



General Teaching Council
for England

**Annual Report and
Financial Statements
for the year ended 31 March 2005**

Presented to the House of Commons pursuant to paragraph 15 of Schedule 1 of the Teaching and Higher Education Act 1998 with the accounts, presented on behalf of the C&AG in accordance with paragraph 14 (3) of the Teaching and Higher Education Act 1998

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General Teaching Council For England

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Introduction

This report covers the financial year 1 April 2004 to 31 March 2005. It records how the GTC has pursued the objectives set out in its corporate plan for 2004-07 *Supporting Teacher Professionalism*. It reports on the results of a governance and effectiveness review commissioned by the Council from the Audit Commission and documents the steps taken both to improve the efficiency and effectiveness of the GTC's work and to extend its impact and influence in the public interest.

The GTC's statutory aims are to contribute to improving standards of teaching and the quality of learning, and to maintain and improve standards of professional conduct among teachers, in the public interest.

Three principal statutory functions support those aims.

- The GTC awards qualified teacher status and maintains a register of qualified teachers in England;
- it regulates the teaching profession in partnership with the public and in the public interest;
- it advises government and other agencies on key issues affecting the quality of teaching and learning.

Judy Moorhouse
Chair

Carol Adams
Chief Executive

General Teaching Council For England

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Registration

At 31 March 2005 there were 525,000 qualified teachers on the GTC Register, which also holds details of more than two million individuals who have ever held a teacher number.

During 2004-05, action has continued to develop the accuracy of the register by working closely with Local Education Authorities (LEA), and providing regular opportunities for teachers to update their personal details. It is estimated that the data on some 150,000 teachers changes each year as they move house, change jobs or need to amend their personal details for other reasons. All personal data is managed strictly in accordance with data protection legislation.

A series of face to face meetings with LEA officials has contributed to demonstrably improved data. The GTC's teacher enquiry service plays a vital role in responding promptly to teachers' enquiries. More than 100,000 telephone queries were answered in year, as well as 15,000 queries by letter or email. A further 70,000 detailed enquiries were dealt with by the teachers' qualifications and registration teams.

The Audit Commission acknowledged the successful investment of time and effort by the GTC in developing the accuracy of the Register. A step change in the reliability and responsiveness of the GTC's database was sought through a major ICT investment in 2004-05 in a new customer relationship management system. This is reported in more detail at page 10.

During the year the GTC answered around 5,000 access enquiries from employers on the registration status of teachers.

Registration by teachers in the independent sector is voluntary. Around a quarter of independent sector teachers have chosen to register and the GTC has continued to work with its representatives from the independent sector to encourage further registration and engagement.

Awarding Qualified Teacher Status

The Council is responsible for the award of Qualified Teacher Status (QTS). In addition to issuing QTS certificates to new entrants to the profession from initial teacher training, the GTC is responsible for verifying the qualifications of teachers from the European Economic Area and overseas.

The accession of 10 new countries to the European Union in May 2004 has resulted in an expansion of GTC activity in this area. Nearly 200 applications per month are received from European Economic Area (EEA) nationals.

The following table shows the number of QTS certificates awarded by the GTC last year.

Type of QTS Award	Number
ITT College exit process	27,606
Scotland	215
Northern Ireland	65
EEA	938
Flexible post graduate route	600
Graduate/registered teacher programme	5,039
Overseas trained teachers	906
Awards resulting from archive work	1,295
Total	36,664

QTS has been awarded according to statutory timescales, with GTC staff working in close liaison with initial teacher training institutions, the Teacher Training Agency (TTA) and employers.

Around 75 per cent of the 37,000 teachers who have been awarded their QTS, came through the college exit route. In addition to the provision of QTS certificates and explanatory material for newly qualified teachers, preparations began for the creation of a new professional network, *Engage*, to support teachers at the start of their careers. The network will launch in September 2005.

During the course of the year, senior members of the Professional Standards team met LEA induction co-ordinators to disseminate the lessons the GTC has learned from its induction appeals about the level and type of support newly qualified teachers need from LEAs and schools. Further written advice will be published in the summer of 2005.

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Registration

Research using the GTC Register

The Register has already become an authoritative tool for research but information on disability and ethnicity will be an important addition to the data held. The GTC has been successful in securing details on ethnicity from 80 per cent of newly qualified teachers when they first register.

Information on established teachers remains patchy but the GTC is in dialogue with the DfES on the development of the Schools Workforce Common Basic Data Set which will start to gather this information from 2007.

Teacher attitude survey

For the second year, the GTC awarded the contract for its annual teacher attitude survey to the National Foundation for Educational Research (NFER). The GTC has drawn on the findings of its 2004 survey to inform its policy work throughout the year. The 2005 survey, again drawn from a sample of 10,000 teachers from the GTC Register, was conducted in March and April 2005 and will report in June 2005.

Provisional registration and suitability

Work continues on schedule to develop a scheme of provisional registration for trainee teachers and overseas trained teachers and suitability criteria for all new registrants by September 2005.

Registration for teachers in academies

During the year, a difficulty arose that has important implications for the public interest. The Government does not currently intend to require qualified teachers working in the new, independently managed academies to register with the GTC. The GTC has pursued this issue with successive schools ministers with the aim of securing a change of approach because it believes that registration is a vital safeguard of the public interest. Registration with the GTC gives employers and parents the assurance that their children are being taught by qualified teachers of good standing. The Council does not believe that parents choosing an academy for their child have consciously opted out of the safeguards in place for children in the maintained sector.

Twelve national education organisations joined the GTC in pressing the case for all children in publicly funded schools to benefit from the protection offered by professional registration and by a professional standards and regulatory framework. These were the National Governors Council; National Confederation of Parent Teacher Associations; National Association of School Governors; Catholic Education Service; Church of England Board of Education; Association of Teachers and Lecturers; National Association of Head Teachers; National Association of Schoolmasters/Union of Women Teachers; National Union of Teachers; Professional Association of Teachers; Secondary Heads Association and Universities Council for the Education of Teachers.

By the end of the year, 66 MPs had signed an Early Day Motion asking Government to reconsider and the Council will pursue this issue with the new Parliament.

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Regulation

The GTC's regulatory procedures have continued to develop in the light of experience. Hearing committees now have access to indicative sanctions guidance which is designed to ensure consistency and fairness in decision making. In March 2005, the GTC heard its 100th disciplinary case.

During the year, 322 cases were referred to the GTC, of which, 135 have so far been considered by the Investigating Committees. Their task is to establish whether there is a prima facie case of unacceptable professional conduct or serious professional incompetence or that it appears that a teacher has been convicted of a relevant criminal offence. Referrals are made throughout the year and the outcomes of those received closer to the end of the year will be documented in future reports. Of those considered, 31 were referred for a disciplinary hearing, 96 were found to have no case to answer and eight have been adjourned for further investigation. Of the remaining 187 cases, 10 fell outside the GTC's remit, leaving 177 cases at the year end still in the course of being prepared to go before an Investigating Committee.

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

Forty hearings were concluded in 2004-05 from cases referred from Investigating Committees during the current year or carried forward from previous years. Sanctions were imposed in 34 out of 40 cases. Six prohibition orders were issued. Conditional registration orders were imposed on 19 teachers. One teacher was suspended and another suspended with conditions attached to the suspension. Seven teachers were reprimanded. In two cases, no sanction was applied; in a further three cases the committee found that the teacher was not guilty and one teacher applied unsuccessfully to re-register with the GTC following a previous prohibition order.

Induction appeals

The GTC also hears appeals by teachers who have failed their induction period but believe that the decision of their employer was incorrect. Fourteen induction appeals were concluded during the year. One appeal was upheld and five teachers were given an extension to their induction period, providing them with a further opportunity to show that they will be able to meet induction standards. The remainder were dismissed.

