

NCSL

Annual Report & Accounts

Performance Review 2002-2003



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Introduction

The National College for School Leadership (NCSL) was officially launched at the New Heads Conference in November 2000 as a company limited by guarantee and a non-departmental public body.

NCSL was established to bring a national focus, energy and drive to ensuring that current and aspiring school leaders receive the support, recognition and development they need and deserve.

Purpose and beliefs

To bring about a transformation in leadership practice, NCSL's core purpose is to develop individuals and teams to lead and manage their schools to be the best they can be.

Our key goal is to have every child in a well-led school, every leader a learner.

Our key goal provides a clear destination; our core purpose tells us why we are making the journey. The two work hand in hand.

In working towards our goal, we are seeking to improve the quality and effectiveness of the leadership of all schools, and in doing so, ensure that all pupils achieve ever higher standards. As set out in our remit from the DfES, we have been established to:

- provide a single national focus for school leadership development, research and innovation
- be a driving force for world-class leadership in our schools and the wider community
- provide support to and be a major resource for school leaders
- stimulate national and international debate on leadership issues

Aims and objectives

NCSL's 2002-06 Corporate Plan set out our aims for the next four years. Building from our government remit, our goals, the NCSL think tank recommendations and school leaders' expressed needs, we have been working with our partners over the past year to:

- improve the quality of and increase the capacity for school leadership as part of the national policy agenda, through:
 - providing and promoting high quality professional development and support for school leaders throughout their career by implementing the *Leadership Development Framework*
 - developing and delivering additional strategic and innovative programmes
- identify, evaluate, disseminate and celebrate the most effective practices in school improvement and leadership development through research and programme delivery, contributing to developments in education policy
- use ICT and other means to further develop access to leadership learning, information and communication, providing greater opportunities for school leaders to contribute to the national education debate
- make NCSL an efficient, effective learning organisation and a fulfilling place for staff to work, in order to achieve our goals

Strategy

During 2002-03 we have been building the scale and reach of our activities to reflect the needs of the profession and contribute to the government's transformation agenda. Because of the potentially huge audience for NCSL activity, we have determined a set of priorities.

For 2002-03 these were to:

- pilot and develop the Leading from the Middle Programme
- implement a training and development programme for consultant leaders
- effectively manage the National Professional Qualification for Headship (NPQH)
- implement the agreed changes to Headlamp and the Leadership Programme for Serving Headteachers (LPSH)
- contribute to the government's strategy for transforming secondary education
- support proposals for transforming the school workforce
- provide development programmes for primary and special schools
- develop the content of e-learning discussion communities
- establish a series of networked learning communities

The Performance Review section beginning on page 8 provides a detailed assessment of how successful NCSL has been in achieving this challenging agenda.

Statement of the Chair and the Chief Executive

Throughout 2002-03, we have built upon the firm strategic and operational foundations established in the previous year.

Working with our partners, we have made significant progress in improving the quality of and capacity for school leadership by accelerating our programme of work, extending our reach and engaging school leaders at all levels through a range of innovative programmes and opportunities based around the *Leadership Development Framework*.

During the year, the College has been identifying, disseminating and celebrating the most effective practices in school improvement and leadership development through a comprehensive agenda of research and programme delivery. We have also contributed to developments in education policy.

We have been raising our profile and reputation through the launch of the Nottingham Learning and Conference Centre, implementation of a new College-wide marketing and communication strategy and establishment of customer service standards throughout NCSL.

We have embarked on an ambitious programme to use ICT to increase access to leadership learning, information and communication, and to provide greater opportunities for school leaders to contribute to the national education debate. Through our Networked Learning Community initiative, which has one of the highest levels of take-up in the world and has attracted international attention as a major contribution to collaborative learning and knowledge development, we have created 110 networks and engaged with nearly 1,000 schools.

In order to achieve our goals, we are determined to make NCSL an efficient, effective learning organisation and a fulfilling place for staff to work. During the year, College staff moved from their temporary accommodation to the new state-of-the-art Learning and Conference Centre, adjoining Nottingham University's Jubilee Campus.

Alongside this move, much work has been achieved in developing NCSL's IT infrastructure to optimise programme administration, e-governance and efficiency. We have also implemented a range of human resource policies and practices to ensure that NCSL is perceived as a model employer, and we are developing plans for Investors in People submission during 2003-04.

Following the successful Transforming the School Workforce Pathfinder project, NCSL has agreed to host the National Remodelling Team. Based in our recently opened London office, the team will promote and progress the school workforce remodelling agenda. The programme centres around helping schools find new ways for teachers, teaching assistants and non-teaching staff to work. Schools will be supported to tackle their specific issues and come up with solutions that work for their particular school.

NCSL faces major challenges in the forthcoming year to deliver more of its major programmes to scale. We are confident that we can rise to the challenge because we have a highly professional and committed staff, an energetic and supportive governing council and partner contractors who are as focused on quality and excellence as we are. We have much to be proud of and much more to do.



Heather Du Quesnay, Chief Executive



**Richard Greenhalgh, Chair,
Governing Council**

Operational Objective A1

Operational Objective A1: To improve the quality of and increase the capacity for school leadership as part of the national policy agenda, by providing and promoting high quality professional development and support for school leaders through establishment of the *Leadership Development Framework*.

A key challenge for NCSL during 2002-03 has been to improve the quality of and increase the capacity for school leadership, as part of the national policy agenda, by providing and promoting high quality professional development and support for school leaders. In the *Leadership Development Framework*, published in February 2002, we identified five stages of school leadership around which to develop a range of initiatives.

For **emergent leaders** – those who are beginning to take on management and leadership responsibilities and perhaps form an aspiration to become a headteacher – we have designed the Leading from the Middle Programme. This is aimed at subject and specialist leaders who wish to improve their effectiveness and develop their future leadership potential. Following a highly successful pilot, the national programme will commence in September 2003.

As part of our remit to encourage emergent leaders from under-represented groups to aspire to leadership positions, we developed the Equal Access to Promotion Programme. Four workshops were run during 2002-03 and the feedback from delegates has been overwhelmingly positive.

NCSL has recognised the need to make provision for **established leaders** – those experienced assistant and deputy heads who do not intend to pursue headship. During 2002-03 we set up a pilot programme that affirms the central importance of their role to school improvement and which provides opportunities for professional refreshment. Delegates gave very positive feedback and an extension pilot is now planned for January 2004.

At the **entry to headship stage**, including preparation for and induction into the senior post in a school, NCSL has a mix of established and newly developed provision.

