

# National College for Teaching and Leadership

Annual Report and Accounts

For the year ended 31 March 2016

An executive agency of the Department for Education



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National College for  
Teaching & Leadership

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### **For the year ended 31 March 2016**

**An executive agency of the Department for Education**

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# Performance report

## 1 Overview

### Accounting Officer introduction and perspective on performance

- 1.1. This report covers the third full year of operation for the National College for Teaching and Leadership (the Agency), as an executive agency of the Department for Education (the Department).
- 1.2. As set out in our 2015-16 [Business Plan](#)<sup>1</sup> our focus continues to be on improving the quality of the education workforce and supporting the development of a school-led system.
- 1.3. The [Initial Teacher Training \(ITT\) census](#)<sup>2</sup> reporting on 2015/16 recruitment showed that whilst we recruited more in number and higher quality trainee teachers than in the previous years, we failed to recruit the numbers indicated by the teacher supply model. Recruitment to teacher training remains challenging, particularly in some secondary subjects. We are not seeing a fall in the number of recruits – in fact, there was an increase of 811 in the number of people recruited to train as teachers in 2015 over the previous year (excluding Teach First). However, the rising pupil population and important education reforms, combine to increase demand, while rising labour market demand for graduates increases the challenge. In that context, it is encouraging that UCAS report we are also seeing an increase in the number of people accepting training places from September 2016. We will confirm any improvements in recruitment in the November ITT census.
- 1.4. This year we changed our approach to allocating training places to higher education institutions (HEIs), school-centred ITT providers (SCITTs), and schools. Instead of allocating a fixed number of places to each school, SCITT and HEI that wanted to train recruits, we encouraged them to recruit as many good quality candidates as they wished, until the national limit was reached. This reduced the risk that providers had to turn good candidates away because they have filled the places they were allocated, particularly for subjects where it is challenging to recruit sufficient numbers of trainees overall. However, the national limits for

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/343268/nctl-business-plan-2014-to-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/343268/nctl-business-plan-2014-to-2015.pdf)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478098/ITT\\_CENSUS\\_SFR\\_46\\_2015\\_to\\_2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478098/ITT_CENSUS_SFR_46_2015_to_2016.pdf)

training history teachers were reached much earlier than expected, leading us to stop recruitment in this subject and resulting in some HEIs having very small course numbers. To mitigate the concern felt by HEIs that this would happen in other subjects, we guaranteed HEIs could recruit a minimum of 75% of their 2015 recruitment numbers on certain popular courses (history, English, primary). Notwithstanding these early problems, data on levels of offers and acceptances show that the new approach has resulted in a welcome increase in the pace at which applications are considered and offers made to candidates.

- 1.5. We are on track to meet our targets for system leadership by October 2016, with 734 teaching schools operating by March 2016, and 1,134 National Leaders in Education (NLE). Over £10m was distributed during the financial year to schools in need of school-to-school support through the School-to-School Support fund. Decisions about how best to distribute that funding were made in collaboration with local teaching schools and Regional Schools Commissioners. In addition, the Agency ensured that the experience of teaching schools and NLEs was used in the development of a new cross-Department strategy for school improvement. Further details about this work are available in the White Paper '[Educational Excellence Everywhere](#)'<sup>3</sup> published on 17 March.
- 1.6. We had set out in previous business plans our intention to transfer the ongoing delivery of our leadership qualifications to providers by March 2016. Shortly after the election, Ministers made clear that they wanted to revisit that plan, particularly in the context of changes to the school landscape, including the potential for greater numbers of multi-academy trusts (MATs) which are likely to change the shape of the sector's leadership development needs. We are working with colleagues in the Department as well as with experienced leaders in the school system to refresh the leadership development strategy. In the meantime, we have extended the current licenses to deliver leadership qualifications until September 2017. Since April 2015 licensees have recruited 9,895 participants to undertake a National Profession Qualification.
- 1.7. We continued to make QTS awards to individuals and manage the database of qualified teachers which is available to all employers and teachers. The details of these awards will be published alongside the ITT profiles in summer 2016.
- 1.8. Following Peter Clarke's *Report into the allegations concerning Birmingham schools arising from the 'Trojan Horse' letter* our Teacher Misconduct Unit has been involved in processing these complex cases alongside our business as usual caseload.

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<sup>3</sup> <https://www.gov.uk/government/publications/educational-excellence-everywhere>

- 1.9. In January 2016, as set out in previous Business Plans, the Agency began a review of its operations to ensure it remains fit for purpose, which will report in due course.
- 1.10. In February 2016, The National Audit Office (NAO) published the [report](#)<sup>4</sup> of its review evaluating whether the Department's arrangements for training new teachers are value for money. On 7 March 2016 the issues raised in the report were addressed at the Public Accounts Committee (PAC). The PAC published a [report](#)<sup>5</sup> with recommendations on 10 June 2016 which we will respond to in due course. For information about the report's recommendations please see paragraph 3.57.

## Statement of purpose and activities

- 1.11. The Agency is an executive agency of the Department for Education. Our purpose is to improve the quality of the education workforce and support the development of a school-led system.
- 1.12. We have responsibility, on behalf of the Secretary of State for Education ('the Secretary of State'), to improve academic standards by: ensuring we have a well-qualified and motivated teaching profession, in sufficient numbers to meet the needs of our school system; and to help schools to help each other to improve. In carrying out these functions we have two aims:
- 1.13. Improving the quality of the education workforce:
- assure the supply and improve the quality of the education workforce;
  - assure the supply of head teachers and leaders and improve the quality of leadership for schools, academies and early years provision.
- 1.14. Helping schools to help each other to improve.
- 1.15. These two aims are underpinned by the Agency's commitment to provide high-quality services that represent value for money.
- 1.16. The Agency will also deliver other functions on behalf of the Secretary of State which, at present, include:
- supporting the quality and status of the teaching profession by ensuring that in cases of serious professional misconduct, teachers are prohibited from teaching;

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<sup>4</sup> <https://www.nao.org.uk/wp-content/uploads/2016/02/Training-new-teachers.pdf>

<sup>5</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/training-new-teachers-15-16/>



- overseeing the induction process for teachers and award Qualified Teacher Status and Early Years Teacher Status;
- commissioning training for Educational Psychologists.

## Structure of the Agency 2015-16

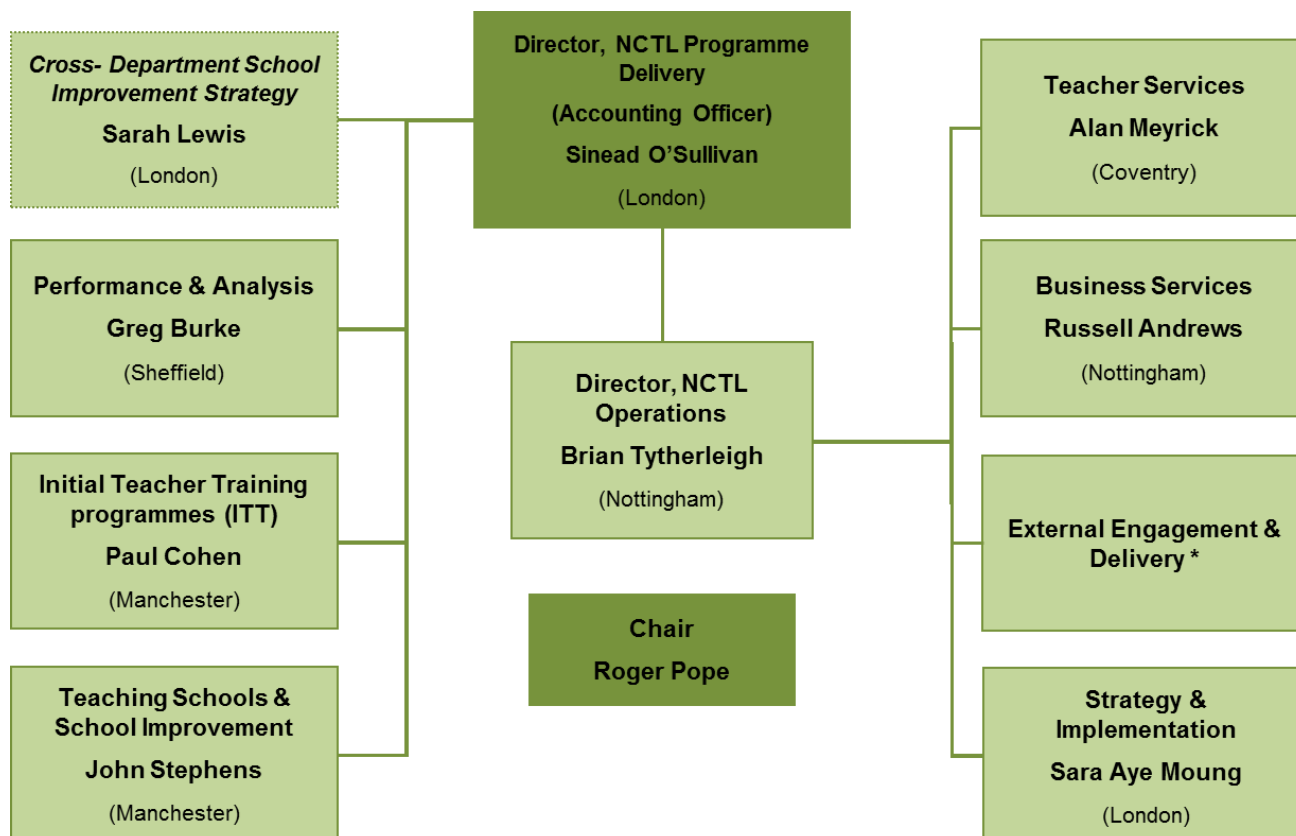


Figure 1: Structure of the Agency. \* Sara Aye MOUNG was responsible for the External Engagement & Delivery division from April to December 2015. Brian Tytherleigh provided cover from January to March 2016.

## Key issues and risks facing the entity

- 1.17. The Agency faces strategic risks that could cause our operational delivery to differ from expected outcomes. The table below shows two strategic risks, along with a summary of how we managed these in 2015-16.

Risk	Key factors	Mitigation
There is a risk that there will be an insufficient supply of high-quality new graduates and career changers entering the teaching profession to meet schools' requirements.	We manage the risk of not recruiting the required number of teachers on an annual basis. This risk became an issue during 2015-16. We sought to mitigate this by introducing a range of activities in an attempt to secure additional applicants, and to reduce the risk that good applicants	Mitigating activities have included: increasing bursaries in shortage subjects; increasing candidates' awareness by extensive marketing activity including TV advertising campaigns, newspaper, radio and digital advertising, supported by 73 Train to Teach events; continuing to strengthen school-led networks to support collaborative approach to recruitment, including sharing of

Risk	Key factors	Mitigation
	would fail to secure places. A number of those mitigating changes were also employed from the start of the process of 2016/17 recruitment.	good quality applicants; candidate support for priority subjects through specialist candidate support advisers, funded school experience and subject knowledge enhancement training.
There is a risk of challenge to the overall process of Teacher Regulation and the Agency's ability to make decisions on behalf of the Secretary of State, due to an individual's actions or successful legal challenge, causing adverse press and media scrutiny and/or a fundamental breakdown in the process.	We have managed this risk whilst dealing with increasingly complicated cases.	We work closely with the Department's Press Office team to manage communications issues that arise from the reporting of our hearings. Risks for individual cases are identified and discussed at a senior level. Close working relationships with the Department's Legal Adviser's Office ensure potential issues are considered at an early stage to support a robust legal position.

1.18. Our programmes have robust governance arrangements in place to ensure the timely resolution of these challenges as well as the delivery of routine work (see paragraphs 3.29-3.31).

