



National College for  
Teaching & Leadership

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# **National College for Teaching and Leadership**

**Annual Report and Accounts**

**For the year ended 31 March 2014**

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

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Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act

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

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## Introduction from Chief Executive

The National College for Teaching and Leadership (NCTL) has made strong progress in its first year to deliver its two key aims: to improve the quality of the education workforce; and to help schools to help each other to improve.

The aims underpin NCTL's 2016 vision to work with schools to develop an education system in which teacher and leadership training, continuous professional development and school-to-school support are delivered by teaching schools and academy chains led by the best headteachers and working in partnership with other schools across the education system. This means that whilst working actively to deliver the Government's priorities, the NCTL constantly seeks opportunities to build capacity in the education system to lead its own improvement.

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

This year 33,110 trainees were enrolled on Initial Teacher Training<sup>1</sup> provision, increasing the percentage of trainees with at least a 2:1 degree to 74 per cent compared to 71 per cent in 2012/13 and 66 per cent in 2011/12. The number of trainees with a first-class honours degree also increased to 16 per cent compared to 14 per cent in 2012/13 and 12 per cent in 2011/12.

The School Direct programme has continued its expansion with 6,580 School Direct trainees currently in schools. NCTL received 17,717 applications for places for School Direct representing significant progress since the programme was launched in September 2012. NCTL has also worked with schools to increase the number of school centred initial teacher training providers to 118, with further new accreditations planned for 2014/15 academic year.

A new application process has been successfully launched in partnership with the University and Colleges Admissions Service (UCAS) to offer prospective teachers a single application system to access teacher training.

Currently 15,550 participants are undertaking a leadership qualification. High quality leadership development organisations are licensed to deliver NCTL's leadership provision and we are pleased that 47 per cent of teaching schools are active in delivering licensed programmes.

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

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<sup>1</sup> Number of trainees recruited plus an estimate of those who will start later in the financial year. Provisional ITT results (November 2013). Final results published Autumn 2014.

With a target of reaching 500 teaching schools by 2015-16, NCTL has now exceeded this by designating 452 alliances and 549 teaching schools (some alliances contain more than one teaching school).

The number of headteachers designated to be national leaders of education (NLEs) has increased to 1,011 and the number of experienced middle or senior school leaders designated as specialist leaders of education (SLEs) to 3,789. 314 chairs of governors have been designated as national leaders of governance to support chairs of governors in other schools to raise standards.

These achievements have been delivered in the context of the merger of the two predecessor agencies' operations and business functions and through a new organisation structure.

I am confident that we will continue to make significant progress in 2014-15 towards our 2016 vision.

Charlie Taylor

**Chief Executive  
Accounting Officer**

**9 July 2014**

## 1. SCOPE

- 1.1 This report covers the financial year 2013-14.
- 1.2 The report incorporates the management commentary as required under the 2013-14 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 Department for Education (Department).
- 1.3 Our business plan, covering 1 April 2013 to 31 March 2014, is available at [www.gov.uk](http://www.gov.uk)

## 2. MANAGEMENT COMMENTARY

### MANAGEMENT OF THE AGENCY

2.1 The Agency's Senior Management Team who served during 2013-14 were:

#### **National College for Teaching and Leadership Senior Management Team**

Charlie Taylor	Chief Executive
Brian Tytherleigh	Director, Operations
Sinead O'Sullivan	Director, Programme Delivery (from August 2013)
Alan Meyrick	Deputy Director, Teacher Services (from September 2013)
Aidan Melling	Deputy Director, CPD and Leadership (from September 2013)
Jonathan Dale	Deputy Director, International Business Unit (from September 2013)
Russell Andrews	Deputy Director, Business Services (from November 2013)
Paul Cohen	Deputy Director, Initial Teacher Training programmes (from September 2013)
Greg Burke	Deputy Director, Performance and Analysis (from September 2013)
John Stephens	Deputy Director, Teaching Schools and School Improvement (from September 2013)
Sarah Lewis	Deputy Director, Strategy and Policy (from December 2013)
Sara Aye Mounq	Deputy Director, External Engagement and Delivery (from November 2013)
Deirdre Quill	Deputy Director, Early Years (from September 2013)

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



## Purpose and Background

- 2.3 The National College for Teaching and Leadership (NCTL) is an executive agency of the Department for Education. Its purpose is to improve the quality of the education workforce and support the development of a school-led system. The Agency was formed from the merger on 29 March 2013 of the National College for School Leadership and the Teaching Agency.
- 2.4 The National College for Teaching and Leadership has two key aims:
- improve the quality of the education workforce
  - help schools to help each other to improve.
- 2.5 The objectives that sit under these aims are:
- 1a assure the supply and improve the quality of the education workforce;
  - 1b assure the supply of headteachers and leaders and improve the quality of leadership for schools, academies and early years provision.
  - 2 support headteachers, principals and early years leaders in leading the improvement of all schools, academies and early years provision.

These two aims are underpinned by NCTL's commitment to deliver high quality services that offer value for money.

## Business Performance Review

- 2.6 Delivery of NCTL objectives is led by nine new divisions: Continuous Professional Development and Leadership; Teaching Schools and School Improvement; Initial Teacher Training; External Engagement and Delivery; Strategy and Policy; Performance and Analysis; Teacher Services; Business Services and International.

Overlaying the NCTL's divisional structure are three delivery programmes which are focused on the delivery of the NCTL's objectives. They are the School-Led System Programme, the External Engagement Programme and the Business Transformation and Delivery Programme. Each programme is overseen by a programme board which meets monthly.

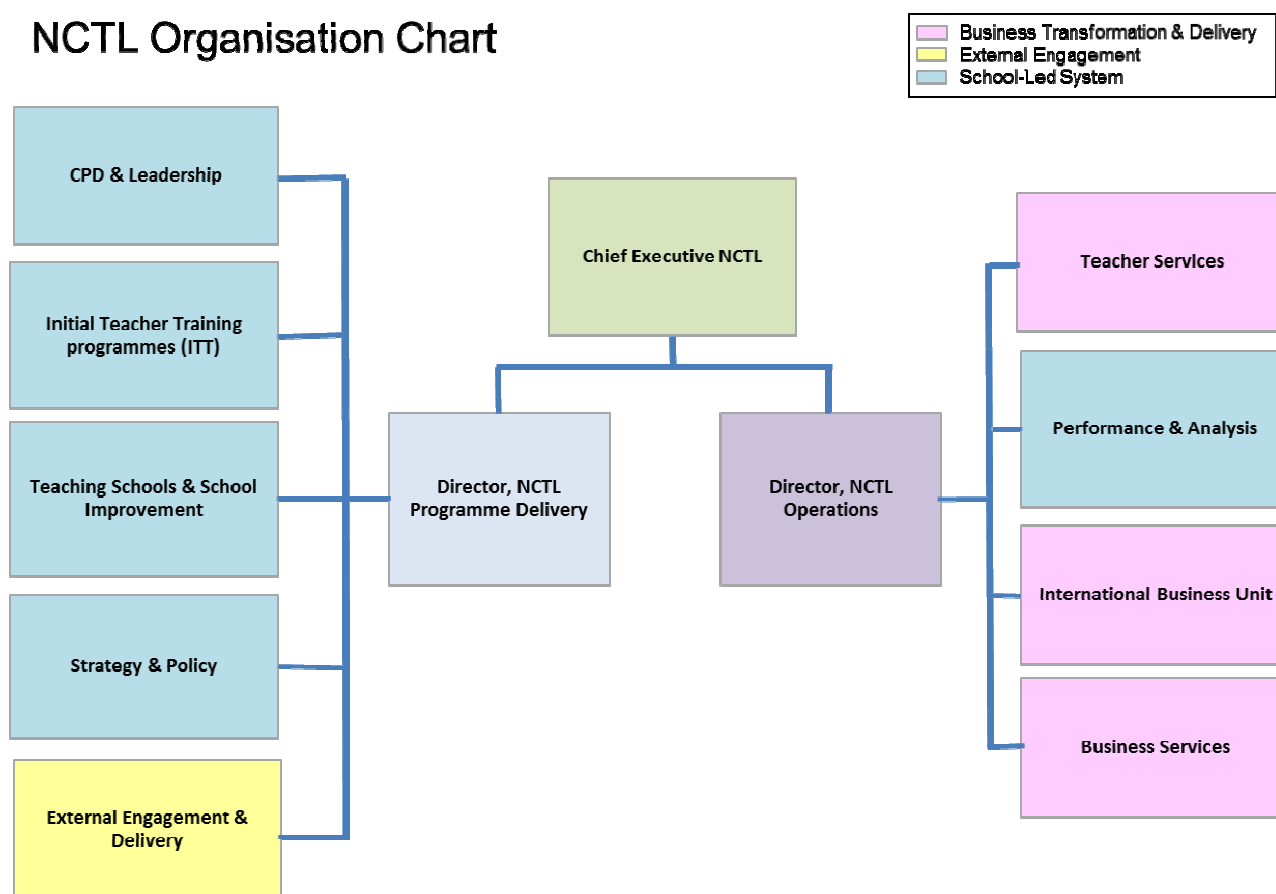
The remits of each programme are:

**School-Led System:** The aim of this programme is to develop the self-improving school-led system where the best schools are at the heart of teacher training, school improvement, the development of new leaders and continuous professional development. The expectation is that by 2016 there will be an irrevocable shift of control from the centre to schools. The programme comprises nine strands: ITT Recruitment and School Direct; ITT Allocations and Funding; Early Years & Special Projects; Teaching Schools; School Improvement; CPD; Leadership Programmes; Leadership Supply and Managing the Provider Base.