Recruitment to the recently revised National Professional Qualification for Headship (NPQH) is at record levels with nearly 4,500 new participants in 2002-03 – a 17 per cent increase over the previous year. Satisfaction levels of more than 90 per cent are reported by participants, with face-to-face training and school-based assessments rated as excellent. Participants feel strongly that the programme provides them with the skills required for headship.

We are now working to ensure a smooth transition to mandatory NPQH status for new heads in 2004, and as part of this, models for target-setting have been developed with the regional NPQH centres with particular attention to phase, faith schools and gender.

In 2001, NCSL published its review of the Headlamp programme, with one of the key recommendations being that Headlamp be restructured and renamed the Headteacher Induction Programme (HIP). Following extensive consultation with headteachers and providers, the restructuring process was started in autumn 2002, and rollout of the revamped and renamed programme takes place in September 2003.

The New Visions Programme for Early Headship is a year-long programme that has regional groups of headteachers working together in new and innovative ways. New Visions is now influencing other NCSL programmes and redefining leadership learning. During 2002-03, NCSL commenced the first pilot with about 125 participants and the second pilot began in March 2003 with nearly 300. Evaluation has shown the programme to be a powerful learning model, with exceptionally strong evidence of impact on participants, consultant heads and facilitators.

For those at the **advanced leadership** stage – where school leaders mature in their role, look to widen their experience, refresh themselves and update their skills – we have provided a range of innovative programmes.

During 2002-03 we delivered our existing Leadership Programme for Serving Heads (LPSH) to 1,371 participants. The programme was reviewed in August 2001 and as a result the Partners in Leadership scheme has been removed from the core LPSH programme, but will continue to be available as one of a range of choices targeted specifically at inner city schools and Education Action Zones. The revised LPSH model is being delivered from September 2003.

The Ithaka Leadership Programme, for primary, secondary and special school heads with at least seven years' headship experience, was introduced in May 2002. Delivered in conjunction with Profit Through People, this programme transfers well-proven industry practice to headteachers leading similar size organisations. During the year, NCSL ran seven programmes with 91 participants. These have been so successful that additional programmes were run during the 2003 summer term.

In order to help headteachers and deputies monitor and evaluate their performance so that they can bring about school improvement, NCSL has developed the Headfirst programme. Participants are trained to analyse and interpret data, scrutinise pupils' work, diagnose the quality of teaching and learning and track aspects of school development. These skills are then used to identify strengths and weaknesses in their schools' teaching and learning. Participants are supported by a mentor and a headteacher colleague. The training is licensed to providers who are inspection contractors. During 2002-03, almost 500 participants took part in the programme and gave very positive evaluations.

Objective A1

NPQH

4,500 participants registered for NPQH during 2002-03 – a 17% increase over 2001-02.

3,400 school leaders graduated from NPQH in 2002-03 – a 170% increase over 2001-02.

"NPQH has been instrumental in helping me respond to the many and unexpected pressures of being a headteacher."

NPQH Participant

Operational Objective A1 (cont'd)

Provision for advanced leaders also includes the International School Leader Placements programme. Designed and funded in partnership with the British Council and the DfES, the programme gives school leaders the opportunity to investigate leadership practices and aspects of school organisation, structure and operation in other countries. Following a pilot in 2001-02, the first placements took place in autumn 2002, with more than 150 headteachers from primary, secondary and special schools in England visiting 12 countries.

The fifth stage identified by the *Leadership Development Framework*, **consultant leadership**, encourages experienced headteachers and other school leaders to take responsibility for the future development of the profession while still in their substantive post.

Objective A1

New Visions

"After 38 years as a professional educator, I can honestly say that I have learned as much in the last year of New Visions about learning and leadership in a deep and profound way than the previous 37."

New Visions facilitator

Consultant leaders are a key step towards harnessing the knowledge and experience of those who are successfully leading schools to benefit leadership teams across the country. We envisage that they will become increasingly involved in leading NCSL's programmes and activities, thereby providing strong quality assurance across all provision.

In the *2002-06 Corporate Plan*, we set a target of establishing an initial cohort of 250 consultant leaders by March 2003. Following a successful pilot, this target has been achieved and participants have provided very positive feedback which is being used to inform future developments. The programme has been so successful that for 2003-04 we have revised our initial expectations from 500 to 1,000.

Quality assurance has been built in at all stages of design, delivery and implementation of our programmes. During 2002-03, we produced a draft evaluation framework and work commenced on the final quality assurance framework.

In the *2002-06 Corporate Plan*, NCSL undertook to raise the currency of professional development by researching, in partnership with a group of universities, the possibility of progression from NCSL programmes onto Master's and doctoral degrees through accredited prior learning (APL) credits.

Now, all but one of our partner universities have agreed to admit participants to Master's programmes in leadership and management with a 30 per cent credit under their APL arrangements, providing that candidates hold an NPQH certificate. The Universities Council for the Education of Teachers has also agreed to support this arrangement and so far nine other establishments have informed us that they are operating the same arrangement.

Negotiations are currently underway with our partner universities to establish credit exception arrangements on Master's degrees for candidates with LPSH and Leading from the Middle (LftM) qualifications, but at a lower level than NPQH. Negotiations are also taking place to accredit the Bursar Development Programme within the NVQ framework.

The College does not intend to pursue accreditation for programmes beyond these arrangements but will establish an NCSL leadership development portfolio which will provide recognition for the range of professional development activity which school leaders undertake with us.

A key commitment in the *2002-06 Corporate Plan* was to increase NCSL's national accessibility and capacity by establishing nine affiliated centres, securing the infrastructure to support them and developing their role, function and accountabilities.

The centres, which herald the beginning of strong working partnerships between various education and training bodies, will form a unique network involving over 200 partners. Through the centres, NCSL will ensure that all school leaders can access a wide range of professional development programmes locally.

The target date for establishing the centres was July 2003, but we are delighted to report that the West Midlands Affiliated Centre was the first to be formally launched in February 2002 and that contracts for all the centres were completed by April 2003.

Objective A1

Leading from the Middle

External evaluation of the pilot highlighted the impact the 2002-03 pilot programme is already having on middle leaders in their schools.

"Participants are clearly learning new things and consolidating others from their engagement with the programme. Some are applying strategies copied from the programme input."

Leading from the Middle facilitator

Objective A1

LPSH

"The LPSH course has made me re-think how I work as a head... and gave me a clear direction to improve the quality of teaching and learning in school."

LPSH Participant

Operational Objective A2

Operational Objective A2: Improve the quality of and increase the capacity for school leadership as part of the national policy agenda, through developing and delivering additional strategic and innovative programmes.

One of our key priorities for 2002-03 was to support proposals for Transforming the School Workforce by contributing to Pathfinder pilots and implementing the Bursar Development Programme.

