

The General Teaching Council for Wales

**Annual Accounts
for the year ending
31 March 2007**

ANNUAL ACCOUNTS

Directors Report

◦ **History and statutory background**

The General Teaching Council for Wales was established under the Teaching and Higher Education Act 1998 and came into existence on 1 September 2000. The Council's remit and functions were amended by the Education Act, 2002.

The Cabinet Office has designated the Council as a professional self-regulating body. During the year of account, the Council has been self-financing from teachers' registration fees, except for those aspects of work which are funded by means of Welsh Assembly Government grant. The Welsh Assembly Government issues a grant offer letter to the Council setting out the conditions to be complied with in respect of the specific aspects of work that it funds. The Council sets out its financial procedures and rules in its Standing Orders and Finance Manual.

Under Paragraph 14 of Schedule 1 of the Teaching and Higher Education Act, the Council is required to prepare in respect of each financial year, a statement of accounts. These accounts have been prepared in accordance with the Accounts Direction issued by the Welsh Assembly Government dated 13 March 2007. A copy of the Accounts Direction is available from the Council on request.

◦ **Principal objectives and activities**

The principal aims of the Council are set out in the 1998 Teaching and Higher Education Act. They are to contribute to improving the standards of teaching and the quality of learning, and to maintain and improve standards of professional conduct amongst teachers, in the interests of the public. Further details are set out in the Annual Report.

◦ **Review of activities and developments**

For the financial year ending 31 March 2007, the Council reported a deficit of £179,000 (£53,000 surplus in 2005-06) and net assets of £679,000 (£852,000 as at 31 March 2006).

Tangible fixed assets acquired during the year totalled £52,000.

During the year, there was a significant increase in the number of professional standards cases referred to and heard by the Council. This resulted largely from a backlog of professional conduct matters and criminal offence cases at the DfES being referred to the Council in year. The other factor contributing to the increased expenditure in this area was the decision to introduce a Criminal Records Bureau (CRB) check as a criterion for determining the suitability of person who applies for registration. The Council introduced the new checking arrangements from late May 2006 and implemented systems for hearing individual cases where a CRB disclosure contained a report.

At the request of the Welsh Assembly Government, the Council also assumed responsibility in September 2006 from LEAs for administering the professional development funding for teacher's Induction and Early Professional Development years. This involved administering processes to ensure that schools receive funding for the support provided to teachers in the first three years of their careers.

- **Future developments**

During the 2007-08 financial year following agreement by the Welsh Assembly Government, the Council will commence the piloting of the new Chartered Teacher programme. The pilot and evaluation will span two financial years and funding has been identified from within Assembly Government grant to support the pilot programme and participants.

- **Payment of creditors**

Under the Late Payment of Commercial Debt (Interest) Act 1998, the Council is required to pay undisputed supplier invoices within agreed contractual terms and conditions, or within 30 days of the receipt of goods, services or a valid invoice, whichever is the later. This was achieved for 94.5% of all such invoices during 2006-07 (93.4%, in 2005-06), and no Commercial Debt Interest was paid or was due in respect of transactions in 2006-07.

- **Pension liabilities**

Please see the Remuneration Report and Note 1.10 for detail of the Council's pension liabilities.

- **Audit of Accounts**

The Auditor General for Wales is the statutory external auditor of the Council appointed under the Teaching and Higher Education Act 1998.

Bentley Jennison were the Council's appointed internal auditors for the year of account.

- **Disclosure of Audit Information**

As far as the Chief Executive is aware there is no relevant audit information of which the Council's auditors are unaware. It is confirmed that all the steps that should be taken to make the Chief Executive aware of any relevant audit information and to establish that the Council's auditors are aware of any such information have been taken.

- **Council membership and responsibilities**

The Council has 25 members. Twelve members were directly elected by teachers from September 2004. A further twelve members were appointed to the Council by the Welsh Assembly Government from September 2003. Nine were appointed following nominations made by teaching unions and other educational bodies, and four members were directly appointed by the Welsh Assembly Government, with one directly appointed member taking up post in September 2004. One elected member, Mrs Jean Campion, sadly died during the year. The vacancy on Council was taken up by Mrs Sarah Stockford in February 2007 in accordance with the constitution regulations.