1.19. The Agency is an executive agency of the Department for Education, hereafter referred to as the Department. The Department's estimates and forward plans include provision for its continuation. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

## Performance summary

1.20. The scale of our operational delivery includes:

- Ensuring that enough teacher trainees are recruited to meet the needs of schools in England. This equates to just under 30,000 postgraduate initial teacher trainees per year;
- Providing over £210m funding in the form of bursary and salary contributions to initial teacher training providers to meet the teacher trainee recruitment targets;
- Delivering a range of projects to provide innovative solutions to the overall recruitment of teachers as well as subject specific recruitment in science, technology, engineering and mathematics (STEM);
- Designating and funding 576 Teaching Schools Alliances to develop school-led initial teacher training activities, offering a range of continuing professional development (CPD) opportunities for teachers and leading on

school to school support;

- Designating 1,134 national leaders of education to support schools in challenging circumstances;
- Working with licensees to deliver national professional qualifications to secure 9,895 participants into Senior/Middle leader of headship programmes;
- Managing over 1,000 referrals made during 2015-16 to consider allegations of serious misconduct against teachers. Hold case hearings to consider whether individuals should be prohibited from teaching in any school in England;
- Delivering national teacher recruitment media, television and digital campaigns to attract people into the teaching profession.

1.21. We provide further information on our performance within the Performance Analysis section of the annual report.

## 2 Performance analysis

### Key organisational performance measures

- 2.1. Our [business plan](#)<sup>6</sup> identifies 13 key performance indicators against which we measure our deliverables of recruitment to initial teaching training, quality and status of the teaching profession, programme delivery and designation to system leadership roles. These indicators are at the centre of a performance framework that we use to monitor our performance. We regularly monitor our key performance indicators and initiate contingencies if we feel we are at risk of not meeting them. For teacher recruitment and leadership programmes we fell short of our target but we have adjusted our approach to improve performance this year, we are already making plans to improve the approach further next year. NCTL will also continue to review all of its leadership programmes to ensure it develops leaders with the highest potential in challenging areas. The complex teacher misconduct cases, arising from the allegations concerning Birmingham schools, impacted two key performance indicators. Once these cases are concluded we expect to return to previous performance levels. For our National Leaders of Governance (NLGs) programme we believe the completion of the March designation round will secure our target of 500 NLGs. Therefore, we will have delivered the performance measure three months later than planned.
- 2.2. The outcomes against our business plan performance indicators are set out below:

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<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/343268/nctl-business-plan-2014-to-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/343268/nctl-business-plan-2014-to-2015.pdf)

### Aim 1: Improving the quality of the education workforce

1a: Assure the supply and improve the quality of the education workforce	Outcome 2015-16	Status	Notes
Secure the overall postgraduate recruitment target of 29,787 initial teacher trainees by November 2015.	28,148 (94%)	Not met	Provisional figures show that more postgraduate trainees started initial teacher training in 2015/16 than in previous years: 28,148 trainees in 2015/16, compared with 25,753 trainees in 2014/15 (the KPI for 2015/16 included Teach First recruits for the first time of which there were 1,584); achieving 94 per cent of the postgraduate TSM target for 2015/16.
Ensure that at least 73 per cent or more of postgraduate entrants to Initial Teacher Training in 2015/16 have a first class or 2:1 classified degree.	75%	Exceeded	This compares to 73 per cent in 2014/15.
95 per cent of teacher misconduct referrals that do not meet the requirement for a hearing are considered and concluded within 20 weeks.	92% (Mar-16)	Not met	
70 per cent of teacher misconduct referrals (not including extraordinary cases involving external proceedings, such as police action) that are considered at a hearing are concluded within 52 weeks.	59% (Mar -16)	Not met	Both KPI's were exceeded prior to August 2015. However, the KPI's were not met across the year as a whole due to the Birmingham Schools caseload arising from autumn onwards.
1b: Assure the supply of head teachers and leaders and improve the quality of leadership for schools and academies	Outcome 2015-16	Status	Notes
The Agency will work with and support licensees delivering national professional qualifications to secure:			
2,500 participants recruited to National Professional Qualification for Middle Leadership by March 2016.	4,855	Exceeded	The recruitment targets for the National Professional Qualifications have been exceeded due to a range of factors. These include: continuous strong demand from school leaders for high-quality leadership development that is reflective of the leadership challenges that schools face; demand from leaders for
2,000 participants recruited to National Professional Qualification for Senior	3,874	Exceeded	

### Aim 1: Improving the quality of the education workforce

Leadership by March 2016.

qualifications that are delivered by successful and serving school leaders; and demand for qualifications which provide leaders with the opportunity to share practice and learn from each other.

1,000 participants commencing National Professional Qualification for Headship by March 2016.

1,166

Exceeded

120 participants recruited to the Future Leaders Programme by September 2015.

109  
(91%)

Not met

Our contractor exceeded their secondary target but under recruited to the primary programme.

330 participants recruited to the Teaching Leaders Programme (Primary) by September 2015.

249  
(75%)

Not met

High number of withdrawals outside of the contractors control e.g. change of school, change of head teacher, personal reasons etc.

510 participants recruited to the Teaching Leaders Programme (Secondary) by September 2015.

415  
(81%)

Not met

### Aim 2: Helping schools to help each other to improve

By October 2016, the Agency will designate 1,400 NLEs, and significantly increase the number of NLEs

- In areas of the country with the greatest need for more system leaders; and
- With experience of improving outcomes of pupils with low prior attainment and/ or from disadvantaged backgrounds.

Two further designation rounds will help us achieve our target:

1. A spring designation round closed on 31 March. This application round targeted areas of greatest need. 129 applications have been received, 85 per cent from target areas. Designation outcomes will be confirmed in June 2016;
2. A summer designation round will open in May 2016.

On track

1,134  
(81%)

The target will be monitored throughout, with contingency plans in place to address any potential shortfall following the designation rounds.

By October 2016, the Agency will designate 600 Teaching School Alliances and significantly increase the number of teaching schools:

- In areas of the country with the greatest need for more system leaders; and
- With experience of improving outcomes of pupils with low prior attainment and/ or from disadvantaged backgrounds.

On track

576  
(96%)

There are currently 734 teaching schools, representing 576 alliances. Cohort 9 application round closed on 31 March and we received 44 applications representing 31 potential new alliances, with 75 per cent of applications from target areas.

The Agency is also running a pilot designation round, working alongside RSCs and the Teaching School Council during which strong schools with strong evidence other than "outstanding" Ofsted judgements can apply. This is expected to increase the pool of potentially eligible schools without lowering the bar - especially in cold spots. Designation outcomes will be communicated in June 2016. We are on track to reach the target of 600 TSAs by October 2016.

Designate 500 national leaders of governance by March 2016.

Not met

444  
(89%)

The final designation round closed on 31 March. The round focused on recruiting NLGs who can be deployed in target areas and those Chairs with business and MAT expertise. 90 applications have been received, 53 per cent from target areas. Designation outcomes will be confirmed in June 2016.

## Development and performance of the Agency

- 2.3. The scope and range of the Agency's operations have remained stable since the merger of the National College for School Leadership (NCSL) and the Teaching Agency in 2013.

### Objectives

- 2.4. The Department's overall vision is to achieve a highly educated society in which opportunity is equal for young people no matter what their background or family circumstances.
- 2.5. In our 2015-16 [Business Plan](#), the Agency stated that by September 2016 our expertise and resources would be centred on activities that will support the school system, encouraging greater levels of system leadership and local responsibility for improving standards. Our 2015-16 [Business Plan](#)<sup>7</sup> set out the steps that the Agency would take to make further progress to deliver our expectation of a school-led system by September 2016. For performance against these objectives please go to paragraphs 2.7-2.47 and performance against the key performance indicators is referenced in paragraph 2.1.

### Performance

- 2.6. During 2015-16 we have delivered:

#### Initial Teacher Training (ITT)

##### Training provision and supply:

- 2.7. The November 2015 provisional census of ITT reported that the number of new entrants recruited to postgraduate ITT courses (including Teach First) during 2015/16 was 28,148, achieving 94 per cent of teacher supply model target of 29,787. For more details see: [ITT Census - 2015/16](#)<sup>8</sup>. There were also a further 5,440 new undergraduates starting ITT programmes in 2015/16.
- 2.8. The number of new entrants varied by phase and subject. Primary courses filled 116 per cent of their Teacher Supply Model (TSM) target. Secondary subjects filled 82 per cent.

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<sup>7</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/416941/nctl-business-plan-2015-to-16.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416941/nctl-business-plan-2015-to-16.pdf)

<sup>8</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478098/ITT\\_CENSUS\\_SFR\\_46\\_2015\\_to\\_2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478098/ITT_CENSUS_SFR_46_2015_to_2016.pdf)



- 2.9. Some subjects filled more successfully than others. Within the English Baccalaureate (EBacc) subjects<sup>9</sup>, both history and English exceeded their TSM targets, filling at 113 per cent and 103 per cent respectively. Chemistry filled 95 per cent and physics 71 per cent of their TSM targets. For a full breakdown of subject performance against the TSM see: [ITT Census - 2015/16](#).
- 2.10. 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.

**Expanding Teach First:**

- 2.11. 1,584 first year Teach First<sup>10</sup> participants were training in schools in October 2015. The geographical spread of Teach First extended into every region of the country with trainees placed in schools in some of the most deprived and challenging areas, and increasingly in more rural and coastal areas.

**Manage the early years initial teacher training programme:**

- 2.12. The Agency has continued to manage the early year's initial teacher training programme which leads to the award of early years teacher status (EYTS). To encourage applications, funding is provided for course fees and bursaries for eligible trainees. We are also supporting employers with the costs of releasing graduates employed in their nurseries to undertake the training.

**Improving recruitment to priority subjects:**

- 2.13. The Prime Minister announced in December 2014 plans to improve teacher recruitment to maths and physics. The resulting package aims to recruit an additional 2,500 specialist maths and physics teachers by the end of this parliament and to upskill 15,000 existing non-specialist teachers. The Agency leads a programme of activity that will be delivered through to 2020-21. The package is designed to:
- bring former teachers back into the classroom;
  - incentivise the best maths and physics A level students and graduates to train to teach;
  - attract high-quality international teachers into our schools.

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<sup>9</sup> The EBacc is made up of: English, mathematics, history or geography, the sciences and a language.

<sup>10</sup> The Teach First programme aims to raise levels of pupil attainment in challenging schools. It is a two-year programme of initial teacher training (ITT) and leadership development that recruits high quality graduates, mainly from Russell Group universities. For more details visit: <https://www.teachfirst.org.uk/what-we-do/our-impact>.

**Calibre of teacher trainees:**

- 2.14. The quality of entrants to initial teacher training (ITT) remains high, when measured by degree class, with 75 per cent of all new postgraduate entrants (including Teach First) holding a 2:1 degree or better and a new record of 18 per cent holding a first-class degree.

**ITT providers:**

- 2.15. School-led routes have grown over the last few years. The total number of new postgraduate entrants on school-led routes was 14,208 in 2015/16 (51 per cent).
- 2.16. We have broadened the range of good quality training providers by expanding both School Direct and school-centred initial teacher training. In 2015/16, 201 providers supported 841 School Direct lead schools to train 10,252 potential new teachers.
- 2.17. 172 school-centred initial teacher training providers (SCITTs) will deliver ITT for 2016/17. An increase of 12 per cent on last year. 20 newly accredited SCITTs were set up in 2015-16.
- 2.18. There will continue to be an important place for high-quality universities in ITT with a strong track record in attracting well-qualified graduates.

**Allocation of ITT places to providers:**

- 2.19. We have changed the approach to initial teacher training allocations for 2016/17. The Agency has not allocated a specific number of places to individual organisations for postgraduate ITT courses due to start in 2016/17. Instead, eligible schools, SCITTs and HEIs will be able to recruit (subject to a limited number of controls) as many trainees as they feel they need – until the overall system has recruited sufficient trainees.

**Improving trainee teachers' teaching skills:**

- 2.20. Subject Knowledge Enhancement (SKE) programmes give potential trainees the depth of knowledge needed to teach a priority subject and meet the Teachers' Standards. Schools can now select their preferred SKE provider, and choose to nominate them to receive funding on their behalf, or develop and deliver their own SKE. The programme continues to be well used and we have extended access to biology and geography for the first time.