The Registration and Regulation Committee has monitored the GTC's regulatory work, including the time taken to schedule and complete cases. The Inquiry conducted by Dame Janet Smith into the Shipman murders poses questions for all regulators about the appropriateness of existing regulatory governance arrangements.

This issue was raised by the Audit Commission in its review, see page 9 and has been referred to a Council working group for consideration.

Professional standards

In July 2004, Council approved a Code of Conduct and Practice after widespread consultation with the profession and partners. The Code is a statement of the minimum standards required of registered teachers and underpins the GTC's regulatory work. The Code was circulated to all teachers via the GTC's autumn 2004 magazine and came into force on 1 November 2004. It was issued as a stand-alone document to all schools and LEAs in November. In accordance with the regulations made under Section 5 of the Teaching and Higher Education Act 1998, the Code of Conduct and Practice is issued to all teachers on first registration.

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Advice

The GTC's policy advisory programme

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

Formal advice submissions and consultation responses

During the year formal advice was submitted to the Secretary of State in respect of school self evaluation and accountability and on pupil assessment. The GTC responded to formal consultation documents from the DfES, the Teacher Training Authority (TTA) and others and submitted a memorandum of evidence to the Education and Skills Select Committee on Every Child Matters.

This advisory work is summarised in the table below:

Subject	Consulting Agency or Department	Date
Child Protection	DfES	April 2004
The Future of Inspection	Ofsted	April 2004
Procedures for Statutory Appeals and Statutory Review	Department for constitutional affairs	May 2004
National Standards for Head Teachers	NCSL	June 2004
School Profile Consultation	DfES	June 2004
Teacher Retention	GTC advice to the Secretary of State	Sept 2004
School Self-Evaluation (SSE) and Accountability	GTC advice to the Secretary of State	October 2004
Pupil Assessment	GTC advice to the Secretary of State	October 2004
Every Child Matters	Education and Skills Select Committee	October 2004
Common Assessment Framework	DfES	November 2004
Allegations Against Teachers	DfES	November 2004
New TTA Remit for CPD	TTA	December 2004
Framework for Inspecting Schools	Ofsted	February 2005
Induction Regulations NQTs	TTA	February 2005
NQT Induction Guidance	TTA	March 2005
Excellent Teacher Status	GTC advice to the Secretary of State	March 2005

Summaries and greater detail on the content of this advice may be accessed via the GTC website.

Research evidence

The GTC is committed to evidence based policy recommendations. Its research team marshals available published evidence and works with partner organisations to sponsor and disseminate research in support of its advisory remit and to encourage research informed teaching practice.

In June 2004, the GTC sponsored a very well received supplement in the Times Educational Supplement for teachers keen to use research more widely in the classroom.

The GTC continued its support for the National Teacher Research Panel and continued to develop its popular Research of the Month feature on the website. In 2004-05 it supported research into the "research engaged school"; effective professional learning communities and the education needs of asylum seeking and refugee children. Each of these reports is scheduled for publication in the summer of 2005.

The GTC is also a partner in a major longitudinal cohort study of those entering teaching running from 2003 to 2009. The findings from this study will be used by all partners, including the DfES, to inform approaches to initial teacher education in the future.

The annual teacher attitude survey is a major resource for the GTC and its partners. The 2004 survey uncovered major gaps in the provision of continuing professional development (CPD) opportunities for teachers but confirmed a very positive picture of a profession which draws its primary motivation and inspiration from working with children.

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Advice

Continuing professional development

The GTC is committed to supporting the development needs of teachers throughout their careers. It has pursued this through dialogue with the TTA and initial teacher training providers and by building its network for CPD leaders, *Connect*. This network now has more than 7,000 teachers, with one in five schools participating in its programme of newsletters, seminars and on line discussion. Work began during the year for the launch of a third electronic network, *Engage*, specifically geared to the needs of teachers in the first five years of their careers.

The GTC's objectives were further pursued through the dissemination of lessons from the GTC's nine LEA/CPD projects, work with a new partner group of LEAs and the continuation and strengthening of the Teacher Learning Academy (TLA) pilot.

Building on the success of its original CPD projects, the DfES commissioned the GTC to work with teachers and schools in 25 further LEAs to develop local models for CPD that support teachers' practice and school and LEA improvement programmes. It has co-sponsored and helped to disseminate research into effective CPD.

The GTC produced two further leaflets in the Teachers Professional Learning Framework series. These were developed in partnership with practising teachers.

Addressing inequality

The objective to support the career development of black and minority ethnic teachers and to address inequality in achievement has been pursued through the launch of the *Achieve* network. This network, launched in London, where half of England's black and minority ethnic teachers work, provides an electronic newsletter, project groups and discussion forums for teachers committed to promoting race equality and diversity in schools. It had recruited more than 1,000 teachers by the end of the year.

The results of the GTC sponsored research into the retention of older teachers, conducted in partnership with SAGA and the University of Canterbury was disseminated to the GTC's 525,000 registrants through the spring 2005 edition of the GTC magazine.

Assessment

The GTC has undertaken a major piece of development work in the area of school self evaluation and assessment. Evidence was gathered through a series of seminars involving teachers, policymakers, the research community and local education authorities and culminated in formal advice to the Secretary of State for Education and Skills approved by Council in July 2004.

Work to promote the GTC's proposals for reforming and strengthening the assessment framework continued in the autumn of 2004 and spring of 2005 with a major national conference on accountability and the production of briefing materials for schools and partners.

Reform of the curriculum and assessment system for 14 to 19 year olds has been at the forefront of debate during 2004-05. The GTC submitted evidence to the 14 - 19 Group led by Sir Mike Tomlinson, supporting proposals for a radical reform of the qualifications and curriculum offered to young people.

Council backed the proposal for a national diploma that would stretch the most able, recognise the achievements of less able children and move towards parity of esteem for vocational and academic qualifications. It was particularly concerned to ensure change should extend opportunities for young people and not lead to a narrowing of subject choice at the age of 14 with detrimental effects on career choices and gender equality in adulthood.

The GTC will continue to work with all parties on the implementation of the reform group's and the Government's proposals for this age group

The impact of the Children Act

The GTC has worked with the General Social Care Council and the Nursing and Midwifery Council to identify opportunities for collaboration between children's service professionals in the light of the Children Act 2004. Successful multidisciplinary seminars, involving teachers, social workers, nurses and health visitors were held in Huddersfield and St Albans in July 2004 and January 2005 and a working dialogue on professional standards continues.

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Communications

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

The GTC has worked to improve the quality of the publications offered to teachers in order to provide useful, accessible information without overburdening busy practitioners. In response to teacher preferences identified through independent evaluation, Council agreed that its magazine should be produced termly. 2004-05 is the first full year of termly publication. In addition to material produced for teachers, in September, the GTC produced a briefing note for governors on CPD, in partnership with the National Governors Council.

The GTC's major investment in ICT in 2004-05, summarised on page 10, will enhance the GTC's customer service capabilities and will offer new communications options in the future. As part of the investment, the GTC's website has been redeveloped. It has a new content management system, improved design, updated content and new interactive services that will give teachers and other visitors more choice about how they communicate with, and receive information from, the GTC. In its review, the Audit Commission (see page 9) identified scope for improvement in the current website, whilst recognising that development work to address these was in hand and scheduled for launch in March 2005.

In particular the Audit Commission urged the GTC to develop a comprehensive access strategy for the website, the content of which has until now been geared primarily to the teacher audience.

The original website continued to develop during the period of preparation and development of the new website. It supported two electronic professional networks, *Connect and Achieve*, which each provide four electronic newsletters per year and regular email updates to network members.

Conferences and seminars are an important mechanism for the Council to disseminate its work and test opinion. During June and November 2004, the GTC held a series of eight regional conferences, attracting more than 2,000 teachers, at which recent research and the lessons of its CPD partnership projects were disseminated. A national conference on accountability, held in November, gave teachers, LEA advisers and policymakers a well received opportunity to debate emerging trends in school accountability.