For the operational year from 1 April 2006 to 31 March 2007, the Council members were:

Mal Davies	Chairperson, Headteacher, Willows High School, Cardiff
Jacque Turnbull	Deputy Chairperson, education and training consultant
Frank Bonello	Teacher, Tonypandy Community College, Rhondda Cynon Taf
Jean Campion	Teacher, Mount Pleasant Primary School, Newport (to November 2006)
Ron Carrotte	Teacher, Maes y Dderwen School, Ystradgynlais, Powys
Tim Cox	Teacher, Bryn Hafren Comprehensive School, Vale of Glamorgan
Elwyn Davies	Headteacher, Pencoed Comprehensive School, Bridgend
Sheila Drayton	Consultant in professional and organisational development
Michael Edwards	Headteacher, Maes y Coed Primary School, Pontypridd
Ian Guy	Senior lawyer (education), Neath Port Talbot
Anthony Hughes	Headteacher, Pontrhydyfen Primary School, Neath Port Talbot
Angela Jardine	Teacher, Gabalfa Primary School, Cardiff
Sue Jenkins	Headteacher, St Josephs RC High School, Newport
Nichola Jones	Assistant Head, Special Educational Needs Specialised Services, Bridgend County Borough Council
Gareth Jones	Headteacher, Bryn Celynnog Comprehensive School, Rhondda Cynon Taf
Goronwy Jones	Headteacher, Baden Powell Primary School, Cardiff
Valerie Merriman	Teacher, Abergwynfi Infant School, Neath Port Talbot
Suzanne Nantcurvis	Teacher, Ysgol Dinas Bran, Denbighshire
Rosemond Nelson	Athrawes Fro with responsibility for a Welsh Language Centre, Carmarthenshire
Richard Parry Jones	Director of Education, Ynys Môn
Gareth Roberts	Educational Consultant and Emeritus Professor of Education, University of Wales, Bangor
Jane Setchfield	Teacher, Llanedeyrn High School, Cardiff
Sarah Stockford	Literacy Co-ordinator, Ysgol-Y-Foryd, Conwy LEA (from February 2007)
Jacky Tonge	Former Chief Executive, Powys County Council
Gwen Williams	Former Headteacher, Edwardsville Infants School, Merthyr Tydfil
Peter Williams	Former Provincial Education Officer, Church in Wales

Council Members have corporate responsibility for ensuring that the Council complies with any statutory or administrative requirements for the use of public funds and its income from registration fees. They are specifically responsible for:

- ensuring that high standards of administration and decision making are observed at all times;
 - establishing the overall strategic direction of the Council by means of oversight of the production of the Corporate Plan;
 - overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
 - formulating a strategy for the security of personal information held so as to comply with the Council's statutory responsibilities; and
 - ensuring that the Council does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on incurring expenditure set out in any financial memorandum. Members are normally advised on these matters by the Council's Chief Executive and its legal advisers.
- **Council members' other interests**

The Council maintains a Register of Interests which is held at the Council's offices and is available for inspection by the public on request.

- **Charitable donations**

During the year, the Council made no charitable donations.

Management Commentary

Full detail of the Council's achievement of objectives in 2006-07 is given in the published Annual Report. A summary of those achievements follows:

Objective 1: To maintain and promote the highest standards of professional conduct and practice

- Successfully fulfilled the Council's new functions in regard to 'suitability for registration'
- Registered the highest ever number of teachers, over 38,500
- The continued development of the Register of qualified teachers and the inclusion of new data in the Statistics Digest

Objective 2: To provide an independent, representative and authoritative voice for the profession on teaching issues

- Successfully involving the profession in consultations and advice development

Objective 3: To develop a culture of professional development amongst teachers

- Assuming responsibility for funding the professional development for teachers in the first three years of their careers
- Developing and consulting on draft standards for Chartered Teacher status
- Securing Ministerial support for the Council's advice on Professional recognition and accreditation
- Successfully piloting a Group Bursary scheme allowing teachers from the same school to engage in collaborative professional development
- Increasing the reach of teachers' continuing professional development by jointly arranging dissemination events with a range of local education authorities

Objective 4: To communicate the positive contribution of the teaching profession to society

- The great success of the Wales Education Lecture 2006, firmly established the event as a fixture in the education calendar of Wales
- Continuing to build a pro-active press and media programme to raise the status of teachers in society
- Successfully redesigning the website, leading to a subsequent increase in traffic

Objective 5: To provide efficient, effective and robust finance, personnel and administrative systems that support the delivery of the Council's objectives

- Facilitating good governance and informed decision making by effectively supporting members of the Council.
- Gaining good assurance from internal auditors on the GTCW's processes and an unqualified audit opinion from the Auditor General for Wales
- Gaining approval for the statutory Welsh Language Scheme

○ **Risks and uncertainties**

The Council maintains a Risk Register of all identified risks which is reviewed on a quarterly basis, and reported to the Audit & Scrutiny Committee. The Council's risk management process has been assessed by internal audit providing substantial assurance in support of its management and control of risk.