## Leadership and development

### Licensed provision:

- 2.21. As set out in the recent White Paper: [Educational Excellence Everywhere](#)<sup>11</sup>, we will support the school-led system to develop and train the next generation of strong school and system leaders, supported by highly skilled governing boards, and act to build capacity in areas where it is most needed. Working with the Department, we will convene leading experts to review and redesign voluntary, world-class National Professional Qualifications (NPQs) to prepare leaders more effectively for the full range of leadership roles in the new school system. In the interim, we have extended the Licenses for the delivery of the NPQs for a further 18 months whilst the review of the NPQs takes place and this also means that the Agency will not be making NPQ leadership materials open source during that period.
- 2.22. 33 regional licences were awarded to 30 licensee partnerships in 2012 to deliver the leadership curriculum in their local context. 29 of these are still delivering the provision. The lead organisations for these partnerships include: nine teaching schools, nine schools, four charities, five universities and two businesses.
- 2.23. Currently 20,108 participants are undertaking a leadership qualification licensed by the Agency and 10,521 have graduated since the current programmes began in 2012. In 2015-16 so far we have recruited:
- 4,855 middle leader participants for the National Professional Qualification for Middle Leadership against the target of 2,500 by March 2016.
  - 3,874 participants for the National Professional Qualification for Senior Leadership against the target of 2,000 by March 2016.
  - 1,166 participants for the National Professional Qualification for Headship against the target of 1,000 by March 2016.
- 2.24. Additionally, 17 regional licences have been awarded to 10 licensee partnerships to deliver the Chairs of Governors' leadership development programme and the governor training workshops. There is high demand for these programmes: 1,152 Chairs of Governors registered for the leadership development programme and 758 registered for the Clerks to Governing Bodies provision. An additional 3,087 attended the governor training workshops.

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<sup>11</sup><https://www.gov.uk/government/publications/educational-excellence-everywhere>

**School business management (SBM):**

- 2.25. We have met our two year commitment to support School Business Managers via the SBM National Scholarship Fund. In 2015-16 we awarded over 800 scholarships to help SBMs undertake approved leadership development programmes with providers accredited by the Institute for Leadership and Management.

**Commissioned programmes:**

- 2.26. The High Potential Middle Leaders primary programme recruited 249 participants against the target of 330 (75 per cent). The secondary programme recruited 415 participants against the target of 510 (81 per cent).
- 2.27. The High Potential Senior Leaders programme recruited 109 participants against the target of 120 (91 per cent).
- 2.28. The overall target for Talented Leaders Programme is for 100 to be matched with schools by September 2016. The matching process is still underway but this target will be challenging to achieve.
- 2.29. The Agency launched The National Teaching Service pilot in January 2016. The pilot will aim to recruit and match 100 motivated teachers and middle leaders to schools that are struggling to attract, recruit and retain high-quality teachers. It will start in September 2016 with schools in Lancashire, West Yorkshire, Greater Manchester, Merseyside and parts of Cheshire. Our intention is to commission and contract with a suitable organisation to deliver this programme over the longer-term.

**School-led improvement****Teaching schools and system leaders:**

- 2.30. We have expanded the number of teaching schools to 734 across 576 alliances and NLEs to 1,134. We are on track to reach our targets of 600 alliances and 1,400 NLEs respectively by October 2016.
- 2.31. The Agency works with the Teaching Schools Council to address geographical gaps in teaching schools and NLE support. 98 per cent of Local Authority areas have a teaching school although many alliances cross local authority boundaries. We have targeted designation of schools in the areas of least coverage and in areas where we have identified a particular need.
- 2.32. Our recruitment strategy has increasingly focused on designating system leaders in areas of the country, and phases, where they are needed most.

- 2.33. We have worked to further develop the national network of teaching schools and their partners to provide high-quality and high-impact: initial teacher training; evidence-based continuous professional development; succession planning and talent management; and support for other schools. To achieve this we have collated and published good practice case studies to support improvements in the work of teaching school alliances. Leaders from some of the best teaching school alliances contribute to the induction of new alliances, sharing practical strategies for success. We have also supported regional dissemination conferences, led by teaching schools and system leaders. Research capacity has been increased by the engagement of teaching schools in projects such as 'Test and Learn' using randomised control trials and the Manchester Metropolitan University 'Evidence Based Teaching' work.
- 2.34. Overall 87 per cent of the 734 teaching schools are engaged in a School Direct (SD) partnership: 58 per cent as the lead school (425) and 49 per cent are a partner school (362). Some schools are listed as both leads and partners in a different partnership.
- 2.35. Teaching schools continue to recruit and approve Specialist Leaders of Education with more freedoms to address local needs.
- 2.36. Through the School to School Support Fund (STSS) we have worked with Regional Schools Commissioners and other stakeholders to identify those underperforming schools and academies most in need of support. This year we have awarded 1,329 grants to national leaders of education and teaching schools totaling over £10m enabling them to undertake focused support for these schools. An external impact assessment has been commissioned to assess the impact on the school performance data of those schools supported through STSS fund.
- 2.37. We have improved the quality of school governance through the designation of 444 national leaders of governance (NLG) against the target of 500. We have broadened the focus to include those with MAT and/or those with business expertise. We now have good deployment data of 73 per cent on NLGs - a significant increase on previous years.
- 2.38. The Targeted Leadership Supply fund has supported 40 schools delivering equality and diversity projects.

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

- 2.39. As referenced in our business plan we have a commitment to deliver high-quality services that offer value for money.

**Qualified teacher status (QTS):**

- 2.40. We continued to make QTS awards to individuals following an accredited ITT course in England and trained teachers from the European Economic Area, Scotland, Northern Ireland or overseas countries where there is agreed recognition of qualified status. The details of these awards will be published alongside the ITT profiles in summer 2016. The total number of induction passes registered from 1 April to 31 March 2016 was 30,377. The database of qualified teachers is now a fully digital service available to all employers and teachers.

**Teacher misconduct:**

- 2.41. The Agency sifted and screened all teacher misconduct cases with 92 per cent of referrals being concluded or referred to a hearing within 20 weeks (target 95 per cent). 1,004 teacher misconduct referrals were received and 997 cases have been concluded. 59 per cent of teacher misconduct referrals (not including extraordinary cases involving external proceedings, such as police action) that were considered at a hearing were concluded within 52 weeks.
- 2.42. One teacher misconduct case went to a High Court Appeal. In this case the review period for the teacher was reduced. 85 cases were made subject to an interim prohibition order whilst the cases are investigated.

**Provision of high-quality doctorate training for educational psychologists:**

- 2.43. 95 per cent of the 2012 intake (114 of 120) of trainees have qualified as educational psychologists. Ministers agreed to a joint Department and Department of Health review of clinical and educational psychology training arrangements. The review explored ways the Agency and Health Education England (HEE) can commission and plan psychology training together; and scope for more flexible training between the professions. The [report](#)<sup>12</sup> was agreed by Ministers in both Departments in February and was published in March 2016. We have begun to implement the recommendations of this review.

**Contract management to ensure value for money:**

- 2.44. We have contract managed the NPQH entry/gateway national provider, processing over 450 applications from potential aspirant head teachers.
- 2.45. We have managed the contracts for direct provision including the High Potential Middle Leaders Programme, High Potential Senior Leaders Programme and the Talented Leaders Programme.

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/510725/Review\\_of\\_clinical\\_and\\_educational\\_psychology\\_training\\_arrangements\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510725/Review_of_clinical_and_educational_psychology_training_arrangements_report.pdf)

- 2.46. The contract for the High Potential Middle Leaders (HPML) secondary programme has been successfully reprocured. The new contract will run to September 2019, and 1,680 participants will be trained across three cohorts.
- 2.47. A decision has been taken to delay the reprocurement of the High Potential Senior Leaders (HPSL) programme whilst a redesign is considered to ensure that it meets the needs of the changing school system. Separate arrangements are being put in place for existing participants to finish their training following the end of the current contract.

## Finance

- 2.48. The budgeted expenditure for 2015-16 was £404.4 million (2014-15: £382.9 million) against a budget of £411.4 million (2014-15: £401.2 million). Details of the £7.0 million underspend are provided below. The shared services recharge is not included in the budget for the agency, it has been included as a note below and in the Statement of Consolidated Net Expenditure for clarity.

### Administration costs

- 2.49. 2015-16 budget £13.0 million, £0.4 million underspend, (2014-15: budget £18.6 million, £0.3 million underspend)
- 2.50. Staff costs drove the majority of the Administration underspend as the Agency carried a number of vacancies throughout the year.

### Net Programme Costs

- 2.51. 2015-16 budget £398.4 million, £6.6 million underspend, (2014-15: budget £382.6 million, £18.0 million underspend)
- 2.52. The majority of this underspend relates to the ITT incentives programme, (£5.6 million). This is a demand-led budget and this underspend was the result of different levels of grant claims. The remaining low value underspends are spread across a number of other demand-led programmes.
- 2.53. Details of the Agency's pension arrangements are covered in detail in the Remuneration Report (paragraph 4.13).

### Notional recharge of shared services costs

- 2.54. The Agency incurred a notional recharge relating to shared services costs of £8.9 million (2014-15: £11.1 million). 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.

## Performance on other matters

### Sustainability

- 2.55. We adopt the Department's policies on sustainability. We aim to manage our business in an environmentally sustainable way and the Department's annual report and accounts describes our performance in this. Further information on the Department's policies on sustainability is contained within their [2014-15 annual report and accounts](#)<sup>13</sup>.

### Social and community issues

- 2.56. We are a customer-focused organisation delivering high-quality services through our skilled and effective people in an environment of continuous improvement, to support leaders to deliver the best services for children and young people.
- 2.57. The Department encourages its employees to take up volunteering opportunities in line with the Government's Big Society agenda as well as supporting employees' continuing professional development. The Department awards employees a minimum of three special days leave for volunteering each year.
- 2.58. In addition, the Department encourages employees to be reservists for the armed forces. Employees can receive at least 15 days paid special leave a year to fulfil their commitments.

**Sinead O'Sullivan**  
Accounting Officer,

5<sup>th</sup> July 2016

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<sup>13</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/517766/DfE-consolidated-annual-report-and-a-counts-2014-to-2015-Web-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/517766/DfE-consolidated-annual-report-and-a-counts-2014-to-2015-Web-version.pdf)



# Accountability report

## 3 Corporate governance report

### The Directors' report

#### Directors

3.1. The Agency's Senior Management Team who served during the year are:

Charlie Taylor	Chief Executive (to 4 September 2015)
Sinead O'Sullivan	Accounting Officer (from 5 September 2015) and Director of Delivery
Brian Tytherleigh	Director of Operations
Russell Andrews	Deputy Director, Business Services
Sara Aye Mounq	Deputy Director, Strategy and Implementation (from 11 January 2016, previously External Engagement)
Greg Burke	Deputy Director, Performance and Analysis
Paul Cohen	Deputy Director, Initial Teacher Training & Fieldwork
Sarah Lewis	Deputy Director, School Improvement (from 11 January 2016, previously Strategy and Implementation)
Alan Meyrick	Deputy Director, Teacher Services
John Stephens	Deputy Director, Teaching Schools and School Improvement

#### Progress

- 3.2. During this year there has been a change to our governance arrangements due to the Chief Executive Officer leaving on 4 September 2015. Following his departure, I was appointed to the role of Accounting Officer alongside my current role as Director of Delivery. To enable me to manage these roles we realigned the Business Transformation and Delivery Board to have oversight of all corporate responsibilities, allowing the other boards to remain delivery focused.
- 3.3. The Department has further strengthened the leadership of the Agency through the appointment of a system leader<sup>14</sup> to the new role of NCTL Chair. Roger Pope, Principal of Kingsbridge Community College, Devon, and CEO of Academies South West, took up the position of Chair of the Agency from 12 October 2015.

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<sup>14</sup>A System Leader is a current or recently retired head teacher who, in addition to running their school(s), works with schools in challenging circumstances to support school improvement.

The Chair provides strategic advice to senior officials and Ministers on all aspects of policy within the Agency's remit, and acts as an advocate for the school-led system and government policy on teaching and leadership. Further details can be found in the Agency's [Framework document](#)<sup>16</sup>.

## Declaration of interest

- 3.4. I can confirm that there were no conflicts of interest for the directors of the National College for Teaching and Leadership.
- 3.5. However, we manage Roger Pope's potential conflict as highlighted in the Agency's [Framework Document](#)<sup>15</sup> and arrangements include:
- the Chair stepping down from roles where such conflicts may be perceived;
  - not providing advice on the specifics of delivery in the region in which he continues to be directly involved in another capacity;
  - playing no role in operational decisions about allocation of funds, designation of system leaders, or awarding of contracts/grants in the region in which he continues to be directly involved in another capacity;
  - maintaining a full record of any advice given where there is a likelihood that a conflict of interest could be perceived.
- 3.6. The Department maintains a register of interests that contains details of company directorships and other significant interests held by executive and non-executive Board members. Anyone wishing to view the register can contact the Department via <https://www.education.gov.uk/contactus/df>.