As part of the internal service review process, the GTC's events programme was reviewed and evaluated. All but one event had met or exceeded its attendance targets, with participants finding the events worthwhile and valuable. A substantial contribution is made towards supply cover costs for daytime teacher events in order to avoid disadvantaging schools. The events review confirmed that this practice should continue but be kept under review.

Media profile is a highly effective method of raising awareness of the GTC's work. The GTC's regulatory hearings are reported regularly and largely accurately in the education and regional press. Its advisory work is much less well reported but progress has been made in strengthening the media team, securing a higher profile for the Chair and Vice Chair of Council and in features coverage. The Audit Commission's review noted improvements in the GTC's media profile.

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Resources and Organisational Management

Council induction and development

The results of the election for 25 teacher Members of Council to serve on Council from September 2004 were announced on 6 April 2004. In parallel with the election process, the 15 education organisations and six teacher associations represented on Council were asked to select or re-nominate Members. Twenty seven new Members joined the Council as a result of the election or nomination process, with one further new Member joining through the public appointments process.

The level of participation in the electoral process was disappointing. Only 10 per cent of registered teachers exercised their vote. This may reflect broader societal trends but is a matter of concern to the Council. Participation in the categories, such as special education needs and primary head teachers, where only one candidate was to be elected, was higher at 22 per cent and broadly in line with turn out in comparable professional organisations.

The GTC made it a priority to invest in the training and induction of new Members, through joint development sessions with continuing members, to ensure a shared approach to decision making within the full 64 Member Council. New Members were trained in the GTC's regulatory procedures in May 2004 and full Council induction and development sessions were held in July and September.

Learning from the experience of its first four years of operation, Council made a number of changes to its governance structure. Council had decided in March 2004 that the term of office for the Chair and Vice Chair of Council should be extended to two years with effect from September 2005, with elections in May 2005, to provide employers with half a term's notice to arrange absence cover. Council will hold four meetings per year, two of which will be held over two days to facilitate Member development. It adapted its committee structure, creating three major committees, Resources and Planning, Policy and Research and Registration and Regulation as well as maintaining an Audit, Monitoring and Review committee. A series of working groups was established to allow Members to focus in more detail on specific areas of education policy, some of which may be time limited, and on communications. The effectiveness of the new committee arrangements will be reviewed after one year of operation in the autumn of 2005.

The Audit Commission review

More fundamentally, Council decided to seek an independent review of the GTC's governance and effectiveness, in order to plan its forward work as effectively as possible.

That review was undertaken by the Audit Commission in November 2004 and reported to full Council in January 2005.

The review covered four areas, the Council's structures and processes; stakeholder focus and impact; internal controls leadership, culture and standards of conduct; and the organisation's capacity to drive improvement. It concluded that the organisation has sound regulatory procedures, an accurate register and good quality policy work that are valued by participating teachers and local education authorities. The organisation is well managed, with committed professional staff, a strong improvement ethos and good internal procedures and controls.

The Audit Commission observed that the GTC has yet to achieve the impact it aspires to with teachers and Government. It advised the Council that the organisation needs to build up its relations with external stakeholders and should review the balance and focus of its forward work. It stressed the importance of communicating its policy objectives more clearly. Whilst noting the quality of its policy advisory work, the Audit Commission felt that the GTC must avoid the perception that some of its work duplicates the work of other agencies.

Work is in hand to strengthen the impact and effectiveness of the GTC's policy work with key partners including the DfES. Its work on assessment and accountability was subject to a rigorous internal review which identified lessons that can be applied more generally to the future delivery of the GTC's policy programme.

The Commission further recommended that the GTC should consider whether the size and structure of the Council and the balance of teacher and lay representation needs to be amended. It urged the Council to consider the implications for its regulatory procedures of Dame Janet Smith's inquiry into Shipman. The Commission said that, given the size of Council (64 members) it would work more effectively with an Executive Committee. It questioned whether the Council needs reserved seats for teacher union nominees and warned that public criticism of the GTC by one teacher union is undermining its reputation.

The organisation's ICT investment and development strategy was commended, as was the progress made in developing an accurate register and the strength and quality of the Council's regulatory procedures and training.

It noted that the GTC's publications and website are primarily geared to the teacher audience and argued that it needs to develop a comprehensive access strategy for all stakeholders who wish to communicate with the GTC.

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Resources and Organisational management

Council received the Audit Commission's recommendations at its meeting in January 2005. It agreed to establish a working group consisting of the Chair and Vice Chair of Council, the Chairs of its four major committees, two elected teacher Members and two lay Members representing pupils and parents. The working group met in March and will meet throughout the summer term to prepare recommendations for the July 2005 Council meeting.

The Audit Commission Report is published on the GTC website.

Investment in ICT

The GTC embarked upon a major and ambitious investment and improvement in its ICT facilities in 2004-05, geared primarily to improving its ability to work and communicate more effectively with teachers, employers and other partners.

An external review conducted for the GTC in 2002 recommended that the Council develop a comprehensive strategy for investment in its ICT infrastructure. This process began in October 2003, with Council approving an aggregate investment of £9 million over five years. The investment covered new hardware, software, implementation, development and the costs of support and maintenance over the five year period. Funding for the development has been drawn from the GTC's own financial resources and reserves, built up for this purpose, as the GTC currently has no powers to borrow externally for capital requirements.

The Council recognised that there would be considerable costs and decreased efficiency if this investment was not made, since the systems infrastructure inherited from the DfES was no longer fit for purpose.

The GTC used the DfES procurement framework agreement to secure the services of Capgemini as its implementation partner. A rigorous process was conducted to identify systems requirements and options, and then to short list and interview suppliers. A database customer relationship management system was commissioned from Oracle and a website content management system from Mediasurface. A third party independent consultant, PKF, was engaged to verify the GTC's procurement process; assess achievements against the project's key goals and milestones and to support the work of the Implementation Steering Group led by two Council Members. The quality of the project planning and the robustness of the procurement process were commended by the Audit Commission in its review.

By the end of March 2005, the GTC was close to "going live" with the two new and interrelated ICT systems. The Oracle database came into use in April 2005 and the new website and content management system in May 2005. The project has been managed on budget and went live within a month of the planned schedule.

Once fully operational, the new system will provide a single source of accurate information on the registration status of more than 500,000 teachers and hold the records of the two million people who have worked as teachers; hold QTS; once entered teacher training or have a teacher number. It will allow employers password protected access to the records of teachers in their employment and provide a faster, more responsive service to, and communication with, teachers and other partners.

Office relocation

During 2004-05, the leases on its Birmingham and London offices expired and new accommodation was leased and fitted out. In addition to providing suitable accommodation for the GTC's staff, the new offices have the advantage of providing dedicated and custom designed hearings suites on site in Birmingham for its regulatory hearings and improved meeting facilities in the London offices, reducing the costs involved in hiring outside venues.

Investors in people

The GTC is committed to equal opportunities, to fair employment practices and to investing in the development of its staff. The GTC continued its manager and staff development programme and the development of its human resources policies, in consultation with the recognised trades unions. The organisation is working towards Investors in People status as a well established mechanism for ensuring that its approach to staff development secures real improvements in effectiveness. By the end of the year, it had submitted its assessment documentation. Initial feedback confirmed that the GTC had met 11 of the 12 indicators of good practice. It will apply to be reassessed on the final indicator in the autumn of 2005.

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Financial Review

Internal controls

The GTC's system of internal controls has been reviewed by its management and auditors under its annual audit processes. The Chief Executive, as part of these annual statements, is able to offer a full assurance on the effectiveness of the systems of internal control. This includes an effective and comprehensive system for risk identification and management.

