National College for
Teaching & Leadership

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Annual Report and Financial Statements For the year ended 31 March 2013

An Executive Agency of the Department for Education

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Contents

Introduction from Chief Executive

On 16 January 2013, the Secretary of State for Education announced that the Teaching Agency and the National College for School Leadership would merge to form a new agency before 31st March 2013, the merger took place on the 29th March 2013. The Teaching Agency, the National College for School Leadership and the newly formed National College for Teaching and Leadership are Executive Agencies of the Department for Education whose main office is Sanctuary Buildings, Great Smith Street, London.

The new agency will focus on developing a school-led system, promoting high quality teaching and leadership, and leading on delivering school workforce reforms. Its remit includes teacher training, continuous professional development, leadership development, and supporting school improvement to address underperformance in the education system. It will build on the best from the Teaching Agency and the National College, and will work in new ways to support the school-led system. This is a strong endorsement of the work done by both agencies to date in delivering the education reform programme.

There is much on which to build, and this Annual Report for 2012-13 shows much has been achieved this year.

Significant changes have been made to the way in which providers of Initial Teacher Training (ITT) are funded, from grant funding courses through the former Training and Development Agency (TDA) to tuition fee funding through the Department for Business, Innovation and Skills (BIS).

The timing of online tests in literacy and numeracy for ITT applicants is moving from the end to the beginning of the application process, and prospective trainees will be required to pass these tests before beginning their training from August 2013.

Almost 34,000 trainees were recruited to ITT, meeting most targets in priority subjects and increasing the percentage of trainees who held a 2:1 degree.

The new School Direct programme was launched and expanded, beginning with 380 trainees and 100 lead schools in September 2012 and expanding to nearly 850 lead schools and over 9,500 places in September 2013 for which there have been over 20,500 applicants.

A new leadership curriculum and new leadership qualifications have been produced, including a redesigned National Professional Qualification for Headship (NPQH), and a new licensing model introduced; 33 licences have been issued to school partnerships that are now delivering this new curriculum. Over 3,000 individuals have been provided with scholarships to support their leadership development. A leadership development programme for chairs of governors was developed and 18 licences issued for its delivery. Over 11,500 individuals were recruited to School Business Management (SBM) qualifications.

The new contract for Teach First is being negotiated, and the Teaching Leaders and Future Leaders provision has been expanded.

The number of teaching schools was increased to over 350, and a quarter of the funding to support talent management and succession planning was redirected to them. The number of national leaders of education (NLEs) was increased to over 800, and the number of specialist leaders of education (SLEs) to over 2,000. A new designation of national leader of governance (NLG) was established and 152 individuals were designated to support chairs of governors in other schools to raise standards.

The College's membership scheme was increased to over 127,000 school leaders.

A portfolio of international leadership development business activities was established that produced a profit this year.

All of these achievements have been delivered by a reducing staff resource and realising a £3m (0.5%) underspend at year end after notional recharges of central service costs of £17.5m. The two agencies have played a full part in the Department for Education (DfE) Review, and a merger programme is well underway that will deliver a new staffing structure and establish the operation of the new agency.

I am confident that the new National College for Teaching and Leadership will continue to succeed in delivering this significant reform agenda.

Charlie Taylor 02 July 2013
Accounting Officer

Scope

This report covers the financial year 2012-13.

The report incorporates the management commentary as required under the 2012-13 Government Financial Reporting Manual (FReM). It shows how the National College for Teaching and Leadership ("the agency") has carried out its statutory duties as an executive agency of the DfE.

Our business plan, covering 1 April 2013 to 31 March 2014, is available at www.education.gov.uk/nationalcollege

Management of the Agency

On 31 March 2013 the agency board comprised:

Charlie Taylor	Chief Executive
Brian Tytherleigh	Director, Operations

The board was implemented following the announcement of the merger of the Teaching Agency and the National College in January 2013 and is responsible for oversight and management of the merger.

Members of the agency's predecessor's boards who served throughout the year were:

National College Senior Leadership Team

Steve Munby	Chief Executive (until November 2012)
Caroline Maley	Chief Operating Officer, National College
Toby Salt	Deputy Chief Executive (until August 2012)
Maggie Farrar	Director (acting CEO, National College, 1 November 2012 to 16 January 2013)
Di Barnes	Acting Director, School to School Support (from August 2012 to January 2013)
Toby Greany	Acting Director, Leadership Development (from November 2012 to January 2013)
Melvin Kenyon	Acting Chief Operating Officer (until September 2012)

Teaching Agency Senior Leadership Group

Lin Hinnigan	Chief Executive (until September 2012)
Deirdre Quill	Deputy Director, Early Years and Educational Psychology (to January 2013)
Alan Meyrick	Deputy Director, Teacher Qualification, Regulation and Exams Delivery Support (to January 2013)
Paul Cohen	Deputy Director, Supply and Recruitment (to January 2013)
Harvey Neve	Exams Delivery and Support (to January 2013)
Greg Burke	Deputy Director, Funding Allocations and Performance (to January 2013)
Kathy Lee-Cole	Head, Qualified Teacher Status and Induction (to January 2013)

Further details about the responsibilities of the board(s) are set out in the governance statement.

Management Commentary

1. Teaching Agency

1.1. Purpose and Background

The Teaching Agency (TA) was established as an executive agency of the DfE on 1 April 2012.

Its purpose was to promote and raise academic standards in schools and in early education and childcare services, ensuring that every child and young person, regardless of their background, experiences the very best teaching and care.

The TA had six distinct objectives:

- To ensure that there were enough effective teachers and special educational needs co-ordinators (SENCOs) to meet the needs of children and young people in schools and that ITT continues to develop to meet the changing needs of schools.

- To improve the quality of teachers' skills through ITT and ensure that ITT equips teachers to meet professional Teachers' Standards.

- To support the recruitment, retention and quality of the early education and childcare workforce.

- To ensure the availability of high quality post-graduate training for educational psychologists.

- To support the quality and status of the teaching profession by ensuring that in cases of serious professional misconduct, teachers are barred from teaching.

- To provide information and training to exams officers to support schools and colleges with the effective management a nd administration of exams. It will also support the awarding of general qualifications by managing the movement of exam scripts for marking.

1.2. Business Performance Review

Delivery of TA objectives was facilitated through six divisions that were responsible for the recruitment, supply, and initial training and development of teachers; supporting the recruitment and development of early education and childcare workers, special educational needs co-coordinators and education psychologists; overseeing the regulation of the conduct of teachers; supporting exams officers and managing GQ logistics. These divisions continue within the NCTL structure and a brief overview of each, together with a summary of activities undertaken and progress towards objectives, is given below.

1.2.1. Early Years and Educational Psychology Division (EYEP)

EYEP was responsible for ensuring the availability of high-quality postgraduate training for educational psychologists and supporting the recruitment of the early education and childcare workforce.

Recruit to early years graduate level training

During 2012-13, 2,383 new graduates were awarded Early Years Professional Status and there are now 11,687 early years professionals leading professional practice in early years settings. A longitudinal study by the University of Wolverhampton confirmed that these early years professionals are having a positive impact on the quality of practice in early years settings.

Standards and qualifications

The EYEP standards were revised, reducing the number of standards from 39 to 8 and bringing them more in line with teacher standards. EYEP made a significant contribution to the government's publication *More great childcare*, which included its response to Professor Cathy Nutbrown's independent review of early years' qualifications.

Commission postgraduate training for educational psychologists

120 new trainees started postgraduate training in September 2012, contributing to the commitment to a continuous supply of trained educational psychologists into the workforce every year.

1.2.2. Examinations Delivery Support Unit (EDSU)

EDSU provides information and training to examinations centres to help ensure the effective management and administration of examinations. It also supports the awarding of general qualifications such as GCSEs and A levels by managing the movement of examination scripts for marking.

Provision of information and support tools

Through its support line, EDSU ensured that examinations officers had access to support, tools and information about exams management, administration and award. During the first year of operation, the support line handled 662 queries successfully. A move towards web-based customer self-service has led to increased efficiency.

Movement of examination scripts

EDSU manages a courier contract that provides a traceable exam scripts dispatch service to exam centres and exams officers in England. During 2012-13, efficiency gains of £119,000 were realised. A new contract was also awarded for the collection of completed exam scripts which will deliver significant savings next year (estimated in excess of £500,000). During the reporting period over 45 million scripts were successfully delivered.

<u>Support developing centres</u>

EDSU is responsible for supporting examination centres which are developing exams management policies and processes and identifying centres that have a higher risk of administrative failure. To date, 5,518 centres have been appraised to determine if they are at risk. If they are, EDSU monitors and agrees a support plan with them.

<u>New exams officers are inducted into their role</u>

All new to role exam officers (NTREOs) are supported via the EDSU induction programme. There are currently 533 NTREOs receiving support from EDSU.

<u>Funding Allocations and Performance Division (FAPD)</u>

FAPD focuses on developing and maintaining operational infrastructure and systems for providers of ITT and other professional training.

<u>Match good quality training provision and the supply of the workforce to Ministers' priorities and the specific needs of the sectors</u>

FAPD accredited seven new ITT providers of which three are teaching schools and three are academies. Thirty-one former Graduate Teacher Programme providers were also migrated to deliver fee-funded ITT provision from 2013-14. FAPD supported four providers delivering ITT in 2012-13 for the first time and a further four who will commence delivery in 2013-14.

<u>Facilitate the supply of a qualified workforce by developing and maintaining suitable infrastructure and systems for providers of ITT and other (professional) training</u>

The allocation of ITT places for 2013-14 courses took place on schedule. 9,500 School Direct places allocated to over 800 lead schools. 29,300 postgraduate and undergraduate core ITT places allocated to outstanding providers.