Throughout this period, NCSL has been working with the DfES, advising on the design, content and implementation of the Transforming the School Workforce Pathfinder (TSWP). As a result, key elements of TSWP are being incorporated into the new Headteacher Induction Programme (HIP), and NCSL has helped establish a strategic ICT aspect within the National Remodelling programme, which the College is hosting.

Following the announcement in spring 2001 by the Secretary of State that, "1,000 school business managers would be trained by 2006", NCSL was asked by the DfES to deliver this initiative to reduce the administrative burden on headteachers. During 2002-03 the College has run two pilot programmes for 200 bursars, leading to a Certificate in School Business Management. The lessons learnt from the pilots have been fed into the programme design for national rollout, which commenced in April 2003 with an initial intake of 900. Plans are also well advanced for two pilot diploma courses commencing September 2003.

We are confident that the target of 1,000 bursars will be achieved by 2004, some two years ahead of the date given by the Secretary of State.

As part of the government's Transforming Secondary Education strategy, NCSL has been working in collaboration with the DfES, Ofsted and Becta, to develop the Strategic Leadership of ICT (SLICT) programme to help headteachers focus on their role in leading ICT in schools. Following the success of two pilots, the Secretary of State for Education announced the expansion of SLICT to provide 10,000 places by 2006. Taking on board learning points from the pilots, a robust programme has been developed and national rollout is already underway.

Following the centrally driven educational reforms of the late 1990s, the second wave of reform in 2002 placed greater emphasis on 'informed professional judgement'. Based on the concept of earned autonomy, it empowers schools to take responsibility for making change happen from within. During 2002-03, NCSL has been at the forefront in describing the challenges and opportunities for school leaders in light of these new and emerging concepts of future schooling and education. In December 2002, NCSL hosted a conference for over 50 senior policy-makers and school leaders to explore OECD future school scenarios.

The toolbox of ideas and processes which resulted formed the core of a presentation to the OECD Forum on Schooling for Tomorrow in February 2003.

Throughout the year, school leader secondees have presented a number of papers on future schools to the British Educational Research Association (BERA) and material for a video on e-confident schools has been collected and is waiting final edit.

Over the last year, NCSL has worked with the GTC, TTA and DfES, in particular the Innovation Unit, to successfully design and implement the Networked Learning Community (NLC) initiative. Its objectives are to raise standards through building collaboration within and among schools, to promote models of networked-based learning, to stimulate innovation and to develop leadership learning across communities.

Objective A2

Bursar development

In spring 2001, the Secretary of State for Education announced that "1,000 school business managers will be trained by 2006". Following two successful pilots, NCSL will roll out the Bursar Development Programme across England during 2003. Early indications are that the target of 1,000 bursars will be achieved two years ahead of schedule.

The NLC programme is one of the largest network-based educational initiatives in the world. It is also the largest development and research programme in the College, working with nearly 1,000 schools, 30,000 teachers and 500,000 pupils. Our corporate plan target was to ensure that there were at least 20 functioning networks by September 2002. In practice, we established 41 networks by September 2002 and a further 44 by January 2003.

Early reviews and research suggests that the initiative is generating considerable energy for collaborative working and school-to-school learning, and that it is providing models of practice for other areas of government policy.

In line with our commitment to provide development programmes for primary and special schools that sustain the momentum for improvement, we have been working with CfBT to develop and deliver the Sustaining Improvement in the Primary School initiative. A pilot programme run by CfBT was completed in February 2003 and national rollout of the three-day training programme commenced in March 2003.

Throughout 2002-03 NCSL contributed a number of research papers to inform the government's agenda on schools facing challenging circumstances. These include "Effective Leadership in Schools Facing Challenging Circumstances" and "Leading to Success". Full copies can be obtained from NCSL. We have also supported leadership in Excellence in Cities schools and offered advice and support in the development of the Leadership Incentive Grant initiative.

Objective A2

Strategic Leadership of ICT (SLICT)

The success of an extended SLICT pilot resulted in the announcement in February 2003 of a national rollout to provide 10,000 places by 2006.

"I enjoyed the SLICT course...and we recently received a glowing Ofsted report about our ICT."

SLICT participant

Objective A2

Networked Learning Communities

One of the largest networked-based educational initiatives in the world, 85 networked learning communities were established in 2002-03 involving 1,000 schools, 30,000 teachers and 500,000 pupils.

Operational Objective B

Operational Objective B: Identify, evaluate, disseminate and celebrate the most effective practices in school improvement and leadership development through research and programme delivery, contributing to developments in education policy.

Throughout 2002-03, NCSL has been seeking ways to increase school leaders' access to best practice in school improvement and leadership development and examining the most effective methods for disseminating and applying research findings to schools.

A website has been developed to allow easier access to a wide range of research conducted by and on behalf of NCSL which includes reports and findings from NCSL research associates, groups such as the National Foundation for Educational Research (NFER) and NCSL Leading Edge seminars.

Throughout 2002-03, interest in an international leadership centre network has continued to grow apace. We have signed up Waikato University in New Zealand and are in the process of bringing on the University of Washington in the USA, the National Institute of Education in Singapore and the Australian Principals Centre. Centres in Denmark and Norway have also expressed an interest and others are in various stages of committing formally to the network. A summary of NCSL's recent research work has been sent to all actual and potential members.

In December 2002, NCSL hosted an international conference which was so successful that the College is planning to hold further events.

In line with our corporate plan commitment, we appointed 25 practicing school leaders to be research associates during 2002-03. During the year, Professors Michael Fullan and Brian Caldwell have served as visiting professors and Michael Fullan made a major contribution to the College's launch programme through a one-day seminar delivered with Professor Andy Hargreaves. Professor Brian Caldwell has also offered advice and support in a number of areas, notably evaluation of NCSL's activities.

Objective B

International Activity

NCSL's first international conference was held in October 2002.

"The NCSL international conference unleashed many exciting and positive dreams into the world of educational change. The sessions challenged me to rethink my perspectives and consider new ones."

Lorna Earl, OISE, Canada

"Exciting, different, intense – the conference will have a deep impact on those present. The conception of the conference was brilliant."

Merilyn Klem, Principal, Australia

During 2002-03, we implemented a marketing and communications strategy, re-designed and launched our award-winning website, and developed new content areas and e-learning materials. We completed our move to new premises at the end of July 2002 and the building was officially opened by the Prime Minister in October.

Objective B

Impact of NCSL

As knowledge and awareness of NCSL has grown, so too has the strength of conviction that it will make a positive impact in the field of education.

80% of school leaders believe NCSL will have a positive impact on education – up from 71% in 2001.