Risks are identified in accordance with the corporate objectives, with key risks including:

- The risk that the Council is unable to complete its statutory duty to maintain and develop the Register of qualified teachers in Wales, including the completion of checks to confirm the suitability of applicants for registration;
- The risk that the Council fails to implement properly its open and fair system in the exercising of its professional standards responsibilities;
- The risk that the Council fails to fulfil its statutory duty in administering the award of Qualified Teacher Status in Wales; and
- The risk that the Council fails to provide efficient, effective and robust finance, personnel and administrative systems supporting the delivery of its objectives.

Controls have been identified in response to these key risks, and to all other identified risks, with details of the relevant actions which are taken to control or mitigate against the risk. All risks are subject to regular review.

○ **Employment Policy**

The Council adopts an equal opportunities approach to the recruitment, development and promotion of staff. Full and fair consideration is given to applications for employment from disabled people where they have the appropriate skills and abilities to perform the job. Employees are consulted and kept informed of matters which affect them, by means of staff forums, written communication, informal discussions and, where appropriate, information meetings.

Remuneration Report

The Remuneration Report details remuneration practices in respect of Council members and senior staff:

◦ **Members' remuneration**

The Chairperson and Deputy Chairperson are the only members of Council to be remunerated. Neither member is entitled to membership of the Council's pension scheme. During the year, Mr Mal Davies continued as Chairperson of the Council. As a serving headteacher, this appointment is treated as a secondment and a proportion of his salary is reimbursed to his employer. Mr Davies receives no remuneration directly nor any benefits-in-kind.

All other Council members are paid for their expenses only, including the reimbursement of costs incurred in travelling to meetings and also payment of supply cover costs to the relevant school, as appropriate. All expenditure relating to the Chairperson, Deputy Chairperson and Council members is reported as Members' costs at Note 4 (Direct programme costs).

	2006-07	2005-06
	£000's	£000's
Reimbursement of costs - Chairperson: Mr Mal Davies	31	32
Remuneration of Deputy Chairperson: Mrs Jacquie Turnbull	7	5

◦ **Senior staff remuneration**

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior officers of the Council were, as follows:

	Salary, 2006-07 £000's	Salary, 2005-06 £000's	Real increase in pension and related lump sum at age 60, £000's	Accrued pension at age 60 at 31/03/07 and related lump sum, £000's	CETV at 31/03/06 £000's	CETV at 31/03/07 £000's	Real increase in CETV £000's
G Brace Chief Executive	65-70	60-65	0-2.5 plus 0-2.5 lump sum	20-25 plus 55-60 lump sum	440	454	1
H Llewellyn Deputy Chief Executive (Teachers' Qualifications, Registration and Professional Standards)	55-60	50-55	0-2.5 plus 0-2.5 lump sum	5-10 plus 25-30 lump sum	102	106	4
J Evans Deputy Chief Executive (Finance, Personnel and Corporate Services)	50-55	45-50	0-2.5 plus 0-2.5 lump sum	10-15 plus 35-40 lump sum	202	208	2

o **Salary**

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

With the exception of the Chief Executive, all staff salaries are based on the Welsh Assembly Government salary scales. The Chief Executive's remuneration is subject to review on an annual basis, based on performance as determined by the Remuneration Committee. The Remuneration Committee is a sub-committee of the Executive Committee, and consists of the Chairperson of the Council and two other members of that committee.

o **Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the Council and treated by the Inland Revenue as a taxable emolument. No benefits in kind were paid during the year.

o **Pension Benefits**

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants from 1 October 2002 may choose between membership of premium or joining a good quality "money purchase"

stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

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

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

- **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

- **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Gary Brace
Chief Executive
10 August 2007

Statement of the Council's and Chief Executive's responsibilities

Under paragraph 14 of schedule 1 to the Teaching & Higher Education Act 1998, the Council is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Welsh Assembly Government, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Council's state of affairs at the year-end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Council is required to:

- Observe the Accounts Direction issued by the Welsh Assembly Government, 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; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to assume the Council will continue in operation.