<u>Arrange and make accurate and timely payments of any financial incentives that might be offered to new recruits or for other undergraduate or postgraduate schemes</u>

The shift in policy from grant funding ITT courses through the TDA to tuition fee funding through BIS has brought significant changes to the way that ITT providers are funded.

<u>Regulation of the ITT market, quality control and financial assurance</u>

FAPD managed the introduction of School Direct alongside the existing core allocations to ITT providers. This included establishing an allocations strategy to balance uncertainties around School Direct, and the commitment to the core guarantee for providers graded as outstanding. Work was undertaken to identify providers at risk as a result of changes to the core allocation strategy, and to understand engagement with School Direct in order to identify future growth opportunities.

1.2.3. Quality and Priorities Division (QPD)

QPD is responsible for improving the quality of delivery and content of ITT.

<u>Challenge and support ITT providers to improve students' key teaching skills</u>

The 2012 newly qualified teacher (NQT) survey showed progress has been made in relation to behaviour and discipline. QCD worked with a group of curriculum and subject experts to provide support to the training of teachers to implement the new primary national curriculum.

<u>Build schools' appetite and capacity for playing a greater, more effective role in leading ITT</u>

Within the School Direct programme, 380 trainees started training in September 2012, 70% of whom had a 2.1 degree or above, in about 100 lead schools. School Direct has expanded for 2013-14, with nearly 850 lead schools (representing around 6,000 schools) requesting and being allocated over 9,500 places, exceeding expectations for the first year of a new programme. Schools are selecting and recruiting trainees to fill these places and, towards the end of March 2013, over 20,500 applicants had submitted 58,600 applications.

QPD has developed a new school-based ITT programme to bring outstanding service leavers into teaching. The programme will be delivered in conjunction with the Ministry of Defence and make teacher training available for over 1,000 service leavers - both graduates and non-graduates - between 2013-14 and 2014-15.

<u>Ensure that provision is available for teachers undertaking specialist roles identified in the Special Educational Needs (SEN) Green Paper and that provision is in place to deliver the National Award for SEN Co-ordination to SENCOs in the maintained sector</u>

The NQT survey showed positive progress across the majority of national priorities, including in training to support SEN. Eighty ITT providers signed up to offer trainees an extended experience in special schools or specialist units: 1,604 placements being offered. QPD has also delivered 1,467 places on courses for the National Award for SEN Co-ordination.

<u>Administer a scholarship scheme for serving teachers to develop their subject knowledge of SEN and develop a new scholarship fund giving support staff the chance to undertake continuing professional development in SEN and disability</u>

A second round of the National Scholarship Fund for Teachers was launched in April 2012 and awarded scholarships to 380 teachers. The SEN support staff scholarship was also launched in 2012 and awarded scholarships to 272 support staff. A further round of scholarship applications (for teachers and support staff) was announced in February 2013.

<u>Establish at least one university training school by 2014</u>

QPD brought the Teaching Schools Council together with National Association of School Based Teacher Trainers and Universities Council for Educating Teachers to discuss emerging priorities for improvement (either from the sector or government) and how the sector can respond to these. QPD also continues to work with those universities developing university training schools.

Teach First

As a result of plans to further expand Teach First towards a target of training 2,000 trainees a year by 2015-16, QPD has awarded a contract to a national ITT provider that will take responsibility for the entire ITT element of the programme and work with Teach First to lead further innovation.

1.2.4. Supply and Recruitment Division (SRD)

SRD is responsible for ensuring the supply of trainees entering ITT.

To ensure sufficient trainees of suitable calibre enter ITT

Against an overall target to recruit 33,270 trainees, the November 2012 Census recorded 33,860 enrolments, including projected in-year starts. All targets for recruitment to priority subjects were reached or exceeded, with the exception of maths (95%) and physics (97%). Targets for quality of recruits, as reflected in degree class, was for an overall rise of 2% in the proportion of trainees with a 2:1 degree or better, and a 3% increase across a sub-group of maths, physics, chemistry, modern and ancient languages. The November 2012 Census recorded rises of 6% (to 71%) and 11% (to 66%), respectively. For male primary trainees, the target was a rise of 1% to 20% by autumn 2013. The November 2012 Census recorded that this target was met one year early. For Black and Minority Ethnic (BME) trainees, the target was to improve by 1% in 2012 (to 13%), and the November 2012 Census recorded that this was achieved. The 2012 intake was, therefore, the highest proportion of male primary trainees and BME trainees ever recorded.

All of the above were achieved through a range of interventions, which included a new marketing strategy and support services focused at high quality graduates in subjects traditionally difficult to recruit to. Applicants were able to access bursaries, scholarships, school experience, one-to-one advice and events specially designed for them. SRD is also responsible for ensuring that all trainees take online tests in literacy and numeracy before they secure QTS. In September 2012, the tests moved from being taken at the end of ITT to becoming a requirement before trainees could begin their ITT. This was achieved smoothly, without any interruption in service, along with a slight rise in the pass mark.

1.2.5. Teacher Qualification and Regulation Division (TQR)

TQR was created in late 2012 by merging the former Regulation and Qualified Teacher Status and Induction Divisions. TQR maintains the database of qualified teachers and regulates the teaching profession, covering cases of serious misconduct where it is appropriate to make a decision about whether a teacher should be prohibited from teaching.

Award QTS to qualified candidates completing ITT

There are more than 35,000 newly qualified entrants to teaching each year. The majority enter through the traditional college-based route, and for these, QTS was awarded by 1 September 2012.

<u>Issue induction certificates</u>

Once an Appropriate Body has recommended that a teacher has met the core standards at the end of their induction period, the result is processed and recorded on the teacher database prior to the issue of an induction certificate to the teacher.

<u>Handle teacher, employer and stakeholder enquiries</u>

The Employer Access Online (EA Online) facility allows schools, local authorities, supply agencies and ITT providers to view the qualifications and restriction status of teachers online. The service continues to be heavily used and provides direct support to employers in meeting their responsibilities.

<u>Conduct case screenings and investigations and organise case hearings and induction appeals</u>

Between 1 April 2012 and 31 March 2013 the Teaching Agency received 934 referrals relating to teacher misconduct.

<u>Administer and manage the list of prohibited teachers</u>

Panel hearings are convened in the most serious cases where there is the potential for a prohibition order to be imposed, or where an induction appeal has been submitted. Panels determine whether the facts of the case are found and whether those facts amount to unacceptable professional conduct (UPC). Where the facts and UPC are found, the panel makes a recommendation to the Secretary of State as to sanction. Between 1 April 2012 and 31 March 2013, the Teaching Agency considered 36 potential Interim Prohibition Orders and imposed 21.

<u>Other significant areas of work</u>

The division is also responsible for the management of High Court Appeals and Judicial Reviews. At 31 March 2013, three High Court Appeals had been dismissed and a further Appeal concluded by way of a consent order. There are three High Court Appeals currently outstanding. In addition, there is a Judicial Review outstanding relating to an induction appeal decision.

2. National College for School Leadership

2.1. Purpose and Background

The National College for School Leadership opened in November 2000. Prior to this financial year, the College was a company limited by guarantee and a Non-Departmental Public Body (NDPB). On 1 April 2012, the College became an executive agency of the DfE.

The purpose of the National College was to deliver the government's vision of a self-improving education system led by school and children's centre leaders, with the aim of generating improvement right across the system so that every child and young person has the opportunity to achieve their best.

The National College's three main aims were:

- To assure the supply of leaders and improve the quality of leadership for schools, academies and children's centres;

- To support headteachers, principals and children's centre leaders in leading the improvement of all schools, academies and children's centres and

- To provide high-quality services that represent value for money and that are founded on evidence of what works.

2.2. Business Performance Review

The aims of the National College were delivered through four teams, School to School Support, Leadership Development, Business Development and International Business Development. This structure continues within the NCTL and a summary of activities undertaken and progress towards objectives is given below.

2.2.1. Aim 1: To assure the supply of leaders and improve the quality of leadership for schools, academies and children's centres

Objective 1.1: Develop a new leadership development curriculum

A new leadership curriculum has been designed for school and children's centre leaders. Structured across five levels – from middle leaders to executive head teachers – each level offers a choice of approximately ten modules that may be studied on their own as stand-alone courses or combined to pursue a qualification. A qualification is available at each of the first three levels: the National Professional Qualification for Middle Leadership (NPQML) at level one, the National Professional Qualification for Senior Leadership (NPQSL) at level two, and the revised NPQH at level three. In total, the design of 20 modules was completed by the end of March 2013 and a further 9 will be completed by the autumn term 2013.

Objective 1.2a: License schools and their partners to deliver leadership provision

A total of 33 licences have been awarded to schools and their partners to deliver the first three levels of the leadership curriculum. For the new licensed NPQH, all 29 licensees recruited participants with a third of them reaching or exceeding their target of 40 places in the first year. Levels one and two of the leadership curriculum became available for delivery by licensees from February 2013. Licensees have targets to recruit 80 participants for NPQML and 40 for NPQSL in year one.

Objective 1.2b: Provide scholarships and subsidies for priority groups

A new scholarship and subsidy policy was produced in May 2012. Leaders from small schools (100 or fewer pupils on roll) qualify for full scholarships; those from schools with more than 100 pupils are eligible for part scholarships. A total of 3,707 leadership curriculum scholarships were awarded during 2012-13.

