expenditure from continuing operations			(103,934)	(104,559)
Interest (payable) / receivable and similar charges	20		(531)	367
Net expenditure			(104,465)	(104,192)
Tax on net expenditure	7		–	–
Net expenditure on ordinary activities after taxation			(104,465)	(104,192)
Notional capital charge			767	825
Net expenditure after notional capital charge			(103,698)	(103,367)
Add back notional capital charge			(767)	(825)
Net expenditure for the year	14		(104,465)	(104,192)

Statement of recognised gains and losses (SRGL)
for the year ended 31 March 2009

	Note	2008–09 £'000	Restated 2007–08 £'000
Actual return less expected return on pension scheme assets	22	(7,170)	(1,378)
Experience losses arising on the scheme liabilities	22	–	343
Change in financial and demographic assumptions underlying the scheme liabilities	22	6,237	(711)
Recognised losses for the year	14	<u>(933)</u>	<u>(1,746)</u>

Balance sheet

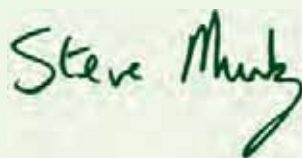
as at 31 March 2009

	Note	£'000	2009 £'000	Restated 2008 £'000
Fixed assets				
Tangible assets	8		22,129	22,815
Current assets				
Debtors	9	2,536		2,799
Cash at bank	10	4,780		5,337
Current liabilities				
Creditors: amounts falling due within one year	11	(22,026)		(25,826)
Bank overdraft	10	–		(3,199)
Net current (liabilities)/assets			(14,710)	(20,889)
Total assets less current liabilities			7,419	1,926
Creditors: amounts falling due after more than one year	12	(21,033)		(21,949)
Provisions for liabilities and charges	13	(101)		(183)
Pension (liability)/asset	22		(1,812)	(1,176)
Net (liabilities)/assets			(15,527)	(21,382)
Capital and reserves				
Income and expenditure reserve (including pension liability)	14		(15,527)	(21,382)
Members' (deficit)/surplus			(15,527)	(21,382)

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



M Callaghan, Director
Approved by the board on: 7 July 2009



S Munby, Chief Executive and Accounting Officer
Dated: 7 July 2009

Cash flow statement

for the year ended 31 March 2009

	2008–09 £'000	Restated 2007–08 £'000
Net cash inflow/(outflow) from operating activities	2,642	(23,126)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(332)	(506)
Receipt of deferred capital grants	332	506
Increase/(decrease) in cash	<u>2,642</u>	<u>(23,126)</u>
Reconciliation of operating loss to net cash flow from operating activities		
Net expenditure	(103,934)	(104,559)
Depreciation	847	921
Asset impairment	169	–
Interest paid on lease	(689)	–
Loss on sale of asset	2	–
Release from deferred capital grants	(332)	(506)
Non-cash pension charges	1,082	1,262
Decrease in debtors	263	3,803
Decrease in creditors	(4,163)	(6,349)
Decrease in provisions	(82)	(22)
Cash payments made to offset pension liability	(1,221)	(650)
Grant-in-aid financing	110,567	81,087
Deferred grant-in-aid	33	1,472
Deferred capital grant	100	415
Net cash inflow/(outflow) from operating activities	<u>2,642</u>	<u>(23,126)</u>
Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash in the year	<u>2,642</u>	<u>(23,126)</u>
Change in net funds	2,642	(23,126)
Opening net funds	2,138	25,264
Net funds at 31 March 2009	<u>4,780</u>	<u>2,138</u>

Notes to the accounts

as at 31 March 2009

1 Company status

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

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

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

2 Accounting policies

The accounts have been prepared in accordance with the Companies Act 2006, applicable accounting standards and in accordance with a direction given by the Secretary of State for Children, Schools and Families with the consent of HM Treasury. The particular accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts, with the exception of the accounting policy in respect of grant-in-aid financing (see 2.2 and 2.4 below). The accounts have been prepared on a going concern basis.

As permitted by Section 404(4) of the Companies Act 2006 the directors have adopted a format for the income and expenditure account that differs from that prescribed in the Act as it is considered that the directors' presentation provides a more true and fair view of the National College's activities.

2.1 Accounting convention

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

2.2 Government grants

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

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

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

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

2.3 Pensions

The National College participates in a defined benefit staff pension scheme providing benefits based upon final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Fund which is administered under the statutory framework of the Local Government Pension Scheme. The scheme is funded with assets held by trustees. The pension scheme deficit or surplus is recognised in full on the face of the balance sheet. The movement in the scheme deficit/surplus is split between operating charges, financing items and in the statement of gains and losses, actuarial gains and losses.