Statement on Internal Control

Scope of responsibility

As Chief Executive of the General Teaching Council for Wales for the year ending 31 March 2007, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives, whilst safeguarding the public funds and Council assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

Accountability arrangements include review of quarterly performance by the Executive and Audit & Scrutiny Committees, Council and officials of the Welsh Assembly Government. In addition, six-weekly review meetings are held with officials of the Welsh Assembly Government.

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 Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Council for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

A Risk Management Strategy is in place. As Chief Executive, I hold ultimate responsibility, supported by my two operational senior managers to ensure that the Council's capacity to handle risk is adequate. This includes our regular review of the Risk Register to confirm that it continues to be relevant to our business.

The risk and control framework

The risk and control framework includes maintenance of a Risk Register which is reviewed quarterly by senior officers, and at meetings of the Executive and Audit & Scrutiny Committees. The Audit & Scrutiny Committee has a remit to oversee the Council's Risk Management policy. The Risk Register details all key threats to achieving the corporate objectives agreed in the Corporate and Operational Plans. Each key risk is given a score based on its potential impact on the business of the Council and its likelihood. The management strategy involves accepting, reducing or transferring risks in response. Specific actions required are identified, allocated to a senior manager and actioned by set deadlines. Progress is reported during the regular review by the Senior Management team. The Risk Register is also taken to Council for consideration at least once during every financial year.

Following internal audit's recommendation, a Draft Business Continuity plan was drawn up during the course of the year to address the key risks related to buildings

and to information systems. This will be completed in the next operational year and tested annually.

Review of effectiveness

As Chief Executive of the Council for the year ending 31 March 2007, 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, summarised in their regular reports and their annual report which includes an independent opinion on the adequacy and effectiveness of the Council's system of internal control together with recommendations for improvement;
- the executive managers within the Council who have responsibility for the development and maintenance of the internal control framework, and
- comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Council, the Audit & Scrutiny Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In particular, the Council's Standing Orders are reviewed as and when required, with any revision submitted to the Council for approval. Similarly, the Finance Manual is reviewed on an ongoing basis, and any amendments overseen by the Audit & Scrutiny Committee.

Significant internal control problems

The Council has identified no significant internal control problems during the year.

Gary Brace
Chief Executive
10 August 2007

THE CERTIFICATE OF THE AUDITOR GENERAL FOR WALES TO THE NATIONAL ASSEMBLY FOR WALES

I certify that I have audited the financial statements of the General Teaching Council for Wales for the year ended 31 March 2007 under paragraph 14 of Schedule 1 to the Teaching and Higher Education Act 1998. These comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheet, the Cash flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that Report as having been audited.

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

The Council and Chief Executive are responsible for preparing the Annual Report, including a Remuneration Report, and the Financial Statements in accordance with the Teaching and Higher Education Act 1998 and Welsh Ministers' Directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Teaching and Higher Education Act 1998 and Welsh Ministers' directions issued thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Directors Report, Management Commentary and Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them

In addition, I report to you if the General Teaching for Wales has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control on pages 13 and 14 reflects the General Teaching Council for Wales' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the General Teaching Council for Wales' corporate governance procedures or its risk and control procedures.

I also 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 report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the General Teaching Council for Wales' 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Teaching and Higher Education Act 1998 and directions made thereunder by Welsh Ministers, of the state of the General Teaching Council for Wales' affairs as at 31 March 2007 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Teaching and Higher Education Act 1998 and Welsh Ministers' Directions issued thereunder; and
- information given within the Annual Report, which comprises the Directors Report, Management Commentary and Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

- In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

Jeremy Colman
Auditor General for Wales
Wales Audit Office
2-4 Park Grove
Cardiff CF10 3PA
17 August 2007

**Income and Expenditure Account
for the year ending 31 March 2007**

		2006-07	2005-06
	Note	£000's	£000's
INCOME			
Grant from Welsh Assembly Government	2	6,133	2,185
Registration fees		1,234	1,223
Payments from teacher registrations for CRB disclosure checks		27	-
Transfer from Government Grant Reserve		11	30
Other income		22	3
Total income		7,427	3,441
EXPENDITURE			
Staff costs	3	1,002	844
Direct programme costs	4	465	280
CPD programme costs	5	2,463	1,759
Induction & EPD programme costs	6	3,169	-
Other operating costs	7	498	468
Depreciation	9	53	74
Notional cost of capital		27	29
Total expenditure		7,677	3,454
(Deficit)/ Surplus on ordinary activities		(250)	(13)
Interest receivable	8	44	37
Adjustment for notional cost of capital		27	29
(Deficit)/ Surplus for the year transferred to reserves		(179)	53
STATEMENT OF RETAINED SURPLUS			
Retained surplus at 1 April		841	788
(Deficit)/ Surplus for the year		(179)	53
Transfers to designated reserves		(330)	-
Retained surplus at 31 March		332	841