Objective 1.3: Maintain a small number of commissioned programmes focused on ministerial priorities and the most challenging schools

The National College commissioned the Future Leaders Charitable Trust (FLCT) to run Future Leaders, a programme to develop high-potential leaders working in challenging urban secondary schools. Since 2009, over 50 Future Leaders have been appointed to headship in challenging schools and in July 2012, 77 new participants were recruited to the programme. The programme is expanding under a new three-year contract to include primary schools, and the regional focus for this has been expanded to include the North West as well as London. Absolute Return for Kids (ARK), Teach First and FLCT worked in partnership with the National College to develop and deliver the Teaching Leaders programme for middle leaders working in challenging urban secondary schools. In 2012, 222 participants were recruited to the programme. From 2010 to 2012, Teaching Leaders Fellows' departments saw an average 15 percentage point increase in good GCSE passes. Results in their departments improved by 4 percentage points more than other departments in their schools. During 2012-13, 1,463 individuals were recruited to the National College's suite of SBM qualifications. An evaluation by PwC demonstrated that SBMs had created over £300 million of value for schools between 2003 and 2009 by improving buying efficiency, generating income and saving a third of head teachers' time. As of 2011, the National College has additionally offered a Certificate in Financial Reporting for Academies. Overall, 1,144 people have signed up and 394 have completed it. The National College developed the primary partnerships initiative to allow more primary schools to have access to an SBM. Since the first grants were issued in October 2010, 1,582 schools have benefitted from an SBM working across their partnership. Delivery of the commissioned National Professional Qualification in Integrated Centre Leadership (NPQICL) has continued. By March 2012, over 2,500 children's centre leaders had graduated since the programme began. 400 new participants were recruited in the summer.

Objective 1.4: Promote talent management in schools to secure the supply of high quality leaders

Since 2008 the National College has provided targeted funding and support for the areas experiencing the greatest supply challenges – primary schools, small rural schools, faith schools and special schools. The support projects are designed and delivered by schools, local authorities and dioceses, and identify leaders with the talent to secure headships. Despite the number of head teacher retirements in recent years remaining high, the percentage of headship vacancies has been held stable at 0.1%. The proportion of headship posts that are temporarily filled reduced from 1.5 in 2010 to 1.3% in 2011.

2.2.2. Aim 2: To support headteachers, principals and children's centre leaders in leading the improvement of all schools, academies and children's centres

Objective 2.1: Develop a national network of teaching school alliances

Teaching schools work with their alliance partners (which include schools, universities and other organisations), to deliver ITT and leadership development; identify and develop future head teachers; offer school-to-school support; designate and deploy SLEs; and undertake research and development focused on improving teaching and raising standards. With a target of reaching 500 teaching schools by 2015-16, the National College has now designated 300 alliances and 360 teaching schools (some alliances contain more than one teaching school). The College has identified gaps in the geographical and phase coverage of teaching schools and provided grant funding to support schools in building their capacity to apply for the teaching schools designation. Nearly 50% of schools that received capacity-building funding between November 2011 and March 2012 have already applied to become teaching schools. Designations are reviewed three times a year, and since April 2012 five schools have been de-designated due to no longer meeting the requirement.

The National College has also co-ordinated and supported the national network of teaching schools in undertaking research, training and development activity so that they can innovate and improve. 81% of teaching schools alliances are already actively engaged in research and development activity. From the next financial year, £2 million of research scholarship funding will be routed through the research and development network.

Objective 2.2: Support school and academy leaders to operate as specialist, local and national leaders of education in order to drive improvement

The 2010 Schools White Paper tasked the National College with designating and supporting 1,000 NLEs, 2,000 local leaders of education (LLEs) and 5,000 SLEs by 2015. The College is on track to meet these targets; after the designation rounds completed this year, there are now 814 NLEs, 2,078 LLEs and 2,018 SLEs. Designations are reviewed three times a year; in 2012/13, 10 NLEs and 61 LLEs were de-designated due to no longer meeting the criteria following implementation of the new Ofsted framework. On average, schools supported by a system leader in the 2010/11 academic year increased their KS4 performance 2.6 percentage points more than the comparator group between 2010 and 2012. 78% of schools supported by an NLE saw an improvement in their KS4 performance between 2010 and 2012 as compared with 67% of the comparator group Some NLEs have taken on even wider roles, including a number sponsoring their client schools to become academies. Regional support for schools is provided by the National College's 60 regional associates who broker school-to-school support and raise awareness of new leadership models and leadership development opportunities.

Objective 2.3a: Support chairs of governors to operate as national leaders of governance

Objective 2.3b: Support leaders of children's centres to operate as children's centre system leaders to ensure improvement in outcomes

The National College extended its system leadership work to the early years and chairs of governors this year. There are now 152 NLGs who have each supported at least one Chair of Governors in other schools or academies to help raise standards.

The National College has continued to maintain the Children's Centre Leaders Network, holding termly leadership development events. Over 1,000 delegates took part during 2012-13. The long-term vision is for the network to be sector-led.

2.2.3. Aim 3: To provide quality services that represent value for money and are founded on evidence of what works

Objective 3.1: Provide a compelling membership offer

The National College's membership scheme grew throughout the year, reaching a total of 127,438 registered members by April 2013. It has become one of the largest professional communities of school and early years leaders anywhere in the world. There are members in over 90% of the schools, academies and children's centres in England and nearly three-quarters of all head teachers and academy principals are members. In June, the National College delivered the eighth annual leadership conference, Seizing Success. Conference tickets sold out and 99% of the 1,700 delegates were satisfied or very satisfied with the event and would recommend it to others. 280 delegates attended the annual New Heads conference in November; 96% rated the event excellent or good, and 94% said they would recommend the event.

Objective 3.2: Generate evidence of what works

The National College continues to invest in research and evaluation to ensure that its leadership curriculum and initiatives are founded on evidence, represent the best leadership practice, and continuously improve. The College has commissioned research into priority leadership issues including performance management and outstanding primary school leadership, as well as the barriers and opportunities offered to talented leaders by new routes into headship, highly effective children's centre leadership and the implications of changes in funding arrangements for schools. Longitudinal evaluations of the teaching schools initiative and the licensing of the leadership curriculum were established. In September and October, five publications were produced in support of the teaching schools programme. These focused on pedagogy and professional development, how teaching schools can support learning and improvement, and the development of effective inter-school partnerships. Throughout 2012-13, the National College continued to engage school and children's centre leaders in the development and implementation of national policy through a range of mechanisms, including briefings for members, events and publications.

Objective 3.3: Develop an income-generating international business unit that positions England as a world leader in school leadership development

The National College's International Business Unit (IBU) was formally established in May 2011 to generate new income from overseas, encourage the exchange of ideas and strengthen the National College's brand. The IBU has started to deliver products and win contracts in countries including Australia, United Arab Emirates, India and China, and is finalising contracts in Oman, Brunei and Lithuania. In 2012-13 the IBU has generated a turnover of £1.3 million leading to a net profit of £44,000 after taking into account overhead costs and administration expenditure – the unit has become self-funding.

Financial Review

Total Expenditure

Expenditure for the year ended 31 March 2013 was £568 million against a budget of £571 million. Details of the £3 million underspend are provided below.

Notional recharge of Shared services costs (budget £0.0 million, actual £17.5 million: £17.5 million overspend)

The NCTL incurred a notional recharge relating to shared services of £17.5m. The charge is an allocation of central costs made to enable an approximation to the full cost of the agency to be disclosed. As this is allocation is outside the control of the Agency no budget allocation is made to the agency.

Administration Costs (budget £28.8 million, actual £26 million: £2.8 million underspend)

Staff costs drove the majority of the Administration underspend as both the National College and the Teaching Agency carried a number of vacancies throughout the year. Also contributing were underspends on legal costs and facilities management, together with fewer hearings in the Teacher Regulation Division.

Net Programme Costs (budget £541.5 million, actual £524.8 million: £16.7 million underspend)

This was an excellent result (3% underspend) and was achieved through careful oversight and budget management, particularly in the last three months of the year.

Underspends largely related to demand led budgets (SEP, Skills Test, TIL, Subject Knowledge Enhancement), policy changes (particularly in relation to school direct marketing and training routes research and development), lower recruitment (Subject Knowledge Enhancement Employment Based ITT and Early Years Professionals) and fewer participants (Modular Curriculum courses) The announcement by the Secretary of State of additional funding for Teaching Schools partly offset these underspends.

During the year £3.1 million income was generated through the activities of the IBU (£1.3 million), our annual and new heads conferences (£0.9 million), leadership development provision (£0.9 million). We also received contributions from Local Authorities for the training of Educational Psychologists (£0.4 million). In total we recognised £4.1 million income throughout 2012-13.

Capital Costs (budget £0.7 million, actual £0.5 million: £0.2 million underspend)

Slippage on ICT work related to member-facing systems driving this underspend through a combination of delays related to gaining Cabinet Office approval for work and changes to work plans for our members website.

Taxpayers' liability

Taxpayers' liability as recorded at the end of the reporting period was £14.8 million.

Treasury management

The agency does not have a bank account. Payments are made and received on its behalf by the department.

Auditors

The Comptroller and Auditor General (C&AG) is the appointed external auditor of the agency's financial statements. The C&AG under statute, reports to Parliament the results of the audit examination.

Charlie Taylor 02 July 2013
Accounting Officer

About the NCTL

The following areas are centrally managed by the DfE for the Department. Data is not collected at Agency level. Policies and outcomes are published within the consolidated annual report and accounts for the departmental group.