2.4 Grants paid

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

2.4 Leases

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

The National College has a lease with DCSF in respect of the Learning & Conference Centre building at Triumph Road, Nottingham. The land element is treated as an operating lease and the building is a finance lease.

The value of the finance lease asset was capitalised at the discounted value of the lease payments and is being depreciated over the estimated asset life. The lease liability is reduced by annual principal and interest payments. Details of the impact of the lease, which came into effect on 1 April 2008, appear in note 8 to the accounts.

2.5 Value-added tax

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

2.6 Fixed assets and depreciation

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

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

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

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

2.7 Research and development

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

2.8 Notional cost of capital

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

2.9 Other income

Income is recognised net of trade discounts, VAT and other similar taxes.

2.10 Financial instruments

UK GAAP and the HM Treasury Financial Reporting Manual (FRoM) require an organisation to disclose information on the possible impact of financial instruments on its risk profile and how these risks may affect the organisation's performance and financial condition. As a non-departmental public body funded by the government, the National College is not exposed to any liquidity or interest rate risks. The National College has no overseas operations and does not operate any foreign currency bank accounts. It is not subject to any foreign currency, credit or market risks.

2.11 Provisions for liabilities and charges

The National College maintains provisions for potential dilapidation costs of leased buildings and for management restructuring costs arising from organisational changes.

2.12 Early Headship Programme

The National College provides a programme for the training and development of new and aspiring headteachers. The programme involves the award of funds that may be called off over a three-year period. Funds are earmarked at the time of award and a separate bank account and provision are included in the accounts.

2.13 Cash

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

3 Turnover

In addition to the grant-in-aid, the National College has also received programme funding from several other sources during 2008–09:

	2008–09 £'000	2007–08 £'000
Training and Development Agency for Schools – bursar training	5,811	5,538
Capita – school improvement partners	1,142	1,943
Fees and charges	3,581	3,843
	<u>10,534</u>	<u>11,324</u>

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

4 Net expenditure

	2008–09 £'000	2007–08 £'000
a) This is stated after charging:		
Depreciation of fixed assets	847	921
Auditors' remuneration		
Audit services – external auditors, statutory audit	50	44
Audit services – external auditors, IFRS audit fees	5	
Audit services – internal auditors	49	66
Research and development expenditure	3,027	3,080
Operating lease payments – other	616	501

5 Expenditure details

	2008–09 £'000	2007–08 £'000
a) Programme costs:		
Leadership development	66,820	65,511
Strategic intervention	19,338	16,768
Succession planning	11,441	11,946
Learning & Conference Centre	4,074	7,393
Research	3,027	3,080
Annual and new heads conferences	1,917	1,428
	<u>106,617</u>	<u>106,126</u>

	2008–09 £'000	2007–08 £'000
b) Infrastructure costs:		
Core operational ICT costs and projects	2,373	2,319
Senior managers and governance	2,165	2,015
Human resources	2,102	1,582
Core marketing and corporate communications	1,439	1,799
Ruddington accommodation	1,075	583
Commercial management	924	1,165
Finance	748	1,005
Costs reallocated to programmes	(2,923)	(1,322)
	7,903	9,146

6 Staff costs

	2008–09 £'000	2007–08 £'000
a) Wages and salaries of direct employees	9,374	8,284
Social security costs	796	741
Contract and temporary staff costs	1,012	719
Seconded staff costs	342	447
LGPS current service charge	1,082	1,047
LGPS past service costs	–	215
	12,606	11,453

Salaries include gross salaries and performance bonuses payable. It does not include the estimated monetary value of benefits in kind. Following the adoption of FRS17, the employer's pension cost in respect of the National College's main pension fund, the Nottinghamshire County Council Pension Fund, is charged directly to the pension liability in the balance sheet. The amount charged for the year was £1,221,000 (2007–08: £650,000).

	2008–09	2007–08
b) The average number of employees during the year was made up as follows:		
Senior management	5	5
Other staff	256	222
Seconded staff	2	5
Agency, temporary and contract staff	28	16
	291	248

- c) The National College is a member of the Nottinghamshire County Council Pension Fund.
- d) Details of directors' emoluments are shown in the remuneration report. The Chair of the governing council is the only member of council who receives a salary from the National College. With effect from September 2005 other members of the governing council, who are directors for the purpose of company law, have been entitled to claim an allowance for meeting attendance; for those directors employed full time in the public sector this is paid to their employer. Expenses incurred for attendance at meetings are also reimbursed.
- e) Information in respect of the remuneration and pension entitlements of the Chief Executive, who is not a director for the purposes of company law, and the individual salary and pension entitlements of the other senior managers are shown in the remuneration report.