## Report on personal information breaches

- 3.7. All Departments are 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.
- 3.8. 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 that the Department or its delivery partner agrees the release or loss of which could cause harm or distress to individuals, including as a minimum:

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<sup>15</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478259/NCTL\\_Framework\\_Oct\\_15\\_-\\_FINAL\\_191115.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478259/NCTL_Framework_Oct_15_-_FINAL_191115.pdf)

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

3.9. We had no protected personal data related incidents that we judged significant enough to report formally to the Information Commissioner's Office in 2015-16 (2014-15: no incidents). Please see paragraph 3.77 for details of other personal data related incidents that were significant enough for the Department to record centrally.

## **Complaints to the Parliamentary Ombudsman**

3.10. The Parliamentary and Health Service Ombudsman can investigate complaints against the administrative actions of a wide range of government departments and other public bodies; or the actions of organisations acting on their behalf.

3.11. In 2015-16 there have been no Agency related complaints (2014-15: nil).

3.12. We do not have our own complaints policy but adhere to the Department's process to respond within 15 working days. We monitor monthly the number of FOI and Treat Official (TO) correspondence. In 2015-16 the Agency responded to 475 of 525 items within deadline, a response rate of 90 per cent.

## Statement of Accounting Officers' responsibilities

- 3.13. 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.
- 3.14. 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 *Government Financial Reporting Manual (FReM)* have been followed, and disclose and explain any material departures in the accounts; and
  - prepare the accounts on a going concern basis.
- 3.15. The Permanent Secretary as Principal Accounting Officer of the Department has designated me as the 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.
- 3.16. As Accounting Officer, I confirm that:
- there is no relevant audit information of which the auditor is unaware;
  - I have taken all the steps that I ought to in order to ensure that I am aware of relevant audit information;
  - I have taken all the steps that I ought to in order to establish the Agency's auditor is aware of the information.
- 3.17. I confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining so.

## Governance statement

### Scope of responsibility

- 3.18. As Accounting Officer, I have personal responsibility for maintaining a sound system of governance, internal control and risk management within the Agency. This supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding public funds and departmental assets as set out in *Managing Public Money* published by HM Treasury.
- 3.19. On 5 September 2015 I was appointed as Accounting Officer for the Agency from the outgoing Chief Executive, Charlie Taylor. In doing so, I have taken assurance from an interim governance statement declaring he had reviewed the assurance frameworks within his areas of responsibility. He confirmed that he was satisfied with the governance, internal control and risk management of the Agency at the time of his departure. This letter covered the period 1 April to 4 September 2015.
- 3.20. Following the departure of the Chief Executive, the role of Chair of NCTL was created. The Chair provides strategic advice to senior officials and Ministers on all aspects of policy within the Agency's remit, and acts as an advocate for the school-led system and government policy on teaching and leadership. These senior management changes were reflected in a revised [Framework Document](#)<sup>16</sup> that sets out the new structure and my responsibilities as the Agency's Accounting Officer.

### Governance, internal control and risk management

- 3.21. The system of governance, internal control and risk management is designed to manage risk to a reasonable level rather than eliminate all risk of failure in order to achieve policies, aims and objectives. It can therefore only provide high and not absolute assurance of effectiveness.
- 3.22. I confirm that I have reviewed the assurance framework in operation within my area of responsibility. This has been informed by the work of the Senior Civil Servants (SCS) within the Agency who have accountability and responsibility for the development and maintenance of their own assurance framework.
- 3.23. I have put in place arrangements for good corporate governance and I review the effectiveness of these arrangements to ensure compliance with *Corporate Governance in Central Government Departments: Code of Good Practice* (the Code) where relevant to the Agency and its remit. I have reviewed and maintained

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<sup>16</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478259/NCTL\\_Framework\\_Oct\\_15\\_-\\_FINAL\\_191115.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478259/NCTL_Framework_Oct_15_-_FINAL_191115.pdf)

these arrangements including seeking assurance from our management board that our arrangements have been in operation for the whole year. I have not identified any departures from the Code.

- 3.24. Every SCS in the Agency is required to complete an Assurance Framework Record to detail their compliance with the Departmental arrangements regarding risk, control systems, use of resources and to detail any issues. I am therefore able to provide the Department's Management Committee and ministers with robust assurance that we have managed our agenda well and will continue to do so while delivering efficiencies. We maintain financial information on the delivery of all programmes corporately and, where relevant, at programme level.

### **Governance at departmental level**

- 3.25. As Accounting Officer, I am accountable to the Secretary of State for the performance, leadership and day-to-day management of the Agency, with the Department's Director General for Education Standards Directorate (ESD) performing an oversight role, on behalf of the Secretary of State. My objectives are agreed by the Director General and aligned with Departmental objectives, the Agency's business plan and the requirements for managing public money. I use them to set objectives for my Deputy Directors. All SCS objectives are agreed and monitored throughout the year.

### **Strategic performance review**

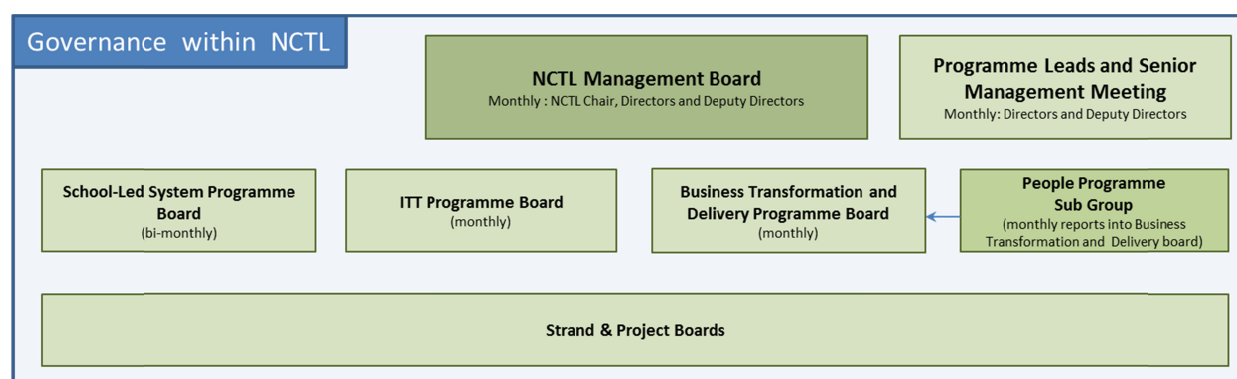
- 3.26. Throughout the year the Director General for Education Standards Directorate held quarterly Strategic Performance Reviews (SPRs) to review and challenge progress against the Business Plan, financial management and the management of risks.
- 3.27. All SPRs included an attendee independent from the directorate with expertise of the sector.

- 3.28. Strategic performance review meetings took place during 2015-16 on 5 May, 17 September 2015, 20 January and 29 March 2016. Attendees are shown in the following table:

Strategic Performance Review meetings	
Number of meetings in year	4
Member	Attendance
Shona Dunn: Director General - Education Standards Division (Chair)	3/4
Charlie Taylor: NCTL Chief Executive	1/1
Roger Pope: NCTL Chair	2/2
Sinead O'Sullivan: NCTL Accounting Officer / Director, Programme Delivery	3/4
Brian Tytherleigh: NCTL Director, Operations	4/4
Russell Andrews: NCTL Deputy Director, Business Services	4/4
Marcus Bell: Director, Teachers Group (part of Education Standards Division)	4/4
Alan Meyrick: Deputy Director, Teacher Services	1/1
Marion Plant OBE: Departmental Non-executive Director	2/4
Tony Smith, Internal Audit	4/4
Susanna Todd: Deputy Director Finance Partnering, Policy and Payments (in Departmental Finance and Commercial Group)	3/4

## Governance at Agency level

- 3.29. The Agency has three high-level delivery programmes. They are: the School-Led System programme; the Initial Teacher Training (ITT) Delivery programme and the Business Transformation and Delivery programme, and all Agency activity reports into them. A governance chart is set out below. Each programme is overseen by a programme board which meets monthly, except for the School-Led System programme which meets bi-monthly. The Accounting Officer has bilaterals with the Director General on a monthly basis to review progress across the Agency.



- 3.30. Each of these programmes has a director-level senior responsible owner (SRO) who ensures progress using programme and risk management arrangements. Programme leads submit a monthly progress report to the Boards for advice, scrutiny and challenge. The Agency's Programme Management Office uses these reports to produce a status report for the quarterly strategic performance review with the Director General and our non-executive board member. Additionally, the Management Board reviews the strategic priorities and direction of the work. We use additional routes to report to the Department, for example reporting to its Performance Committee on strategic risks.
- 3.31. I am content with the effectiveness of the boards and their ability to manage the delivery challenges of the Agency. The boards were reviewed in January 2016 as described in paragraph 3.36.

## The management board

- 3.32. The purpose of the Management Board is to oversee the strategic direction of the Agency and ensure that the best possible approach is being taken to deliver its aims and objectives.
- 3.33. The Agency's Management Board is chaired by Roger Pope and focuses on the strategic challenges faced by the Agency. It takes place on a monthly basis and oversees corporate performance, as well as the Agency's strategic projects, risks and issues. Membership of the Management Board comprises of the Chair, two Directors and seven Deputy Directors. Departmental Finance Business Partners also attend the Management Board and wider departmental representation is sought where appropriate.
- 3.34. During 2015-16, the Management Board met 12 times, and continues to meet monthly. Where members were unable to attend, a suitable deputy attended on their behalf.

Agency management meetings		
Number of meetings in year		12
Member		
Charlie Taylor	Chief Executive and Accounting Officer (to 4 September 2015)	4/5
Roger Pope	NCTL Chair (from 11 October 2015)	5/5
Sinead O'Sullivan	Director of Delivery (all year), and Accounting Officer (from 5 September)	12/12
Brian Tytherleigh	Director of Operations	12/12
Russell Andrews	Deputy Director, Business Services	12/12
Sara Aye Mounq	Deputy Director, External Engagement	11/12



Agency management meetings		
Number of meetings in year		12
Member		
	(April to January 2016)	
	Deputy Director, Strategy & Implementation	
Greg Burke	Deputy Director, Performance and Analysis	11/12
Paul Cohen	Deputy Director, Initial Teacher Training & Fieldwork	6/12
Sarah Lewis	Deputy Director, Strategy & Implementation (to January 2016)	11/12
Alan Meyrick	Deputy Director, Teacher Services	10/12
John Stephens	Deputy Director, Teaching Schools and School Improvement	11/12

3.35. Topics discussed at the Management Board meetings included:

- Strategic risks and issues;
- Ministerial engagement; and
- Agency governance and performance.

3.36. Following the appointments of myself as Accounting Officer and the new Chair, a review of the boards was undertaken. Previously, financial management and the People Programme were overseen by the Management Board. Responsibility for these rests with the Accounting Officer so both were transferred to the Business Transformation and Delivery board. This allowed me, as the Accounting Officer, to maintain operational oversight of the Agency, ensuring a sound system of internal controls were in place (including finance, HR and risk management) via one board.

3.37. This also allowed the Chair to oversee the Management Board focusing on the strategic challenges facing the Agency and avoid any conflicts of interest with his role as a serving head teacher. The proposed changes to the board arrangements were reviewed by the Agency's senior civil servants in January 2016 and approved for implementation

## Programme boards

3.38. Each director chairs at least one programme board. These boards include senior staff from each division who has responsibility for individual strands.

### The remits of each programme are:

#### School-led system:

3.39. 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 September 2016 there will be an irrevocable shift of control from the centre to schools. The programme comprises five strands: teaching schools; school improvement; school-led targeted support; school-led ITT and external engagement.