69% expect NCSL to have a positive impact on them as individuals and on their personal and professional development – up from 58% in 2001.

Over 90% of participants rate NCSL activities as satisfactory or better.

By the end of 2002, NCSL has connected with over 50% of schools.

Leadership and management is now rated as good or better in over 80% of schools and over 90% in specialist schools.

Our success in raising our profile and reputation is exemplified by findings from an independent opinion research survey carried out in February 2003. This showed that 90 per cent of headteachers have heard of NCSL, with 62 per cent saying that they knew a great deal or fair amount about it.

In addition, a majority of school leaders believe that NCSL:

- is an independent voice for the profession
- helps to raise standards
- is the national focus for school leadership
- supports school leaders
- is a major resource for school leaders
- challenges school leaders to think about how their school can be better run

Operational Objective C

Operational Objective C: Use ICT and other means to further develop access to leadership learning, information and communication, providing greater opportunities for school leaders to contribute to the national education debate.

Throughout the year, NCSL has developed a number of new products for online learning across a range of its programmes. Innovative new content for NCSL programmes included Virtual School, a scenario-based learning tool for middle leaders and a sophisticated online 360-degree diagnostic tool for LPSH. During the year, the College also developed the Learning Gateway, which will become the means by which leaders will access College programmes and maintain their leadership development portfolio.

All of this is set against a background of the number of visits to the NCSL website, which increased from 266,700 in 2001-02 to a staggering 652,000 during 2002-03, an increase of 244 per cent.

In January 2003, NCSL re-launched the think.com online community environment as talk2learn.com. The re-launch, which was announced by Charles Clarke at the BETT Show, included a new graphical interface and improved navigation. Further enhancements are being made to both functionality and usability.

By the end of March 2003, NCSL had increased total membership of the online communities to about 25,000, from 14,000 in April 2002, a significant increase over the 2002-03 target figure of 17,000.

Research conducted by Bristol University concluded that NCSL's innovative strategy represented by these online communities is uniquely ambitious and is larger than any other comparable initiative.

Response from community users has been very positive, including these comments from the Talking Heads community:

"We have all become more open with each other...It has also led to the sharing of good management practice, with honest advice being given and sought. The loneliness of headship has reduced as communication has developed...We are all committed to the development of this facility - it has become a major part of our working lives now...It is fair to say that Talking Heads has been responsible for a major shift in our working patterns and plays a significant role in future plans."

In line with the corporate plan requirements, work has also begun to determine an effective means to extract knowledge from these discussions and to publish it in an accessible and available form through the NCSL website.

Whilst membership of the online communities is compulsory for those undertaking many NCSL programmes, headteacher membership in Talking Heads is completely voluntary. Thus, we are encouraged that we have been able to persuade more than 10,000 headteachers of the advantages of the online community.

Research by both Ultralab and Bristol University reports a number of benefits, including:

- reduced isolation
- accessing advice, ideas, experience and information
- increased effectiveness
- saving time
- clarifying issues
- having opinions challenged
- implementing ideas
- open and frank discussions

These surveys also identified a number of areas in which Talking Heads has made an impact, including:

- exposure to experts
- wider range of case studies by headteachers
- availability of hyper links to materials
- feedback from tutors and peers
- being able to work at own pace and in own time

We conclude that engagement with NCSL's online resources has increased the effectiveness of headteachers, particularly through facilitating networking and sharing best practice.

The Ultralab contract with Oracle – both partners in our community environment – has been extended for a further year to extend the research and development period for online communities.

Arrangements are now in place to bring the online community facilitation in house by the end of 2003. This will enable NCSL to be more proactive in ensuring that facilitation meets the individual needs of course and community participants.

NCSL has piloted an online facilitation course which will be rolled out to other tutors throughout 2003-04 which will enable us to scale up facilitation within our programmes.

Objective C

NCSL website

During 2002-03 the number of visits to the NCSL website rose from 267,000 to 652,000 – an increase of 244% in one year.

“The National College’s website has made my life easier; it’s made information accessible. Any new policies, anything that I need to inform myself or my staff or my governors about is there for me to use.”

Sally Bates, Albany Infant School

“Whether it’s discussion with peers, reference information and links to LEAs, it’s all available. The NCSL site has been well planned; it’s a user-friendly, daily tool.”

Graham Silverthorne, Netherhall School and Sixth Form College

“As websites go, this one is up there with the best in terms of its usefulness to visitors. The no-nonsense approach works well and I am not surprised that headteachers rate it highly. Well done.”

British Association of Communicators in Business

Operational Objective D

Operational Objective D: Make NCSL an efficient, effective, learning organisation and a fulfilling place for staff to work, in order to achieve our goals.

After working in interim accommodation throughout the 2001-02 financial year, NCSL moved into its new premises on Nottingham University's Jubilee Campus in July 2002. The new building was officially opened in October 2002 by the Prime Minister.

It was the College's goal to achieve Investors in People accreditation by March 2003. However, it was found necessary to postpone our application and the date for accreditation submission is now March 2004.

Throughout the year, NCSL has sought to ensure that value for money is achieved in procurement by implementing best practice and strict adherence to OJEC procurement rules. We have also started to roll out the DfES Gateway principles across procurement activities.

During 2002-03, much has been done to develop NCSL's ICT infrastructure for optimising programme administration, e-governance and efficiency. The Learning Gateway is in the process of implementation and can now deliver Learning from the Middle, LPSH and the Bursar Development Programme. The system will deliver NPQH in 2003-04.

Work on the Management Information System has commenced. The MIS specification has now been produced and an information gap analysis completed. Work on developing NCSL's Central Information Source (CIS) began during the year. The enquiry and school visits system has been completed and work is continuing to integrate CIS with other systems.

Report and Accounts for the year ended 31 March 2003

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Company Information

Directors serving during the year

Appointed

Resigned

R Greenhalgh (Chair)	25 September 2000	
K Ajegbo	25 September 2000	25 September 2002
Y Bevan	25 September 2000	
T Brighouse	25 September 2000	
M Britt	01 January 2003	
T Brooks	25 September 2000	25 September 2002
M Gibbons	25 September 2000	31 October 2002
I Hall	06 November 2002	
B Hodson	05 February 2001	
L James	05 February 2001	05 February 2003
T Mackay	25 September 2000	
H Mitchell	21 February 2001	
L Neal	14 February 2003	
D Nightingale	14 February 2003	
H Paterson	06 November 2002	
D Patterson	06 November 2002	
V Phillips	25 September 2000	
T Piggott	06 November 2002	
N Portwood	05 February 2001	
U Sahni	25 September 2000	31 December 2002
T Salt	25 September 2000	
M Stevenson	25 September 2000	
M Taylor	06 November 2002	
R Thornhill	25 September 2000	25 September 2002

Company Information

Company secretary

B Woodhead

Registered office

Triumph Road
Nottingham
NG8 1DH

Registered number

4014904

Head office

Triumph Road
Nottingham
NG8 1DH
www.ncsl.org.uk

Bankers

Office of HM Paymaster General
National Investment and Loans Office
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Auditors

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Solicitors

Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

Foreword to the Accounts

Background information

The National College for School Leadership Limited (NCSL) was incorporated on 14th June 2000. It is an executive non-departmental public Body (NDPB) sponsored by the Department for Education and Skills (DfES).