- equality and diversity
- fire, health and safety
- departmental correspondence
- risk and control framework
- details of freedom of information
- sustainability

The consolidated annual report and accounts will not be published until January 2014, when these policies can be viewed on line. However data for previous years can be viewed on line at http://education.gov.uk/aboutdfe/departmentalinformation/reports/a00390/annual-departmental-reports-accounts-and-spending-reviews

1. Sickness absence

During the year 2,254 days were attributable to sickness absence. Using the average number of staff employed over the year (per note 3 of the financial statements) this equates to approximately 5.0 days sickness per employee per year. This compares with the departmental average of 4.4 days sickness per employee per year.

2. Personal data related security

The agency is required to report personal data related incidents that have occurred during the financial year in accordance with the standard disclosure format issued by the Cabinet Office.

The Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data which the agency or its delivery partner hold whose release or loss could cause harm or distress to individuals, including as a minimum:

- information that links one or more identifiable living person with information about them whose release would put them at significant risk of harm or distress; and
- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

There were no protected personal data related incidents formally reported to the Information Commissioner's Office in 2012-13 for the agency.

Other protected personal data related incidents reported in 2012-13 are summarised in the table below. Incidents not falling within the criteria for reporting to the Information Commissioner's Office, but recorded centrally within the department, are included. Smaller, localised incidents are not recorded centrally, so are not included:

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	None
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	None
IV	Unauthorised disclosure	None
V	Other	None

3. Supplier payments policy

The department has responsibility for paying the agency's suppliers through the shared service arrangements and is legally required to pay correctly submitted invoices within 30 days of receipt from the day of physical or electronic arrival at the nominated address of the department. In addition, it is practice for the department to pay all correctly submitted invoices within 10 calendar days. During 2012-13, 98.9% of valid invoices received from suppliers were paid within 30 calendar days of receipt and 95.1% of valid invoices received from suppliers were paid within 10 calendar days of receipt. The agency made 2 payments totalling £142.63 under the Late Payment of Commercial Debts (Interest) Act 1998 as amended and supplemented by the Late Payment of Commercial Debts Regulations 2002.

The aggregate amount owed to trade creditors at 31 March 2013 compared to the total invoiced by suppliers during the year, expressed as the number of days in proportion to the total number of days in the financial year, amounts to 2.05 days.

4. Shared Services

Shared services are provided and centrally managed by the DfE for the department and all its agencies. Shared services include finance, information technology, estates, human resources, legal and communications functions. Costs for shared services are recharged to each agency annually based upon the average full time equivalent head count of the organisation.

5. Basis of Account Preparation

These financial statements cover the period from 1 April 2012 to 31 March 2013 and have been prepared in accordance with a direction issued by HM Treasury under Section 7 of the Government Resources and Accounts Act 2000 and in accordance with the FReM. The management commentary and governance statement sections of this report reference the agency's financial statements.

On 16 January 2013 the Secretary of State for the DfE announced that the National College for School Leadership would be merging with the Teaching Agency with effect from 29 March 2013. The merged agency would be known as the National College for Teaching and Leadership (NCTL). These accounts reflect the combined operations of both agencies for the full financial year and have been prepared on a merger basis, with the agreement of HM Treasury, as outlined in the FReM.

If the Teaching Agency and National College for School Leadership would have reported separately, they would have applied Transfer by Absorption as outlined in the FReM, which does not require the restatement of comparatives.

Disclosure of the operating costs of the individual agencies can be found in the Segment Report.

As an executive agency of the DfE, the agency's financial statements are consolidated within the resource accounts produced and published by the department.

These financial statements have been prepared under a going concern basis.

6. Audit arrangements

The financial statements are audited by the C&AG in accordance with the Government Resource and Accounts Act 2000. For the statutory audit carried out on this report and financial statements, the agency has recognised notional fees of £105k. There were no payments for other non-audit services.

7. Disclosure of relevant information to auditors

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

Charlie Taylor
Accounting Officer

02 July 2013

Statement of the Accounting Officer and Chief Executive's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the agency and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the FReM and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Permanent Secretary as Principal Accounting Officer of the DfE has designated the Chief Executive as Accounting Officer of the agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the agency's assets, are set out in Managing Public Money published by HM Treasury.

Remuneration Report

Part 1: Unaudited information

Chief Executive and Senior Team members' remuneration policy

The Chief Executive and all members of the Strategic Leadership Team (SLT) and Strategic and Operations Management Group (SMOG) are Senior Civil Servants (SCS) whose pay is decided by the SCS Pay Committee, chaired by the Permanent Secretary, and comprising members of the Executive Management Board. The SCS Pay Committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the Senior Salaries Review Body (SSRB). The Permanent Secretary meets separately with a non-executive member to determine the pay of board members.

Performance management and reward policy for members of the SCS, including board members, is managed within the central framework set by the Cabinet Office. It allows for annual performance related base pay and bonus awards, agreed centrally each year following SSRB recommendations. The SCS performance management and reward principles for 2012-13, which include explanations of how base pay and bonus levels are determined and their relative value, can be found at: www.civilservice.gov.uk. The SCS performance bonuses are allocated from a central salary pot expressed as a percentage of the department's SCS salary bill, which is agreed centrally each year following the SSRB recommendations. In 2012-13 this pot was limited by the Cabinet Office to less than 5% (2011-12 5%) of the total SCS salary bill from which individuals were awarded varying amounts, dependent on performance.

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

The Chief Executive is responsible to the Director General Education Standards Directorate (ESD) for the performance, leadership and day to day management of the agency.

All senior team members' contractual terms comply with the requirements set centrally for the SCS by Cabinet Office, and the exact terms offered reflect the requirements of the post. The principles governing recruitment to, and departure from the Civil Service, including details of compensation for early termination, are set out in the Civil Service Management Code at www.civilservice.gov.uk

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Part 2: Audited Information

Remuneration (Salary and Payments in kind)

	Salary £000	Bonus Payment £000	Benefits in kind (rounded to nearest £100)
Chief Executive			
Mr Charlie TAYLOR[1] *(from 1 September 2012)*	75-80	-	-
SMOG/SLT			
Mrs Caroline MALEY	130-135	-	-
Ms Margaret FARRAR[2]	115-120	-	-
Ms Diane BARNES[3]	110-115	5-10	-
Mr Brian TYTHERLEIGH	90-95	-	-
Mr Toby GREANY[3]	85-90	5-10	-
Ms Deirdre QUILL	85-90	-	-
Mr Alan MEYRICK	80-85	-	-
Mr Paul COHEN[4]	75-80	5-10	-
Mr Harvey NEVE[5]	70-75	0-5	-
Mr John CARR	70-75	-	-
Mr Greg BURKE[6] *(from 1 May 2012)*	55-60	-	-
Mrs Kathy LEE-COLE[7]	50-55	-	-
Former Chief Executives			
Mr Stephen MUNBY[8] *(CEO, National College; to 9 November 2012)*	85-90	-	-
Mrs Lin HINNIGAN[9] *(CEO, Teaching Agency; to 30 September 2012)*	110-115	-	-

Former SMOG/SLT			
Mr Toby SALT[3,10] *(to 31 August 2012)*	60-65	10-15	-
Mr Melvin KENYON[11]	100-105	-	-
Mr Michael DAY[12]	45-50	-	-

[1] Figure quoted is for the period 1 September 2012 to 31 March 2013. Full year equivalent is £125,000-£130,000.

[2] Acting Chief Executive of the National College for School Leadership for the period 1 November 2012 to 16 January 2013 included in the above figures.

[3] Bonus paid relates to performance in the 2011-12 financial year while an employee at the National College for School Leadership (NDPB).

[4] Bonus paid relates to performance in the 2011-12 financial year while an employee at the TDA.

[5] Bonus paid relates to performance in the 2011-12 financial year while an employee at DfE.

[6] Figure quoted is for the period 1 May 2012 to 31 March 2013. Full year equivalent is £60,000-£65,000.

[7] Figure quoted is for the period 8 May 2012 to 31 March 2013. Full year equivalent is £55,000-60,000.

[8] Figure quoted is for the period 1 April 2012 to 9 November 2012. Full year equivalent is £140,000-£145,000.

[9] Figure quoted is for the period 1 April 2012 to 30 September 2012. Full year equivalent is £165,000-£170,000.

[10] Figure quoted is for the period 1 April 2012 to 31 August 2012. Full year equivalent is £130,000-£135,000.

[11] Acting Chief Operating Officer of the National College for School Leadership for the period 1 April 2012 to 30 September 2012. Figure quoted is for the full year.

[12] Figure quoted is for the period 1 April 2012 to 30 September 2012. Full year equivalent is £90,000-£95,000.

Compensation for loss of office

Lin Hinnigan left under voluntary exit terms on 30th September 2012. She received a compensation payment of £75,833. In addition, she also received an ex-gratia payment of £45,530, this additional payment was to ensure that she did not incur any additional loss through extending her employment at the Department’s request. The ex gracia payment was agreed by HM Treasury as being appropriate in the circumstances and value for money.

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the agency and treated by HM Revenue and Customs as a taxable emolument. No directors received any benefits in kind.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to performance in the year in which they become payable to the individual. The bonuses reported above in 2012-13 relate to performance in 2011-12.