**ITT delivery:**

- 3.40. This programme aims to ensure that there is a sufficient number of high-quality teachers in the right places, including for specialisms and for the very youngest children. The programme comprises seven strands: ITT recruitment; ITT allocations and funding; early years; special projects; ITT marketing activity; managing the provider base and STEM subjects.

**Business transformation & delivery:**

- 3.41. The aim of this programme is to deliver the necessary capabilities and changes to enable the Agency to be an organisation that is focused on ministerial priorities and the delivery of activities that only the Government can carry out. The board also oversees the in-year financial management of the Agency's budget (via financial reports provided by our finance business partner team) and the management of the Agency's people programme. The programme has seven strands which are: business transformation (including continuous improvement); educational psychologists; business and workforce planning; assurance; teacher services; IT strategy, and niche procurement programmes.
- 3.42. The boards ensure effective delivery of their programmes by monitoring, reviewing and challenging their performance and risks.

## **Audit and Risk**

- 3.43. The Agency has received oversight from the Department's Audit and Risk Committee (ARC) and Performance Committee which are both sub-committees of the Department's Board and chaired by Non-executive Board Members. ARC's primary role is to provide scrutiny and challenge of the Department's Annual Report and Accounts and key risk areas, and make recommendations to the Permanent Secretary (as Principal Accounting Officer), and the Board on the Department's and the Agency's risk management. During 2015-16, ARC was supported by the Financial Audit Sub-Committee (FASC) which provided scrutiny and challenge of the Annual Report and Accounts prior to it being approved by ARC. The Performance Committee's primary role is to provide challenge and scrutiny of the Department's performance on its delivery priorities. Membership of

and attendance at ARC, the Performance Committee and other committees of the Department are disclosed in the Department's Annual Report and [Accounts](#)<sup>17</sup>.

- 3.44. The Agency is scrutinised and challenged about its governance and control by the Strategic Performance Review, Education Standards Leadership Group meetings and through bilateral meetings between the Director General and me. ARC makes recommendations to me as Accounting Officer and the Board on the Agency's risk management and its Annual Report and Accounts.

## Assurance

- 3.45. A system of internal control was in place within the Agency for the whole of 2015-16. This has continued up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.
- 3.46. The Agency's Financial Assurance Strategy Group (FASG) continues to ensure that our financial assurance processes are robust. Membership includes the Departmental finance business partners and a representative from the Government Internal Audit Agency (GIAA), who scrutinised the Agency's work throughout the year, ensuring it adhered to Departmental processes. The Group oversees all assurance activity, providing clarity on Agency-wide activities to ensure regularity and propriety. The Group is accountable to the Business Transformation and Delivery Board, which is accountable to the Director of Operations.
- 3.47. During the year, the Agency's Commissioning Board scrutinised all business cases seeking to issue grant funding. This included examining the grant distribution process, ensuring all grants followed a rigorous assurance process. Additionally, the strategic overview, economic, commercial and financial case for each proposed grant was presented to the Board and, where necessary, challenged to ensure: they fit the aims and objectives of the Agency (and the wider Department); there was consideration of competition and outcomes were achievable and evaluated. Overall, this process provided a complete oversight on all Agency grants and how they are being assured.
- 3.48. 2015-16 saw the Agency continue to implement its grant assurance framework, as approved by the Agency's Business Transformation and Delivery Board and DfE Finance Business Partners. This was used by the Agency to obtain assurance that grant funding has been spent for the purposes intended. Across the Agency, grant managers use a number of assurance practices to give confidence that grant recipients were utilising funding as per the aims and objectives of the grant. For

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<sup>17</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/517766/DfE-consolidated-annual-report-and-a-counts-2014-to-2015-Web-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/517766/DfE-consolidated-annual-report-and-a-counts-2014-to-2015-Web-version.pdf)

example, most providers are required to submit externally audited annual accounts from their institution as well as regular updates on the progress of the initiative to the Agency. The framework this year has built upon that in place previously to give me, as the Agency's Accounting Officer, confidence that funding has been used as intended.

- 3.49. The Agency received Financial Management and Governance self-assessment returns from ITT providers. It also received externally audited annual accounts from ITT providers who are not academies or higher education institutions. This information was then used to identify a sample of 15 ITT provider visits which examined governance, financial management, trainee records and confirmed funding was being used for the purposes intended. The Agency also received Annex G<sup>18</sup> certificates of expenditure from schools that receive grants to support system leadership, which were assessed and evaluated. From these returns nine Agency grant recipients were selected for audits based on risk and random selection and covered the same as ITT audits described above. Departmental finance business partners contributed towards carrying out the audit work. An assurance report was submitted to me, as Accounting Officer, ahead of the accounts sign-off.
- 3.50. The Agency also used third party assurances, which included assurance from Higher Education Funding Council for England (HEFCE) on all grant recipients that were from higher educational institutions. The Education Funding Agency (EFA) also provided assurance for academy-led schools. Through assurance activities that these parties have undertaken, the Agency was assured that Higher Education Institutes and Academies are using Agency funding appropriately. The letters also notify the Agency about any organisation that might have financial going concerns or alleged fraud issues. I, as Accounting Officer of the Agency, received a formal letter of assurance from the HEFCE and EFA Accounting Officers.
- 3.51. Prior year external audit findings have seen the Agency:
- improve its financial assurance arrangements to cover more funding streams by introducing an externally audited certificate of expenditure for high value grant recipients and desk-based audits for lower value grants. Audits examining provider trainee records to ensure eligibility and training attendance also took place.
  - revise our criteria for selecting which funding recipients to audit in order to focus on in-year risk and the use of Agency funding.

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<sup>18</sup> Annual Certification of Expenditure (external auditor/accountant's confirmation that expenditure was applied for the purposes intended).

- plan the timetable for the assurance activity in 2015-16 to ensure it complements the accounts production process.

3.52. Audits of the Agency's Viability and Intervention Team and review of fraud assurance on grants and contracts were undertaken by GIAA in Quarter 3 and 4 of the 2015-16 financial year and are referenced in paragraph 3.55.

## Audit

- 3.53. The Agency receives internal audit and assurance services from the GIAA. GIAA provides independent and objective assurance to me on the adequacy and effectiveness of the Agency's Framework of governance, risk management and control by measuring and evaluating the Agency's effectiveness in achieving its agreed objectives. All of the planned Agency reports have been completed and published and, in addition, the Agency uses GIAA to obtain assurance on process and control arrangements as appropriate.
- 3.54. The Agency is included in any cross-Departmental compliance and themed audits where relevant, and in any audits based on the Resource Management (RM) system, which have included finance and HR systems.
- 3.55. The following audits of the Agency were undertaken in 2015-16:
- Funding Assurance;
  - Maths & Physics Chairs;
  - Review of NCTL Teaching and Leadership Advisors (TLA); and
  - NCTL Fraud Assurance.
- 3.56. The Head of Internal Audit has provided moderate assurance to the Accounting Officers for the Department and its agencies, including NCTL. This reflects his opinion that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. All of the audits undertaken in the Agency during 2015-16 received a moderate assurance rating. Actions arising are maintained and reviewed monthly at the Financial Assurance Strategic Group (FASG) which includes GIAA representation. From the four audits undertaken, nine improvement actions were identified, seven have been implemented and the other two are part implemented. The Agency's Fraud Assurance audit report was issued in April 2016 with nine actions identified for completion in 2016-17.

3.57. In February 2016, the National Audit Office (NAO) published a report following a review to determine whether the Department's arrangements for training new teachers are value for money. The [Training New Teachers](#)<sup>19</sup> report identifies a number of recommendations that the Department and the Agency will need to consider. These include:

The Department should demonstrate how, through new training routes and the incentives it offers, it is improving recruitment and retention of new teachers and the quality of teaching, and at what cost. It should:

- continue working with the sector to link training data with data on the quality of teaching in the classroom, where possible using existing information;
- examine the costs and benefits of different training routes over time; and
- do the extra quantitative and qualitative work needed to conclude whether bursaries work, incorporating the results into decision-making.

The Department and the Agency should work with school leaders to:

- develop a good understanding of local demand for and supply of teachers. It should then consider how it can use modelling, the allocation process and other interventions to resolve any difficulties; and
- establish the model's accuracy by comparing its outputs with data on actual levels of demand, recruitment and vacancies in schools.

The Department should work with the sector to provide clearer, more accessible information to prospective applicants. This should include information on course costs, structure and provider quality. The Department should encourage the creation of other sources of comparative information, similar to the 'good university guides' that exist.

The Department and the Agency should give greater certainty to providers to help them plan over the longer term. This should include more detail about the Government's position on market size and structure, when and how it is likely to intervene and indicators of future patterns of demand.

3.58. On 7 March 2016 the issues raised in the report were addressed at the Public Accounts Committee. The [report](#)<sup>20</sup> from this inquiry was published on 10 June 2016.

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<sup>19</sup> <https://www.nao.org.uk/report/training-new-teachers/>

<sup>20</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/training-new-teachers-15-16/>

## Risk management mechanisms

- 3.59. The Agency's risk management framework defines escalation between boards. The maintenance of risk registers is a key mechanism used to manage risk within the Agency, and these are used to record both operational and strategic risks within directorates, programmes and projects. Programme boards have a defined risk appetite which will determine whether any risks at programme board level need to be escalated to the Management Board. Following agreement by the Management Board it is then 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 Board will review in detail its mitigations and contingency plans. All risks have a designated risk owner who is responsible for managing and reporting the risk. The Management Board considers any further actions to manage any residual risks which remain after mitigation action has been implemented.
- 3.60. Each of our three programme boards have risk management as a focus, and use a clear, timely route to escalate risks to the Management Board for their information, or to seek advice or action. Strategic risks are reviewed at monthly bilateral meetings with the Director General and at the quarterly SPR. The Programme Management Office conducts a review of all board and strategic risks each month, providing feedback and challenge to risk owners in advance of the programme board meetings.

## Strategic risks

- 3.61. The Agency has responsibility for managing one of the Department's strategic risks in partnership with the Department's Teachers & Teaching Group. This relates to the: 'Supply and quality of teachers and school leaders'. The Agency also contributes to the management of another Departmental strategic risk which is monitored within the Department's Children's Services and Departmental Strategy Directorate. This relates to the 'Supply and quality of early years leaders'.
- 3.62. Details of the Agency's strategic risks are included paragraph 1.17.

## Shared services

- 3.63. The Department's operating model uses a range of shared services. These 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 headcount of

the organisation. Further details can be found in the Agency's [Framework document](#)<sup>21</sup>.

## Business continuity

- 3.64. We have responsibility for managing our business continuity requirements and plans, aligning with the Department's wider arrangements. The plan was reviewed and updated in December 2015, the next review will take place in June 2016. The plan provides detailed steps to take to ensure continuity of business critical activities.
- 3.65. We tested the business continuity plan in June and November 2015 and further improvements were made to how we record the Agency's critical activities. We will continue to do cross-site testing of the business continuity plan every six months.

## Operational policy development and delivery

- 3.66. We have worked in partnership with Departmental policy teams to embed clear protocols defining effective joint working to develop policy. Stakeholder consultation practice reflects strong skills and working relationships in this area.
- 3.67. I am content that the arrangements for governance, internal control and risk management of our programmes provided me with assurance that these are adequate to ensure policies meet ministerial intent. The Department aims to develop and appraise policies using the best available evidence analysed using sound methodologies, in conjunction with stakeholders and partners. The Department subjects policies to robust deliverability testing. I am content that Departmental policies the Agency implements provide good guidance and direction to those delivering services to children, young people and parents, and that the policies link clearly to our core values and objectives.

## Programme and project management

- 3.68. I have a division leading on business services and it provides programme/project management support to the whole of the Agency.
- 3.69. A programme/project management approach is used to provide governance over all of our work and is applied appropriately to the scale and complexity of the particular task. Programme/project management is linked through to the wider management processes such as risk management and planning. Key programme management advice and templates were reviewed and communications sent to

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<sup>21</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478259/NCTL\\_Framework\\_Oct\\_15\\_-\\_FINAL\\_191115.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478259/NCTL_Framework_Oct_15_-_FINAL_191115.pdf)



Deputy Directors and SROs to remind project teams of the need to ensure appropriate project management measures are in place for all projects.