7 Taxation

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

8 Tangible fixed assets

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

On 7 June 2002, the National College entered into a 99-year lease with DCSF for the use of a building sited on the Jubilee Campus of the University of Nottingham (the Learning & Conference Centre). Until April 2008 the building was capitalised at cost within the National College's accounts with a corresponding entry made in deferred capital grants within creditors.

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

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

The fixed asset account balance as at 31 March 2008 has been restated to remove the land element, which was valued at £833k. A further reduction of the building cost has been made during the year to a net value of £169k and treated as an impairment.

9 Debtors

	2008–09 £'000	2007–08 £'000
VAT	164	439
Trade debtors	1,558	1,439
Other debtors	–	525
Deposits and advances	4	–
Prepayments and accrued income	810	396
	2,536	2,799
These balances can be analysed between:		
Other central government bodies	172	614
Local authorities	716	96
Bodies external to government	1,648	2,089
	2,536	2,799

10 Cash at bank

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

	2008–09 £'000	2007–08 £'000
Cash at bank		
HMPG Main account	627	–
HMPG Early Headship Programme account	4,153	5,337
	<u>4,780</u>	<u>5,337</u>
Bank overdraft		
HMPG Main account	–	(3,199)

11 Creditors: amounts falling due within one year

	2008–09 £'000	2007–08 £'000
Other taxation and social security	262	239
Trade creditors	5,412	1,181
Other creditors	110	3,185
Accruals and deferred income	10,989	15,242
Early Headship Programme grants	4,156	5,113
Deferred capital grant	375	866
Finance lease liability less than one year	722	–
	<u>22,026</u>	<u>25,826</u>

These balances can be analysed between:

Other central government bodies	2,997	6,198
Local authorities	1,387	294
Bodies external to government	17,642	19,334
	<u>22,026</u>	<u>25,826</u>

12 Creditors: amounts falling due after more than one year

	2008–09 £'000	Restated 2007–08 £'000
Deferred capital grant – land and buildings	1,306	21,911
Deferred capital grant – other	43	38
Lease liability more than one year	20,068	–
Capital reserve	(384)	–
	21,033	21,949

13 Provisions for liabilities and charges

	Senior management restructure £'000	Other including dilapidation £'000	Total £'000
Opening balance 1 April 2008	103	80	183
Additions during the year	–	10	10
Amount used during the year	–	–	–
Unused amounts reversed during the year	(92)	–	(92)
Balance at 31 March 2009	11	90	101

Provision was made in 2004–05 for the identified early retirement costs of staff leaving the National College. During 2005–06 further provision was made for the remaining costs of the senior management restructure which occurred during the year. The liability at 31 March 2009 is based on one outstanding individual pension entitlement and other related costs. This is expected to become payable in 2009–10.

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

14 Income and expenditure reserve

	2008–09 £'000	Restated 2007–08 £'000
Opening reserves at 1 April 2008	(21,382)	1,369
Prior year pension liability adjustment	–	213
Grant-in-aid financing	110,567	81,087
Deferred grant-in-aid	33	1,472
Deferred capital grant applied	100	415
Net operating costs	(104,465)	(104,192)
Impairment of asset	169	–
Movement from SRGL	(933)	(1,746)
Capital reserve	384	–
Closing reserves	<u>(15,527)</u>	<u>(21,382)</u>

15 Related party transactions

The National College is a NDPB and a company limited by guarantee. The guarantor is the Secretary of State for Children, Schools and Families and thus is considered a related party. Grant-in-aid income of £110,567,574 was received during the year.

The National College invoiced DCSF for a further £17,538 for reimbursement of expenditure and other services rendered.

DCSF invoiced the National College for £52,317 to cover the costs of seconded staff and other activities. DCSF also invoiced the National College for £20,000 for professional fees and a rental charge of £750,000 in respect of the Learning & Conference Centre.

The National College paid £2,704,355 to Serco Limited, and invoiced it £2,064 during the year. A family member of board member Joan McVittie is Chief Executive of Serco Education, a division of the limited company. Joan McVittie is also on the executive of the Association of School and College Leaders (ASCL) and the National College paid £4,072 to this organisation during the year.

The National College paid £2,020,857 to Pricewaterhouse Coopers LLP. Board member, Martin Callaghan, is a partner of the organisation.

The National College paid £99,773 to Andrew Seber Limited for consultancy services in respect of national succession planning. Andrew Seber is a board member of the National College.

The National College paid £94,309 to Mouchel Consulting PLC, and invoiced it for £748 during the year. An operational director's spouse is an employee of the company.