Pension Benefits

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

	Accrued pension and Related lump sum at pension age as at 31/03/2013 £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/2013 £000	Real increase in CETV £000	Employer contribution to partnership pension account £000
Chief Executive					
Mr Charlie TAYLOR *(from 1 September 2012)*	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	19	13	-
SMOG/SLT					
Mrs Caroline MALEY	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	35	27	-
Ms Margaret FARRAR	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	36	19	-
Ms Diane BARNES	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	36	29	-
Mr Brian TYTHERLEIGH	35-40 plus lump sum 0-5	2.5-5 plus lump sum 0-2.5	670 (558)	67	-
Mr Toby GREANY	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	17	12	-
Ms Deirdre QUILL	20-25 plus lump sum 40-45	0-2.5 plus lump sum 0-2.5	419 (363)	25	-
Mr Alan MEYRICK	35-40 plus lump sum 105-110	0-2.5 plus lump sum 0-2.5	629 (585)	10	-
Mr Paul COHEN	25-30 plus lump sum 75-80	0-2.5 plus lump sum 0-2.5	449 (414)	10	-
Mr Harvey NEVE	5-10 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	124 (100)	15	-
Mr John CARR	25-30 plus lump sum 35-40	0-2.5 plus lump sum 0-2.5	402 (354)	26	-
Mr Greg BURKE *(from 1 May 2012)*	35-40 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	550 (519)	2	-
Mrs Kathy LEE-COLE	10-15 plus lump sum 40-45	0-2.5 plus lump sum 0-2.5	253 (246)	-	-

	Accrued pension and Related lump sum at pension age as at 31/03/2013 £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/2013 £000	Real increase in CETV £000	Employer contribution to partnership pension account £000
Former Chief Executives					
Mr Stephen MUNBY *(to 9 November 2012)*	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	25	20	-
Mrs Lin HINNIGAN *(to 30 September 2012)*	50-55 plus lump sum 150-155	0-2.5 plus lump sum 5-7.5	1,188 (1,090)	50	-
Former SMOG/SLT					
Mr Toby SALT *(to 31 August 2012)*	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	14	10	-
Mr Melvin KENYON	0-5 plus lump sum 0-5	0-2.5 plus lump sum 0-2.5	29	23	-
Dr Michael DAY	30-35 plus lump sum 90-95	0-2.5 plus lump sum 0-2.5	659 (650)	-	-

Prior year comparatives are shown in brackets

Hutton Review of Fair Pay

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

The band of the remuneration of the highest paid director in the agency in the financial year 2012-13 was £165,000 to £170,000. This was 5.0 times the median remuneration of the workforce, which was £33,200.

In 2012-13, no employees received remuneration in excess of the highest paid director.

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

Charlie Taylor 02 July 2013
Accounting Officer

Governance Statement

Scope of responsibility

I became Chief Executive and Accounting Officer for the NCTL on 29 March 2013 when the activities of the National College for School Leadership (NC) merged into the Teaching Agency (TA) and the TA changed its name to NCTL. Prior to this appointment, I held separate roles as Chief Executive and Accounting Officer of the TA (from 1 September 2012) and of the NC (from 16 January 2013).

As Chief Executive and Accounting Officer for the NCTL and its predecessor executive agencies (EAs), I have personal responsibility for maintaining a sound system of governance, internal control and risk management within my area of responsibility; to support the achievement of the department's policies, aims and objectives, whilst safeguarding public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in '*Managing Public Money'.*

As both the TA and NC had more than one Accounting Officer during the financial year I have drawn assurance from written statements from the previous accounting officers on all relevant areas in order to write this governance statement.

Corporate Governance

Governance Framework

The framework documents of the NCTL and its predecessor agencies set out the arrangements for the governance, accountability and operation of the agencies, agreed between the Secretary of State, the Director General for ESD and myself.

Governance at Departmental Level

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

Business plan

My predecessors I met regularly, usually at least monthly throughout the year with the Director General for ESD to discuss performance against the key performance indicators (KPIs) of both agencies.

Strategic Performance Review

Throughout the year the Director General for ESD held Strategic Performance Reviews (SPRs) with both agencies (two with the TA; three with the NC) to review and challenge progress against the business plan, financial management and the management of risks.

All SPRs were also attended by a non-executive director (NED) of the main department board and where relevant, by an external expert.

Other areas for discussion throughout the year included:

- the future of the international work of the National College;
- the supply of school leaders: plans to transition this work into schools and Academies;
- an update on the uptake of the Teaching Schools initiative;
- progress of the licensing model for delivering leadership programmes;
- the new system for teacher regulation; and
- the quality of ITT.

The inclusion of a NED to provide independent oversight at the SPR and by working to a formal terms of reference and agenda has ensured they have been an effective forum to provide me and my predecessors with internal and external scrutiny and challenge of the work of the agencies.

Governance at Agency Level

I introduced a Merger Board immediately preceding the merger announcement to oversee, manage and mitigate the risks around the implementation of the merger of TA and NC. The Merger Board consists of myself, the Director Operations of the TA, the former Chief Executive of the NC and the Chief Operating Officer of the NC.
Up until the merger both the TA and the NC had different governance arrangements, as outlined below.

Teaching Agency

From September 2012 I was supported in the discharge of my duties by the SMOG which comprised myself, my Director Operations and representatives from People and Change and Finance and Commercial Group.

Throughout the year SMOG met twice a month. Once to consider reports from Heads of Division; to monitor progress against the business plan and budget; and to consider any risks, either escalated from Divisions or those that are cross-cutting and strategic. The second meeting considered general management issues, including people management, vacancy filling and the DfE review. Representatives from other shared service functions attended SMOG by invitation.

Prior to September 2012 the Chief Executive met regularly with the Senior Leadership Group (SLG) which comprised Heads of Divisions, to consider performance and risk reports, monitor progress against the business plan and financial performance and consider any risks. SLG also considered general management issues and in particular people management issues.

National College

Throughout the year the SLT, comprising the Chief Executive and Executive Directors, met monthly to support me and my predecessors in the maintenance of the strategic direction of the NC. These meetings were driven by business need; members of the wider Leadership Group attended by invitation.

Alongside this a quarterly business review (QBR) was held every three months, which focused on the detailed strategic risks, financial performance and any significant cross-agency issues. All members of SLT attended the QBR as did a senior finance representative and members of the Leadership Group, as appropriate. The QBR enabled the Chief Executive to review, challenge and assure all areas of the agency's work and was timed to precede the SPR.

On a monthly basis the Leadership Group met. The Leadership Group consisted of all Directors, Deputy Directors and Divisional Heads and was responsible for ensuring that risks were managed according to the risk assurance framework; it also provided a peer review of operational and business planning activities.

Audit Committee

The National College has had an Audit Committee in place since November 2012 in order to provide an additional level of challenge and assurance to the Accounting Officer. The Teaching Agency did not recruit an independent Audit Committee and alternate arrangements have not been fully in operation to provide support to me throughout the year; however the department's Audit and Risk Committee (ARC) has formal responsibility for providing me with appropriate challenge and support for both agencies. The draft accounts for the year were reviewed by ARC prior to NAO audit; no other issues during the year were referred to ARC. Consideration is being given to the future Audit Committee arrangements for the merged organisation.

Attendance Records

	Teaching Agency	
	Senior Leadership Group	**Strategy and Operations Management Group**
Number of meetings in year	17	6
Member		
Mr Charlie Taylor	5/5	6
Mr Brian Tytherleigh	15	6
Mrs Lin Hinnigan	14/14	
Mr Alan Meyrick	16	
Ms Deidre Quill	13	
Mr Paul Cohen	16	
Mr Greg Burke	11/13	
Mr John Carr	15	
Mr Harvey Neve	14	
Mrs Kathy Lee-Cole	12/13	
Dr Michael Day	7/13	

	National College	
	Senior Leadership Team	Audit Committee
Number of meetings in year	20	2
Mr Steve Munby	13/13	
Mr Toby Salt	8/8	
Ms Maggie Farrar	19	
Mrs Caroline Maley	10	
Ms Di Barnes	12/12	
Mr Toby Greany	12/12	
Mr Melvin Kenyon	8/10	
Sir Jon Shortridge		2
Mr Chris Baker		2
Miss Alison White		2
Mr Andrew Bollington		2
Mrs Lynda Fisher		2

The Senior Leadership Group operated from 1st April 2012 to 6th November 2012

The Strategy and Operations Management Group ran from 7th November to 31st March 2013

Internal Control

A system of internal control is in place within the NCTL, and was in its predecessor agencies, for the whole of 2012-13. This has continued up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance. The following section of this statement describes the system of internal control in operation in the NCTL for the year.

Our system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore achieve a reasonable and not absolute assurance of effectiveness.

Internal Audit

The NCTL receives internal audit and assurance services from the department's Internal Audit Unit, and is included in any cross-departmental compliance and themed audits where relevant. Since April 2012 specific audits, related to the NC included BT contract extension, Remote Working Systems, grants and assurance, and the International Business Unit. Specific audits related to the TA included ITT external assurance, governance and risk management, and grants and assurance.

Both predecessor agencies received an interim assurance report from the Head of Internal Audit (HIA). A final HIA assurance statement covering the full year was provided with a single assurance opinion covering the NCTL. The HIA's opinion is that overall governance, risk management and internal control systems are operating reasonably, with the exception of risk management and Audit Committee arrangements; there was not a consistent application of a risk management policy across the predecessor agencies and Audit Committee arrangements need to be clarified, clearly understood and consistent going forward. The report also noted key issues arising from internal audit activity which I should have regard to in preparing this governance statement. These key issues include assurance arrangements, shared services and resourcing. Many of these issues remain relevant to the merged organisation and appropriate action will need to be taken to ensure that an effective framework of governance, risk management and internal control is put in place.

Programme and Project Management

We have adopted programme and project management (PPM) practices and methodologies such as PRINCE2 in the NCTL and in its predecessor agencies; this ensures that key documentation is in place and retained for each programme/project and that they are managed effectively to ensure timely delivery. PPM documentation is reviewed and agreed by the individual programme and project boards to ensure each programme/project is linked and monitored against Ministerial priorities.