Income

Income for the year was £16.92m, a 3 per cent increase on the previous year. The GTC no longer receives or is supported by Grant-in-Aid from the Government with 95 per cent of its income now coming from registration fees. Other income relates to a number of specific grants, the largest of which are from the DfES to fund the processing of teacher qualifications and the partnership project with 25 Local Education Authorities (LEA) to develop local models for continuing professional development (CPD).

The chart below shows the improvement in fee recognition and collection over the three years of fee collection and reflects the major improvements made in the quality of data on the Register of Teachers.

	2004-05	2003-04	2002-03
Number of fees recognised as income	519,100	512,600	466,000
Number of in year fees collected in year	483,000	460,000	391,000
Percentage of fees collected in year	93%	90%	84%

The GTC continues to collect from debtors who owe fees from previous years. In total 90 per cent and 94 per cent of the fees relating to 2002-03 and 2003-04 respectively have now been collected.

Over 53 per cent of teachers pay their fee directly to the GTC. The remainder pay via employer salary deduction. The GTC's preferred method of payment is direct debit, as this is the most cost effective method and reduces the percentage of the fee that is spent on collection. The number of teachers paying by Direct Debit continues to increase with over 190,000 teachers using this method to pay their fee in 2004-05. Feedback from liaison work with LEAs indicates that collecting fees via payroll salary deduction uses significant resources and is an inefficient process for them as it is for the GTC. The GTC wishes to continue to work with LEAs to reduce this burden.

Expenditure

During the year, expenditure on operational costs (excluding notional interest) was £16.73m, a 30% increase on the prior financial year. Areas of significant variation compared to the prior financial year are as follows:

- ICT strategy: the revenue costs of the implementation of the new ICT strategy during the year were £1.89m. These costs are in line with the original budget and alone account for a 10% increase in the expenditure but will not be a recurring cost. The project is funded from brought forward reserves, rather than income generated in the year. (The capital costs of the implementation amounting to £4.11m have been capitalised and are shown as assets under construction within fixed assets).
- Premises: during the year the leases on both of the existing London and Birmingham offices ended and the GTC moved into two new premises. The increase is due to the higher annual rent and service charges of the improved facilities and as a result of the costs of the relocation to the new offices.
- GTC magazine and publications: the costs in the current year relate to the publication of three teacher magazines, compared with only two in the prior year.
- Council and Committee costs: the prior year included the significant costs of holding the elections for 25 teacher Council Members.
- Publicity and public relations: the current year expenditure includes the costs of sponsoring a supplement published in the Times Education Supplement and the costs of engaging a consultant to help strengthen the GTC profile and communication strategy.

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Financial Review

Staff costs have increased by 30 per cent as the GTC's workload increases, partly reflecting the full year cost of staffing changes in 2003-04. The full time equivalent number of employees averaged 176 for the year. The principal changes from the prior year were:

- additional seconded teacher Link Advisers and support staff employed within the Policy team to work with teachers and LEAs, including the delivery of the new DfES grant funded CPD project;
- temporary agency staff who have been used to support GTC staff who have contributed to the implementation of the ICT strategy;
- professional standards as additional regulatory cases are managed;
- additional in house legal staff, whose employment yielded overall savings in the cost of legal advice.

Surplus for the Year

The retained surplus for the year was £0.58m and has been transferred to reserves.

Treasury Management

The Council receives payment for the bulk of its fees in the first quarter of the year. It prudently invests these cash reserves in money market deposits in low risk (B+ and above rated) investments with high street banks. All its investments are in sterling and gave rise to interest receivable of £518,000 for the year.

Current legislation does not allow the GTC to borrow. Therefore it has to ensure that it has sufficient cash to manage fluctuations in activity levels and also the funding of major projects.

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Foreword to the Financial Statements

Statutory Authority and Principal Activities

The General Teaching Council for England ("GTC"), a Public Corporation (as defined by the Office of National Statistics), was established on 1 September 2000 as a self regulatory professional body under Section 1 of the Teaching and Higher Education Act 1998. The GTC is the professional body for teachers in England and holds the Register of teachers. The GTC has a statutory duty to advise on teaching matters and enable the profession to self regulate. The principal activities of the organisation have remained unchanged throughout the year and a detailed description of these principal activities is given in the Annual Report.

The financial statements for the year ended 31 March 2005 have been prepared in accordance with a direction dated 29 August 2000 given by the Secretary of State for Education and Skills, with the approval of the Treasury, in pursuance of paragraph 14(2) of Schedule 1 of the Teaching and Higher Education Act 1998.

Results and Financial Summary

Income for the year was £16.92m, of which £15.99m resulted from teachers' registration fees. In this third year of operation of the annual registration fee, each relevant teacher was required to pay an annual subscription of £30. The balance of £0.93m income represents grant income from the Department for Education and Skills ("DfES").

Qualified Teachers are required to be registered and pay the GTC's registration fee if they are employed in a maintained school or a non-maintained special school. Other qualified teachers are welcome to register on a voluntary basis.

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

The annual data collection update was carried out with all Local Education Authorities and also directly with some schools and with supply agencies. This process continues to improve the quality of data on the Register of teachers, and the number of teachers on the Register has reduced as the status of individuals has been clarified, so that at the 31 March 2005 it contained data on approximately 525,000 individuals (2004: 555,000). The GTC has recognised income for 519,100 teachers for 2004-05. The remainder is subject to sufficient uncertainty over registration data to make it necessary to delay the recognition of the annual fees.

The GTC based its original budget for the year on the collection of 465,000 fees, a prudent assessment which took into account the difficulties inherent in collecting large volumes of relatively low value amounts. In the event, this has been exceeded and 483,000 fees have been collected by the end of the year (2004: 460,000 fees) with collection still continuing. To be consistent with the GTC's income recognition policy, a further 7,900 fees from across 2003-04 and 2002-03 have been recognised as income in the year, in addition to 6,800 fees from across 2003-04 and 2002-03 that have been collected which had not previously been recognised as income in the financial statements.

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

During the year, expenditure on the GTC's operational costs (excluding notional interest) amounted to £16.73m resulting in a surplus of £0.58m that has been transferred to reserves. Note 5 to the financial statements sets out expenditure in accordance with the activities of the organisation. The reasons for major increases in costs by function are set out in the Financial Review within the Annual Report.

Reserves can be held by the GTC and carried forward for use in future years. The GTC has £5.36m of reserves set aside for designated future activities. A significant proportion of these will be released in 2005-06 against the depreciation charge of the new ICT infrastructure.

As the GTC is currently not permitted to borrow, it is necessary to have sufficient reserves in hand to be able to fund major projects and support any fluctuation in income.

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Foreword to the Financial Statements

Fixed Assets

The gross current cost value of fixed assets purchased up to the 31 March 2005 was £7.66m. These all relate to the operational infrastructure of the GTC and are classified into two categories:

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

The level of fixed assets significantly increased during the year as a result of the substantial investment in the ICT infrastructure and the fit out of the two new offices.

The accounting policy is to include fixed assets in the financial statements at current cost, revaluing annually on 31 March using the Price Index Numbers for Cost Accounting as issued by the Office of National Statistics. However as at 31 March 2005 the current cost of the fixed assets was not materially different from the modified historic cost carrying value and so the Council considered that it was not necessary to revalue the assets to current cost as at 31 March 2005. The assets were depreciated in accordance with the accounting policy and had a written down value of £5.48m at 31 March 2005.