The National College paid £228,844 to The Innovation Unit. A governing council observer, Mike Gibbons, was Chief Executive of this company until the end of December 2008.

The National College paid £15,000 to the National Union of Teachers and invoiced it for £4,461 during the year. A governing council ex-officio member, Judy Moorhouse, is an executive member of the organisation.

The National College paid £911,315 to the Specialist Schools and Academies Trust (SSAT), and invoiced it for £143,461 during the year. Judy Moorhouse is a trustee of the organisation.

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

The National College received programme funding of £5,811,003 from the Training and Development Agency (TDA) during the year for bursar training. Board members Christopher Baker and Andy Buck were directors of TDA until February 2009.

The National College paid £708 to the Academy of Faith Limited, University of the First Age, which is licensed to deliver the National College's Student Leadership Programme. Executive director Maggie Farrar is a trustee of the organisation.

The National College, together with Absolute Return for Kids (ARK) and the Specialist Schools and Academies Trust (SSAT) participate in a charitable company limited by guarantee to deliver the Future Leaders initiative, Future Leaders Charitable Trust Limited (FLCT). Each organisation nominates two members of its management team as non-remunerated directors of the company. The members are Geoff Southworth (former deputy CEO) and Ken Gill (executive director). During the year, National College paid FLCT £2,427,128.

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

16 Grant payments made

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

The total grant payments of £21.5m included support to the programme areas of succession planning (£5.0m), City Challenge (£3.3m), National Leaders of Education (£2.4m), Future Leaders (£2.4m), Early Headship (£2.0m) and Fast Track (£4.5m).

17 Material non-cash transactions

There were no material non-cash transactions.

18 Financial performance targets

The primary financial target was to achieve a percentage of actual spend against profiled spend within an agreed tolerance level of -2.5 per cent to +2.5 per cent on a monthly basis and -2.5 per cent to 0 per cent on an annual basis. The actual variance for the year was -0.5 per cent, well within the agreed tolerance, calculated on an accruals basis.

19 Lease commitments

Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2008–09 Land and buildings £'000	2007–08 Land and buildings £'000
Expiry after one year but not more than five years	–	224
Expiry thereafter	348	–
	348	224

Finance leases

Following revision of the lease held with DCSF for the use of the building sited on the Jubilee Campus of the University of Nottingham, a finance lease obligation has been created in the accounts. The liability was raised at the initial valuation of £20.822m representing the discounted value of future lease payments. After allowing for repayments during the year, the liability at 31 March is £20.790m.

	2008–09 Land and buildings £'000
Rentals due within one year	722
Rentals due after one year but within five years	2,888
Rentals due thereafter	62,913
	66,523
Less interest element	(45,733)
	20,790

20 Interest paid and received during the year

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2008–09 £'000	Restated 2007–08 £'000
Interest received on pension assets	158	367
Interest paid on finance lease	(689)	–
	(531)	367

21 Events after balance sheet date

There were no events after the balance sheet date requiring an adjustment to the financial statements. The financial statements were authorised for issue on 10 July 2009 by Steve Munby, Chief Executive and Accounting Officer.

22 Pensions

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

In 2008–09, the National College made a total employer contribution to the fund of £1,221,000 made up of regular contributions of £721,000 plus a lump sum contribution of £500,000. The pension deficit of £1,812,000 shown on the balance sheet is after applying FRS17 actuarial assumptions.

Contribution rates with effect from 1 April 2009

As a percentage of pensionable pay

– Employer	9.8%
– Employees	
Band 1 £0 – £12,600	5.5%
Band 2 >£12,600 – £14,700	5.8%
Band 3 >£14,700 – £18,900	5.9%
Band 4 >£18,900 – £31,500	6.5%
Band 5 >£31,500 – £42,000	6.8%
Band 6 >£42,000 – £78,700	7.2%
Band 7 >£78,700	7.5%

FRS17 reporting requirements

Details provided are in accordance with the changes to FRS17 in December 2006. This included changing the previous method of valuing assets from mid-market value to current bid value and the restatement of previous years' figures under the new definition.

Information is based upon the full triennial actuarial valuation of the fund as at 31 March 2007, estimated whole-fund income and expenditure items for the period to 31 March 2009 and estimated whole-fund returns for the period to 31 March 2009 based on actual fund returns for the period to 31 December 2008 and then market returns (estimated where necessary) for the period to 31 March 2009.