Financial Management

The NCTL and its predecessor agencies follow the department's fraud management policies and procedures which are compliant with HM Treasury guidance. The processes, controls, risk management and fraud prevention strategies deliver good financial management and appropriate levels of propriety, regularity and value for money.

At a local level, for both NCTL and its predecessor agencies, separation of duties is maintained for both contract and grant payments. All authorisations are in line with delegated authorities and relevant grant payment mandates; no individual can raise a payment and then authorise it. We do not operate our own bank account; all payments are made using the cash payment process operated by the Department for Work and Pensions (DWP).

Within NCTL and its predecessor agencies, budgets are monitored and reported on a monthly basis, with each division identifying a budget manager with written delegated authority for budget management tasks. Regular monthly meetings are held with the department's Financial Management Division to ensure budget holders have a clear understanding of the financial performance of their division. Finance reports are included within the monthly management information packs and are presented to me separately on a monthly basis.

Some Deputy Directors noted within their interim Responsibilities Assurance

Declarations (RADs), that staff had found it difficult to become familiar with new systems provided by the department. In response to this concern, additional training and support was provided by the department's Finance and Commercial Group. Improvements were noted in the final RADs with positive comments about the level of support provided.

People Management

Vacancy filling has been an issue throughout the year and the challenge to fill vacancies and recruit associates has impacted on some teams' ability to deliver objectives. This is particularly true in the Design and Development team where a number of Leadership Curriculum modules have been delayed to the autumn term.

The staffing structure of the NCTL has been developed with this in mind, and by monitoring them monthly I will seek to ensure that adequate staffing levels are maintained.

Information risk management

Arrangements have been and are in place to ensure that the NCTL and its predecessor agencies comply with the requirements of both HM Government and Cabinet Office policy and guidance in addressing risks to information and information systems. The department's Permanent Secretary is the designated Senior Information Risk Owner with overall responsibility for the management of information security in the agencies.

The NCTL 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. Information Asset Owners have responsibility for protecting the information assets that are assigned to them.

Internal Control: Conclusion

As Accounting Officer I confirm that I have reviewed the governance, internal control and risk management arrangements in operation within my area of responsibility and am satisfied the internal control framework is on the whole effective with the exception of risk management and Audit Committee arrangements. Risk management procedures need to be more cohesive and standardised across the NCTL and Audit Committee arrangements need to be clarified. My review of the effectiveness of the system of internal control has been informed by the work of the executive managers within my area who have responsibility for the development and maintenance of the internal control framework, the HIA's assurance report and other sources of information such as assurances.

Account of Corporate Governance

An initial review carried out against the Code of Corporate Governance using the 'Corporate governance in central government departments: Code of good practice 2011 compliance checklist' has indicated that as an executive agency, rather than a central government department, NCTL and its predecessor agencies operate within the code's principles in a way that is appropriate with our size, status and legal framework.

Risk management

Mechanisms for Risk Management

The maintenance of risk registers is a key mechanism used to manage risk within the NCTL and its predecessor agencies, and these are used to identify both operational and strategic risks within directorates, programmes and projects. When a risk is considered to have a high likelihood and high impact it is escalated to me for consideration, and following agreement by my senior team is added to the agency's strategic risk register and monitored on a monthly basis.

Assurance over Risk Management Mechanisms

As outlined in the agencies' framework documents, the National College Audit Committee, SPR and ARC monitor and challenge the agency's process for risk management; and through a process of monitoring and challenge, provide me with assurance over the agency's risk management mechanisms.

Risk Management and Delivery Assurance

There have been a number of risk management processes within the NCTL throughout the year, stemming from the organisations' history. As noted above, risk management within the TA was noted an area of concern by the HIA, and I will therefore seek to draw from the good elements of risk management practices used within the wider department by adopting the DfE risk management policy.

Risk management processes within the NC were drawn from those used prior to the organisation becoming an executive agency. The SLT owned a strategic risk register, with each directorate, programme and project also maintaining its own register, escalating high level risks to the SLT. All risk registers were reported within the monthly management information reports with the SLT reviewing the strategic risk register on a quarterly basis as a minimum.

Each risk has its likelihood and potential impact assessed and is assigned an owner who is responsible for on-going monitoring, management and contingency planning as appropriate.

Effectiveness of Risk Management

Throughout the year, risk management processes have identified the following strategic and operational risks to NCTL in addition to those posed specifically by the merging of the National College into the Teaching Agency.

Strategic risks

Communications with Stakeholders

There is a risk that the agency's communications with stakeholders are not consistent and coordinated, with different teams making contact with the same stakeholders and potentially giving different messages creating reputational damage; this risk is enhanced by the merger. A 'customer channels and contact' project is underway, as well as a project on knowledge sharing, which should mitigate this risk but it is an area which will need a continued focus, particularly until such time as a single customer relationship management system is in place.

Self-improving system

There is a risk that teaching schools and licensees will fail to deliver. The risk is caused by the desired scale and speed of the cultural shift to a self-improving system, meaning schools may lack the funding, capacity and capability to lead the system.

We are mitigating this risk by developing our understanding of the current state and designing a programme to deliver the required outcomes accordingly.

Initial Teacher Training Provision

As a major and rapidly expanding change programme, School Direct has raised a range of specific issues from schools and ITT providers, including: the applications system, schools' understanding of the timetable and process, and finalising agreements between schools and ITT providers. None is individually high-risk, but they place a cumulative burden on staff and systems. A more significant issue is the lower than expected take up from schools of the salaried route, and the suggestion that some primary schools find the model unaffordable. QPD is actively monitoring these issues with a view to providing advice to Ministers.

Operational risks

Intellectual Property (IP)

As the NC business plan required it to license and market its products, we sought a Delegation of Authority from Her Majesty's Stationery Office (HMSO) in order to commercialise our materials. Terms and conditions were agreed by HMSO in November 2012.

Additionally, throughout the year the NC has used third party IP in published materials, and in many cases is unable to evidence permission to use this. This has led to a risk of copyright infringement.

This risk is being managed through the launch of a due diligence project on all historical and new materials, alongside third party materials, and a database is being developed to manage all NCTL materials and permissions gained and granted.

Data Security

During the year ended 31 March 2013 there have been no reportable losses of data, and one non-reportable breech of information security. A user was sent a link to a National College survey but by inadvertently modifying the URL was able to access a downloadable CSV file of all survey responses from other users which contained email addresses and comments. The insecure URL was subsequently taken offline.

External Assurance of ITT Providers

External assurance of ITT providers presents significant risk because of the large amounts of public money involved and the changing pattern of providers, with increasing numbers and diversity. Arrangements which had previously been in place within the TDA were lost, and incorrect assumptions were made about the service which would be available from the department's internal audit service when the TDA closed. The lack of audit skills within the agency has now been addressed through recruitment, and agreement reached with the Education Funding Agency to draw on their audit expertise, however there was no financial assurance work carried out in the first half of the year; this area therefore has required close monitoring to ensure that the risk is appropriately managed and it was reduced in the latter half of the year as a programme of audit work was in train by year end to deliver the required assurances.

Risks Specific to the Merger

The merger of the National College the Teaching Agency has created a number of risks specific to this activity. A separate risk register has been created to capture these risks, and this is reviewed regularly by the Merger Board, which includes the pressure of work and the speed of the merger meaning that time may not be taken to build one organisation with one vision and culture; the risk that policy development and creation is misaligned with the vision of a School-Led system; and the risk that delivery is significantly interrupted due to colleagues leaving their current roles and that morale dips amongst staff in a climate of uncertainty. The risk areas are ranked high, for both likelihood and impact

Staff Engagement

The DfE Review and subsequently the merger into NCTL have brought about vast change across the department. Delivery may be significantly interrupted and commitments/KPIs may be missed resulting from staff leaving their current roles to take up new roles without a considered and planned transition period.

There is a risk that morale dips amongst the staff in a climate of uncertainty leading to a loss of productivity or of talented individuals across both organisations; a poor reputation with staff across the department; an inability to retain staff and recruit into the NCTL; and increased absence.

In order to mitigate against this risk a list of high priority work has been developed, alongside a system for managed moves, to ensure this high priority work is delivered. Any impact on low priority commitments will be noted and expectations of affected stakeholders will be managed.

Detailed project plans have been developed to ensure that HR advice is clear and transparent and communicated regularly. A strong internal communications strategy has been developed to ensure staff are managed through the change.

Areas for development

To ensure an effective system of governance and internal control in the future, the NCTL will seek to:

- ensure consistent communications with stakeholders by operating as a a single cohesive organisation with a simplified SCS leadership
- improve external grant assurance arrangements and implement recommendations from recent audit reviews on the use of spreadsheets
- clarify Audit Committee arrangements
- continue to focus on ensuring we have highly skilled, motivated staff that are able to deliver the agency's priority work.

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

Charlie Taylor 02 July 2013
Accounting Officer

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

I certify that I have audited the financial statements of the National College for Teaching and Leadership for the period ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of National College for Teaching and Leadership's affairs as at 31 March 2013 and of the net cost for the period then ended; and

- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the management commentary, financial review and sustainability report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse **Date 4 July 2013**

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Net Expenditure

for the year to 31 March 2013

	Note	Staff costs	Other costs	Income	Total
					2012-13 £000
Administration costs:					
Staff costs	3	22,436	-	-	22,436
Other administration costs	4	-	21,092	-	21,092
Staff secondment income	6	-	-	(12)	(12)
Programme costs:					
Programme costs	5	-	528,820	-	528,820
Income	6	-	-	(4,043)	(4,043)
Net operating costs for the year ended 31 March 2013		**22,436**	**549,912**	**(4,055)**	**568,293**
Total expenditure		22,436	549,912	-	572,348
Total income		-	-	(4,055)	(4,055)
Net operating costs for the year ended 31 March 2013		**22,436**	**549,912**	**(4,055)**	**568,293**

Non-operating costs for the year ended 31 March 2013	
Net (gain)/loss on transfer of function	7,944
Net costs for the year ended 31 March 2013	**576,237**

Other Comprehensive Net Expenditure

	2012-13 £000
Net (gain)/loss on revaluation of property plant and equipment	-
Net (gain)/loss on revaluation of intangible assets	(1)
Net (gain)/loss on transfer of asset	-
Total comprehensive expenditure for the year ended 31 March 2013	**576,236**

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

The notes on pages 466 to 63 form part of these financial statements.