It is a company limited by guarantee, having no share capital. The accounts have been prepared in accordance with an accounts direction issued by the Secretary of State for Education and Skills with the consent of the Treasury.

The full accounts direction is available upon request but in summary the direction requires the College to comply with the accounting and disclosure provisions of the Companies Act and UK Generally Accepted Accounting Practice (UK GAAP). In preparing the accounts the College has also paid regard to the guidance "Executive NDPBs: Annual Reports and Accounts Guidance 2002/03" issued by HM Treasury.

Principal activities

NCSL's objective is to raise educational standards and aspirations by providing facilities for the training and support of heads, deputies and other school leaders. NCSL is governed by a board of non-executive directors (otherwise referred to as the governing council) appointed by the Secretary of State for Education and Skills. Executive management is provided by NCSL's chief executive and a leadership team of six executive directors.

Financial performance

The primary financial objective set by the Secretary of State was to maintain expenditure within the overall resource expenditure limit for the period of £70,075,000. This was achieved as resource expenditure was £65,214,218. The company is a not for profit organisation and its constitution prevents it from paying a dividend.

Fixed assets

The donated assets from the DfES with an original cost of £179,654, were disposed of during the year following NCSL's move from temporary accommodation to the new Learning and Conference Centre. This included assets previously on long-term loan which were subsequently donated to the College. Note 7 to the accounts details fixed asset additions during the year. During the year there were significant fixed asset additions following the move to the new Learning and Conference Centre.

Foreword to the Accounts

Research and development

Significant resource was devoted towards research and development activities during 2002-03. A total of £1,825,236 was spent on this work compared with £2,630,212 in 2001-02. Research work included a programme of visiting associates and internationally renowned educationalists, Leading Edge seminars and commissioned research.

Future developments

NCSL produced its new four year corporate plan 2003-07 announcing an ambitious plan to be the world's most powerful force in school leadership. During the year the College took possession of a brand new, purpose built, state of the art residential learning and conference centre. The College is developing this to become an internationally renowned leadership development facility. The directors consider the next year will show an increase in income to £85m, which may increase further to take on the work of the national remodelling team.

Post balance sheet events

Following the year end NCSL signed leases for office accommodation for new offices in Nottingham and London. NCSL has also taken on an additional remit since the year end involving a national remodelling team based in London to roll out a new national change management programme in schools in England. The precise funding has yet to be confirmed but is anticipated to be in the region of £7m. There have been no other significant events since the end of the financial period which would affect the understanding of these accounts.

Charitable and political donations

There were no charitable or political donations during the year.

Governing council

The following persons served during the year:

Chair:	Richard Greenhalgh	Chair, Unilever UK
Directors:	Keith Ajegbo	Headteacher, Deptford Green School
	Yasmin Bevan	Headteacher, Denbeigh High School
	Tim Brighouse	Commissioner of London Schools
	Matthew Britt	Headteacher, Stocks Green Primary School, Tonbridge
	Tessa Brooks	Independent Consultant
	Michael Gibbons	Principal, The British School, Brussels
	Ian Hall	Headteacher, Parrs Wood Technology College
	Beverley Hodson	Managing Director, W H Smith UK Retail
	Lesley James	Portfolio Director
	Tony Mackay	Director, Centre for Strategic Thinking, Victoria, Australia
	Hugh Mitchell	Vice President, Human Resources, Shell International Petrol Co Ltd
	Linda Neal	Director of Excellence in Cities, Greenwich and former headteacher
	Diane Nightingale	Headteacher, Housdown School
	Helen Paterson	Headteacher, Liphook Church of England Junior School
	David Patterson	HR Consultant and Director of Bioss International, former MD of Hay Group Ltd (UK)
	Vicki Phillips	Secretary of Education, Pennsylvania, USA
	Terry Piggott	Executive Director, Rochdale LEA
	Nigel Portwood	Executive Vice President – Finance and Operations, Penguin Group, USA
	Usha Sahni	Headteacher, Argyle Primary School
	Toby Salt	Headteacher, St. Anthony's School
	Michael Stevenson	Joint Director of Factual Learning, BBC
	Martin Taylor	Governor, Derby University
	Richard Thornhill	Headteacher, Loughborough Primary School, London

Ex Officio:	David Normington	Permanent Secretary, Department for Education and Skills
	Heather Du Quesnay	Director and Chief Executive, The National College for School Leadership
	David Puttnam	Chair, General Teaching Council
	John Beattie	Chair, General Teaching Council
	Mike Tomlinson	Her Majesty's Chief Inspector of Schools
	David Bell	Her Majesty's Chief Inspector of Schools
	Michael Gibbons	Head of Innovation Unit, Department for Education and Skills

Foreword to the Accounts

Disabled persons

NCSL is committed to a policy of equal opportunities. Disablement is not regarded as a bar to recruitment or advancement; selection is based on merit. The office accommodation at the Learning and Conference Centre at NCSL is equipped to accommodate the needs of persons with disabilities.

Employee involvement

Staff involvement is actively encouraged. Means of employee communication include a workplace staff consultation group, regular team meetings and fortnightly briefings for all staff. A number of cross-office working groups have been established to encourage participation of staff and improved methods of working.

Equal opportunities

NCSL is an equal opportunities employer. NCSL has an equal opportunities policy, which is line with best practice and has been approved by the DfES.

Prompt payment

NCSL is committed to complying with the principles of the Better Payment Practice Code but so far has not had systems in place to measure compliance. It is proposed to introduce such systems during 2003-04. No interest was paid relating to the late Payment of Commercial Debts (Interest) Act 1998.

Going concern

The accounts have been prepared on a going concern basis as the governing council believe that NCSL will continue in operational existence for the foreseeable future. The Secretary of State for Education and Skills has remitted NCSL to take over all of the national school leadership training programmes and has confirmed a baseline budget of grant funding £80.22m in 2003-04 rising to £91.92m in 2005-06.

Elective resolution

On 16 November 2001 an elective resolution was passed to dispense with the annual appointment of auditors and laying of the accounts before the company in a general meeting.