**Statement of Total Recognised Gains and Losses
for the year ending 31 March 2007**

		2006-07	2005-06
		£000's	£000's
(Deficit)/ Surplus for the year		(179)	53
Movement in Government Grant Reserve		6	(30)
Total Recognised Gains and Losses relating to the period		(173)	23

All activities are continuing.
The notes on pages 20 to 31 form part of these Accounts.

**Balance Sheet
as at 31 March 2007**

	Note	31 March 2007 £000's	31 March 2006 £000's
FIXED ASSETS			
Tangible Fixed Assets	9	76	77
Intangible Fixed Assets	10	<u>2</u>	78
CURRENT ASSETS			
Debtors and Prepayments	11	1,655	75
Cash at Bank and in Hand		<u>1,870</u>	<u>1,036</u>
			1,111
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12	(2,924)	(336)
Net current assets		601	775
Total assets		679	852
FINANCED BY:			
CAPITAL AND RESERVES			
Government Grant Reserve	13	17	11
Election reserve	14	75	-
Professional standards reserve	14	25	-
Capital reserve	14	230	-
Income and Expenditure Account		332	841
Total capital and reserves		679	852

Gary Brace
Chief Executive
10 August 2007

The notes on pages 20 to 31 form part of these Accounts.

**Cash Flow Statement
for the year ending 31 March 2007**

	Note	2006-07 £000's	2005-06 £000's
Net cash inflow/ (outflow) from ordinary activities	15	849	(302)
Returns on Investments and Servicing of Finance			
Interest received	8	39	37
Capital expenditure			
Payments to acquire Tangible Fixed Assets	9	(52)	(12)
Payments to acquire Intangible Fixed Assets	10	(2)	-
Increase/ (Decrease) in cash		834	(277)

The notes on pages 20 to 31 form part of these Accounts.

Notes to the accounts

1. Accounting policies

1.1 Accounting Convention

These accounts are prepared on a going concern basis applying the historic cost convention. Without limiting the information given, they meet the accounting and disclosure requirements of the Accounting Standards issued or adopted by the Accounting Standards Board, so far as those requirements are appropriate. The accounts comply with the Accounts Direction issued by the Welsh Assembly Government.

1.2 Registration fee income

The annual registration year runs from 1 April to the following 31 March with the fee becoming due on 1 April every year. The fee is required to be paid in full regardless of the date a teacher actually registers with the Council – there is no reduction for part year registration.

Fee income was credited to the Income and Expenditure on an accruals basis, with any fees received in advance for the 2007-08 financial year being treated as pre-paid income and posted to the Balance Sheet as a liability.

1.3 Continuing Professional Development (CPD) expenditure

CPD expenditure is recognised on the basis of activity completed during the year for which a claim has been received by a specified date. Where CPD support has been offered but no claim received by that date, these amounts are recorded as commitments.

1.4 Induction & Early Professional Development (EPD) expenditure

Induction & EPD expenditure is recognised on the basis of the term in which the training activity was completed, with grant expenditure and income due in respect of the Spring term included within Accruals (grant expenditure due to schools) and Debtors (grant due from the Welsh Assembly Government).

1.5 Tangible Fixed Assets

Tangible fixed assets are defined as any single piece of equipment, costing more than £1,000 (inclusive of VAT) that has an estimated economic/ operational life of more than one year. Where it is more usual to treat individual components as a group, these are treated as assets so long as their collective value exceeds the capitalisation threshold.

Tangible fixed assets have been valued at historic cost at the year-end as, in the opinion of the Council, any revaluation adjustments are not material.

1.6 Depreciation

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

- All electrical equipment, including computers and office equipment, is depreciated on a straight-line basis over three years. Depreciation will commence from the month following purchase; and
- Furniture and fixtures and fittings are depreciated on a straight-line basis over five years from the month following purchase.