- 3.70. Both project progress and financial status is effectively monitored through monthly reviews and progress properly documented. In January 2016 the Agency introduced project health indicators for each of the three programmes. The purpose of this is to be able to verify that we are implementing strong internal controls/processes for our work.
- 3.71. Following an overall green rating in governance by Internal Audit in 2014-15, a number of improvement actions were identified and implemented:
- review of the Agency's Risk Management Framework;
  - review project management templates and related guidance; and
  - training on proportionate project management was delivered across all sites.

## Financial management

- 3.72. I am confident that we 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. Deputy Directors have planned monthly meetings with finance business partners (to identify risks early and to flag concerns) and receive high-level monthly budget reports. Quarterly challenge sessions are held to review individual admin and programme budget positions and hold Agency SCS to account. Deputy Directors performance management objectives all included a financial management objective which was reported upon during the performance year. This enabled Directors to monitor and challenge financial activity across the divisions. All Agency SCS attended Finance Accreditation training in May 2015. The Deputy Director of the Finance Partnering team attends all programme boards and Management Board meetings.
- 3.73. We have placed a greater emphasis on financial forecasting. This is particularly relevant for our demand-led budgets where improved financial modelling is required as well as regular review windows to ensure any variance can be highlighted as soon as possible. Greater emphasis has been placed on budget holders to clarify their understanding/responsibility for the day-to-day maintenance of budget lines and anticipating any funding pressures/underspends.
- 3.74. In 2015-16 the Agency was alerted to one case of potential fraud from 2008/09 to 2012/13 relating to a predecessor body; the matter is being investigated. It would be inappropriate to comment further before the investigations have concluded.

## Information: ICT management and data safeguarding

- 3.75. The Agency receives shared service IT support from the Department. General information systems are developed to meet internal and external standards and the needs of the business. The Agency's IT Strategy Group ensures all Agency IT projects are identified and prioritised. This group works with Departmental Security and IT teams to ensure compliance.
- 3.76. Mandatory information assurance training is undertaken by all staff annually. The Agency had no protected personal data related incidents which were judged significant enough to be formally reported to the Information Commissioner's Office in 2015-16.
- 3.77. Three protected personal data related incidents were reported in 2015-16 as shown in the table below. This compares to eight incidents in 2014-15. Incidents not falling within the criteria for reporting to the Information Commissioner's Office, but recorded centrally within the Department, are included. Smaller, localised incidents are not recorded centrally, so are not included:

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	None
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	None
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	None
IV	Unauthorised disclosure	3
V	Other	None

- 3.78. Additionally, one Category I incident was reported in March 2015 but was omitted from last year's report due to investigations still being undertaken.
- 3.79. The Agency's Data Strategy Group (DSG) was established in 2015 to improve the Agency's collection, storage, processing and use of data. The DSG also gives assurance to me as Accounting Officer on the quality of the data we use and publish. An example of this is establishing the compliance of all datasets for secure storage and transfer of sensitive personal data. It has also disseminated guidance on transferring personal data, and identified and remediated a number of instances of non-compliance.

## Information risk management

- 3.80. Arrangements have been, and are in place, to ensure that the Agency complies with the requirements of both HM Government and Cabinet Office policy and

guidance in addressing risks to information and information systems. The Department's Director of Finance and Commercial Group is the designated Senior Information Risk Owner with overall responsibility for the management of information security in the agencies.

- 3.81. The Agency has 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. Three separate exercises were conducted in 2015-16 to review and evaluate all Agency assets using a new methodology to identify critical assets. All Information Asset Owners completed an annual statement in March 2016 which confirmed that they had complied with their responsibilities.

## People management

- 3.82. We are pleased that 89 per cent of staff responded to the 2015 people survey and the overall engagement index increased from 58 per cent in 2014 to 62 per cent, compared to the Department average of 60 per cent.
- 3.83. We aim to ensure that we attract, retain, build the capability of and motivate our people to enable them to deliver outstanding performance.
- 3.84. The Agency's People Programme sub-group (PPSG) oversees this work and includes representatives from each division meeting monthly. The purpose of PPSG is to ensure that all Agency staff are able to make a contribution to the business and to make the Agency a great place to work. It works to ensure that all of our people are effectively managed, that we have the skills and competencies we need and that our people are deployed flexibly.
- 3.85. The Agency reviews its workforce plan on a monthly basis; this allows us to meet our workforce targets.
- 3.86. The Agency adheres to the Departmental policies for performance management, underperformance, attendance and disciplinary issues. These are reported in line with other executive agencies and policy families within the Education Standards Directorate (ESD).
- 3.87. The Agency adopts the Department's policy and process for whistleblowing. In 2015-16, the Agency has demonstrated this adoption by capturing whistleblowing allegations in a consistent manner. Reviews of allegations have been done in collaboration with the Department and the Government Internal Audit Agency (GIAA). As a result, I am satisfied with this collaborative approach and the

effectiveness of the arrangement, which has seen one case investigated (see paragraph 3.74).

## **Overall assessment**

- 3.88. As Accounting Officer I am satisfied with the Agency's internal control, risk management and governance arrangements. The Agency continues to deliver successfully across a broad range of delivery areas. Governance has improved overall but I will be seeking to achieve improvements in financial forecasting and a continued improvement in the oversight of our commercial activities during 2016-17.

## 4 Remuneration and staff report

### Accounting Officer and senior management team remuneration policy

- 4.1. The Accounting Officer and the Senior Management Team (SMT) are SCS whose pay is decided by the SCS Pay Committee, chaired by the Permanent Secretary, and comprising members of the Management Committee and a non-executive director. 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.
- 4.2. As staff employed by an executive agency of the Department, the SMT's performance management and contractual terms are as described in the Department's annual report and accounts. As such, the Department manages performance management and non-consolidated performance award for members of the SCS within the framework set by the Cabinet Office. The contractual terms of the SMT also comply with requirements set centrally by the Cabinet Office. More on the Cabinet Office's framework and standards can be found on the [civil service website](#)<sup>22</sup>.
- 4.3. 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. Readers can find further information about the work of the Civil Service Commission on their [website](#)<sup>23</sup>.

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<sup>22</sup> [Cabinet Office Framework - https://www.gov.uk/government/organisations/civil-service](https://www.gov.uk/government/organisations/civil-service)

<sup>23</sup> [Civil Service Commission – http://www.civilservicecommission.org.uk/](http://www.civilservicecommission.org.uk/)

## Part 1: audited information

### Remuneration (salary, bonuses and pensions)

	2015-16					2014-15				
	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000
<b>Chief Executive and Accounting Officer</b>										
Mr Charlie Taylor (to 4 September 2015)	60-65 (140-145)	-	-	26	85-90	140-145	-	-	52	190-195
<b>Director and Accounting Officer</b>										
Ms Sinead O'Sullivan (from 5 September 2015)	90-95	10-15	-	97	200-205	80-85	-	-	18	100-105
<b>Director</b>										
Mr Brian Tytherleigh	80-85	-	-	43	120-125	90-95	-	-	39	130-135
<b>Deputy Director</b>										
Mr Russell Andrews	130-135	-	-	55	185-190	130-135	-	-	-	130-135
Mr Greg Burke	70-75	-	1,200	29	100-105	65-70	-	-	27	90-95
Mr Paul Cohen	75-80	10-15	-	21	110-115	75-80	-	-	2	75-80
Ms Sarah Lewis	70-75	-	-	27	95-100	65-70	-	-	26	95-100
Mr Alan Meyrick	85-90	5-10	-	20	115-120	85-90	5-10	-	-	95-100
Ms Sara Aye Moung	80-85	-	-	22	100-105	80-85	-	-	26	105-110
Mr John Stephens	110-115	-	-	44	150-155	110-115	5-10	-	28	145-150

	2015-16				2014-15					
	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000	Salary £000	Bonus £000	Benefits -in-kind £	Pension benefits £000	Total £000
Mr Jonathan Dale (to 31 March 2015)	-	-	-	-	-	90-95	-	-	24	110-115
Deirdre Quill (to September 2014)	-	-	-	-	-	35-40 (85-90)	-	-	17	55-60
Aidan Melling (to September 2014)	-	-	-	-	-	40-45 (80-85)	-	-	20	60-65

4.4. '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.

4.5. Jonathan Dale ceased his duties as a Deputy Director on 1<sup>st</sup> April 2015.

4.6. Roger Pope was appointed Chair with effect from 12th October 2015. He is on secondment from his current role as Principal of Kingsbridge Community College, Devon, and CEO of Academies South West. The NCTL has arranged to pay his costs directly to the Academy. The total invoice value of payments for the period is in the range £45-£50k.

## Non-consolidated performance awards

4.7. The Department awards bonuses as part of the performance management process. The Agency sees effective performance management as key to driving up individual and organisational performance and providing greater value for money to deliver high-quality public services. The Agency follows the arrangements for the SCS as set out in the *Performance Management arrangements for the Senior Civil Service*, and the Department's performance management framework for managing and rewarding performance throughout the year. Bonuses relate to the performance in the year prior to that in which they become payable to the individual. The bonuses reported in 2015-16 relate to the performance in 2014-15 and the comparative bonuses reported for 2014-15 relate to the performance in 2013-14.

## Accrued pension benefits

4.8. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

## Benefits-in-kind

4.9. 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. One board member received benefits-in-kind amounting to £1,200.

## Fair pay disclosure

4.10. Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The following table shows this information for the Agency.

	2015-16	2014-15
Band of highest paid director's total remuneration (£000)	130-135	140-145
Median total remuneration (£)	31,471	31,868
Ratio	4.2	4.5

4.11. In 2015-16, no employees (2014-15: nil) received remuneration in excess of the highest-paid director (including Deputy Directors). Remuneration ranged from £18,000 to £134,000 (2014-15: £18,000 to £140,000).



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

## **Pension benefits**

### **Civil service pensions**

- 4.13. As an executive agency of the Department, the Agency's staff are members of the Principal Civil Service Pension Scheme (PCSPS) and Civil Servant and Others Pension Scheme (CSOPS) which provide pension benefits. The Department's annual report and accounts provide information on these arrangements, so we do not reproduce them here. Readers can find details on the PCSPS at the [civil service pensions' website](#)<sup>24</sup>.

### **Cash equivalent transfer values**

- 4.14. 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.
- 4.15. 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**

- 4.16. 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

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<sup>24</sup> <http://www.civilservicepensionscheme.org.uk/>

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 31/03/2016 £000	Real increase in pension (and related lump sum) at pension age £000	CETV at 31/03/2016 £000	CETV at 31/03/2015 £000	Real increase in CETV £000	Employer contribution to partnership pension account £000
<b>Chief Executive</b>						
Mr Charlie Taylor to 4 September 2015)	5-10 (-)	0-2.5 (-)	116	98	11	-
<b>Director &amp; Accounting Officer</b>						
Ms Sinead O'Sullivan	25-30 (80-85)	2.5-5 (7.5-10)	449	354	56	-
<b>Director</b>						
Mr Brian Tytherleigh	50-55 (-)	2.5-5 (-)	975	858	41	-
<b>Deputy Director</b>						
Mr Russell Andrews	80-85 (-)	2.5-5 (-)	1,455	1,299	48	-
Mr Greg Burke	40-45 (-)	0-2.5 (-)	708	629	24	-
Mr Paul Cohen	25-30 (85-90)	0-2.5 (2.5-5)	570	508	17	-
Ms Sarah Lewis	5-10 (-)	0-2.5 (-)	75	54	7	-
Mr Alan Meyrick	30-35 (90-95)	0-2.5 (2.5-5)	620	553	17	-
Ms Sara Aye Moug	30-35 (100-105)	0-2.5 (2.5-5)	742	670	21	-
Mr John Stephens	5-10 (-)	2.5-5 (-)	123	85	23	-

In the table above lump sum payments are presented in brackets.

- 4.17. The factors used to calculate the CETV were reviewed by the scheme actuary in 2015, so the tables of factors used to calculate the CETV in 2015 are not the same as those used to calculate the CETV in 2016.
- 4.18. The following board members were not in service in 2015-16, after standing down: Ms Deirdre Quill and Mr Aidan Melling (September 2014), and Jonathan Dale (1 April 2015). The prior year comparative remuneration for these individuals is not disclosed in the table above.
- 4.19. Sara Aye Moug left the Agency under Voluntary Exit terms on 18<sup>th</sup> May 2016. She received a compensation payment of £90-95k.