Future Developments

The GTC's Corporate Plan sets out in detail the objectives for the three-year period of the Plan from 1 April 2005. The following is a brief summary of key actions planned:

Registration and Regulation

- continue to award Qualified Teacher Status in accordance with statutory requirements;
- continue to register qualified teachers in accordance with the statutory framework, giving teachers regular opportunities to update their personal data and manage the Register in accordance with Data Protection requirements;
- implement a system of provisional registration in autumn 2005;
- continue to carry out the GTC's disciplinary function effectively and fairly in full compliance with human rights legislation;

Advisory Work and Research

Work will be pursued in the following areas:

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

Engaging with Teachers and Partners

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

- working with cohorts of newly qualified teachers;
- offer a range of events around the country at which teachers and head teachers can participate;
- directly communicate with all registered teachers by a termly magazine;
- continue a programme of liaison with Local Education Authorities;
- strengthen the awareness of the value of registration and regulation with governors and parents;

Working effectively

- continue to improve fee collection processes;
- ensure that investment in new ICT infrastructure and staff delivers better, more effective services to teachers and other stakeholders;

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Foreword to the Financial Statements

Council Members

The Council comprises 64 Members.

The following members have served on the Council during the period:-

Elected primary teachers (11 Members)

Tamsin Austoni (from 1 September 2004)	Sarah Bowie (re-elected)	Peter Britcliffe (re-elected)
Patricia Castro (from 1 September 2004)	Rosemary Clarke (until 31 August 2004)	Richard Cullen (from 1 September 2004)
Anthony Cuthbert (re-elected)	Christine Green (from 1 September 2004)	Jo Gough (until 31 August 2004)
Marilyn Harrop (until 31 August 2004)	Derek Johns (re-elected)	Ralph Manning (until 31 August 2004)
Helen Meaney (until 31 August 2004)	Sheila Mountain (re-elected)	John Peebles (from 1 September 2004)
Norma Redfearn (until 31 August 2004)	David Storrie (from 1 September 2004)	

Elected secondary teachers (11 Members)

Martin Allen (from 1 September 2004)	Adrian Attwood (until 31 August 2004)	Andy Barker (until 31 August 2004)
David Belfield (until 31 August 2004)	Terry Bladen (from 1 September 2004)	Nigel Bowler (from 1 September 2004)
Peter Butler (from 1 September 2004)	Ronald Clooney (from 1 September 2004)	Andrew Connell (until 31 August 2004)
Mary Gibbon (until 31 August 2004)	Anthony Handley (re-elected)	Barbara Hibbert (from 1 September 2004)
Bulvinder Michael (from 1 September 2004)	Gail Mortimer (re-elected)	Carole Regan (until 31 August 2004)
John Rimmer (from 1 September 2004)	Alice Robinson (until 31 August 2004)	Martin Scotchmer (until 31 August 2004)
Neil Taylor (from 1 September 2004)	Anthea Tulloch Bisgrove (until 31 August 2004)	

Elected special school teacher

David Dewhirst
(re-elected)

Elected primary head teacher

Vicki Paterson
(until 31 August 2004)
Peter Strauss
(from 1 September 2004)

Elected secondary head teacher

Tony Neal
(until 31 August 2004)
Ralph Ullmann
(from 1 September 2004)

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Foreword to the Financial Statements

Nominees from teacher associations and unions (9 Members)

<i>ATL</i>	<i>NUT</i>	<i>NASUWT</i>
John Beattie (Until 31 August 2004 and Chair until 31 August 2004)	Judy Moorhouse (Chair from 1 September 2004)	Michael Carney (until 31 August 2004)
Michael Moore (from 1 September 2004)	Peter Bishop (until 31 August 2004)	John Mayes (from 1 September 2004)
Gillian Stainthorpe	Hazel Danson (from 1 September 2004)	Margaret Morgan (Until 31 August 2004 and Vice Chair until 31 August 04)
		David Wilkinson (from 1 September 2004)
<i>NAHT</i>	<i>PAT</i>	<i>SHA</i>
Elizabeth Paver	Philip Withers (until 31 March 2005)	Anne Welsh (until 31 August 2004)
		Tony Neal (from 1 September 2004)

Nominees from other bodies (17 Members)

<i>National Governors Council</i>	<i>Independent Schools Council</i>	<i>Local Government Association</i>
Christine Gale (until 31 August 2004)	Ralph Ullmann (until 31 August 2004)	Val Cox (until 31 August 2004)
Dorothy Elliot (from 1 September 2004)	John Hawkins (from 1 September 2004)	Sam Crooks (from 1 September 2004)
<i>Confederation of British Industry</i>	<i>Association of Chief Education Officers</i>	<i>Association of Colleges</i>
Vacancy	Andrew Baxter	Conchita Henry
<i>Disability Rights Commission</i>	<i>Church of England</i>	<i>Local Government Association</i>
Mabel Davis (until 31 August 2004)	John Hall (until 31 August 2004)	Ronnie Norman (until 31 August 2004)
Barry Carpenter (from 1 September 2004)	Liz Carter (from 1 September 2004)	Les Lawrence (from 1 September 2004)
<i>National Children's Bureau</i>	<i>Equal Opportunities Commission</i>	<i>Commission for Racial Equality</i>
Philippa Stobbs	Anne Madden	Vacancy
<i>Local Government Association</i>	<i>Catholic Education Service</i>	<i>Universities' Council for the Education of Teachers</i>
Peggie Harrison	Oona Stannard	Chris Cook
<i>Standing Conference of Principals</i>	<i>Universities UK</i>	
Eileen Baker (until 31 August 2004)	Geoff Whitty	
Arthur Naylor (from 1 September 2004)		

Secretary of State nominees (13 Members)

<i>Parent</i>	<i>Secondary Teacher</i>	<i>Independent Secondary Head</i>
Ian Chambers (until 30 April 04)	Jifty Chug	Margaret Rudland
David Butler (from 1 September 2004)	Valerie Dennis	
Alison Fisher	Sashi Siva (Vice Chair from 1 September 04)	
<i>Nursery Teacher</i>	<i>Sixth form college principal</i>	<i>Primary Head</i>
Clare Easterbrook	Lynn Lee	Naila Zaffar
<i>Secondary Head</i>	<i>Experienced Education Administrator</i>	<i>Communications and Media Practitioner</i>
Bushra Nasir	Caroline Gipps	Karen Brown
<i>Experienced Auditor</i>		
Richard King		

None of the Council Members had a service contract with the GTC. During the year 44 (70 %) of the Council Members were teachers.

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Foreword to the Financial Statements

Executive

The Senior Management Team during the year comprised:

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

Council Members' Fees and Allowances

All Council Members are entitled to claim travel and subsistence expenses incurred in the course of Council business. With the exception of the Chair and Vice-Chair they are not paid any fees, see note 3e. However, the employers of teachers in a state maintained school are entitled to claim supply cover from the GTC when a teacher is absent from school in the course of Council business. During the period:

- Members claimed travel and subsistence expenses of £138,207 (2004: £100,930) and,
- The employers of teacher Council Members claimed £79,049 (2004: £66,583) for supply cover in respect of those Members.

Except in the ordinary course of business or as disclosed in the Council Members' Register of Interests pursuant to the GTC's Standing Orders, no Council Member had a material interest in any contract in relation to the GTC's business at any time during the year.

Corporate Governance

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

The Audit, Monitoring and Review Committee met on four occasions during the year and amongst its responsibilities is a regular review of the adequacy of accounting systems and controls, and the determination and review of the internal audit programme. In addition, the Committee reviews the reports of the external auditors in relation to the GTC's compliance with the regulatory and financial reporting requirements. The Remuneration Committee has met on four occasions during the year and has determined the pay remit for staff and human resources policies.