Statement of Financial Position

as at 31 March 2013

	Note	2012-13 £000
Non current assets:		
Intangible assets	7	436
Total non current assets		**436**
Current assets (amounts falling due within one year):		
Trade and other receivables	10	11,129
Total current assets		**11,129**
Total assets		**11,565**
Current liabilities (amount falling due within one year):		
Trade and other payables	11	(24,540)
Total current liabilities		**(24,540)**
Non current liabilities:		
Provisions	12	(1,874)
Total non current liabilities		**(1,874)**
Total liabilities		**(26,414)**
Assets less liabilities		**(14,849)**
Taxpayers' equity and other reserves:		
General fund		(14,850)
Revaluation reserve		1
Total taxpayers' equity and other reserves		**(14,849)**

Charlie Taylor
Accounting Officer

02 July 2013

The notes on pages 466 to 63 form part of these financial statements.

Statement of Cash Flows

for the year ended 31 March 2013

	Note	2012-13 £000
Cash flows from operating activities		
Net operating costs		(568,293)
Adjustments for non-cash transactions	4,5	17,620
(Increase)/decrease in trade and other receivables	10	(11,129)
Movements in receivables relating to transfer of function		5,488
Increase/(decrease) in trade payables	11	24,540
Movements in payables relating to transfer of function		(15,664)
Net cash outflow from operating activities		**(547,438)**
Cash flows from investing activities		
Purchase of intangible assets	7	(455)
Net cash outflow from investing activities		**(455)**
Cash flows from financing activities		
Net Parliamentary Funding - drawn down		543,787
Cash receipts on transfer of functions		4,106
Net financing		**547,893**

The notes on pages 466 to 63 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2013

	Note	General Fund	Revaluation Reserve	2012-13 £000 Total Reserves
Balance at 1 April 2012		**-**	**-**	**-**
Net Parliamentary Funding - drawn down		543,787	-	543,787
Comprehensive expenditure for the year		(576,237)	1	(576,236)
Non-cash adjustments:				
Non-cash charges – recharge of shared services		17,495		17,495
Non-cash charges – auditor's remuneration		105	-	105
Movements in reserves:				
Transfers between reserves		-	-	-
Other general fund movement		-	-	-
Balance at 31 March 2013		**(14,850)**	**1**	**(14,849)**

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

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

The notes on pages 46 to 63 form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

These accounts have been prepared in accordance with the 2012-13 *Government Financial Reporting Manual* (FReM) issued by HM Treasury, as set out in a statutory Accounts Direction issued pursuant to section 5(2) of the Government Resource and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the agency for 2012-13 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1. Accounting convention

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

1.2. Adoption of amendment to FReM

On the 1 April 2012, the Teaching Agency and the National College for School Leadership were created as Executive Agencies. Their predecessor bodies were:

- The Training and Development Agency for Schools
- The National College for School Leadership
- Qualifications and Curriculum Development Agency
- Children's Workforce Development Council
- General Teaching Council for England

Net liabilities transferred to the Teaching Agency and the National College for School Leadership from predecessor bodies were discharged during the year and are disclosed on the SOCNE as Net (gain)/loss on transfer of function.

On 16 January 2013, the Secretary of State announced the merger of the Teaching Agency and National College for School Leadership. This merger occurred on the 29th March 2013.

The agency has accounted for the business combination of the National College for School Leadership and the Teaching Agency as a Transfer by Merger as outlined in the FReM and with the agreement of HM Treasury.

The carrying value of the assets and liabilities of the combined agencies have not been adjusted to fair value on consolidation, and the results and cash flows of both agencies have been brought into these financial statements from the beginning of the financial year.

Comparative information for the previous financial year has not been included as the Teaching Agency and National College for School Leadership were created on 1 April 2012. If the Teaching Agency and National College for School Leadership would have reported separately, they would have applied Transfer by Absorption as outlined in the FReM, which does not require the restatement of comparatives.

1.3. IFRSs in issue but not yet effective

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

Standard	Effective date	FReM application	Impact
IAS 1 Presentation of Financial Statements (other comprehensive income)	Accounting periods commencing 1 July 2012	2013-14	The standard requires items of other comprehensive income (OCI) to be grouped on the basis of whether they might at some point be reclassified from OCI to profit or where they will not.
IAS 12 – Income Taxes (amendment)	Accounting periods commencing 1 July 2012	Subject to consultation	The standard requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount through use of sale
IAS 19 Post-employment Benefits	Accounting periods commencing 1 January 2013	2013-14	This amended standard introduces changes in the recognition and presentation that arose from the corridor approach. This approach is not permitted by FReM and therefore will not be adopted by the department. It also introduces improved disclosure requirements that will better show the characteristics of defined benefit plans and risks rising from those plans

Standard	Effective date	FReM application	Impact
IAS 16 Property, Plant and Equipment	Accounting periods commencing 1 January 2013	2013-14	This standard states that the classification of servicing equipment (spare parts, service and stand-by equipment) is recognised under ISA16 when they meet the definition of property, plant or equipment. They are otherwise classified as inventory under IAS2
IAS 27 Separate Financial Statements	Accounting periods commencing 1 January 2013	Subject to consultation	The standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments.
IAS 28 Investments in Associates and Joint Ventures	Accounting periods commencing 1 January 2013	Subject to consultation	The standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.
IAS 32 Financial Instruments: Presentation	Accounting periods commencing 1 January 2013	2013-14	The standard identifies the tax effect of distribution to holders of equity instruments

Standard	Effective date	FReM application	Impact
IFRS 9 Financial Instruments	Accounting periods commencing 1 January 2015	Subject to consultation	The standard introduces new requirements that address three areas; the classification and measurement of financial instruments; the calculation and disclosure of financial assets impairments and further information on hedge accounting principles and hedging relationships
IFRS 10 Consolidated Financial Statements	Accounting periods commencing 1 January 2013	Subject to consultation	The standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.
IFRS 11 Joint Arrangements	Accounting periods commencing 1 January 2013	Subject to consultation	The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.
IFRS 12 Disclosure of Interest in Other Entities	Accounting periods commencing 1 January 2013	Subject to consultation	The standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

Standard	Effective date	FReM application	Impact
IFRS 13 Fair Value Measurement	Accounting periods commencing 1 January 2013	Subject to consultation	The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. This standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

1.4. Areas of judgement

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an on-going basis. Specific areas of judgement include the decision for the non-current assets of the former NBPDs to be transferred to the DfE, which are represented by a shared service recharge to the NCTL detailed in note 4; Teaching Schools grant was recorded as expenditure in the period in which the claims were paid, as the grant funding could not be directly related to activity in a specific period, in accordance with the NCTL's grant payment policy.

1.5. Intangible assets

Purchased computer software licences and developed software are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Developed software is amortised on a straight line basis over its useful economic life of 5 years. Both have been stated at existing use value, using appropriate indices published by the Office of National Statistics.

1.6. Revaluation and impairment of non current assets

Increases in value are credited to the revaluation reserve, unless it is a reversal of a previous impairment, which is credited to the Statement of Comprehensive Net Expenditure to the extent of the previous impairment and then to the revaluation reserve, in accordance with IAS 36. Impairments of revalued assets that do not result from a clear consumption of economic benefits are debited to the revaluation reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the general fund.

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

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

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets with an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.7. Financial instruments

The agency adopts IFRS 7, Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement. The agency does not have any complex financial instruments; however, financial assets and financial liabilities are recognised on the Statement of Financial Position when the agency becomes party to the contractual provisions of the instrument.

Financial assets

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

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

Trade and other receivables

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

Financial liabilities

Financial liabilities are classified, where appropriate, at fair value through profit or loss, or as financial liabilities measured at amortised cost (face value plus any discounts). Financial liabilities include trade and other payables and accruals. The agency does not currently have financial liabilities classified as fair value through profit or loss; neither does it have derivative financial instruments. The agency determines the classification of its financial liabilities at initial recognition. The agency's financial liabilities include trade and other payables.

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

Trade and other payables

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

1.8. Research and development

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

1.9. Operating income

The agency recognises income on an accruals basis. Income is stated net of any Value Added Tax (VAT) charged. Bad debts are provided for based on historical collection information.

1.10. Administration and programme expenditure

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

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

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

1.11. Foreign exchange

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

1.12. Leases

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

The agency does not hold any finance leases.

1.13. Pensions

For funded defined benefit pension schemes the agency recognises a liability in respect of any deficit, being the excess of the present value of the scheme's liabilities over the value of the assets in the scheme, to the extent that the agency has a legal or constructive obligation to make good the deficit in the scheme. In respect of the defined contribution pension schemes and/or unfunded defined benefit pension schemes the agency recognises the contributions payable for the year.

Details of the agency's pension schemes are available in note 3.