- 4.20. Roger Pope was appointed Chair with effect from 12<sup>th</sup> October 2015. He is on secondment from his current role as Principal of Kingsbridge Community College, Devon, and CEO of Academies South West. The NCTL has arranged to pay his costs directly to the Academy. The total invoice value of payments for the period is in the range £45-£50k.
- 4.21. There were no payments made to former directors which require to be disclosed.

## **Civil service pensions**

- 4.22. Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the PCSPS. The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.
- 4.23. 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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) 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).
- 4.24. Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. 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. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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*.

- 4.25. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
- 4.26. 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).
- 4.27. Further details about the Civil Service pension arrangements can be found at the website: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

# Staff Report

## Staff costs

	Permanently employed £000	Others £000	2015-16 Total £000	2014-15 Total £000
Wages and salaries	10,532	372	10,904	11,885
Social security costs	869	3	872	1,012
Pension costs	2,205	7	2,212	2,300
	<b>13,606</b>	<b>382</b>	<b>13,988</b>	<b>15,197</b>
Less recoveries in respect of outward secondments	(186)	-	(186)	(48)
	<b>13,420</b>	<b>382</b>	<b>13,802</b>	<b>15,149</b>

- 4.28. The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS) - known as "alpha" are unfunded multi-employer defined benefit schemes but National College for Teaching and Leadership is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the [resource accounts](#)<sup>25</sup> of the Cabinet Office: Civil Superannuation.
- 4.29. For 2015-16, employers' contributions of £2.2 million were payable to the PCSPS and CSOPS (2014-15: £2.3 million) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, 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 2015-16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.
- 4.30. Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £11,806 (2014-15: £9,459) 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 earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earning from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £528 (2014-15: £678), 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS and

<sup>25</sup> <http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

CSOPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

- 4.31. Contributions due to the partnership pension providers at the balance sheet date were £1,126 (2014-15: £990). Contributions prepaid at that date were nil (2014-15: £nil).
- 4.32. One person retired early on ill-health grounds (2014-15: nil), the total additional accrued pension liabilities in the year amounted to £nil (2014-15: £nil).

## Senior civil service staff

Grade	Total
Chair	1
Director	2
Deputy Director	7
	<b>10</b>

## Average number of persons employed

	Permanently employed Number	Others Number	2015-16 Total Number	2014-15 Total Number
Directly employed	280	-	280	302
Other	-	6	6	10
	<b>280</b>	<b>6</b>	<b>286</b>	<b>312</b>

## Staff exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<£10,000	-	-	2	1	2	1
£10,001 - £25,000	-	2	7	10	7	12
£25,001 - £50,000	-	3	3	5	3	8
£50,001 - £100,000	-	-	3	1	3	1
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	<b>-</b>	<b>5</b>	<b>15</b>	<b>17</b>	<b>15</b>	<b>22</b>
<b>Total cost (£000)</b>	<b>-</b>	<b>149</b>	<b>470</b>	<b>417</b>	<b>470</b>	<b>566</b>

- 4.33. There were 15 individuals from the Agency who had agreed departures at a cost to the Department of £470,000 (2014-15: 22 departures total cost £566,000).
- 4.34. In 2015-16, the Department bore and managed centrally the exit costs of staff in the Agency itself. To aid transparency, the Agency also reports in its annual report and accounts information on departure costs and numbers.
- 4.35. During 2015-16, Agency staff could choose voluntary exit under an early departure programme. As part of this programme, the Department meets the additional costs of benefits in respect of employees who retire early and of compensation payments payable to employees who take early severance.
- 4.36. The Department has paid redundancy and other departure costs, on behalf of the Agency, in accordance with the provisions of the civil service compensation scheme, a statutory scheme made under the *Superannuation Act 1972*. The Department has accounted for exit costs in full in the year of departure. Where the Agency has agreed early retirements, the Agency has met the additional costs and not the civil service pension scheme. The scheme has met the ill-health retirement costs.

## **Expenditure on consultancy**

- 4.37. Consultants are hired to work on projects in a number of specific situations: where the Agency does not have the skills set required; where the particular requirement falls outside the core business of civil servants, or where an external, independent perspective is required. When used appropriately, consultancy can be a cost effective and efficient way of getting the temporary and skilled external input that the Agency needs.
- 4.38. Cabinet Office introduced controls on departments' spending in 2010 including spend on consultancy. The Agency is fully committed to applying those controls consistently and robustly.
- 4.39. The Agency spent £nil (2014-15: £nil) on consultancy fees.

## **Part 2: unaudited information**

### **People management**

- 4.40. Our staff are civil servants and are employed by the Department on its terms and conditions. Responsibility has been delegated to me for the recruitment of staff for the Agency within the parameters provided by our agreed budget and the Department's policies and procedures.

- 4.41. The Department's diversity delivery plan covers the Agency. This plan sets out the Department's objective to be an exemplary equal opportunities employer, to create a workplace that values diversity and to be free from unfair discrimination. The Department's policies include explicitly the employment of disabled people, women, lesbian, gay and bisexual people and black and minority ethnic staff. Further information regarding our equality and diversity data is shown in the Department's 2014-15 [annual report and accounts](#)<sup>26</sup>.

## **Employment opportunities, training and development of disabled employees**

- 4.42. We, in line with the Department, have an approach to recruitment and promotion that reflects our commitment to equal and fair opportunity for all. All recruitment processes comply with the *Equality Act 2010*. We use the 'two ticks' Disability Symbol showing we are an employer which has a positive attitude towards applications from disabled people. The Agency also offers a Guaranteed Interview Scheme for all disabled applicants who meet the minimum requirement at sift/test stages. We actively support the use of reasonable adjustments for all stages of the recruitment process as well as for objective setting and managing performance. We monitor declaration rates and actively promote declaration as a means to reducing barriers.

## **Staff relations and communications**

- 4.43. The Agency adheres to all Departmental HR policies and receives regular weekly corporate communications. 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. At Agency level, regular corporate communications help to build commitment to corporate goals. This includes a weekly all staff email from the Director of Programme Delivery, and monthly site briefings led by Deputy Directors on progress against objectives and potential issues and challenges (including external factors). The monthly Programme Boards also alternate between DfE sites to allow Agency staff to attend and observe. Divisional sessions are also held throughout the year which focus on aspects specific to their areas of work. Agency senior civil servants hold teleconferences each week to share information and discuss progress on delivery.

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<sup>26</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/517766/DfE-consolidated-annual-report-and-a-counts-2014-to-2015-Web-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/517766/DfE-consolidated-annual-report-and-a-counts-2014-to-2015-Web-version.pdf)



- 4.44. We have engaged effectively with the Department's Trade Unions (DTUs) regarding significant changes that have affected staff or impact on the work that they do (for example change of contract or site). During the year, the Agency held two staff conferences which gave staff the opportunity to work collaboratively across divisions on corporate priorities and to hear directly from schools about their experiences of the school-led system.
- 4.45. We participate in the Department Grade Development programmes at all levels. They focus on developing and challenging staff that have the ability to move up to the next grade.

### Number of permanent staff at 31 March 2016

Grade	Male	Female	Total
Chair	1	0	1
Director	1	1	2
Deputy Director	5	2	7
Grade 6	5	9	14
Grade 7	16	30	46
Senior Executive Officer	22	37	59
Higher Executive Officer	13	45	58
Executive Officer	24	42	66
Business Support Officer	1	6	7
Executive Assistant	12	7	19
	<b>100</b>	<b>179</b>	<b>279</b>

- 4.46. Our vacancy rate was 9 per cent at March 2016 and we have not exceeded our agreed workforce plan figure for the year.

### Sickness absence

- 4.47. Figures at 31 March 2016 showed that the average number of working days lost through sickness absence was 5.9 per FTE; a 0.3 increase from the figures for the year end 31 March 2015.

### Review of tax arrangements of public sector appointees

- 4.48. As part of the *Review of Tax Arrangements of Public Sector Appointees* published by the Chief Secretary to the Treasury on 23 May 2012, Departments were directed to publish: Information pertaining to the number of off-payroll engagements, at a cost of over £58,200 that were in place on, or after, 31 January 2012; and any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2013 and 31 March 2014.

4.49. The tables on the following pages set out this information:

**Off-payroll engagements as of 31 March 2016, greater than £220 per day which last longer than six months.**

	Number
Number of Existing engagements as of 31 March 2016	40
<b>Of Which the number that have existed for:</b>	
less than one year at time of reporting.	-
between one and two years at time of reporting,	6
between two and three years at time of reporting,	34
between three and four years at time of reporting,	-
four or more years at time of reporting.	-
	<b>40</b>

4.50. All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

**New off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months.**

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	6
<b>No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations.</b>	
No. for whom assurance has been requested.	6
<b>Of which:</b>	
No. for whom assurance has been received.	5
No. for whom assurance has not been received.	1
No. that have been terminated as a result of assurance not being received	-
	<b>6</b>

- 4.51. In any cases, where, exceptionally, the Department has engaged without including contractual clauses allowing the department to seek assurance as to their tax obligations – or where assurance has been requested and not received, without a contract termination – the Department should set out the reasons for this.
- 4.52. Where an individual leaves after assurance is requested but before assurance is received this should be included within “No. for whom assurance has not been received”.
- 4.53. Personal details of all engagements where assurance is requested but not received, for whatever reason, except where the deadline for providing assurance has not yet passed, should be passed to HMRC for further investigation.
- 4.54. Instances where Departments are still waiting for information from the individual at the time of reporting should be reported as “No. for whom assurance has not been received.”

**Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016.**

	Number
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	-

# 5 Parliamentary accountability and audit report

## Part 1: audited information

### Losses and special payments

- 5.1. There were no losses or special payments in the year to 31 March 2016 (2015: £nil).

### Contingent and remote contingent liabilities

- 5.2. There were no contingent or remote contingent liabilities in the year to 31 March 2016 (2015: £nil).

## Part 2: unaudited information

### Auditor's remuneration

- 5.3. The C&AG appointed by statute audited these accounts and his certificate and report appears on pages 61 to 62 The notional audit fee incurred for the year was £76,000 (2014-15: £70,000) and relates to the statutory audit of the Agency's accounts (including the audit fee for consolidation). The NAO, as the Agency's external auditors, provided no other services during the year.

### Long term expenditure trends

- 5.4. We are placing continued emphasis on staff to change their ways of working to reduce the travel and subsistence expenditure of the Department. We will be conducting more of our work using teleconferencing, webinars, video conferencing and Microsoft meeting (this software enables a group of employees to meet virtually and work collaboratively on a single document).
- 5.5. As part of the DfE spending review 2016-17 to 2019-20, the Agency settlement included funding to support 800 more national leaders of education to continue driving up performance in schools. Increased funding was also made available for teacher training to deliver the English Baccalaureate and more specialist STEM teachers.

**Sinead O'Sullivan**  
**Accounting Officer,**

5<sup>th</sup> July 2016

# The certificate of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the National College for Teaching and Leadership for the year ended 31 March 2016 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 and staff report and the Parliamentary accountability and audit report that is described in those reports and disclosures as having been audited.

## **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Director of Delivery 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 the National College for Teaching and Leadership's affairs as at 31 March 2016 and of the comprehensive net expenditure 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 parts of the Remuneration and staff report and the Parliamentary accountability and audit report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance report and Accountability report 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 parts of the Remuneration and staff report and the Parliamentary accountability and audit 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  
8 July 2016  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Accounts

## Statement of comprehensive net expenditure

for the year ended 31 March 2016.

	Note	2015-16 Total £000	2014-15 Total £000
<b>Income</b>			
Income	6	(4,386)	(4,954)
<b>Total operating income</b>		<b>(4,386)</b>	<b>(4,954)</b>
<b>Expenditure</b>			
Staff costs	3	13,988	15,197
Grant expenditure	4	305,006	297,181
Purchase of goods and services	5	89,209	74,854
Operating expenditure	5	9,589	11,810
<b>Total operating expenditure</b>		<b>417,792</b>	<b>399,042</b>
<b>Comprehensive net expenditure for the year</b>		<b>413,406</b>	<b>394,088</b>

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

The Agency recognised no items of Other Comprehensive Net Expenditure during either year.