**External Engagement:** The programme structure comprises five strands: Message and content; Engagement activity and delivery; Feedback loop; Impact evaluation and review; Stakeholder management. The programme is running for 12 months (ending December 2014) at which point the need for a new or refreshed programme for external engagement will be considered to reflect the stage reached in the maturity of the school-led system.

**Business Transformation & Delivery:** The aim of this programme is to deliver the necessary capabilities and changes to transform NCTL into an organisation that is focused on ministerial priorities and the delivery of activities that only Government can carry out. The programme comprises three areas of activity: Transformation; Governance and Funding; and Business Delivery.

## NCTL Organisation Chart



A summary of activities undertaken across NCTL and progress towards its objectives are as follows.

### 2.6.1 Objective 1a: assure the supply and improve the quality of the education workforce

**Calibre of teacher trainees:** 74 per cent<sup>2</sup> of trainees now have at least a 2:1 degree of which 16 per cent attained a first class degree. This is compared with 71 per cent in the 2012/13 academic year and 66 per cent in the 2011/12 academic year representing a significant year on year improvement.

<sup>2</sup> Relates to trainees actually recruited. Final results published autumn 2014.

**Training provision and supply:** the November 2013 provisional census of initial teacher training (ITT) reported that 33,110 trainees<sup>3</sup> started teacher training during 2013 (an average 96 per cent against the NCTL's target for required places of 34,470). As in previous years there were wide variations across the secondary subjects being trained to teach. The November 2013 census of new entrants showed that:

- English, chemistry, history and physical education programmes exceeded their targets (128, 127, 143 and 126 per cent respectively).
- Geography, art and music programmes were very close to their respective targets (99, 98 and 98 per cent respectively).
- Mathematics programmes were 90 per cent of their target, and biology and physics (including physics with mathematics) programmes were 95 and 72 per cent of their respective targets.

All of the above were achieved through a range of interventions, which included support services focused at high quality graduates in subjects traditionally difficult to recruit to. Applicants were also able to access bursaries, scholarships, school experience, one-to-one advice and events specially designed for them.

**Schools leading ITT:** we have broadened the range of good quality training providers by expanding both School Direct and school centred initial teacher training. There are now 911 schools, partnerships and academy chains delivering School Direct. Schools requested 17,717 places for 2014/15 representing significant progress since the programme was launched in September 2012. NCTL allocated 2,722 provider places for the 2014/15 academic year across 106 school centred initial teacher training providers. NCTL has accredited 21 school centred initial teacher training providers in 2013/14.

**Initial Teacher Training provider infrastructure:** a new application process has been successfully launched in partnership with the University and Colleges Admissions Service (UCAS) to offer prospective teachers a single application system to access teacher training.

**Improving students' key teaching skills:** A new policy for Subject Knowledge Enhancement (SKE) was launched on 30 November 2013 which gave the schools control of the funding, enabling them to select their SKE provider, supporting the school-led system.

**Provision for teachers undertaking specialist Special Educational Needs roles:** NCTL established a national award for Special Educational Needs Coordinators (SENCO) in the maintained sector. In May 2013 Ministers approved the transition of the qualification to a market-led model. Work has been underway with the sector and providers to transfer this work to the sector. 800 SENCOs have received funding to support the achievement of the Masters level mandatory award.

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<sup>3</sup> Provisional ITT results (November 2013) showed the number of trainees recruited plus an estimate of those who will start later in the financial year. Final results published autumn 2014.

**Supporting leadership development in the most challenging schools:** there are currently 1,398 Teach First<sup>4</sup> participants (on track to deliver 1,500 places by June 2014); 41 participants for the Troops to Teacher<sup>5</sup> programme; 307 Teaching Leaders programme participants and 89 Future Leader participants.

**High quality graduate-led Early Years workforce:** NCTL has made good progress to implement the government reforms to improve the status and quality of the early years workforce outlined in *More great childcare* (January 2013) with the introduction of Early Years Teacher Training and Teach First in the early years at graduate level, the development of Early Years Educator level 3 qualifications which was published in July 2013 and an Apprenticeship bursary scheme. 12,149 local practitioners have currently been trained through the Early Language Development programme, meeting the target of 12,000 by March 2014 and the contract has been extended for an additional year into 2014-15.

2,327 candidates have commenced funded places on the Early Years Teachers programme which represents 97 per cent of our target of 2,400.

## 2.6.2 Objective 1b: Assure the supply of headteachers and leaders and improve the quality of leadership for schools, academies and early years provision

**Further develop the leadership curriculum:** NCTL has developed a Leadership Curriculum with leadership development content for middle leaders through to aspirant headteachers that delivers ministerial priorities. It comprises 29 modules which are for three programmes (National Professional Qualification for Middle Leadership, National Professional Qualification for Senior Leadership and National Professional Qualification for Headship). In line with NCTL's commitment to a school-led approach to leadership development, we have worked in partnership with the National Society and the Catholic Education Service, to deliver additional leadership development content to complement the faith school leadership module.

**Support licensees to deliver the leadership curriculum:** 33 regional licenses were awarded to licensee partnerships in 2012 to deliver the Leadership Curriculum in their local context. The lead organisations for these partnerships include: nine teaching schools, nine schools, four charities, six universities and two businesses. Additionally, 17 regional licences have been awarded to licensee partnerships to deliver the Chairs of Governors' leadership development programme and the governor training workshops. There is high demand for these NCTL programmes: 15,550 participants registered to or accessed the three national qualifications; of whom 2,600 are Chairs of Governors undertaking the leadership development programme. An additional 6,000 attended the governor training workshops. When recruiting a new headteacher, 92 per cent of chairs of governors look for NPQH in the appointment of headteachers.

**Promote talent management:** we have worked with school-led licensed providers of leadership development to ensure that talent management within and between

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<sup>4</sup> Teach First is a charity which recruits, trains and supports people with leadership potential to become inspirational teachers in schools in low-income communities across the UK. In the past 10 years more than 400,000 young people have been taught by Teach First teachers

<sup>5</sup> Troops to Teachers is a scheme designed to make it easier for highly-skilled former members of the Royal Navy, Army and Royal Air Force to become teachers.

schools effectively identifies, trains and promotes a new generation of outstanding school leaders. 54 projects to support aspiring headteachers projects are underway across the country, reaching over 1,600 participants in areas/contexts with the highest headteacher vacancy re-advertisement rates.

### 2.6.3 **Objective 2; Support headteachers, principals and early years leaders in leading the improvement of all schools, academies and early years provision**

**A national network of teaching school alliances:** NCTL has exceeded its target of designating 450 alliances by March 2014 with a total of 452. 94 per cent of teaching schools alliances are on track to deliver ITT by September 2014 and 95 per cent are already delivering School Direct. 93 per cent of teaching schools alliances are involved with research and development networks, which are developing a greater evidence-base for teaching and leadership.

A total of 88 schools which received building capacity funding applied in our cohort 4 application round for teaching schools. 65 of these have been designated, bringing the total to 549, and a further six have been deferred pending further information.

NCTL has held two panels in 2013/14 to review whether the designation of individual NLEs and the designation of individual teaching schools should continue. These panels removed the NLE designation from 17 headteachers and removed the teaching school designation from 19 schools.

**Specialist, local and national leaders of education:** NCTL is ahead of schedule to meet its 2013/14 targets for the number of headteachers and principals to operate as NLEs in order to drive improvement. There are currently 1,011 NLEs designated nationally, reaching our target of 1,000 a year early. A strategic decision has been made to defer further national recruitment of local leaders of education whilst the new delivery pilot is underway, maintaining 1,897 LLEs, against a target of 2,000 by March 2015. We have designated 3,789 specialist leaders of education (against a target of 3,500 by March 2014).

**National leaders of governance and children's centre system leaders:** NCTL has now designated 314 national leaders of governance exceeding the target of 300 designated national leaders of governance by March 2014. NCTL also undertook a pilot to establish Children's Centre System Leaders.

In addition, NCTL has initiated two new programmes of work: High Potential Middle Leaders in Primary Programme (for talented middle leaders in our most challenging primary schools) and the Talented Leaders programme (to recruit talented school leaders, and deploy them to take on headship positions over a three year period in schools in challenging circumstances and in areas of the country that need them the most). Both are due to have contracts awarded in April 2014.

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

Work on Qualified Teacher Status (QTS) continues to progress well with all service level agreements being met. From 1 April 2013 to 31 March 2014 a total of 38,827 QTS awards were made.

Following an eight week public consultation, launched in July 2012, NCTL published a revised version of the advice document *NCTL teacher misconduct: the prohibition of teachers* that teacher regulation panellists and NCTL decision makers use when considering cases of teacher misconduct. The revisions strengthened the advice in relation to cases involving any sexual misconduct, indecent images of children and police cautions.

Across the financial year: 99 per cent of teacher misconduct cases were sifted and screened within 72 hours of receipt with 97 per cent of referrals being concluded or referred to a hearing within 20 weeks. In the same period 877 teacher misconduct referrals were received and 718 cases have been concluded. 25 per cent of teacher misconduct cases where investigations have concluded have been referred to a hearing and the average time to reach a conclusion at a hearing is 40 weeks. Ten teacher misconduct cases went to a High Court Appeal, of which, three were withdrawn, four were dismissed in the Agency's favour, one was settled prior to the appeal and two are currently pending.

NCTL's International Business Unit (IBU) continues to deliver international activity for profit, promote learning and sharing from international best practice and support the export of education. Contracts awarded in 2013-14 include: Lithuania (to support the enhancement of quality management in Lithuanian schools); Australia (rollout of a leadership development programme for middle leaders); India (supporting the development of a sustainable approach to school leadership development).