1.7 Intangible Fixed Assets

Software licences costing more than £1,000 (inclusive of VAT) and with an estimated economic/ operational life of more than one year are capitalised.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life:

- Software licences are amortised on a straight line basis over three years, commencing from the month following purchase.

1.8 Government Grants

The Council receives grant income from the Welsh Assembly Government for the administration of the CPD funding programme, the Induction and EPD funding programme, in support of the award of Qualified Teacher Status, the administration of Induction Appeals and also for the funding of Newly Qualified Teacher CRB disclosure checks. During the period of the consultation on the Professional Development Framework, the Welsh Assembly Government may also contribute specific grant funding in support of that activity. Grants received are credited to the Income and Expenditure Account in the year they are received (on an accruals basis), with any unspent balance credited to deferred income at the year-end.

Of the total funding received from the Welsh Assembly Government, grant income used for capital expenditure is credited to the Government Grant Reserve. Relevant transfers from that reserve, equivalent to the annual depreciation charge on assets acquired with grant funding, are made to the Income and Expenditure Account as the capital assets are utilised.

1.9 Stock

The Council holds stocks of publications. These have no net realisable value and as a result all related expenditure during the year is charged to the Income and Expenditure Account.

1.10 Pension costs

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described within the Remuneration Report and Note 3. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents benefits. The Council recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Council recognises the contributions payable for the year.

1.11 Value Added Tax (VAT)

The Council is not registered for VAT. All expenditure and fixed assets purchases in the accounts is stated inclusive of VAT.

1.12 Cost of Capital

A notional charge, calculated in line with Treasury guidance as 3.5% (3.5% in 2005-06) of the average capital employed between 1 April 2006 and 31 March 2007, is included as an operating cost within the Income and Expenditure Account.

1.13 Operating Leases

Expenditure on leases of property is charged to the Income and Expenditure Account on the basis of costs incurred in the year. Operating lease rentals of equipment are charged to the Income and Expenditure Account in equal amounts over the term of the lease.

1.14 Prepayments

The Council has adopted a de minimis threshold of £1,200 (£100 monthly equivalent charge) for the recognition of prepayments.

1.15 Designated reserves

The Council has determined that it may establish designated funds for specific future purposes. Detail of current designated reserves is given at Note 14 to these Accounts.

2. Welsh Assembly Government funding

Grant	2006-07 £000's	2005-06 £000's
Amount received from the Welsh Assembly Government	6,150	2,054
Plus grant carried over from previous year	-	131
Less amount provided for capital expenditure	(17)	-
Grant credited to Income and Expenditure Account	6,133	2,185

3. Staff numbers and related costs

3.1 Staff costs

	Others £000's	2006-07 Permanently employed staff £000's	TOTAL £000's	2005-06 £000's
Salaries and Wages	40	761	801	679
Social Security Costs	-	57	57	49
Pension Costs	-	144	144	116
Total	40	962	1,002	844

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Council is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2003. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2006-07, employer's contributions of £144,222 were payable to the PCSPS (2005-06, £116,040) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands (the rates in 2005-06 were between 16.2% and 24.6%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2007-08, the salary bands will be revised but the rates will remain the same.

The contribution rates are set to meet the cost of the benefits accruing during 2006-07 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No Council employees took up this option, and therefore no employer's contributions were made.

There were no retirements on the grounds of ill-health.

3.2 Average number of persons employed

The Council employed 26.5 full-time equivalent staff during the financial year ending 31 March 2007, as follows:

	Others	2006-07 Permanently employed staff	TOTAL	2005-06 TOTAL
Objective 1: to raise the status of teaching by maintaining and promoting the highest standard of professional conduct and practice	0.3	8.6	8.9	8.6
Objective 2: to provide an independent, representative and authoritative voice for the profession on teaching issues	-	1.0	1.0	0.9
Objective 3: to develop a culture of professional development amongst teachers	0.7	9.1	9.8	5.9
Objective 4: to communicate the positive contribution of the teaching profession to society	-	1.6	1.6	2.0
Objective 5: to provide efficient, effective and robust finance, personnel and administrative systems that support the delivery of the Council's objectives	0.6	4.6	5.2	6.9
TOTAL	1.6	24.9	26.5	24.3

Detail of salary and pension entitlements of Council members and senior staff is given in the Remuneration Report.