Demographic assumptions: Life expectancy from age 65 years

Retiring today	Males	20.30
	Females	23.91
<hr/>		
Retiring in 20 years	Males	21.22
	Females	24.91

Financial assumptions as at	31 March 2009		31 March 2008		31 March 2007	
	%pa	Real	%pa	Real	%pa	Real
Price increases	3.0%		3.6%		3.1%	
Salary increases	4.5%	1.5%	5.1%	1.5%	4.9%	1.8%
Pension increases	3.0%		3.6%		3.1%	
Discount rate	6.7%	3.6%	6.1%	2.4%	5.4%	2.2%

The discount rate is the yield on the Merrill Lynch Non Gilt Sterling AA over 15 years Corporate Bond Index with an adjustment of -0.2 per cent to reflect the duration of the liabilities relative to the duration of the index. The expected return on fund assets is based on the long-term expected investment return for each asset class at the beginning of the period (ie as at 1 April 2008 for the year to 31 March 2009). The return on gilts and other bonds is assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

Asset class	Expected return % pa 1 April 2009	Expected return % pa 1 April 2008	Expected return % pa 1 April 2007
Equities	6.9%	7.5%	7.5%
Gilts	4.0%	4.6%	4.7%
Bonds	6.5%	6.1%	5.4%
Property	6.4%	6.5%	6.5%
Cash	3.0%	5.3%	5.3%

Balance sheet disclosure of net National College pension assets	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000
Present value of funded obligation	25,848	28,999	24,732
Fair value of scheme assets (bid value)	24,036	27,823	25,547
Net liability/(surplus) in balance sheet	1,812	1,176	(815)

Income and expenditure account costs for the year to 31 March 2009 The amounts recognised in the income and expenditure account are:	2008–09 £'000	2007–08 £'000
Current service cost	1,082	1,047
Interest on obligation	1,807	1,378
Expected return on scheme assets	(1,965)	(1,745)
Past service cost	–	215
Total	924	895
Actual return in scheme assets	(5,205)	367

Asset and benefit obligation reconciliation for the year to 31 March 2009

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Year to 31 March 2009 £'000
Opening defined benefit obligation	28,999
Service cost	1,082
Interest cost	1,807
Actuarial gains	(6,237)
Estimated funded benefits paid (net of transfers in)	(327)
Contributions by scheme participants	524
Closing defined benefit obligation	25,848

Reconciliation of opening and closing balances of the fair value of scheme assets **Year to 31 March 2009**
£'000

Opening fair value of scheme assets	27,823
Expected return on scheme assets	1,965
Actuarial losses	(7,170)
Contributions by employer including unfunded benefits	1,221
Contributions by scheme participants	524
Estimated funded benefits paid (net of transfers in)	(327)
Fair value of scheme assets at end of period	24,036

Reconciliation of opening and closing surplus/(deficit)

	Year to 31 March 2009 £'000	Restated Year to 31 March 2008 £'000
--	--	---

(Deficit)/surplus in scheme at beginning of year	(1,176)	815
Current service cost	(1,082)	(1,047)
Employer contributions	1,221	650
Past service costs		(215)
Other finance income	158	367
Actuarial loss	(933)	(1,746)
Deficit at end of year	(1,812)	(1,176)

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

	£'000	£'000	£'000
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Adjustment to discount rate	+1.0%	0%	-1.0%
Present value of total obligation	25,361	25,848	26,347
Projected service cost	673	705	738
Adjustment to mortality age rating assumption	+ 1 year	None	-1 year
Present value of total obligation	24,863	25,848	26,843
Projected service cost	660	705	750

Amounts for the current and previous periods	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000	Year to 31 March 2006 £'000	Year to 31 March 2005 £'000
Defined benefit obligation	(25,848)	(28,999)	(24,732)	(23,984)	(19,520)
Scheme assets	24,036	27,823	25,547	21,372	15,345
Surplus/(deficit)	(1,812)	(1,176)	815	(2,612)	(4,175)
Experience adjustments on scheme assets	(7170)	(646)	520	2,499	N/A
Experience adjustments on scheme liabilities		1,841		(1,003)	N/A

Statement of recognised gains and losses (SRGL)	Year to 31 March 2009 £'000	Restated Year to 31 March 2008 £'000
Actual return less expected return on pension scheme assets	(7,170)	(1,378)
Experience gains and losses		343
Change in assumptions underlying the present value of scheme liabilities	6,237	(711)
Actuarial loss recognised in SRGL	(933)	(1,746)

Projected pension expense for the year to 31 March 2010	Year to 31 March 2010 £'000
Service cost	705
Interest cost	1,774
Return on assets	(1,584)
Total	895
Employer contributions	799

Figures exclude the capitalised cost of any early retirements or augmentations that may occur after 31 March 2009.

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