### 3. FINANCIAL REVIEW

#### TOTAL EXPENDITURE

- 3.1 Expenditure for the year ended 31 March 2014 was £465.8 million against a budget of £480.5 million. Details of the £14.7 million underspend are provided below.

#### Notional Recharge of Shared Services Costs

(budget £0.0 million, actual £17.2 million: £17.2 million overspend)

- 3.2 The NCTL incurred a notional recharge relating to shared services of £17.2m. 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 allocation is outside the control of the Agency, no budget allocation is made to the Agency.

#### Administration Costs

(budget £23.7 million, actual £21.4 million: £2.3 million underspend)

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

#### Net Programme Costs

(budget £456.8 million, actual £427.3 million: £29.5 million underspend)

- 3.4 The majority of this underspend relates to Initial Teacher Training funding and incentives (£20.7m), which has arisen due to various holdback exercises and lower levels of recruitment to School Direct Salaried than expected. The other main areas were Early Years provision (£2.9m) and Continued Professional Development & School Leadership (£2.9m).

#### TAXPAYERS' LIABILITY

- 3.5 Taxpayers' liability as recorded at the end of the reporting period was £20 million.

#### TREASURY MANAGEMENT

- 3.6 The Agency does not have a bank account. Payments are made and received on its behalf by the Department.

#### AUDITOR

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

**Charlie Taylor**  
Accounting Officer

**9 July 2014**

## 4. ABOUT THE NCTL

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

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

4.2 The Department's consolidated annual report and accounts will not be published until November 2014, when these policies can be viewed online. 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>

### SICKNESS ABSENCE

4.3 During the year 2,249 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 6.0 days (2012-13: 5.0 days) sickness per employee per year. This compares with the departmental average of 4.7 days sickness per employee per year.

NCTL is focused on ensuring that all sickness is recorded, there are systems in place for reminding managers about applying the attendance management procedures, and these are generally applied consistently across the Agency. There has been a number of long term sickness cases across the Agency which have impacted on the figure. A number of those long term sickness cases are people who have now left the Agency, are taking ill health retirement or voluntary exit. The Agency therefore expect to see a reducing figure over time.

### PERSONAL DATA RELATED SECURITY

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

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

- information that links one or more identifiable living person with information about them whose release would put them at significant risk of harm or distress; and



- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

4.6 There were no protected personal data related incidents formally reported to the Information Commissioner's Office in 2013-14 for the Agency.

4.7 Other protected personal data related incidents reported in 2013-14 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	1
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	None
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	None
IV	Unauthorised disclosure	None
V	Other	1

## SUPPLIER PAYMENTS POLICY

4.8 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 2013-14, 98.8% of valid invoices received from suppliers were paid within 30 calendar days of receipt and 96.4% of valid invoices received from suppliers were paid within 10 calendar days of receipt. The Agency made no payments (2012-13: two 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*.

4.9 The aggregate amount owed to trade creditors at 31 March 2014 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 1.75 days.

## SHARED SERVICES

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

**BASIS OF ACCOUNTS PREPARATION**

- 4.11 These accounts cover the period from 1 April 2013 to 31 March 2014 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 accounts.
- 4.12 As an executive agency of the Department, the Agency's accounts are consolidated within the resource accounts produced and published by the Department.
- 4.13 These accounts have been prepared under a going concern basis.

**AUDIT ARRANGEMENTS**

- 4.14 The accounts are audited by the C&AG in accordance with the *Government Resource and Accounts Act 2000*. For the statutory audit carried out on this report and accounts, the Agency has recognised notional fees of £70,000 (2012-13: £105,000). There were no payments for other non-audit services.

**DISCLOSURE OF RELEVANT INFORMATION TO AUDITOR**

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

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

**9 July 2014**

## 5. STRATEGIC REPORT

### NCTL 2014-15 BUSINESS PLAN

- 5.1 NCTL's 2014-15 Business Plan sets out its priorities for 2014/15 and the steps it will take between April 2014 and March 2015 to make further progress to achieve its vision of a school-led system by September 2016.
- 5.2 NCTL will support the transition to a self-improving, school system led by teaching schools, academy chains, other outstanding schools and early years providers. The expectation is that by 2016 teaching schools and the best schools and academy chains will be organising and delivering:
- teacher training
  - continuous professional development
  - training and selection of new leaders
  - school improvement and school-to school-support
- 5.3 This vision will make a significant contribution to the Department for Education's overall vision for a highly educated society in which opportunity is more equal for children and young people no matter what their background or family circumstances.
- 5.4 In support of its 2014-15 Business Plan, NCTL has two main aims: to improve the quality of the education workforce; and to help schools to help each other to improve.

### Improving the quality of the education workforce

- 5.5 The quality of teachers and leaders is the most important factor in improving educational standards for children. NCTL will support schools to take control of their own recruitment and training of teachers, through School Direct and supporting the development of new School Centred Initial Teacher training (SCITT) provision.
- 5.6 NCTL will give licensed providers the freedom to develop the training materials for the national professional qualifications and to decide who goes on their courses. It will quality assure the work of licensees while looking for opportunities to pass this responsibility to the school system. It will also continue to manage current and future programmes to meet ministerial priorities, including Teach First, Teaching Leaders, Future Leaders and the new Talented Leaders programme.
- 5.7 NCTL will continue to oversee the Newly Qualified Teacher (NQT) induction process for teachers and award both Qualified Teacher and Early Years Teacher Status.
- 5.8 NCTL will also uphold high standards of professional conduct through our regulatory role, taking appropriate action in cases of the most serious allegations of professional misconduct.

## Helping schools to help each other to improve

- 5.9 NCTL will help schools to develop their own local networks of high quality school-to-school support. This support will range from school improvement work to the sponsorship of schools in more serious difficulties. Through teaching school alliances, the teaching schools council, national leaders of education (NLEs) and national support schools (NSSs), NCTL will enable schools to broker support from high quality school leaders and teachers.
- 5.10 NCTL expect that teaching schools will work with their alliances and partners, to deliver teacher training, high-quality continuous professional development, succession planning, support for other schools and research projects.
- 5.11 NCTL will expect schools to find local solutions to their particular challenges, doing everything possible to remove any barriers in the way of a school-led system.

## NCTL Plan to 2016

- 5.12 By 2016, NCTL plans that its expertise and resources will be centred on activities that will support the school system, encouraging greater levels of system leadership and local responsibility for improving standards. NCTL will oversee a managed transfer of responsibility to the school system, continuing to provide help when necessary, but withdrawing in areas where schools are succeeding independently. There will be a continuing need for some activities that can currently only be done at a national level: for example the funding and allocation of places for initial teacher training and teacher regulation.
- 5.13 NCTL will deliver its plan through four strands:
- Initial Teacher Training (ITT)
  - Continuous Professional Development (CPD)
  - Leadership Development
  - School to school support
- 5.14 **Initial Teacher Training:** By September 2016 we want more than half of ITT placements to be led by schools, with School Centred Initial Teacher Training (SCITTs) and School Direct placements continuing to prove attractive to high-quality candidates. By September 2015 at least half of ITT placements will be run by schools, with continued improvement in the proportion of new entrants with a 2:1 or better. For 2014/15 NCTL is planning to bring forward the timing of the allocations process for 2015/16 ITT places, and are working with UCAS, schools and other providers to identify improvements that can be made to the end-to-end process.
- 5.15 **Continuous Professional Development:** By 2016 teaching schools and other outstanding schools will be delivering and generating a full range of CPD activity, with all schools, whether in teaching school alliances or otherwise, accessing excellent CPD through school partnerships. By April 2015 the Agency will have ceased most centrally commissioned CPD activity.

- 5.16 **Leadership:** By 2016 schools will have full responsibility for the identification and training of new leaders, with the national professional qualifications owned and delivered by school partnerships. We will stop paying scholarships for leadership trainees to access the national professional qualification courses and we will expect licensees to operate in an open leadership market. When the current licences expire we will give open access to all national professional training materials. Headteacher vacancy rates will be low due to successful talent spotting and succession planning by school partnerships.
- 5.17 **School to School Support:** By 2016, 600 teaching school alliances will mean there is near national coverage. School improvement will be delivered by schools with national leaders of education, national leaders of governance (NLG), specialist leaders of education (SLE) and local leaders of education (LLE) activity brokered by teaching schools or other local partnerships. NCTL will expect these partnerships to work closely with Ofsted and the regional school commissioners. Teaching schools will be responsible for the criteria for and the process of designation of system leaders such as NLEs.

### NCTL Strategic Risks

- 5.18 Delivery of the NCTL's Business Plan and Vision presents a number of strategic challenges. These challenges are articulated and managed through the NCTL's Strategic Risk Management Framework and are articulated in paragraphs 6.46 to 6.64 of the Accounting Officer's Governance Statement.

### Equality Data

- 5.19 The table below shows the breakdown of staffing at the end of the year:

	Director SCS2	Deputy Director SCS1	Other grades
Male	2	7	91
Female	1	3	214

## 6. GOVERNANCE STATEMENT

### SCOPE OF RESPONSIBILITY

6.1 As Chief Executive and Accounting Officer for the NCTL, 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.

### CORPORATE GOVERNANCE

#### Governance Framework

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

#### Governance at Departmental Level

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

#### Business Plan

6.4 I met regularly throughout the year with the Director General to discuss performance against the key performance indicators of the Agency.

#### Strategic Performance Review

6.5 Throughout the year the Director General for ESD held Strategic Performance Reviews (SPRs) quarterly to review and challenge progress against the business plan, financial management and the management of risks.