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

Audit, Monitoring and Review Committee

Peter Bishop (until 31 August 2004)	Sarah Bowie (from 1 September 2004)	Rosemary Clarke (until 31 August 2004)	Andrew Connell (until 31 August 2004)	Anthony Cuthbert (until 31 August 2004)	Richard King
Lynn Lee (Chair)	Gail Mortimer	Arthur Naylor (from 1 September 2004)	Philippa Stobbs (until 31 August 2004)	Ralph Ullman	Naila Zaffar

Remuneration Committee

Alison Fisher (from 1 September 2004)	Christine Green (Chair from 1 September 2004)	John Mayes (from 1 September 2004)	Bushra Nasir (from 1 September 2004)	Maragret Rudland (from 1 September 2004)
Michael Carney (until 31 August 2004)	Val Cox (until 31 August 2004)	Ronnie Norman (until 31 August 2004)	Norma Redfearn (until 31 August 2004)	Alice Robinson (Chair until 31 August 2004)

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Foreword to the Financial Statements

Disabled Employees

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

Staff Relations

It is the GTC's policy to seek the full involvement of staff in its work. To that end, the free flow of communication between staff and line managers is actively promoted and encouraged. The Chief Executive has kept staff informed of organisational developments and the GTC's relationship with its partners in the teaching profession. The GTC has established representation arrangements, recognising two Trade Unions.

A Health and Safety Group, comprising staff and management representatives, is in place. The GTC places great importance on the health, safety and welfare of its staff at both locations (Birmingham and London), and one of the main roles of the Group is to ensure that all staff are fully informed and involved in the development and review of the GTC's health and safety policy. An annual report has been made to the Audit, Monitoring and Review Committee on health and safety matters.

The GTC is fully committed to the training and development of its staff and invests considerably in this activity which is linked to its corporate objectives. A corporate staff-training programme has been drawn up to reflect the training and development needs arising from appraisal interviews and management priorities. The organisation continues to work towards obtaining the Investors in People standard and will be assessed in October 2005.

During the period total expenditure on all types of staff training, including in-house training seminars, external courses, professional qualifications, continuing professional development and statutory training, amounted to £174,334.

Supplier Payment Policy

The GTC is committed to complying with the *Better Payment Practice Code*. The policy with regard to all suppliers is to make payment within the stated credit terms or within 30 days of receipt of a valid invoice. To date this has been achieved for all valid invoices and no penalty charges have been incurred as a result of late payments.

Auditors

As provided by Schedule 1 paragraph 14(3) of the Teaching and Higher Education Act 1998, the financial statements are audited by the National Audit Office (NAO), on behalf of the Comptroller and Auditor General. The NAO in turn sub-contracts the audit to Baker Tilly. The cost of external audit services for 2004-05 was £35,000. Baker Tilly was paid a further £7,991 for further assurance and other services during the year. The GTC ensures that the level of further assurance and other services provided by Baker Tilly does not impair their independence.

Carol Adams
Accounting Officer

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Statement of the General Teaching Council for England and Chief Executive's Responsibilities

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

In preparing the financial statements the GTC is required to:

- observe the accounts direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

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

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the GTC's aims and objectives, whilst safeguarding the public and registrants' funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and through Treasury Guidance and Requirements.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the GTC's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the GTC for the year ended 31 March 2005 and up to the date of approval of the annual report and financial statements, and accords with Treasury guidance.

Capacity to handle risk

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

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

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

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

The risk and control framework

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

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

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

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Statement on Internal Control

Review of effectiveness

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

The risk management system identifies key risks and their related controls. The review of risk is integrated with that of service performance and results in summary reports of key risks to Committees and Council.

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

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

Significant internal control problems

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

Carol Adams
Accounting Officer

5 July 2005

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 24 to 39 under the Teaching and Higher Education Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 27 and 28.

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

As described on page 19, the GTC and Chief Executive are responsible for the preparation of the financial statements in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by the Secretary of State for Education and Skills and for ensuring the regularity of financial transactions. The GTC and the Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by the Secretary of State for Education and Skills, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the GTC has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 20 and 21 reflects the GTC's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the GTC's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the GTC and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the GTC's circumstances, consistently applied and adequately disclosed.

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

General Teaching Council For England
Annual Report and Financial Statements for the year ended 31 March 2005
The Certificate and Report of the
Comptroller and Auditor General to the Houses of Parliament

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the General Teaching Council for England at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

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

12 July 2005

General Teaching Council For England
Annual Report and Financial Statements for the year ended 31 March 2005
Income and Expenditure Account
For the year ended 31 March 2005

	Note	2004-05		2003-04	
		£'000	£'000	£'000	£'000
Income					
Teacher Registration Fees	2		15,992		14,550
Other Operating Income	2		928		1,940
			<u>16,920</u>		<u>16,490</u>
Expenditure					
Staff Costs	3	5,472		4,211	
Depreciation and Revaluation	4	673		685	
Other Operating Charges		10,891		8,154	
Total Expenditure	5		<u>17,036</u>		<u>13,050</u>
Operating (Deficit)/Surplus on ordinary activities			(116)		3,440
Interest Receivable	6		518		347
Surplus for the year after interest			402		3,787
Reversal of Notional Interest on Capital Employed			306		236
Retained Surplus for the Year Before Tax			708		4,023
Tax on Interest Receivable	7		(129)		(72)
Retained Surplus for the Year			579		3,951
Net Transfer from/(to) Designated Reserves	13		271		(3,587)
Retained Surplus after Transfer			850		364
General Reserve Brought Forward			2,690		2,326
General Reserve Carried Forward			3,540		2,690

Note: All operations are continuing

Statement of Total Recognised Gains and Losses
For the year ended 31 March 2005

	2004-05	2003-04
	£'000	£'000
Surplus for the Year	579	3,951
Unrealised Surplus on Revaluation	-	10
Total Recognised Gains and Losses	579	3,961

General Teaching Council For England
Annual Report and Financial Statements for the year ended 31 March 2005
Balance Sheet
As at 31 March 2005

		2005		2004	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Assets	8		5,478		628
Current Assets					
Debtors and Prepayments	9	1,389		1,698	
Investments	10	4,500		7,000	
Cash at Bank and in Hand		727		625	
		<u>6,616</u>		<u>9,323</u>	
Current Liabilities					
Creditors - Amounts Falling Due Within One Year	11	3,065		1,342	
Deferred Grants Falling Due Within One Year	12	96		68	
		<u>3,161</u>		<u>1,410</u>	
Net Current Assets			<u>3,455</u>		<u>7,913</u>
Total Assets Less Current Liabilities			<u><u>8,933</u></u>		<u><u>8,541</u></u>
Represented by:					
Capital and Reserves					
Government Capital Reserve	14		29		216
Designated Reserves	13		5,364		5,635
General Reserve	14		3,540		2,690
			<u>8,933</u>		<u>8,541</u>

Approved on 5 July 2005 by

Carol Adams
Accounting Officer

General Teaching Council For England
Annual Report and Financial Statements for the year ended 31 March 2005

Cash Flow Statement

For the year ended 31 March 2005

		2004-05	2003-04
	Note	£'000	£'000
Net Cash Inflow From Operating Activities	17	2,183	3,406
Returns on Investments and Servicing of Finance			
Interest Received		532	323
Taxation		(103)	-
Capital Expenditure and Financial Investment			
Payments to Acquire Tangible Fixed Assets		(5,010)	(347)
(Decrease)/Increase in Cash and Cash Equivalents	16	(2,398)	3,382

General Teaching Council For England

Annual Report and Financial Statements for the year ended 31 March 2005

Notes to the Financial Statements

1 Accounting Policies

1a Accounting Convention

The financial statements cover the period 1 April 2004 to 31 March 2005.

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

1b Income

Fee Income

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

Registration Fees for those teachers required to be registered are accounted for on an accruals basis, where there is sufficient certainty with regard to the registration data, specifically with regard to teacher or employer contact details. In the absence of this certainty the recognition of fees is delayed until the information becomes available (See note 2a).

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

Grant Income

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

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

1c Fixed Assets

Tangible fixed assets are stated at current cost less depreciation. The GTC's policy is to capitalise items where their expected useful life exceeds one year and the cost of acquisition exceeds £2,500. In instances where there are large numbers of separate individual items of IT hardware and office furniture, which individually fall below the capitalisation threshold, items of the same nature are grouped together and the combined cost is used for the purposes of determining whether they fall within the threshold.