Signed by order of the board by:



B Woodhead
Company Secretary

Approved by:



H Du Quesnay
Chief Executive

Dated: 26 August 2003

Statement of Governing Council Members' and Accounting Officer's Responsibilities

Under Section 227 of the Companies Act 1985 NCSL's directors are required to prepare a statement of accounts for each financial period in the form and on the basis set out by the act.

The Accounts Direction, which is issued by the Department of Education and Skills, requires the company to comply with the accounting and disclosure provisions of the Companies Act and UK Generally Accepted Accounting Practice (UK GAAP). The accounts are prepared on an accruals basis and must give a true and fair view of NCSL's state of affairs at the period end and of its income and expenditure, total recognised gains and losses and cash flows for the financial period.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Secretary of State for Education and Skills has designated the director and chief executive of NCSL as the accounting officer. Her relevant responsibilities as accounting officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for 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'.

Statement on System of Internal Control

As accounting officer, I have responsibility for ensuring that a sound system of internal control is maintained and operated by NCSL, whilst safeguarding public funds and assets for which I am personally responsible in accordance with the NDPB Accounting Officer Memorandum.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. NCSL is designated a 'smaller' body by HM Treasury so it is important that the measures adopted are appropriate to the size, resources and complexity of the organisation.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of organisational policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Much work has been done already in 2001-02 and in 2002-03 to put in place internal control procedures which have already been audited and found to be satisfactory.

In 2002-03 the following key internal control measures were in place:

- a system of delegation of authority with defined revenue and capital spend authorisation limits
- regular reviews by the leadership team of periodic financial reports which indicate financial performance against forecasts
- an internal audit service and an annual internal audit report providing an independent opinion on the adequacy and effectiveness of NCSL's system of internal control
- an audit committee to review the work of internal audit and provide regular reports to the governing council
- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the finance and general purposes committee of the governing council

- regular review of the system of internal control through reports of the internal and external auditors and an annual review by the audit committee of the effectiveness of NCSL's system of internal control
- the governing council receives periodic reports from the chairman of the audit committee concerning internal control
- receipt of regular reports from project managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects and progress towards corporate plan objectives

I expect to have the procedures in place during the year 2003-04 necessary to implement Treasury guidance and to achieve best practice. This takes account of the time needed to fully develop and improve the processes which NCSL has put in place in its first two years of existence.

We have held an annual risk management workshop, attended by staff representatives from each group within NCSL, during which we identified the main risks and determined a control strategy for each of the significant risks. As a result of these workshops, a risk management policy document has been put to the College leadership team to determine NCSL's attitude to risk to the achievement of the objectives.

The leadership team proposes to change its meeting calendar and agenda so that risk management and internal control will be considered on a regular basis during the year and there will be a full risk and control assessment before reporting on the year ending 31 March 2004. Risk management will be embedded more fully into the corporate planning and decision making processes of the organisation. Internal audit will be asked to report on the progress during the year.

In addition to the actions mentioned above, in the coming year NCSL plans to:

- continue the annual programme of facilitated workshops including senior members of staff to identify, evaluate and keep up to date the record of risks facing the organisation
- assess existing controls, determine actions and allocate responsibility for actions
- maintain an organisation-wide risk register based upon the control risk self assessment

NCSL has an internal audit function, which operates to standards defined in the Government Internal Audit Standards. It submits regular reports which include the HIA's independent opinion on the adequacy and effectiveness of NCSL's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the audit committee, the executive managers within NCSL 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.

Heather Du Quesnay
Accounting Officer

Independent Auditors' Report to the members and directors of The National College for School Leadership Limited

We have audited the accounts on pages 33 to 44.

This report is made solely to the company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors, the chief executive and auditors

The directors are responsible for preparing the foreword and, as described on page 27, the directors and chief executive are responsible for the preparation of accounts in accordance with the United Kingdom's Companies Act 1985, applicable accounting standards, and Secretary of State for Education and Skills accounts direction and for ensuring the regularity of financial transactions. The directors and chief executive are also responsible for preparation of the foreword and other contents of the annual report. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and Secretary of State for Education and Skills accounts direction 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. We also report if, in our opinion, the foreword is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We have read the other information contained in the report and accounts, and consider whether it is consistent with the audited accounts. We have considered the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We have reviewed whether the statement of internal control on page 20 reflects the company's compliance with the Treasury's guidance 'Corporate Governance: statement on the system of internal financial control'. We report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounts. We are not required to consider whether the director's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Basis of audit opinions

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors and chief executive in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error, 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 our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinions

In our opinion:

- the accounts give a true and fair view of the state of affairs of the company at 31 March 2003 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and Secretary of State for Education and Skills accounts direction
- 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.

KPMG LLP
Chartered Accountants
Registered Auditor
Birmingham

Dated: 26 August 2003

Income and Expenditure Account for the year ended 31 March 2003

	Notes	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Turnover	3		
Grant in Aid from DfES		59,774,007	27,858,140
Other income		826,353	1,015,762
		60,600,360	28,873,902
Administrative expenses		(65,214,168)	(28,460,025)
Operating (deficit)/surplus	4	(4,613,808)	413,877
(Deficit)/surplus on ordinary activities before taxation		(4,613,808)	413,877
Tax on (deficit)/surplus on ordinary activities	6	-	-
Accumulated (deficit)/surplus for the year	12	(4,613,808)	413,877

All the above activities relate to continuing operations.

Statement of Total Recognised Gains and Losses for the year ended 31 March 2003

	Notes	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
(Deficit)/surplus for the year		(4,613,808)	413,877
Assets donated in the year		-	115,054
Total recognised gains and losses for the year		(4,613,808)	528,931

Balance Sheet as at 31 March 2003

	Notes	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Fixed assets			
Tangible assets	7	25,645,620	179,570
Current assets			
Debtors	8	1,583,492	405,010
Cash at bank and in hand		4,629,271	3,501,359
		6,212,763	3,906,369
Creditors: amounts falling due within one year	9	(11,518,396)	(3,752,405)
Net current (liabilities)/assets		(5,305,633)	153,964
Total assets less current liabilities		20,339,987	333,534
Creditors: amounts falling due after more than one year	10	(24,655,916)	(35,655)
Net (liabilities)/assets		(4,315,929)	297,879
Capital and reserves			
Donated asset reserve	11	-	59,876
Income and expenditure account	11	(4,315,929)	238,003
Member's (deficit)/funds	12	(4,315,929)	297,879

These accounts were approved by the board of directors and signed on their behalf by:

Barry Woodhead

Director

Approved by the board on: 26 August 2003

These accounts were approved by the accounting officer:

H Du Quesnay

Chief Executive and Accounting Officer

Approved by the Accounting Officer on: 26 August 2003

Cash Flow Statement for the year ended 31 March 2003

	Year to 31 March 2003 £000	Year to 31 March 2002 £000
Net cash inflow from operating activities	1,127,912	3,501,359
Capital expenditure net of donated and loaned assets		
Purchase of tangible fixed assets	(1,739,075)	(172,425)
Receipt of deferred capital grants	1,739,075	172,425
Increase in cash	1,127,912	3,501,359
Reconciliation of operating (deficit)/surplus to net cash inflow from operating activities		
Operating (deficit)/surplus	(4,613,808)	413,877
Depreciation	1,042,552	166,862
Loss on disposal of fixed assets	30,473	-
Release from deferred capital grants	(1,013,149)	(103,565)
Increase in debtors	(1,178,482)	(391,692)
Increase in creditors	6,860,326	3,415,877
Net cash inflow from operating activities	1,127,912	3,501,359
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	1,127,912	3,501,359
Change in net funds	1,127,912	3,501,359
Opening net funds	3,501,359	-
Net funds at 31 March	4,629,271	3,501,359

Notes to the Accounts for the year ended 31 March 2003

1 Company status

The company is limited by guarantee and has no share capital.

The maximum liability of each member is £1. The sole member is the Secretary of State for Education and Skills.

The company is an executive non-departmental public body sponsored by the Department for Education and Skills.

2 Accounting policies

The accounts have been prepared in accordance with a direction given by the Secretary of State for Education and Skills with the consent of the Treasury. The particular accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

2.1 Accounting convention

The accounts have been prepared under the historical cost convention, except for assets received from the DfES for which no consideration is paid which are capitalised at their cost to the DfES.

2.2 Going concern

The accounts have been prepared on a going concern basis as the governing council is firmly of the opinion that NCSL will continue in operational existence for the foreseeable future. The Secretary of State for Education and Skills has confirmed NCSL's funding over the next three years rising from £80m to £92m.

2.3 Government grants

NCSL is funded mainly by grant in aid from its sponsor department, the Department for Education and Skills. Grant in aid is received monthly and is treated as revenue being recognised upon receipt, except for amounts used for the purchase of fixed assets which are held in creditors and released to the income and expenditure account in line with depreciation on the relevant assets. As grant in aid should not be drawn down in advance of need, income is accrued at the year end for remaining grant income for the year.

2.4 Grants paid

Grants to other bodies are recognised upon payment becoming due according to an agreed profile or specified milestones.

2.5 Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Notes to the Accounts for the year ended 31 March 2003

2.6 Fixed assets and depreciation

Assets with a purchase cost in excess of £2,500 are capitalised unless they are part of a recognised scheme in which case items with a lower cost are capitalised as distinct groups.

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

Land and buildings	over 50 years
Building improvements	over 10 years
Computer hardware and communications equipment	over 3 years
Computer software	over 2 years
Office furniture and equipment	over 3 years

Where NCSL receives assets for nil consideration from its sponsor department, the Department for Education and Skills, these are capitalised on their receipt at the cost to the DfES and a corresponding entry is credited to deferred grants. A release is made from deferred grants to income in line with the depreciation charge on the associated asset.

2.7 Research and development

Research and development expenditure, including research grants, is written off as incurred.

2.8 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income and expenditure account.

2.9 Notional cost of capital

The notional cost of capital of 6 per cent on average capital employed during the year, excluding cash at bank and donated assets, has been shown in Note 4. Where the capital employed is represented by liabilities a negative charge or credit is shown. This is in line with HM Treasury guidance.

2.10 Pensions

Company employees are eligible to become members of the Nottinghamshire County Council Local Government Pension Scheme, a defined benefit scheme. Pension contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the scheme.

2.11 Value added tax

NCSL is treated as an 'eligible body' for VAT purposes and its supplies of education and vocational training are exempt from VAT. Irrecoverable VAT, excluding that on fixed assets, is charged to the income and expenditure account in the period in which it is incurred.

3 Turnover

Other income, included within turnover represents the invoiced value of goods and services supplied by NCSL in connection with its educational, research and vocational training activities.

4 Operating (deficit)/surplus

	2003 £000	2002 £000
This is stated after charging:		
Depreciation of fixed assets	1,042,552	166,862
Loss on disposal of fixed assets	30,473	-
Auditors' remuneration - external audit	31,450	15,176
- other fees	-	10,075
- internal audit	18,137	17,772
Research and development expenditure	1,825,236	2,630,212
Operating lease payments - plant and equipment	608,144	-
- other	29,499	

The notional cost of capital for the year is £107,301 (2002: £106,115). This has not been included within the income and expenditure account.

5 Staff costs

	2003 £000	2002 £000
a) Wages and salaries	3,282,475	1,941,245
Social security costs	260,029	187,262
Other pension costs	349,322	159,408
	3,891,826	2,287,915

Salaries include gross salaries and performance bonuses payable. It does not include estimated monetary value of benefits in kind.

b) The average number of employees during the year was made up as follows:

	2003 £000	2002 £000
Senior management	7	6
Other staff	101	52
	108	58

Notes to the Accounts for the year ended 31 March 2003

c) NCSL is a member of the Nottinghamshire County Council Pension Scheme. The charge to the income and expenditure account for the year represents NCSL's liability for pension contributions in the year.

d) Members of the governing council, who are directors for the purpose of company law, receive no remuneration from NCSL. Expenses for attendance at meetings are reimbursed. Any associated income tax liability is borne by NCSL.

e) Information in respect of the remuneration and pension entitlements of the chief executive, who is not a director for the purposes of company law, and the individual salary and pension entitlements of the other senior managers has not been disclosed under the provisions of the Data Protection Act (1998) for the right to privacy of personal data.

6 Taxation

It is currently considered that NCSL is exempt from taxation (other than value added tax) on its educational activities, and therefore no provision for current or deferred corporation tax is necessary.