6.6 All SPRs were also attended by a non-executive director (NED) of the main Department board.

Three strategic performance review meetings took place during 2013-14 on 15 July, 17 October 2013 and 5 February 2014. Attendees are shown in the table below:

Alan Meyrick (5/2/14)	Sara Aye Moug (5/2/14)
Brian Tytherleigh	Shona Dunn (17/10/13 and 5/2/14)
Carol Hartley-Burdett	Sinead O'Sullivan
Charlie Taylor (17/10/13 and 5/2/14)	Stephen Meek (15/7/13)
Dave Poulson (15/7/13)	Dame Sue John
Marcus Bell	Susanna Todd
Russell Andrews (5/2/14)	

Other areas for discussion throughout the year included:

- ITT recruitment

- The supply of school leaders: plans to transition this work into schools and Academies;
  - An update on the uptake of the Teaching Schools initiative;
  - School-led ITT;
  - Accelerated transfer of leadership provision to the school system; and making NCTL's online content freely available;
  - NCTL's strategic risk register was reviewed at each meeting.
- 6.7 The inclusion of a NED (Dame Sue John) to provide independent oversight at the SPR and by working to formal terms of reference and agenda has ensured they have been an effective forum to provide me with internal and external scrutiny and challenge of the work of the Agency.

### **Governance at Agency Level**

- 6.8 I confirm that I have reviewed the governance, internal control and risk management arrangements in operation within my area of responsibility. My review of the effectiveness of the system of internal control has been informed by the work of the Cross Departmental Internal Audit Service (XDIAS), and by the executive managers within my area who have responsibility for the development and maintenance of the internal control framework.
- 6.9 In this period, my Director of Operations has overseen the effective implementation of the governance arrangements for the newly merged body (XDIAS rated NCTL's transition to becoming a single Agency as Amber-Green in April 2014). XDIAS recognised that "Significant progress has been made by NCTL since 1 April 2013 with its transition to a single Agency, including the implementation of: a single organisational structure; a risk management framework; and programme delivery arrangements. This progress is despite the fact that the Agency faced considerable challenges in its first few months, arising primarily from recruitment and resourcing difficulties. There are a number of areas where action should be taken to build on the progress achieved, including: further bedding in of risk management processes; consideration of the longer term suitability of the programme board arrangements; and further development of communications and external engagement arrangements. For the most part, these actions have already been recognised by NCTL and are factored into existing work plans."
- 6.10 There are four Programme Boards in the Agency which were initiated in September 2013 – the Business Transformation and Delivery Programme, the External Engagement Programme, the People Programme and the School-Led System Programme. These boards drive the progress being made by the organisation and were recognised to be important in managing risks associated with the creation of NCTL as a single Agency by XDIAS.
- 6.11 The Director of Operations is the senior responsible owner (SRO) for the Business Transformation and Delivery Programme and the People Programme. The Director of Programme Delivery is SRO for the External Engagement Programme and the School-Led System Programme. Each board also has a programme lead at Deputy Director-level responsible for overseeing the effective functioning/preparation of the boards. Boards have clear risk management processes, and upward escalation of



appropriate risks and issues. The introduction of this clear programme and project structure has significantly improved matters and clarified governance arrangements, accountabilities and responsibilities.

- 6.12 Reports for all four programme reports are scrutinised monthly by NCTL's Senior Civil Service-level management team and they form the basis of the AO's accountability to the Director General and to the Strategic Performance Review Board attended by the Non-Executive Director.
- 6.13 The Early Years work also reports into the DfE Children's Services and Departmental Strategy Directorate (CSDSD) Early Years Programme board, which is chaired by the responsible Director in CSDSD. This ensures that NCTL work is reflected in the formal monthly and termly reporting on the Early Years delivery plan and enables the responsible Director to receive the necessary assurance. Similarly, there are close links between the special projects on ITT and the relevant allocations and ITT teams.
- 6.14 The NCTL external assurance has been led by the Head of Viability and Intervention, the team is made up of Grade 7, HEO and EO, and reports to the Deputy Director of Performance and Analysis Division. The NCTL Financial Assurance Strategy for 2013-14 was drawn up and implemented during the year, this was discussed and agreed with XDIAS and finance business partners. It was also commented on by the National Audit Office.
- 6.15 NCTL received externally audited annual accounts from the ITT providers, it also received evaluation forms from the Teaching Schools and National Leaders of Education, which were assessed by the NCTL teams. Upon evaluating and analysing the annual accounts, 30 audits were selected based on risk and random selection. EFA and DfE business partners contributed towards carrying out the audit work. Most of the audit work has now taken place and once completed, a summarised assurance report will be prepared based on the audit findings.
- 6.16 Assurance has been sought from the Higher Education Funding Council for England (HEFCE) for all HEI providers NCTL accredits or funds. Under the Memorandum of Understanding, I as the Chief Executive and Accounting Officer of NCTL received a formal letter of assurance from the HEFCE Accounting Officer.
- 6.17 NCTL has set up a Grants Committee and also a monthly Assurance Working Group, which is a platform to discuss assurance issues and make decisions and sign off documents. This group is being chaired by the Deputy Director for Business Services. The Head of Viability and Intervention also reports to the Accreditation Performance Committee of NCTL on a monthly basis.
- 6.18 NCTL has operated a comprehensive and organised assurance plan, which is on a target delivery and a final assurance report will be produced once the audit work is complete.
- 6.19 NCTL has responded to a National Audit Office's audit completion report and management letter in 2012-13 by:
  - Securing external assurance of grant management through by using a



combination of Higher Education Funding Council for England (HEFCE), Education Funding Agency (EFA) and the DfE's Finance Business Partners.

- Establishing the External Engagement Programme Board to strengthen the planning of external communication.
- Implementing a new staff structure, built on the concept of flexible working.
- Establishing a People Programme Board to enhance the capability of NCTL staff.

6.20 In order to bring the overall risk assessment and accountability functions in line with the majority of the Department, the responsibilities of the NCSL audit committee was replaced in July 2013 with accountability to the Departmental Audit and Risk Committee (ARC) and the Strategic Performance Review meetings.

6.21 XDIAS has rated NCTL's governance as Amber-Green.

### Audit Committee

6.22 The Agency received oversight from the Department's Audit and Risk Committee (ARC), chaired by the Department's lead Non-Executive Board Member. ARC is a sub group of the Department's Board and is supported by an Audit and Risk Sub Committee. ARC's primary role is to provide scrutiny and challenge of the Department's accounts and key risk areas, and make recommendations to the Permanent Secretary (as Principal Accounting Officer (PAO)), and the Board on the Department's and the Agency's risk management. NCTL is scrutinised and challenged about its governance and control by the Strategic Performance Review, Strategy and Challenge Board and through bilateral meetings between the Director General and myself.

### ATTENDANCE RECORDS

	<u>NCTL Management meetings</u>
Number of meetings in year	11
<b>Member</b>	
Mr Charlie Taylor	9
Mr Brian Tytherleigh	8
Ms Sinead O'Sullivan	9
Mr Aidan Melling	7
Mr Alan Meyrick	9
Ms Deirdre Quill	1
Mr Greg Burke	10
Mr John Stephens	11
Mr Jonathan Dale	4
Mr Paul Cohen	9
Mr Russell Andrews	3/3
Ms Sara Aye Mounq	3/3

Ms Sarah Lewis

4/4

## INTERNAL CONTROL

- 6.23 A system of internal control was in place within the Agency for the whole of 2013-14. This has continued up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance. The following section of this statement describes the system of internal control in operation in the Agency for the year.
- 6.24 Our system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore achieve a reasonable and not absolute assurance of effectiveness.

### Internal Audit

- 6.25 The NCTL receives internal audit and assurance services from XDIAS, and is included in any cross-departmental compliance and themed audits where relevant.

### Programme and Project Management

- 6.26 I have a division leading on business services and they provide project/programme management support to the whole Agency. While applied flexibly to change, system reform and major project work, we have managed in a very short period since September to brigade all of the work of the two predecessor organisations into four programmes. For each Programme or Project, a senior responsible owner has been appointed in writing. More staff are being developed to support the programmes.
- 6.27 Project/programme management is at the heart of all work and is applied appropriately to the scale and complexity of the particular task. Increasingly we are capturing lessons learned formally and using them to guide future steps. Project/programme management is linked through to wider management processes such as risk management and planning. Good progress with this has been made but further work is ongoing to embed project/programme management in all parts of NCTL.
- 6.28 The project management of the Troops to Teachers project was insufficiently robust prior to September 2013. This has now been prioritised and the project is starting to get back on track with the appropriate resourcing, monitoring and governance. The main improvements included: streamlining the financial arrangements into a single process; regular monitoring/governance meetings in place with all delivery partners; ongoing reviews of application and assessment processes, as well as reviews of marketing and communications activity. The impact of the project improvements were that local learning was incorporated into the Troops to Teachers project.
- 6.29 The 2013-14 Business Plan is based on an amalgamation of a Business Plan prepared to set out NCTL's planned activity from April to September 2013 (during the period of the merger) together with a plan for activity from October 2013 until March 2014.

- 6.30 Both project and financial position is effectively monitored through monthly reviews and progress properly documented. Programme and Project Management is linked into wider performance, risk, planning and decision making processes.