Fixed assets are re-valued as at 31 March using indices taken from "Price Index Numbers for Current Cost Accounting" issued by the Office of National Statistics. However as at 31 March 2005 the current cost of the fixed assets was not materially different from the modified historic cost carrying value and so the Council considered that it was not necessary to revalue the assets to current cost as at 31 March 2005.

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

Class of Asset	Standard Expected Useful Life (years)
Computer Hardware and Telecommunications	3
Computer Software and Development	2
Fixtures & Fittings	5
Office Refurbishment	5

Assets under construction are not depreciated.

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1d Operating Leases

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

1e Notional Charges

Interest on Capital Employed

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

1f Value Added Tax

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

1g Corporation Tax

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

1h Pension Costs

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

The defined benefit scheme is a multi-employer scheme. The GTC is unable to identify its share of the underlying assets and liabilities and so accounts for the contributions to the scheme as if it was a defined contribution scheme as required by Financial Reporting Standard 17. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation.

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

1i Designated Reserves

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

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Notes to the Financial Statements

2 Income

	2004-05		2003-04	
	<i>Number of teachers</i>	<i>£'000</i>	<i>Number of teachers</i>	<i>£'000</i>
2a Registration Fee Income				
Registrants	519,100	15,573	512,600	14,353
Recognition of prior year fees		419		197
		15,992		14,550

Rounded figures are used for the number of teachers.

During the course of the year the maximum number on the Register was 567,000 individuals with new registrations occurring and individuals leaving the profession throughout the year. The Register contained approximately 525,000 individuals as at 31 March 2005.

For the 2004-05 year the GTC will have invoiced 565,000 individuals the annual fee of £30. This included 2,000 voluntary registrants, where the fee has not been received and so is not recognised as income, and 43,900 individuals where there is sufficient uncertainty over the registration data to make it necessary to delay the recognition of the annual fee. This potential income is treated as a Contingent Asset (note 20). Therefore in accordance with accounting policies income has been recognised for 519,100 teachers.

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

	2004-05		2003-04	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
2b Other Operating Income				
<i>Grant-in-Aid</i>				
DfES Grant-in-Aid Income	-		784	
Government Capital Reserve Released to Income and Expenditure Account	187		360	
		187		1,144
<i>Other Grants</i>				
DfES Teacher Qualifications Grant	506		613	
DfES Continuing Professional Development Grants	228		106	
DfES E-Facilitator Grant	6		57	
DfES Teacher Learning Academy Grant	-		20	
Alumni Association	1		-	
		741		796
		928		1,940

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3 Remuneration

3a Average Number of Employees

	2004-05	2003-04
<i>Section</i>	<i>Full Time Equivalent</i>	<i>Full Time Equivalent</i>
Chief Executive's Office	5	6
Registration and Professional Standards	79	72
Finance and Administration	32	30
Policy and Communications	38	24
Project Evolve	3	-
Agency Staff	19	7
	<u>176</u>	<u>139</u>

3b Staff Costs

	2004-05	2003-04
	<i>£'000</i>	<i>£'000</i>
Wages and Salaries	3,894	3,226
Teacher Secondees	315	138
Social Security Costs	322	250
Other Pension Costs	539	439
Agency Staff	402	158
	<u>5,472</u>	<u>4,211</u>

3c Chief Executive Emoluments

	2004-05	2003-04
	<i>£'000</i>	<i>£'000</i>
Salary	118	113
Benefits in Kind	2	2
Employers Pension Contributions	21	20
	<u>141</u>	<u>135</u>

The Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme (see note 1h above), with the organisation's contribution to the scheme amounting to the equivalent of 18.5% of salary.

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3 Remuneration (continued)

3d Salary and Pension Entitlement of Senior Managers

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

	Salary Payments £'000	Benefits in kind £'000	Real increase in pension £'000	Total accrued pension and related lump sum £'000	CETV at 1 April 2004 £'000	CETV at 31 March 2005 £'000	Employer funded real increase in CETV £'000
Carol Adams	115 – 120	2	0 – 2.5 & 2.5 – 5 lump sum	30 – 35 & 90 – 95 lump sum	503	546	20
Dennis Jones	70 – 75	-	0 – 2.5 & 2.5 – 5 lump sum	25 – 30 & 75 – 80 lump sum	381	424	19
Alan Meyrick	65 – 70	-	0 – 2.5 & 2.5 – 5 lump sum	0 – 5 & 10 – 15 lump sum	38	52	10
Fiona Simpson	70 – 75	-	0 – 2.5	0 – 5	14	29	12
Sarah Stephens	65 – 70	-	0 – 2.5 & 2.5 – 5 lump sum	10 – 12.5 & 30 – 35 lump sum	127	148	11

3e Chair and Vice-Chair

	2004-05 £'000	2003-04 £'000
<i>Chair (John Beattie until August 2004)</i>		
Remuneration	12.9	40.1
<i>Chair (Judy Moorhouse from September 2004)</i>		
Remuneration	25.5	-
	38.4	40.1
<i>Vice-Chair (Margaret Morgan until August 2004)</i>		
Remuneration	5.7	14.6
<i>Vice-Chair (Sashi Sivaloganathan from September 2004)</i>		
Remuneration	12.4	-
	18.1	14.6

Of the above remuneration figure £7,419 and £6,036, for the Chair and Vice-Chair respectively, represents the amount paid to their employer as a contribution to salary costs for time spent on GTC business.

The daily rate of fee adopted for the Chair and Vice-Chair of Council is based upon externally approved rates applicable to the equivalent post holders in Non-departmental public bodies. Council policy provides for the Chair to be paid a fee for up to two days per week and the Vice-Chair for up to one day per week over the Council year (September to August).

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4 Depreciation and revaluation

	2004-05	2003-04
	<i>£'000</i>	<i>£'000</i>
Depreciation charge for the year	673	648
Depreciation adjustment for current cost revaluation	-	(25)
Deficit on current cost revaluation	-	62
	<u>673</u>	<u>685</u>

5 Expenditure

The total expenditure of the GTC analysed by function:

	2004-05	2003-04
	<i>£'000</i>	<i>£'000</i>
Regulation	1,836	1,565
Registration	1,765	1,353
Award of QTS	676	529
Policy Advice	623	496
Policy Services	973	617
Policy Research and Information	861	763
GTC Magazine and Publications	1,387	898
Publicity and Public Relations	571	299
Conferences and Events	700	561
Website	531	724
Fee Collection	793	786
Council and Committee costs	597	919
Finance, HR and Administration	1,178	1,096
Premises	1,411	498
ICT Strategy	1,891	566
Depreciation and Loss on Disposal	733	685
Notional Interest on Capital Employed	306	236
Provision for Doubtful Debts (see note 9)	204	459
	<u>17,036</u>	<u>13,050</u>

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5 Expenditure (continued)

The operating surplus is stated after charging:	2004-05	2003-04
	£'000	£'000
Payments to auditors		
Audit fee	35	31
Other fees	8	-
Operating lease rentals		
Office equipment	17	15
Other (land and buildings)	909	518
	<u> </u>	<u> </u>

6 Interest Receivable

	2004-05	2003-04
	£'000	£'000
Interest Receivable from Cash Deposits	518	347
	<u> </u>	<u> </u>

7 Taxation Charge

	2004-05	2003-04
	£'000	£'000
Corporation Tax	129	72
	<u> </u>	<u> </u>

Factors affecting the tax charge for the year:

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

	2004-05	2003-04
	£'000	£'000
Investment income for the year	518	347
	<u> </u>	<u> </u>
Investment income multiplied by the standard rate of Corporation Tax in the UK of 30%	155	104
Marginal relief	(26)	(32)
Current tax charge for the year	129	72
	<u> </u>	<u> </u>