1.14. Early departure costs

When an early departure programme has been announced, we are required to meet the additional costs of benefits in respect of employees who retire early and for compensation payments payable to employees who take early severance. The exit costs of agency staff are borne and managed centrally by the department. The exit costs shown in this report have been charged directly to the department.

1.15. Grants payable

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

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

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

1.16. Provisions

The agency makes provision in the accounts where the following criteria are met as at 31 March in accordance with IAS 37: a legal or constructive obligation exists that will result in the transfer of economic benefit; the transfer is probable; and a reliable estimate can be made. The agency reflects the time value of money in the estimate where the impact is material using the HM Treasury discount rates of -1.8% (2011-12 2.2%) for general provisions and 2.35% (2011-12 2.8%) for early departure costs.

1.17. Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the agency discloses for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

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

1.18. Value Added Tax (VAT)

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

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

2. Statement of operating costs by operating segment

For both management and financial reporting purposes, the National College for School Leadership was split into four operating divisions: Leadership Development; School to School Support; Business Services; and the International Business Unit. These are each classified as reportable segments for the analysis required by IFRS 8 Operating Segments.

For both management and financial reporting purposes, the Teaching Agency was split into four operating divisions: Teacher Supply and Training, Early Years and Educational Psychologists, Exam Delivery Support Unit, and Teacher Regulation and Qualification. These are each classed as reportable segments for the analysis required by IFRS 8: Operating Segments.

	Teaching Agency £000	**National College £000**	**National College for Teaching and Leadership Total £000**
Non current assets:			
Intangible assets	-	436	436
Total non current assets	-	**436**	**436**
Current assets			
Trade and other receivables	10,783	346	11,129
Total current assets	**10,783**	**346**	**11,129**
Total assets	**10,783**	**782**	**11,565**
Current liabilities			
Trade and other payables	(18,222)	(6,318)	(24,540)
Total current liabilities	**(18,222)**	**(6,318)**	**(24,540)**
Non current liabilities			
Provisions	(1,874)	-	(1,874)
Total non current liabilities	**(1,874)**	**-**	**(1,874)**
Total liabilities	**(20,096)**	**(6,318)**	**(26,414)**
Assets less liabilities	**(9,313)**	**(5,536)**	**(14,849)**
Taxpayers' equity and other reserves			
General fund	(9,313)	(5,537)	(14,850)
Revaluation reserve	-	1	1
Total taxpayers' equity and other reserves	**(9,313)**	**(5,536)**	**(14,849)**

National College for School Leadership 2012-13

	Leadership Development £000	School to School Support £000	Business Services £000	International Business Unit £000	Total National College £000
Gross expenditure	29,706	49,444	15,607	1,203	**95,960**
Income	(1,093)	(6)	(1,120)	(1,285)	**(3,504)**
Net expenditure	**28,613**	**49,438**	**14,487**	**(82)**	**92,456**
Total net expenditure per SOCNE	**28,613**	**49,438**	**14,487**	**(82)**	**92,456**

Teaching Agency 2012-13

	Teacher Regulation and Qualification £000	Teacher Supply and Training £000	Early Years and Educational Psychology £000	Examinations and Delivery Support £000	Total Teaching Agency £000
Gross expenditure	7,530	434,586	24,084	10,188	**476,388**
Income	-	(104)	(447)	-	**(551)**
Net expenditure	**7,530**	**434,482**	**23,637**	**10,188**	**475,837**
Total net expenditure per SOCNE	**7,530**	**434,482**	**23,637**	**10,188**	**475,837**

National College for Teaching and Leadership 2012-13

	Teaching Agency £000	National College £000	Total £000
Gross expenditure	476,388	95,960	**572,348**
Income	(551)	(3,504)	**(4,055)**
Net expenditure	**475,837**	**92,456**	**568,293**
Total net expenditure per SOCNE	**475,837**	**92,456**	**568,293**

3. Staff numbers and related costs

			2012-13 £000
Staff costs comprise:	**Total**	**Permanently employed staff**	**Others**
Salaries and wages	17,405	17,254	151
Social security costs	1,621	1,621	-
Pension costs	3,410	3,410	-
Sub total	**22,436**	**22,285**	**151**
Less recoveries in respect of outward secondments	(12)	(12)	-
Total net costs	**22,424**	**22,273**	**151**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the agency is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2012-13, employers' contributions of £3.39m were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £21,699 were paid to one or more of the panel of three appointed stakeholder pension providers.

Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,431 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,589. Contributions prepaid at that date were nil.

No persons retired early on ill-health grounds during the year.

Further analysis of defined benefit pension schemes is available in the Remuneration Report.

Average number of persons employed

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

Number	Total	Permanently employed staff	Others
Directly employed	457	452	5
Other	-	-	-
Total	**457**	**452**	**5**

Reporting of Civil Service and other compensation schemes - exit packages

Exit packages agreed but costs not yet incurred:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	9	9
£10,001 - £25,000	-	17	17
£25,001 - £50,000	-	10	10
£50,001 - £100,000	-	2	2
Total number of exit packages	**-**	**38**	**38**
Total cost of exit packages	**-**	**882,276**	**882,276**

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

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

4. Other administration costs

	2012-13 £000
Rentals under operating leases:	
Other operating leases	6
Sub total	**6**
Non-cash items:	
Shared services recharges	17,495
Auditors remuneration	105
Total non-cash items	**17,600**
Professional fees	1,415
Rates and service charges	(24)
Travel and subsistence	1,124
Computers and telecoms costs	304
Other office services	76
Advertising and publicity	80
Consultancy	82
Other expenditure	429
Total other administration costs	**21,092**

The professional fees total above includes £0.9 million of costs associated with teacher regulation hearings, with the majority of the expenditure relating to legal services

5. Programme costs

	2012-13 £000
Current grants, capital grants and other current expenditure	
Current grants:	
Initial Teacher Training grants	348,644
Teaching schools grants	27,227
Continuing professional development grants	19,271
Golden Hellos	17,930
Other current grants	22,243
Total current grants	435,315
Capital grants	104
Other current expenditure	92,541
Research and development	840
Sub total	**528,800**
Non-cash items:	
Amortisation	20
Total non-cash items	**20**
Total programme costs	**528,820**

6. Income

	2012-13 £000
Administration income:	
Miscellaneous income	(12)
Sub total	**(12)**
Programme income:	
International business	(1,285)
Conference fees	(921)
Leadership development provision	(926)
Local Authority contributions to training costs	(447)
Other income	(464)
Sub total	**(4,043)**
Total income	**(4,055)**

7. Intangible assets

	Developed Software 2012-13 £000
Cost or valuation	
At 1 April 2012	-
Additions	455
Revaluations	1
At 31 March 2013	**456**
Amortisation	
At 1 April 2012	-
Charged in year	(20)
At 31 March 2013	**(20)**
Carrying amount at	
1 April 2012	**-**
31 March 2013	**436**

8. Impairments

There were no impairments in the period to 31 March 2013.

9. Cash and cash equivalents

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

10. Trade receivables and other current assets

	2012-13 £000
Amounts falling due within one year:	
Trade receivables	1,469
Other receivables	18
Prepayments and accrued income	9,642
	11,129
Amounts falling due after one year	-
Total receivables as at 31 March 2013	**11,129**
Balances with other central government bodies	142
Balances with local authorities	905
Sub total intra-government balances	**1,047**
Balances with bodies external to government	10,082
Total receivables as at 31 March 2013	**11,129**

11. Trade payables and other current liabilities

	2012-13 £000
Amounts falling due within one year:	
VAT	(3)
Deposits and advances	(4)
Other taxation and social security	(451)
Trade payables	(2,823)
Other payables	(347)
Accruals and deferred income	(20,912)
	(24,540)
Amounts falling due after one year	-
Total payables as at 31 March 2013	**(24,540)**
Balances with other central government bodies	(3,507)
Balances with local authorities	(1,304)
Balances with NHS Trusts	(12)
Sub total intra-government balances	**(4,823)**
Balances with bodies external to government	(19,717)
Total payables as at 31 March 2013	**(24,540)**

12. Provision for liabilities and charges

	VAT provision £000	Total £000
Balance at 1 April 2012	-	-
Provided for in year	(1,874)	(1,874)
Balance at 31 March 2013	**(1,874)**	**(1,874)**

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

13. Capital commitments

There were no capital commitments at 31 March 2013.

14. Commitments under leases

There were no commitments under operating leases at 31 March 2013.

15. Contingent liabilities not required to be disclosed under IAS 37 but included for Parliamentary reporting and accountability

There were no contingent liabilities at 31 March 2013.

16. Losses and special payments

16.1 Losses

There were no material losses in the period to 31 March 2013.

16.2 Special payments

There was one special payment of £10,000 in the year to 31 March 2013, made on legal advice pending an employment tribunal.

In addition, there was one ex-gratia payment of £45,530 made to the former CEO of the Teaching Agency, made to cover a shortfall in a compensation payment made.

17. Related party transactions

The National College for Teaching and Leadership is an executive agency of the DfE and for the purposes of these accounts is regarded as a related party. During the year the department had a significant number of transactions with DWP on behalf of the agency.

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

No board member, key manager or other related party has undertaken any material transactions with the agency in the period to 31 March 2013.

18. Events after the reporting period

Following the end of the financial year there has been a review of the management structure of the NCTL, in order to streamline operations and reflect the operational requirements of the merged agency going forward. The review has not identified the need to discontinue any of the agency's operations; however it is likely that there will be a number of staff departures, either through redeployment within the departmental family, or managed through the department's organisational change framework. The new senior team is expected to be in place from June 2013.

The accounts were authorised by the Accounting Officer for issue on 04 July 2013.

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