### **Financial Management**

- 6.31 I am confident that the Agency is applying appropriate controls to our programme expenditure, with our Assurance processes reviewed by Internal Audit. I am confident that we do now have clear lines of accountability in place for all programme and administrative expenditure with support from Finance Business Partners. We have put in place a number of systems to ensure adherence to Departmental processes, controls, risk management and fraud prevention so that propriety, regularity and value for money are achieved. Management are now having regular planned meetings with finance business partners (to identify risks early and to flag concerns) and are receiving high level monthly budget reports.
- 6.32 XDIAS has issued two NCTL specific final audit reports in 2013-14: NCTL Transition to a Single Agency and NCTL Financial (Grants) Assurance, both of which received an amber/green rating. NCTL has implemented the recommendations made (where relevant) following the audits of the former two agencies, the most significant of which was the audit of grants and payments. This included: a more robust approach to risk management, the introduction of a structured knowledge management practice; increased resources on Golden Hellos and a review of systems and processes for payments via the Shared Services resource management system. Further work is in hand to address the other two issues of: putting protocols in place to review budgets, and plans to improve forecasting to avoid continued significant annual underspends, particularly in relation to demand-led budgets.

### **Delivery Arrangements and Achievement against Business Plan**

- 6.33 Performance objectives are set out in Departmental and local business plans and progress monitored. Any procurement and award of contract (for goods and services) or grant (for policy/programme delivery) is fair and open. Partners (including Agencies) are clear on what is needed and committed to provide it to time and to budget. Consultancies are only awarded when the correct clearance has been given.
- 6.34 During the period there were some contractual issues identified with skills tests contracts and this led to a DfE-wide review. Action is on schedule to address these problems.

### **Policy development**

- 6.35 I have no direct responsibilities for policy development but have supported the development of arrangements to ensure clear protocols exist between the Agency and Department policy teams. There was previously some lack of clarity about the interface between policy and delivery. Implementing this protocol should achieve greater clarity around roles and responsibilities which will lead to better implementation of the policy tests jointly between NCTL and Department policy groups. These arrangements were developed in the period leading up to end of December 2013 and are yet to be fully tested.

- 6.36 Stakeholder consultation practice reflects strong skills and working relationships in this area. No delivery plans are made without the appropriate budget being identified and the appropriate finance and legislative clearance being in place. The need for Ministerial clearance is an area that is relatively new to the Agency but Ministerial approval is now always sought where necessary and the Agency has developed a new process for clearing submissions, alongside a programme to improve staff skills in this area.
- 6.37 There is also good cross-government working on the ITT special projects (such as Troops to Teachers programme) with the Ministry of Defence, Department for Culture, Media and Sport and the Cabinet Office.

### **Information: IT Management and Data Safeguarding**

- 6.38 General information systems are developed to meet internal and external standards and the needs of the business. Data is securely handled and safeguarded with regular staff training undertaken.
- 6.39 Some specific systems require redevelopment:
- A new customer records management system for the Qualified Teacher Status team was significantly delayed, but contingency plans were developed and implemented to mitigate against the risk to delivery caused by the delay.
  - The IT systems underpinning NCTL's leadership provision is being decommissioned, with materials being made freely available online from September 2016. Support from the Chief Information Officer Group has been sought but not yet agreed.

### **People Management**

- 6.40 Following the merger of the Teaching Agency and National College for School Leadership and the consequent restructure, two thirds of SCS departed, which resulted in significant cost savings. NCTL also had a high vacancy rate at grades below SCS in Quarters 1 and 2 of 2013-14. NCTL has undertaken a recruitment exercise so that by the end of the last Quarter, 91 per cent of NCTL vacancies have been filled, with the Agency well underway to having the full staff complement necessary to fulfil its delivery activities.
- 6.41 NCTL created a People Programme following the creation of the Agency to develop capability and change the culture of the merged Agency to better manage and take advantage of flexible working. There are early signs that the change programme is beginning to have an impact (evidenced by improving staff surveys) but there is more to be done.
- 6.42 Good use is being made of staff survey results to focus on specific areas and instant rewards have been used to respond positively to team and individual effort. Good, regular corporate communications are helping to build commitment to corporate goals. The capability plan is also driving targeted learning and development opportunities.

### Information Risk Management

- 6.43 Arrangements have been and are in place to ensure that the NCTL 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.
- 6.44 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.

### Account of Corporate Governance

- 6.45 The Agency's detailed governance arrangements have been operated in line with the *Corporate governance in central government departments: Code of good practice 2011 compliance checklist*. The checklist has been used as an audit tool to review and inform practice.

## RISK MANAGEMENT

### Mechanisms for Risk Management

- 6.46 The maintenance of risk registers is a key mechanism used to manage risk within the NCTL, 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 the management team via the programme boards for consideration, and following agreement by my senior team is added to the Agency's 'strategic risk register'. The strategic risk register contains all strategic risks relating to delivery, stakeholder engagement, staffing and funding. Each risk has an agreed review date when the management team will review in detail its mitigations and contingency plans. The management team consider any further actions to manage any residual risks which remain after mitigation actions have been implemented.

### Assurance over Risk Management Mechanisms

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

### Risk Management and Delivery Assurance

- 6.48 NCTL maintains risk registers at project, strand, programme and strategic levels. Risks are reviewed monthly and there are established escalation routes through project and programme boards to the management meeting. NCTL contributes to the management of the Department's Building Block risks which form the seven risks which are reflected on the Agency's strategic risk register. The 'Building Block' risks require ongoing Management Committee oversight because they are risks of failure in systems that deliver key, high profile outputs. NCTL and the Department's Teachers and Teaching Policy Group have agreed shared responsibility for the

monitoring and management of risks that contribute to the Department's Building Block risks

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

### Effectiveness of Risk Management

- 6.50 Throughout the year, risk management processes have identified the following strategic and operational risks to NCTL.

### STRATEGIC RISKS

- 6.51 The following risks are being managed through the NCTL's Strategic Risk Register.

#### Delivery

- 6.52 There is a risk that *'there is insufficient supply of high-quality new graduates and career changers entering the teaching profession to meet schools' requirements'* (sub-risk of the Department's Building Block Risk 7 that 'there are not enough teachers of sufficient quality'). **This risk is mitigated by** NCTL through reforms to ITT, providing increased bursaries and ITT scholarships for graduates with top degrees in priority subjects in partnership with subject associations, the School Direct (Salaried) Training Programme offering an employment-based route into teaching for career changers and a targeted marketing strategy to stimulate interest in shortage subjects. This mitigation reduced the likelihood of the risk materialising and the November 2013 provisional census of initial teacher training (ITT) reported that 33,110 trainees<sup>6</sup> started teacher training during 2013
- 6.53 There is a risk that *'the stock of teachers in the profession is of insufficiently high quality, and serving teachers are unable to improve in order to deliver high-quality teaching'*. It is not possible to remove underperforming teachers and headteachers from the profession; poorly performing teachers are "recycled" around the system (sub-risk of Building Block Risk 7). **This risk is being mitigated through** the Teaching Schools Network designating schools that have outstanding practice in training, development of teachers, and leadership and establishing broad alliances for the sharing of good practice. The NCTL Fellowship programme (for NLEs) undertakes an annual policy commission. In 2014 they will focus on teacher quality and teacher retention and prepare a report for ministers.
- 6.54 There is a risk that *'the supply of those taking up school leadership positions is insufficient, and the quality of the stock of school leaders is not high enough'* (sub risk of Building Block Risk 7). **This risk is being mitigated by** NCTL through the delivery of new NPQH and new qualifications for middle and senior leaders by licensed partnerships led by outstanding schools. NCTL is working locally on succession planning to address particular areas of shortage (faith, small primary, special) and will be transferring this over time to Teaching Schools which will become responsible for the local arrangements. Programmes that will place experienced leaders into schools that are in challenging circumstances will be

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<sup>6</sup> Provisional ITT results (November 2013) showed the number of trainees recruited plus an estimate of those who will start later in the financial year. Final results published autumn 2014.



introduced alongside school improvement strategies such as NLEs and NLGs, all of which will play a role in tackling underperforming headteachers. In addition, a programme is being commissioned to develop high performing middle leaders in challenging primary schools with an aim to improve attainment and also develop a cadre of future school leaders.

- 6.55 There is a risk that *'The early education and childcare workforce lacks the skills to meet children's needs effectively'* (sub risk of Building Block Risk 2 that 'there are not enough good quality early years places for young children'). **This risk is being mitigated by** NCTL through the implementation of the Department's 'More great childcare' reforms to improve the quality and status of the early years workforce, including the introductions of: i) Early Years Teacher training (graduate level) with the same entry requirements as the entry to primary teaching ii) Teach First in early years, to extend the Teach First primary programme into 3-7 age range iii) Early Years Apprentice Bursary Scheme iv) Early Years Educator qualifications at level 3 (A-level standard), assessed by NCTL against robust new criteria. T
- 6.56 There is a risk that *'NCTL's deliverables (i.e. ITT allocations; Teacher regulation and Exams Delivery Support) break down due to issues not being surfaced quickly enough within the relevant programme i.e. a failure of the relevant programme's governance'*. **This risk is being mitigated by** NCTL through the use of defined risk management processes throughout the organisation. All divisions are to apply effective risk management processes and escalate risks appropriately through clear lines of NCTL Programme regular reporting arrangements. The School-Led System Programme (for ITT allocations) and the Business Transformation & Delivery Programme enable early warning of issues which are quickly addressed. This mitigation was delivered and reduced the likelihood of the risk materialising.
- 6.57 There is a risk that *'our transformation reforms do not deliver according to plan due to significant slippage in the development and delivery of supporting IT systems i.e. Qualified Teacher Status Customer Relationship Management system, the NCTL's online membership and leadership development systems'*. **This risk is being mitigated by** NCTL through taking a coordinated approach to managing IT transformation issues, with a reporting structure and plan overseen by the Business Transformation and Delivery Board and monitored by the Deputy Director for Business Services.
- 6.58 There is a risk that *'individual teacher misconduct referral case outcomes that are challenged due to an individual's actions or disagreement with an outcome will lead to adverse press and media coverage and scrutiny of the overall process and NCTL's ability to make decisions on behalf of the Secretary of State'*. **This risk is being mitigated by** NCTL through regular contact with the Department's press office.