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8 Fixed Assets

	Fixtures & Fittings £'000	Hardware £'000	Software £'000	Office Re- furbishment £'000	Assets under construction £'000	Total £'000
Cost						
At 1 April 2004	401	643	1,100	242	-	2,386
Additions	101	205	102	1,068	4,107	5,583
Disposals	(11)	(60)	-	(242)	-	(313)
At 31 March 2005	491	788	1,202	1,068	4,107	7,656
Depreciation						
At 1 April 2004	277	547	792	142	-	1,758
Charge for year	91	79	352	151	-	673
Disposals	(11)	(60)	-	(182)	-	(253)
At 31 March 2005	357	566	1,144	111	-	2,178
Net book value						
At 31 March 2005	134	222	58	957	4,107	5,478
At 1 April 2004	124	96	308	100	-	628

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

Fixed assets with a net book value of £29,520, included above, were either purchased by the DfES on behalf of the GTC or funded by DfES Grant-in-Aid. The value of the assets is recognised in the financial statements by a credit to the Government Capital Reserve. This is released to the income and expenditure account over the estimated useful economic life of the assets to which it relates, matching the depreciation charged on these assets.

'Assets under construction' represents the capital costs relating to the new ICT system that was implemented in April 2005 after the year end.

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9 Debtors

	2005	2004
	£'000	£'000
Registration Fees	1,683	2,188
Provision for Doubtful Debts	(636)	(741)
Trade Debtors	9	3
Other Debtors	13	50
Prepayments and Accrued Income	320	198
	<u>1,389</u>	<u>1,698</u>

The Provision for Doubtful Debts relating to Registration Fees reflects collection experience to date.

10 Current Asset Investments

	2005	2004
	£'000	£'000
Money Market Deposits	<u>4,500</u>	<u>7,000</u>

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

11 Creditors - Amounts Falling Due Within One Year

	2005	2004
	£'000	£'000
Registration Fee Received in Advance	297	99
Trade Creditors	1,183	728
Corporation Tax	129	103
Other Creditors	23	48
Accruals	1,433	364
	<u>3,065</u>	<u>1,342</u>

Accruals include £509,482 (2004: £nil), relating to the averaging of lease costs to recognise rent free periods, which will be released to the income and expenditure account after more than one year.

Trade creditors include amounts totalling £48,411 (2004: £nil) that were due to DfES.

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12 Deferred Grants

	Balance as at 1 April 2004 £'000	Received during the year £'000	Recognised in the income and expenditure account £'000	Balance as at 31 March 2005 £'000
Continuing Professional Development	-	263	(228)	35
E-Facilitator	51	-	(6)	45
Teacher Learning Academy Initiative	12	-	-	12
Teacher Qualifications	-	506	(506)	-
Alumni Association	5	-	(1)	4
	68	769	(741)	96

13 Designated Reserves

As in the previous year, the Council budgeted to generate reserves in order to provide financial stability as the GTC ceases to be supported by Grant-in-Aid, to prevent fee fluctuations and to support future developments. In accordance with the Council's financial strategy, designated reserves have been established as follows:

- Casework - To equalise the impact of the costs of fluctuating casework loads across future financial years and a contingency reserve to cover any significant costs arising from legal challenges to rulings of the GTC's disciplinary function.
- Election - To equalise four yearly election costs across financial years.
- ICT Strategy - To fund the remaining costs of the ICT strategy and the depreciation charge in future years of the capital costs of the ICT investment. This ICT strategy is designed to improve service delivery to teachers and employers through the use of more effective and efficient processes. This will involve the use of a customer relationship management system, supported by appropriate information and communication strategies, channels and systems. Specifically this will replace the original software used to operate the Register, developed by the DfES at an early stage when it was not able to take account of the actual operating needs of managing a register with over half a million registrants. When fully implemented this will be more cost effective to operate and provide a better and faster service to teachers and employers and is expected to further improve the accuracy of data held on the Register.

	Casework £'000	Election £'000	ICT Strategy £'000	Total £'000
Balance as at 1 April 2004	1,500	50	4,085	5,635
Transfer from General Reserve	-	100	2,320	2,420
Released to General Reserve	(750)	(50)	(1,891)	(2,691)
Balance as at 31 March 2005	750	100	4,514	5,364

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14 Movement on Reserves

	Balance as at 1 April 2004 £'000	Surplus for the year £'000	Released to income and expenditure account £'000	Net transfer to/from designated reserves £'000	Balance as at 31 March 2005 £'000
Government					
Capital Reserve	216	-	(187)	-	29
Designated Reserves	5,635	-	-	(271)	5,364
General Reserve	2,690	579	-	271	3,540
	<u>8,541</u>	<u>579</u>	<u>(187)</u>	<u>-</u>	<u>8,933</u>

15 Leases

15a Annual Obligations Under Operating Leases Comprise:

	2005 £'000	2004 £'000
<i>Land and Buildings</i>		
Expiry within 1 year	-	85
Expiry after 5 years	870	224
	<u>870</u>	<u>309</u>
	2005 £'000	2004 £'000
<i>Other</i>		
Expiry within 1 year	-	7
Expiry within 2 to 5 years	15	8
	<u>15</u>	<u>15</u>

15b Finance Leases

There are no obligations under Finance Leases.

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

	Balance as at 1 April 2004 £'000	Cash Flow £'000	Other Changes £'000	Balance as at 31 March 2005 £'000
Cash at Bank and in Hand	625	102	-	727
Current Asset Investments	7,000	(2,500)	-	4,500
Total	<u>7,625</u>	<u>(2,398)</u>	<u>-</u>	<u>5,227</u>

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17 Reconciliation of Operating (Deficit)/Surplus to Net Cash Inflow from Operating Activities

	2004-05	2003-04
	£'000	£'000
Operating (Deficit)/Surplus	(116)	3,440
Depreciation and Revaluation	673	685
Loss on Sale of Fixed Asset	60	-
Released from Capital Government Reserve	(187)	(360)
Notional interest on Capital Employed	306	236
Decrease/(Increase) in Debtors	295	(494)
Increase/(Decrease) in Registration Fees Received in Advance	198	(127)
Increase in Creditors	926	126
Increase/(Decrease) in Deferred Grants	28	(100)
Net Cash Inflow from Operating Activities	2,183	3,406

18 Service Level Agreements

The GTC had Service Level Agreements with DfES during the year for the provision of the following services:

- Payroll Services
- Pension Administration

19 Capital Commitments

There were capital commitments amounting to £313,069 (2004: £nil) that were either contracted or authorised as at 31 March 2005.

20 Contingent Assets and Liabilities

Where there is sufficient uncertainty about data relating to teachers who have not yet paid the fee, the recognition of income has been delayed in accordance with the income recognition policy. In 2004-05 there are 43,900 teachers who fall into this category. The GTC is committed to continuing to improve teacher data and where new data for these teachers becomes available the GTC will collect the fee and recognise the income in the year in which the income is received. There were no contingent liabilities at 31 March 2005.

21 Gifts

There were no gifts received or made by the GTC during the year ended 31 March 2005.

22 Related Party Transactions

The GTC is a self-regulatory professional body which was sponsored during the initial period by the DfES. During this period the GTC had various material transactions with other Government departments and other central Government bodies. Most of these were with Paymaster as provider of banking services, and the Office of Government Commerce as provider of telecommunications.

None of the Council Members, key managerial staff or other related parties has undertaken any material transactions with the GTC during the year to 31 March 2005.

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23 Losses and special payments

The GTC incurred no material losses or special payments in the year to 31 March 2005.

24 Pension costs

For members of the PCSPS defined benefit scheme, employers' contributions are payable at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The rates will be in the range of 16.2 to 24.6 per cent for the next financial year, subject to revaluation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

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

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

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