The notes on pages 67 to 75 form part of these accounts.

# Statement of Financial Position

as at 31 March 2016

	Note	2016 £000	2015 £000
<b>Current assets</b>			
Receivables	7	8,742	10,080
<b>Total current assets</b>		<b>8,742</b>	<b>10,080</b>
<b>Total assets</b>		<b>8,742</b>	<b>10,080</b>
<b>Current liabilities</b>			
Payables	8	(27,538)	(24,911)
<b>Total current liabilities</b>		<b>(27,538)</b>	<b>(24,911)</b>
<b>Total assets less current liabilities</b>		<b>(18,796)</b>	<b>(14,831)</b>
<b>Non-current liabilities</b>			
Provisions	9	(1,874)	(1,874)
<b>Total non-current liabilities</b>		<b>(1,874)</b>	<b>(1,874)</b>
<b>Total assets less total liabilities</b>		<b>(20,670)</b>	<b>(16,705)</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		(20,670)	(16,705)
<b>Total taxpayers' equity</b>		<b>(20,670)</b>	<b>(16,705)</b>

**Sinead O'Sullivan**  
Accounting Officer

5<sup>th</sup> July 2016

The notes on pages 67 to 75 form part of these accounts.



# Statement of Cash Flows

for the year ended 31 March 2016

	2015-16 £000	2014-15 £000
<b>Cash flows from operating activities</b>		
Net operating cost	(413,406)	(394,088)
Adjustment for non-cash transactions	2      8,995	11,161
Decrease/(increase) in receivables	7      1,338	20,611
Increase/(decrease) in payables	8      2,627	(13,138)
<b>Net cash outflow from operating activities</b>	<b>(400,446)</b>	<b>(375,454)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	-	-
<b>Net cash outflow from investing activities</b>	-	-
<b>Cash flows from financing activities</b>		
From the Consolidated Fund current year	400,446	375,454
<b>Net cash inflow from financing activities</b>	<b>400,446</b>	<b>375,454</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>	-	-
<b>Cash and cash equivalents at beginning of year</b>	-	-
<b>Cash and cash equivalents at end of year</b>	-	-

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.

The notes on pages 67 to 75 form part of these accounts.

# Statement of changes in taxpayers' equity

for the year ended 31 March 2016

	Note	General Fund £000
<b>Balance at 1 April 2014</b>		<b>(9,232)</b>
Net Parliamentary Funding		375,454
Comprehensive expenditure for the year		(394,088)
<b>Non-cash adjustments</b>		
Recharge of shared services	2.2	11,091
Auditor's remuneration	2.2	70
<b>Balance at 31 March 2015</b>		<b>(16,705)</b>
Net Parliamentary Funding		400,446
Comprehensive expenditure for the year		(413,406)
<b>Non-cash adjustments</b>		
Recharge of shared services	2.1	8,919
Auditor's remuneration	2.1	76
<b>Balance at 31 March 2016</b>		<b>(20,670)</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 notes on pages 67 to 75 form part of these accounts.

# Notes to the Accounts

## 1 Accounting policies

These accounts have been prepared in accordance with the 2015-16 *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 2015-16 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.

### 1.2 Going concern

The Agency is an executive agency of the Department for Education, hereafter referred to as the Department. The Department's estimates and forward plans include provision for its continuation. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

### 1.3 Adoption of amendment to FReM

The Agency has adopted the amendments to FReM in this financial year. The most significant changes have been to the following:

- Staff cost are shown in note 3, however staff numbers and related costs are now also shown in the Remuneration Report within the Accountability Section of the Annual Report.
- SoCNE, we are no longer required to show the split of programme and admin costs or the respective staff and other expenditure split.
- The notes no longer require an analysis of admin or programme expenditure; these have been consolidated into the note on expenditure.
- The statement of operating costs by operating segment requires the prior year analysis to be shown.

# 1. Accounting policies (continued)

## 1.4 Expenditure

Comparative numbers have been represented in line with the revised FReM requirements which remove the requirement to analyse the Agency's spend between programme and admin. The Management and Group Management are providing an analysis on the basis of Grant and Non Grant expenditure. The data for 2014-15 has been re-categorised to provide comparative data; there has been no reinstatement of the data.

Further information can be seen in notes 4 and 5

## 1.5 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.

## 1.6 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 ongoing basis.

## 1.7 Financial instruments

### 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. 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.

### 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.

# 1 Accounting policies (continued)

## 1.8 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.

## 1.9 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.

## 1.10 Operating income and non-grant expenditure

The Agency recognises income and non-grant expenditure on an accruals basis. Income is stated net of recoverable VAT.

## 1.11 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 provider is successful in their grant application. 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 notification of a successful grant application is deemed to be the only appropriate and measurable activity that truly creates an entitlement for the recipient.

# 1 Accounting policies (continued)

## 1.11 Grants (continued)

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.

## 1.12 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.

## 1.13 Value Added Tax

Most of the activities of the Agency are outside the scope of VAT. However, the Agency sits within the Department's group VAT registration allowing for the 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. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

## 1.14 Corporation Tax

The Agency is exempt from corporation tax.

## 2 Statement of operating costs by operating segment

For both management and financial reporting purposes, the Agency was split into two Directorates: Operations and Delivery. The teams that report into these Directorates are detailed in the organisation chart under paragraph 1.16. These are each classed as reportable segments for the analysis required by *IFRS 8: Operating Segments*.

The Department controls the budget for the shared service recharge and the Audit Fee, therefore there is no budget allocated to the Agency in this respect.

### 2.1 2015-16

	Operations £000	Delivery £000	Admin £000	Total £000
Gross expenditure	49,587	346,419	12,791	408,797
Income	13	(4,213)	(186)	(4,386)
<b>Budget Net expenditure</b>	<b>49,600</b>	<b>342,206</b>	<b>12,605</b>	<b>404,411</b>
Shared Service Recharge	-	-	8,919	8,919
Audit Fee	-	-	76	76
<b>Total Notional Recharges</b>	<b>-</b>	<b>-</b>	<b>8,995</b>	<b>8,995</b>
<b>Net expenditure</b>	<b>49,600</b>	<b>342,206</b>	<b>21,600</b>	<b>413,406</b>

During 2015-16 two directorates; Strategy & Policy and External Engagement & Delivery, have changed from Delivery in 2014-15 to Operations in 2015-16 due to an updated organisational structure this year.

### 2.2 2014-15

	Operations £000	Delivery £000	Admin £000	Total £000
Gross expenditure	26,649	342,906	18,326	387,881
Income	(1,170)	(3,736)	(48)	(4,954)
<b>Budget Net expenditure</b>	<b>25,479</b>	<b>339,170</b>	<b>18,278</b>	<b>382,927</b>
Shared Service Recharge	-	-	11,091	11,091
Audit Fee	-	-	70	70
<b>Total Notional Recharges</b>	<b>-</b>	<b>-</b>	<b>11,161</b>	<b>11,161</b>
<b>Net expenditure</b>	<b>25,479</b>	<b>339,170</b>	<b>29,439</b>	<b>394,088</b>

### 3 Staff costs

	Permanently employed £000	Others £000	2015-16 Total £000	2014-15 Total £000
Wages and salaries	10,532	372	10,904	11,885
Social security costs	869	3	872	1,012
Pension costs	2,205	7	2,212	2,300
<b>Staff Expenditure</b>	<b>13,606</b>	<b>382</b>	<b>13,988</b>	<b>15,197</b>
Less recoveries in respect of outward secondments	(186)	-	(186)	(48)
<b>Net Staff Costs</b>	<b>13,420</b>	<b>382</b>	<b>13,802</b>	<b>15,149</b>

### 4 Grant expenditure

	2015-16 £000	2014-15 £000
Teacher recruitment	228,003	203,274
CPD and leadership	49,930	56,688
Educational psychology	1,917	1,868
School improvement	16,067	17,655
STEM	6,358	528
Repayment of teacher loans	2,205	9,813
School grants	526	7,055
Capital grants	-	300
	<b>305,006</b>	<b>297,181</b>



## 5 Other expenditure

	2015-16 £000	2014-15 £000
Programme expenditure	61,157	46,499
Professional services	19,832	19,362
Advertising and publicity	6,301	4,925
Other expenditure	1,919	4,068
	<b>89,209</b>	<b>74,854</b>
<b>Other current expenditure</b>		
Research and development	586	649
Other expenditure	8	-
<b>Non-cash items</b>		
Shared services recharges	8,919	11,091
Auditor's remuneration	76	70
	<b>9,589</b>	<b>11,810</b>
	<b>98,798</b>	<b>86,664</b>

## 6 Income

	2015-16 £000	2014-15 £000
<b>Administration income</b>		
Miscellaneous income	<b>186</b>	<b>48</b>
<b>Operational income</b>		
International business	-	1,170
BIS funding of FE ITT bursaries	4,187	3,436
Capital income	-	300
Other income	13	-
	<b>4,200</b>	<b>4,906</b>
	<b>4,386</b>	<b>4,954</b>

## 7 Receivables

	2016 £000	2015 £000
Trade receivables	5,795	7,143
Deposit and advances	7	16
Other receivables	52	61
Prepayments and accrued income	2,888	2,860
	<b>8,742</b>	<b>10,080</b>

## 8 Payables

	2016 £000	2015 £000
Deposits and advances	-	-
Other taxation and social security	236	274
Trade payables	6,440	2,871
Other payables	230	251
Accruals and deferred income	20,632	21,515
	<b>27,538</b>	<b>24,911</b>

## 9 Provision for liabilities and charges

	2016 VAT Provision £000	2015 VAT Provision £000
Balance at 1 April	1,874	1,874
Provided for in-year	-	-
	<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.

## 10 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.

Roger Pope was appointed Chair with effect from 12th October 2015. He is on secondment from his current role as Principal of Kingsbridge Community College, Devon. Total value of payments to his school amounted to £105,000 in 2015-16.

During the year one Deputy Director, Russell Andrews, was a Trustee of Manchester Metropolitan University and a member of its Finance and Resources Committee. The University is considered to be a related party for disclosure under IAS 24. The value of payments amounted to £6.7 million in 2015-16 (2014-15: £7.9 million).

## 11 Events after the reporting period

There have been no events between the Statement of Financial Position date and the date the accounts were authorised for issue requiring an adjustment to accounts.

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

The accounts were authorised for issue by Sinead O'Sullivan (Accounting Officer) on the date they were authorised by the Comptroller & Auditor General.

## Glossary of key terms

Abbreviation or term	Description
Academies	All schools operated by Academy Trusts encompassing academies, Free Schools, University Technical Colleges and Studio Schools
AME	Annually Managed Expenditure
AO	Accounting Officer
ARA	Annual report and accounts
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
CPD	Continuous Professional Development
CSDSD	Children's Services and Departmental Strategy Directorate, a directorate of the Department
CSOPS	Civil Servant Other Pension Scheme
DfE	Department for Education
EA	Executive Agency
EFA	Education Funding Agency
ESD	Education Standards Directorate, a directorate of the Department
EYPS	Early Years Professional Status
EYTS	Early Years Teacher Status
FASC	Financial Audit Sub-Committee
FReM	Financial Reporting Manual
GIAS	Government Internal Audit Service
HEE	Health Education England
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institution
HMT	HM Treasury
IFD	Infrastructure and Funding Directorate, a directorate of the Department
ITT	Initial Teacher Training
KPI	Key Performance Indicator
LA	Local Authority
LLE	Local Leaders of Education
NAO	National Audit Office
NED	Non-executive Director
NCTL	National College for Teaching and Leadership
NLE	National Leaders of Education
NLG	National Leaders of Governance

Abbreviation or term	Description
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
PCSPS	Principal Civil Service Pension Scheme
PPSG	People Programme Sub-Group
QTS	Qualified Teacher Status
RM	Resource Management
SCITT	School Centred Initial Teacher Training
SCS	Senior Civil Servants
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
STEM	Science, Technology, Engineering and Mathematics
TSST	Teacher Subject Specialism Training
UCAS	University and College Admissions Service
UTT	University and Colleges Admission Service Teacher Training
2014-15 & 2015-16	Financial years, ending on 31 March
2014/15 & 2015/16	Academic years, ending on 31 August

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