### Stakeholder engagement

- 6.59 There is a risk that *'schools and Higher Education Institutions (HEI) disengage with NCTL's activities leading to a fundamental failure to enable a school-led system, due to a failure in: external communications; stakeholder engagement; or providing an attractive offer for schools and HEIs'*. **This risk was being mitigated by** NCTL establishing an External Engagement programme to ensure planned and targeted

engagement with stakeholders where this can maximise impact and increase understanding of the new role of NCTL amongst schools and private, voluntary and independent providers. This mitigation reduced the likelihood of the risk materialising.

- 6.60 There is a risk that *'the role of NCTL may not be understood across the wider Department due to insufficient communications and engagement, resulting in the duplication of work and failure to deliver against its business plan'*. **This risk is being mitigated by** NCTL through presentations to policy teams on the role and vision for the Agency. Regular meetings between senior civil servants in DfE policy families and in NCTL to ensure that there are clear divisions of labour. This mitigation reduced both the likelihood of this risk materialising and the impact of this risk if it were to materialise.

## People

- 6.61 There is a risk that *'the pace of our transformation reforms does not allow us to quickly release staff resource to areas of greatest need leading to a potential for over recruitment against the NCTL's workforce plan commitments'*. **This risk is being mitigated by** NCTL through coordinated transformation activity. Robust workforce planning and tracking processes are in place to ensure a balance between recruitment, staff turnover and the release of staff from functions in scope of the transformation strand of the BTD programme. This mitigation reduced the likelihood of the risk materialising.
- 6.62 There is a risk that *'NCTL's objectives and milestones will not be met due to high staff turnover and an inability to attract the right calibre of staff into the Agency'*. **This risk was being mitigated by** NCTL establishing a People Programme to oversee the delivery of a number of projects which aim to: improve the skills and capability of staff; re-engage them with the vision of the NCTL and the difference it makes to the school system; ensure that success is regularly recognised and celebrated through promotion and other development opportunities; and that talent is developed and nurtured. In addition, recruitment plans and processes are in place to quickly fill roles which will become vacant. This mitigation reduced the likelihood of the risk materialising.

## Funding

- 6.63 There is a risk that *'a significant occurrence of fraud is caused by poor governance and financial controls leading to significant reputational damage'*. **This risk is being mitigated by** assurances that DfE's Fraud Policy is being adhered to at least annually and strengthened financial controls (reviewing any amendments to Delegated Financial Authority limits in RM for example). This mitigation reduced the likelihood of the risk materialising.
- 6.64 There is a risk that *'NCTL is judged to provide poor value for money by the way its bursaries, grants, scholarships etc. are allocated'*. **This risk is being mitigated by** NCTL ensuring that decisions on the allocation of bursaries, grants and scholarships are underpinned by evidence of what works where; that decisions are taken in the light of relative success and value for money and are aligned with the NCTL's and Ministers' objectives. This mitigation reduces the likelihood of the risk materialising.



## 7. AREAS FOR DEVELOPMENT

7.1 The assurance work carried out during the reporting year has not identified any significant concerns. However the Agency will continue to monitor and improve the following areas to ensure that the Accounting Officer receives the necessary levels of assurance on the delivery of their objectives.

- NCTL is working more closely with DfE policy teams to work in partnership on the development and delivery of policy, and while new protocols appear to be effective this will be reviewed over time.
- NCTL obtains external assurance on Higher Education Institution (HEI) audits from the Higher Education Funding Council for England (HEFCE). Discussions with HEFCE indicate that there are no significant regularity issues highlighted with regard to NCTL. The assurance for Initial Teacher Training (ITT) providers as well as those providers who propose to close down was carried out by the Education Funding Agency (EFA) assurance teams, the DfE Finance Business Partner Teams in conjunction with the in-house Viability and Intervention team. The audits have now been completed. Based on the reports produced to date, no non-compliance issues have been reported and the work indicates that NCTL funding has been spent for the purposes intended. NCTL will look at ways of strengthening third party assurance processes informed by the work that has been done so far.
- NCTL will look at ways of continuously improving arrangements following the feedback from the remaining audits and taking into consideration the changing delivery landscape with the expansion of the School Centred Initial Teacher Training (SCITT) providers.

7.2 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  
Accounting Officer

9 July 2014

## 8. REMUNERATION REPORT

### PART 1: UNAUDITED INFORMATION

#### Chief Executive and Senior Team Members' Remuneration Policy

- 8.1 The Chief Executive and all members of the Senior Management Team are Senior Civil Servants (SCS) whose pay is decided by the SCS Pay Committee, chaired by the Permanent Secretary, and comprising members of the Department's Executive Management Board. The SCS Pay Committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the Senior Salaries Review Body (SSRB). The Permanent Secretary meets separately with a Departmental non-executive member to determine the pay of board members.
- 8.2 Performance management and reward policy for members of the SCS, including board members, is managed within the central framework set by the Cabinet Office. It allows for annual performance related base pay and non-consolidated performance awards, agreed centrally each year following SSRB recommendations. The SCS performance management and reward principles for 2013-14, which include explanations of how base pay and bonus levels are determined and their relative value, can be found at: [www.civilservice.gov.uk](http://www.civilservice.gov.uk). The SCS performance bonuses are allocated from a central salary pot expressed as a percentage of the department's SCS salary bill, which is agreed centrally each year following the SSRB recommendations. In 2013-14 this pot was limited by the Cabinet Office to less than 3.3% (2012-13 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

- 8.3 The Chief Executive is responsible to the Department's Director General Education Standards Directorate (ESD) for the performance, leadership and day to day management of the Agency.
- 8.4 All senior team members' contractual terms comply with the requirements set centrally for the SCS by Cabinet Office, and the exact terms offered reflect the requirements of the post. The principles governing recruitment to, and departure from the Civil Service, including details of compensation for early termination, are set out in the Civil Service Management Code at [www.civilservice.gov.uk](http://www.civilservice.gov.uk)

#### Service Contracts

- 8.5 The *Constitutional Reform and Governance Act 2010* requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.
- 8.6 Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service

Compensation Scheme. Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

**PART 2: AUDITED INFORMATION****Remuneration (including salary) and pension entitlements**

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

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

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

	2013-14				2012-13					
	Salary £000	Bonus £000	Benefits -in-kind £000	Pension benefits £000	Total £000	Salary £000	Bonus £000	Benefits -in-kind £000	Pension benefits £000	Total £000
<b>Chief Executive</b>										
Mr Charlie Taylor (from 1 September 2012)	140-145	-	-	40-45	180-185	75-80 (125-130)	-	-	25-30	100-105
<b>Director</b>										
Mr Brian Tytherleigh	95-100	5-10	-	55-60	160-165	90-95	-	-	80-85	175-180
Ms Sinead O'Sullivan (from 1 August 2013)	55-60 (80-85)	-	-	5-10	60-65	-	-	-	-	-

	2013-14				2012-13					
	Salary £000	Bonus £000	Benefits -in-kind £000	Pension benefits £000	Total £000	Salary £000	Bonus £000	Benefits -in-kind £000	Pension benefits £000	Total £000
<b>Deputy Director</b>										
Mr Greg Burke <sup>1</sup> (from 1 September 2013)	35-40 (65-70)	-	-	(20)-(15)	15-20	55-60	-	-	0-5	60-65
Mr Paul Cohen <sup>2</sup> (from 1 September 2013)	40-45 (75-80)	-	-	0-5	45-50	75-80	5-10	-	10-15	95-100
Mr Alan Meyrick <sup>2</sup> (from 1 September 2013)	45-50 (80-85)	-	-	15-20	65-70	80-85	-	-	10-15	95-100
Ms Deirdre Quill <sup>2</sup> (from 1 September 2013)	45-50 (85-90)	-	-	0-5	50-55	85-90	-	-	35-40	125-130
Mr Aidan Melling (from 1 September 2013)	45-50 (80-85)	-	-	0-5	50-55	-	-	-	-	-

	2013-14				2012-13					
	Salary £000	Bonus £000	Benefits -in-kind £000	Pension benefits £000	Total £000	Salary £000	Bonus £000	Benefits -in-kind £000	Pension benefits £000	Total £000
Mr John Stephens (from 1 September 2013)	60-65 (105-110)	-	-	15-20	75-80	-	-	-	-	-
Mr Jonathan Dale (from 1 September 2013)	50-55 (90-95)	-	-	10-15	65-70	-	-	-	-	-
Ms Sarah Lewis (from 2 December 2013)	20-25 (65-70)	-	-	(5)-0	20-25	-	-	-	-	-
Ms Sara Aye Mounq (from 25 November 2013)	10-15 (80-85)	-	-	0-5	15-20	-	-	-	-	-
Mr Russell Andrews (from 4 November 2013)	50-55 (130-135)	-	-	(5)-0	50-55	-	-	-	-	-

<sup>1</sup> the prior year comparator figure relate to 1 May 2013 to 31 March 2013, when serving as a member of the Teaching Agency's Senior Leadership Group

<sup>2</sup> the prior year comparator figure relate to 1 April 2013 to 31 March 2013, when serving as a member of the Teaching Agency's Senior Leadership Group

The following board members did not serve in 2013-14, after standing down in January 2013 following the announcement of the merger of the Teaching Agency and the National College for School Leadership: Lin Hinnigan, Steve Munby, Caroline Maley, Taby Salt, Maggie Farrar, Di Barnes, Toby Greany, Melvin Kenyon, John Carr, Harvey Neve and Kathy Lee-Cole. The prior year comparative remuneration for these individuals is not disclosed in the table above.