4. Direct programme costs

	2006-07	2005-06
	£000's	£000's
Members' costs	49	35
Database Maintenance and Development	7	32
Legal fees	167	75
Criminal Records Bureau disclosure checks	89	-
Translation Costs	16	8
Printing, Postage and Promotional Costs	137	130
Total	465	280

Direct programme costs include expenditure incurred specifically in completion of the Council's core activities.

5. Continuing Professional Development (CPD) programme costs

	2006-07 £000's	2005-06 £000's
Administration	95	85
Dissemination	91	60
Professional development bursaries	1,543	1,311
Teacher research scholarships	57	62
Teacher sabbaticals	47	73
Professional development networks	159	168
Group bursaries	471	-
Total	2,463	1,759

6. Induction & Early Professional Development (EPD) programme costs

	2006-07 £000's
Administration	97
Induction grant expenditure	2,990
EPD Year 1 grant expenditure	60
EPD Year 2 grant expenditure	22
Total	3,169

Expenditure in respect of the Induction and EPD grant programme was not reported separately in 2005-06, as only minor development costs were incurred in that year. The administration of the funding programme was assumed by the Council with effect from September 2006. Grant and administration costs for this programme are financed by grant received from the Welsh Assembly Government.

7. Other operating costs

	2006-07 £000's	2005-06 £000's
Officers' Expenses	38	26
Training and recruitment	34	12
Rent and Rates	59	51
Service charge and utilities	27	21
Professional fees	52	97
Insurance	20	27
Printing & Stationery	66	32
Postage	63	53
Computer costs	15	24
Venue Hire	55	38
Audit fees	13	12
Other audit services	2	2
Maintenance	4	4
Other costs	50	69
Total	498	468

8. Interest Receivable

Interest of £44,000 (2005-06: £37,000) was received during the period in respect of the Council's deposit account, including an accrual of £5,000.

9. Tangible Fixed Assets

	Office equipment £000's	Computer equipment £000's	Furniture and fittings £000's	Total £000's
Cost or valuation				
As at 1 April 2006	78	240	142	460
Additions	11	13	28	52
Disposals	-	-	-	-
As at 31 March 2007	89	253	170	512
Depreciation				
As at 1 April 2006	78	172	133	383
Charge for year	2	42	9	53
As at 31 March 2007	80	214	142	436
Net Book Value as at 31 March 2007	9	39	28	76
Net Book Value as at 1 April 2006	-	68	9	77

10. Intangible Fixed Assets

	Software licences £000's	Total £000's
Cost or valuation		
As at 1 April 2006	-	-
Additions	2	2
Disposals	-	-
As at 31 March 2007	2	2
Amortisation		
As at 1 April 2006	-	-
Charge for year	-	-
As at 31 March 2007	-	-
Net Book Value as at 31 March 2007	2	2
Net Book Value as at 1 April 2006	-	-

11. Debtors and Prepayments

	31 March 2007 £000's	31 March 2006 £000's
Amounts falling due within one year		
Debtors	1,591	-
Prepayments	64	75
Total	1,655	75

The increase in total debtors compared with the previous year relates to the grant due from the Welsh Assembly Government in respect of Induction and EPD grant expenditure for the Spring term.

12. Creditors

	31 March 2007 £000's	31 March 2006 £000's
Amounts falling due within one year		
Registration fees prepaid	239	169
Prepaid grant	446	-
Other creditors	286	54
PAYE	12	9
National Insurance	10	8
Pension creditor	15	11
Accruals	1,916	85
Total	2,924	336

In addition to the creditors shown above, the Council had outstanding year-end commitments totalling £1,465 (2005-06: £9,017). These commitments represented CPD grant funds that had been allocated to teachers but for which the Council had not received claims as at the year-end. Any future payments of these claims will be made from 2007-08 CPD grant funding.

The increase in accruals compared with the previous year relates to Induction and EPD grant expenditure payable to schools for the Spring term.

13. Reconciliation of movements on Government Grant Reserve

	31 March 2007 £000's	31 March 2006 £000's
At 1 April	11	41
Grant received during the year	17	-
Released to I&E Account during year	(11)	(30)
At 31 March	17	11

14. Designated reserves

In accordance with Council's financial strategy, the following designated reserves have been established in year:

Election reserve To spread the cost of the election of teacher members to Council over the four-year period between elections. Council approved this reserve in 2003-04 when a level of £50,000 was agreed, subsequently revised to £100,000.