**Salary**

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

**Benefits-in-kind**

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

**Non-consolidated performance awards**

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

**Review of Fair Pay**

8.12 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.

	<b>2013-14</b>	<b>2012-13</b>
Band of highest paid director's total remuneration (£000)	140-145	165-170
Median total remuneration (£)	33,569	33,200
Ratio	4.0	5.0

8.13 In 2013-14 and 2012-13, no employees received remuneration in excess of the highest paid director.

8.14 Total remuneration for the highest paid director includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payment, employer pension contributions, and the cash equivalent transfer value of pensions. The calculation of median salary does not include any benefits-in-kind or severance payments.

**Pension Benefits****Civil service pensions**

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



- 8.16 Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. 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*.
- 8.17 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).
- 8.18 The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.
- 8.19 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**

- 8.20 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.
- 8.21 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**

8.22 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 31/03/2014 £000	Real increase in pension (and related lump sum) at pension age £000	CETV at 31/03/2014 £000	CETV at 31/03/2013 £000	Real increase in CETV £000	Employer contribution to partner's pension account £000
<b>Chief Executive</b>						
Mr Charlie Taylor	5-10 (0-5)	2.5-5 (0-2.5)	58	20	14	-
Mr Brian Tytherleigh	40-45 (0-5)	2.5-5 (0-2.5)	767	661	49	-
Ms Sinead O'Sullivan (from 1 August 2013)	20-25 (65-70)	0-2.5 (0-2.5)	326	305	3	-
Mr Greg Burke	35-40 (0-5)	(2.5)-0 (0-2.5)	583	570	(16)	-
Mr Paul Cohen	25-30 (75-80)	0-2.5 (0-2.5)	472	449	-	-
Mr Alan Meyrick	35-40 (110-115)	0-2.5 (2.5-5)	666	623	13	-
Ms Deirdre Quill	20-25 (40-45)	0-2.5 ((2.5)-0)	464	434	3	-
Mr Aidan Melling (from 1 September 2013)	35-40 (0-5)	0-2.5 (0-2.5)	530	516	2	-
Mr John Stephens (from 1 September 2013)	0-5 0-5	0-2.5 (0-2.5)	54	37	10	-
Mr Jonathan Dale (from 1 September 2013)	0-5 (0-5)	0-2.5 (0-2.5)	45	31	8	-
Ms Sarah Lewis (from 2 December 2013)	0-5 (0-5)	0-2.5 (0-2.5)	39	39	-	-

Ms Sara Aye Mounq (from 25 November 2013)	0-5 (0-5)	0-2.5 (0-2.5)	23	20	3	-
Mr Russell Andrews (from 4 November 2013)	75-80 (0-5)	0-2.5 (0-2.5)	1,200	1,200	(3)	-

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

**9 July 2014**

## 9. STATEMENT OF THE ACCOUNTING OFFICER AND CHIEF EXECUTIVE'S RESPONSIBILITIES

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

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of National College for Teaching and Leadership for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Accounting Officer and Chief Executive's Responsibilities, the Chief Executive as 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 National College for Teaching and Leadership; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

**Opinion on regularity**

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

**Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of National College for Teaching and Leadership's affairs as at 31 March 2014 and of the net cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

**Opinion on other matters**

In my opinion:

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

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.

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

**9 July 2014**

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

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2014

				2013-14	2012-13
	Note	Staff Costs £000	Other Costs £000	Income £000	Total £000
<b>ADMINISTRATIVE COSTS</b>					
Staff costs	3	18,330			18,330
Other administrative costs	4		20,324		20,324
Income	6			(81)	(81)
<b>PROGRAMME COSTS</b>					
Programme costs	5		431,576		431,576
Income	6			(4,300)	(4,300)
<b>Net operating costs</b>		<b>18,330</b>	<b>451,900</b>	<b>(4,381)</b>	<b>465,849</b>
Total expenditure		18,330	451,900		470,230
Total income				(4,381)	(4,381)
<b>Net operating costs</b>		<b>18,330</b>	<b>451,900</b>	<b>(4,381)</b>	<b>465,849</b>
Non-operating costs					
Net (gain)/loss on transfer of function					-
<b>Net costs</b>					<b>465,849</b>
<b>OTHER COMPREHENSIVE NET EXPENDITURE</b>					
				2013-14 Total £000	2012-13 Total £000
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO NET OPERATING COSTS</b>					
Net (gain)/loss on revaluation of property, plant and equipment				-	-
Net (gain)/loss on revaluation of intangible assets				-	(1)
Net (gain)/loss on transfer of assets				-	-
<b>Total comprehensive expenditure</b>				<b>465,849</b>	<b>576,236</b>

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

The notes on pages 48 to 63 form part of these accounts.



## STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

	Note	2014 £000	2013 £000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	7	-	436
		<b>-</b>	<b>436</b>
<b>CURRENT ASSETS</b>			
Receivables	9	19,073	11,129
		<b>19,073</b>	<b>11,129</b>
<b>Total assets</b>		<b>19,073</b>	<b>11,565</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	(37,244)	(24,540)
		<b>(37,244)</b>	<b>(24,540)</b>
<b>Total assets less current liabilities</b>		<b>(18,171)</b>	<b>(12,975)</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	(1,874)	(1,874)
		<b>(1,874)</b>	<b>(1,874)</b>
<b>Assets less liabilities</b>		<b>(20,045)</b>	<b>(14,849)</b>
<b>TAXPAYERS' EQUITY</b>			
General fund		(20,045)	(14,850)
Revaluation reserve		-	1
<b>Total taxpayers' equity</b>		<b>(20,045)</b>	<b>(14,849)</b>

Charlie Taylor  
Accounting Officer

9 July 2014

The notes on pages 48 to 63 form part of these accounts.

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

	Note	2013-14 £000	2012-13 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net operating cost		(465,849)	(568,293)
Adjustment for non-cash transactions		17,228	17,620
Decrease/(increase) in trade and other receivables		(7,944)	(11,129)
Movements in receivables relating to transfer of function		-	5,488
(Decrease)/increase in trade payables		12,704	24,540
Movements in payables relating to transfer of function		-	(15,664)
<b>Net cash outflow from operating activities</b>		<b>(443,861)</b>	<b>(547,438)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of intangible assets	7	-	(455)
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(455)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net Parliamentary Funding – drawn down		443,861	543,787
Cash receipts on transfer of functions		-	4,106
<b>Net cash inflow from financing activities</b>		<b>443,861</b>	<b>547,893</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	<b>10</b>	<b>-</b>	<b>-</b>

The notes on pages 48 to 63 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2014

Note	General Fund £000	Revaluation Reserve £000	Total £000
<b>Balance at 1 April 2012</b>	-	-	-
Net Parliamentary Funding - drawn down	543,787	-	543,787
Comprehensive expenditure for the year	(576,237)	1	(576,236)
<b>NON-CASH ADJUSTMENTS</b>			
Recharge of shared services	17,495	-	17,495
Auditor's remuneration	105	-	105
<b>MOVEMENTS IN RESERVES</b>			
Transfers between reserves	-	-	-
Other general fund movement	-	-	-
<b>Balance at 31 March 2013</b>	<b>(14,850)</b>	<b>1</b>	<b>(14,849)</b>
Net Parliamentary Funding - drawn down	443,861	-	443,861
Comprehensive expenditure for the year	(465,849)	-	(465,849)
<b>NON-CASH ADJUSTMENTS</b>			
Recharge of shared services	17,158	-	17,158
Auditor's remuneration	70	-	70
Intra-departmental asset transfers	(436)	-	(436)
<b>MOVEMENTS IN RESERVES</b>			
Transfers between reserves	1	(1)	-
Other general fund movement	-	-	-
<b>Balance at 31 March 2014</b>	<b>(20,045)</b>	<b>-</b>	<b>(20,045)</b>

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

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

The notes on pages 48 to 63 form part of these accounts.

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

These accounts have been prepared in accordance with the 2013-14 *Government Financial Reporting Manual* (FReM) issued by HM Treasury (HMT), as set out in a statutory Accounts Direction issued pursuant to section 5(2) of the *Government Resource and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2012*. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency for 2013-14 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting convention

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

#### 1.2 IFRSs in issue but not yet effective

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

#### 1.3 Areas of judgement

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

#### 1.4 Transfer of functions

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

## 1. ACCOUNTING POLICIES (continued)

### 1.5 Intangible assets

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

Asset lives are in the following ranges:

- Software licences 5 years
- Developed software 5 years

### 1.6 Revaluation and impairment of non-current assets

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

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

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

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.

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

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

## 1. ACCOUNTING POLICIES (continued)

### 1.8 Financial instruments

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

#### 1.8.1 Financial assets

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

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

##### Trade and other receivables

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

#### 1.8.2 Financial liabilities

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

## 1. ACCOUNTING POLICIES (continued)

### 1.8.3 Financial liabilities (continued)

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

#### Trade and other payables

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

### 1.9 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*.

### 1.10 Operating income

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

### 1.11 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.

### 1.12 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.

### 1.13 Leases

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

The Agency does not hold any finance leases.

## 1. ACCOUNTING POLICIES (continued)

### 1.14 Pensions

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

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

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

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

### 1.15 Early departure costs

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

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

### 1.16 Grants

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

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

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



## 1. ACCOUNTING POLICIES (continued)

### 1.17 Provisions

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

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

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

### 1.18 Contingent liabilities

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

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

### 1.19 Value added tax

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

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

## 2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT

For both management and financial reporting purposes, the NCTL was split into two Directorates: Operations and Delivery. The teams that report into these Directorates are detailed in the organisation chart under 2.6 of the Management Commentary. These are each classed as reportable segments for the analysis required by *IFRS 8: Operating Segments*.

	2013-14		
	Gross Expenditure £000	Income £000	Total £000
Operations	295,770	(2,781)	292,989
Delivery	135,806	(1,519)	134,287
Administration	38,654	(81)	38,573
	470,230	(4,381)	465,849

## 3. STAFF NUMBERS AND RELATED COSTS

### 3.1 Staff costs

	2013-14			2012-13
	Permanently Employed £000	Others £000	Total £000	Total £000
Wages and salaries	14,149	176	14,325	17,405
Social security costs	1,237	-	1,237	1,621
Pension costs	2,768	-	2,768	3,410
	<b>18,154</b>	<b>176</b>	<b>18,330</b>	<b>22,436</b>
Less recoveries in respect of outward secondments	(71)	-	(71)	(12)
	<b>18,083</b>	<b>176</b>	<b>18,259</b>	<b>22,424</b>

### 3.2 Average number of persons employed

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

	2013-14			2012-13
	Permanently Employed Number	Others Number	Total Number	Total Number
Directly employed	371	-	371	452
Other	-	5	5	5
<b>Total</b>	<b>371</b>	<b>5</b>	<b>376</b>	<b>457</b>

### 3. STAFF NUMBERS AND RELATED COSTS (continued)

#### 3.3 Pension schemes

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

The PCSPS is an unfunded multi-employer defined benefit scheme. As such there are no underlying scheme assets and liabilities for allocation across the employers operating the scheme. In accordance with IAS 19 contributions to the scheme are accounted for as if the scheme were a defined contribution scheme with only contributions payable during the year recognised Agency

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](http://www.civilservice.gov.uk/pensions)).

For 2013-14, employers' contributions of £2.77m (2012-13: £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 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

##### Partnership pension accounts

Agency employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,763 (2012-13: £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. The Agency matches employee contributions up to 3% of pensionable pay. In addition, employer contributions of £423 (2012-13: £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 £419 (2012-13: £1,589). Contributions prepaid at that date were £nil (2012-13: £nil).

### 3. STAFF NUMBERS AND RELATED COSTS (continued)

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

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<£10,000	-	-	-	9	-	9
£10,001 - £25,000	-	-	19	17	19	17
£25,001 - £50,000	-	-	5	10	5	10
£50,001 - £100,000	-	-	4	2	4	2
£100,001 - £150,000	-	-	2	-	2	-
<b>Total number of exit packages</b>	-	-	<b>30</b>	<b>38</b>	<b>30</b>	<b>38</b>
<b>Total cost (£000)</b>	-	-	<b>834</b>	<b>882</b>	<b>834</b>	<b>882</b>

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

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

**4. OTHER ADMINISTRATION COSTS**

	2013-14 £000	2012-13 £000
Professional fees	1,402	1,415
Rates and service charges	-	(24)
Travel and subsistence	1,030	1,124
Computers and telecoms costs	325	304
Other office services	112	76
Advertising and publicity	88	80
Consultancy	15	82
Other expenditure	124	429
Rentals under operating leases		
Other operating leases	-	6
	<b>3,096</b>	<b>3,492</b>
<b>Non-cash items</b>		
Shared services recharges	17,158	17,495
Auditor's remuneration	70	105
	<b>17,228</b>	<b>17,600</b>
	<b>20,324</b>	<b>21,092</b>

The professional fees total above includes £1.2 million (2012-13: £1.2 million) of costs associated with teacher regulation hearings, with the majority of the expenditure relating to legal services.

**5. PROGRAMME COSTS**

	2013-14 £000	2012-13 £000
<b>Current grants, capital grants and other current expenditure</b>		
Current grants:		
Initial Teacher Training grants	287,495	348,644
Teaching schools grants	20,159	27,227
Continuing professional development grants	(2,303)	19,271
Golden Hellos	4,923	17,930
Repayment of Teacher Loans	15,060	-
Other current grants	28,171	22,243
	<b>353,505</b>	<b>435,315</b>
Capital grants	-	104
Other current expenditure	77,119	92,541
Research and development	952	840
	<b>431,576</b>	<b>528,800</b>
<b>Non-cash items</b>		
Amortisation	-	20
	<b>431,576</b>	<b>528,820</b>

**6. INCOME**

	2013-14 £000	2012-13 £000
<b>Administration income</b>		
Miscellaneous income	<b>81</b>	<b>12</b>
<b>Programme income</b>		
International business	1,788	1,285
Conference fees	988	921
Local Authority contributions to training costs	92	447
BIS funding of FE ITT bursaries	901	-
Other income	531	1,390
	<b>4,300</b>	<b>4,043</b>
	<b>4,381</b>	<b>4,055</b>

**7. INTANGIBLE ASSETS****2013**

	Developed Software £000
<b>Cost or valuation</b>	
At 1 April 2012	-
Additions	455
Revaluations	1
<b>At 31 March 2013</b>	<b>456</b>
<b>Amortisation</b>	
At 1 April 2012	-
Charged in year	20
<b>At 31 March 2013</b>	<b>20</b>
<b>Carrying amount at 31 March 2013</b>	<b>436</b>
<b>1 April 2012</b>	<b>-</b>

**7. INTANGIBLE ASSETS (continued)****2014**

	<b>Developed Software £000</b>
<b>Cost or valuation</b>	
At 1 April 2013	456
Additions	-
Disposal	-
Revaluations	-
Transfers to DfE	(456)
<b>At 31 March 2014</b>	<b>-</b>
<b>Amortisation</b>	
At 1 April 2013	20
Charged in year	-
Disposals	-
Transfers to DfE	(20)
<b>At 31 March 2014</b>	<b>-</b>
<b>Carrying amount at 31 March 2014</b>	<b>-</b>
<b>31 March 2013</b>	<b>436</b>

**8. FINANCIAL INSTRUMENTS**

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

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

1. the significance of financial instruments for the entity's financial position and performance; and
2. the nature and extent of risks arising from financial instruments to which the entity is exposed during the reporting period, and how those risks are managed.

**8. FINANCIAL INSTRUMENTS (continued)**

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

foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities. Liquidity risk

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

#### Interest-rate risk

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

#### Foreign currency risk

The Agency's exposure to foreign currency risk is low. The foreign currency income received by the Agency is negligible and foreign currency expenditure is less than 0.01% of total gross expenditure and therefore is not significant.

#### Credit risk

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

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

## 9. RECEIVABLES

### 9.1 Analysis by type

	2014 £000	2013 £000
Trade receivables	4,990	1,469
Deposit and advances	12	-
Other receivables	16	18
Prepayments and accrued income	14,055	9,642
	<b>19,073</b>	<b>11,129</b>

### 9.2 Intra-Government balances

	2014 £000	2013 £000
Balances with other central Government bodies	3,061	142
Balances with local authorities	2,768	905
Balances with NHS bodies	-	-
Balances with public corporations and trading funds	-	-
<b>Intra-Government balances</b>	<b>5,829</b>	<b>1,047</b>
Balances with bodies external to Government	13,244	10,082
	<b>19,073</b>	<b>11,129</b>



**10. CASH AND CASH EQUIVALENTS**

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

**11. PAYABLES****11.1 Analysis by type**

	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
Deposits and advances	-	4
Other taxation and social security	306	451
VAT	-	3
Trade payables	2,086	2,823
Other payables	274	347
Accruals and deferred income	34,578	20,912
	<b>37,244</b>	<b>24,540</b>

**11.2 Intra-Government analysis**

	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
Balances with other central Government bodies	20,336	3,507
Balances with local authorities	585	1,304
Balances with NHS bodies	-	12
Balances with public corporations and trading funds	-	-
<b>Intra-Government balances</b>	<b>20,921</b>	<b>4,823</b>
Balances with bodies external to Government	16,323	19,717
	<b>37,244</b>	<b>24,540</b>

**12. PROVISION FOR LIABILITIES AND CHARGES**

	<b>2014 VAT Provision £000</b>	<b>2013 VAT Provision £000</b>
Balance at 1 April	1,874	-
Provided for in year	-	1,874
	<b>1,874</b>	<b>1,874</b>

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

**13. CAPITAL AND OTHER COMMITMENTS****13.1 Capital commitments**

There were no capital commitments at the year end (2013: £Nil).

**13.2 Commitments under leases**

There were no commitments under operating leases as at the year end (2013: £Nil).

**14. NON-IAS 37 CONTINGENT LIABILITIES**

There were no non-IAS 37 contingent liabilities as at the year end (2013: £Nil).

**15. LOSSES AND SPECIAL PAYMENTS****15.1 Losses**

There were no losses above the reporting threshold of £300,000, as set out in *Managing Public Money*, in the year to 31 March 2014 (2013: £Nil).

**15.2 Special payments**

There were no special payments above the reporting threshold of £300,000, as set out in *Managing Public Money*, in the year to 31 March 2014 (2013: £Nil).

**16. RELATED PARTY TRANSACTIONS**

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

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

No board member, key manager or other related party has undertaken any material transactions with the Agency in the period to 31 March 2014.

**17. EVENTS AFTER THE REPORTING PERIOD**

The accounts were authorised on 9 July 2014 by Charlie Taylor (Accounting Officer). There have not been any other post reporting period events that have required adjustment to these accounts.

**GLOSSARY**

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

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