Professional standards reserve To minimise the effect of fluctuation in the volume of referred cases on the Council's fee-setting calculation, and to provide for the costs of any legal challenge above and beyond those costs covered by Professional Indemnity Insurance. The establishment of this reserve was agreed by Council during 2005-06 when a balance of £75,000 was set. The opening balance has been reduced

during 2006-07 to account for the significant increase in discipline expenditure reported this year.

Capital reserve This reserve was approved by Council in July 2006 with a view to developing over a future period, a balance of £350,000 in support of the Council's future plans to purchase office accommodation.

	Election £000's	Professional Standards £000's	Capital £000's	TOTAL £000's
Balance as at 31 March 2007	75	25	230	330

15. Notes to the Cash Flow Statement

Reconciliation of surplus on ordinary activities to net cash inflow from ordinary activities

	2006-07 £000's	2005-06 £000's
(Deficit)/ Surplus on ordinary activities	(250)	(13)
Adjustment for notional cost of capital	27	29
Depreciation	53	74
Increase/ (Decrease) in creditors	2,588	(311)
(Increase)/ Decrease in debtors	(1,580)	(51)
Release of Government Grant Reserve	11	(30)
Net cash inflow/ (outflow) from ordinary activities	849	(302)

(b) Analyses of changes in net funds during the period

	2007 £000's	2006 £000's
Net funds as at 1 April	1,036	1,313
Net cash inflow/ (outflow)	834	(277)
Net funds at 31 March	1,870	1,036

16. Capital Commitments

At 31 March 2007 the Council had capital commitments in respect of developments to the Register of qualified teachers database totalling £49,820 (2005-06: Nil).

17. Reconciliation of Movement in Taxpayers' Equity

	Balance as at 1 April 2006	Surplus/ (deficit) for the year	Net transfer to/ (from) reserves	Balance as at 31 March 2007
	£000's	£000's	£000's	£000's
Deferred Government Grant reserve	11		6	17
Election reserve	-	-	75	75
Professional standards reserve	-	-	25	25
Capital reserve	-	-	230	230
Income and Expenditure Account	841	(179)	(330)	332
Total	852	(179)	6	679

18. Operating leases

	31 March 2007 £000's	31 March 2006 £000's
Amounts charged to Income and Expenditure Account for operating lease payments	69	54
	69	54
Annual commitment on building leases expiring:		
Within one year	-	16
Within two to five years	94	-
After more than five years	-	38
Total	94	54

19. Derivatives and other Financial Instruments

Prior to 1 April 2004, the Council's activities were supported from grant-in-aid funding from the National Assembly for Wales. From 1 April 2004, the Council's core functions have been funded from fee income from teachers' registration, and other activities completed on behalf of the Welsh Assembly Government are funded by grant. The Council has no borrowings and mitigates its exposure to liquidity risk by managing its resources. Its cash balances are held in commercial bank accounts: the

Council is exposed to minimal interest rate risk. All assets and liabilities are denominated in sterling, so it is not exposed to currency risk.

20. Related Party Transactions

The Council administers a Continuing Professional Development (CPD) funding programme to registered teachers in Wales. Schools that have been awarded such CPD funding during the financial year where that school employs either a teacher or headteacher who is also a member of Council are regarded as related parties.

The table below provides details of funding awarded. In each case the member took no part in the decision to award funding.

Name of school	Number of teachers awarded CPD funding	Total amount of CPD funding awarded (£)
<i>Tonypanyd Community College</i>	17	8,534
<i>Ysgol Maes Y Dderwen</i>	7	2,805
<i>Bryn Hafren Comprehensive</i>	22	9,830
<i>Pencoed Comprehensive</i>	13	6,116
<i>Willows High School</i>	2	902
<i>Gabalfa Primary</i>	5	2,670
<i>Bryn Celynnog Comprehensive</i>	4	1,821
<i>Baden Powell Primary School</i>	7	4,200
<i>Abergwynfi Infant School</i>	2	725
<i>Ysgol Dinas Bran</i>	6	2,463
<i>Llanedeyrn High School</i>	4	1,500
Total	89	41,566

During the year one Council member was awarded CPD funding towards their own professional development (details are listed below). This amount is included in the above table.

<u>Name</u>	<u>CPD Category</u>	<u>Amount</u>
<i>Angela Jardine</i>	<i>Bursary</i>	<i>£600</i>

21. Post Balance Sheet Events

The Chief Executive approved these Accounts for issue on 20 August 2007.