7 Tangible fixed assets

	Land and Buildings Owned £000	Plant and machinery Owned £000	Plant and machinery Donated £000	Total £000
Cost or valuation				
At 1 April 2002	-	248,791	179,654	428,445
Additions at cost	785,415	953,660	-	1,739,075
Disposals	-	(276)	(137,172)	(137,448)
Transfer from DfES	24,800,000	-	-	24,800,000
At 31 March 2003	<u>25,585,415</u>	<u>1,202,175</u>	<u>42,482</u>	<u>26,830,072</u>
Accumulated depreciation				
At 1 April 2002	-	129,097	119,778	248,875
Charge for the year	574,541	438,608	29,403	1,042,552
Eliminated on disposal	-	(276)	(106,699)	(106,975)
At 31 March 2003	<u>574,541</u>	<u>567,429</u>	<u>42,482</u>	<u>1,184,452</u>
Net book value				
At 31 March 2003	<u>25,010,874</u>	<u>634,746</u>	<u>-</u>	<u>25,645,620</u>
At 31 March 2002	<u>-</u>	<u>119,694</u>	<u>59,876</u>	<u>179,570</u>

The tangible fixed assets were re-valued during the year using the depreciated replacement cost method required by the executive NDPB annual reports and accounts guidance. This was done using appropriate indices from the Office of National Statistics. The outcome of this revaluation did not significantly change the depreciated historic cost carrying value of the tangible fixed assets and therefore has not been reflected in these accounts.

On 7 June 2002, NCSL entered into a 99 year lease with the Department for Educational and Skills for the use of a building sited on the Jubilee Campus of the University of Nottingham. No consideration was transferred by NCSL to the DfES in respect of this lease and no rental is charged. Under the provisions of FRS 5, this building has been capitalised at cost within NCSL's accounts to reflect the substance of the lease which confers the operational risk of the building to NCSL. A corresponding entry has been made to deferred capital grants within creditors and this creditor balance will be released to income in line with depreciation on the asset.

8 Debtors

	2003 £000	2002 £000
Trade debtors	1,090,707	324,956
Other debtors	-	2,425
Prepayments and accrued income	492,785	77,629
	1,583,492	405,010

9 Creditors: amounts falling due within one year

	2003 £000	2002 £000
Trade creditors	3,914,012	2,717,488
Other creditors including taxation and social security	334,651	41,681
Deferred capital grant	989,704	84,039
Accruals and deferred income	6,280,029	909,197
	11,518,396	3,752,405

During the year, NCSL took possession of a building from the DfES – see Note 7. Included within deferred capital grants is an amount equivalent to the carrying value of that building of £24,304,000 of which £496,000 is due for release to income within one year and £23,808,000 in greater than one year.

Notes to the Accounts for the year ended 31 March 2003

10 Creditors: amounts falling due after more than one year

	2003 £000	2002 £000
Deferred capital grant – land and buildings	24,436,332	-
Deferred capital grant – other	219,584	35,655
	24,655,916	35,655

11 Movement on reserves

	Donated asset reserve £000	Income and expenditure account £000	Total £000
Opening balance	59,876	238,003	297,879
Deficit for the year	-	(4,613,808)	(4,613,808)
Transfer of depreciation on donated assets	(29,403)	29,403	-
Loss on disposal of donated assets	(30,473)	30,473	-
At 31 March 2003	-	(4,315,929)	(4,315,929)

The donated asset reserve represents the net book value of assets donated to NCSL by DfES to enable it to operate from its interim office accommodation.

12 Reconciliation of movement in member's (deficit)/funds

	2003 £000	2002 £000
Opening balance	297,879	(231,052)
(Deficit)/surplus for the year	(4,613,808)	413,877
Assets donated in year	-	115,054
At 31 March	(4,315,929)	297,879

13 Related party transactions

NCSL is a non-departmental public body and a company limited by guarantee. The guarantor is the Secretary of State for Education and Skills and thus is considered a related party. Grant in aid income of £60,500,000 was received from the DfES during the year.

NCSL invoiced the DfES for a further £823,050 for reimbursement of expenditure and other services rendered.

The directors, T Brooks and T Mackay were paid £11,750 and £22,750 respectively, for consultancy services.

The University of Nottingham is not a related party.

None of the governing council members, senior management personnel or other related parties have undertaken any material transactions with NCSL during the year, other than those noted above.

14 Material non-cash transactions

During the year, NCSL took possession of a building from the DfES – see Note 7, for which no consideration is payable. This building was capitalised at £24,800,000 under the provisions of FRS 5 with a corresponding entry made to deferred capital grants.

15 Financial performance targets

The only financial performance target was to maintain expenditure within the overall resource accounting target of £70,075,000. This objective was met.

16 Operating lease commitments

At 31 March 2003, NCSL had annual commitments under non-cancellable operating leases falling due as set out below:

	2003 Land and Buildings £000	2003 Other £000	2002 Land and Buildings £000	2002 Other £000
Within one year	-	80,904	-	-
In the second to fifth years inclusive	126,400	465,797	-	-
	126,400	546,701	-	-

Notes to the Accounts for the year ended 31 March 2003

17 Post balance sheet events

Since the year end the College has entered into lease agreements for additional office premises in London and Ruddington. The DfES have also agreed additional funding in principle of £7m to fund the establishment of a national remodelling team.

18 Pensions

NCSL operates a defined benefits staff pension scheme providing benefits based upon final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Scheme which is administered under the statutory framework of the local government pension scheme. The scheme is funded with assets held by trustees. The pension costs are assessed by a qualified actuary, on the basis of triennial valuations using the projected unit method.

SSAP 24

The pensions costs is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2001
Actuarial method	Projected Unit
Investment returns per annum	6.5%
Pension increases per annum	2.5%
Salary scale increases per annum	4.0%
Market value of assets at date of last valuation	£1,440m
Proportion of members' accrued benefits covered by the actuarial value of the assets	91%

FRS 17

The following information is based upon a full actuarial valuation of the fund as 31 March 2001 updated to 31 March 2002 and 2003 by a qualified independent actuary.

	2003	2002
Inflation	2.5%	2.5%
Rate of increase in salaries	4.0%	4.0%
Rate of increase in pensions	2.5%	2.5%
Discount rate for liabilities	5.4%	6.0%

The assets in the scheme (of which NCSL's share is estimated at 0.2%) and the expected rates of return were:

	2003 Long term rate of return expected at 31 March 2003	Value at 31 March 2003 £000	2002 Long term rate of return expected at 31 March 2002	Value at 31 March 2002 £000
Equities	7.5%	1,774	8.0%	1,473
Bonds	4.5 to 5.4%	722	6.0%	394
Property	6.5%	412	7.0%	286
Other	3.75%	124	-	-
Total market value of assets		3,032		2,153

	2003 £000	2002 £000
NCSL's estimated asset share	3,032	2,153
Present value of scheme liabilities	(4,686)	(2,509)
Deficit in the scheme	(1,654)	(356)

Notes to the Accounts for the year ended 31 March 2003

Under the transitional arrangements of FRS 17, no provision has been made by NCSL for the company's share of the deficit of the scheme. If provision were made, the following entries would be made:

Balance sheet presentation

	2003 £000	2002 £000
Net (liabilities)/assets excluding FRS 17 pension liability	(4,316)	298
Net pension liability	(1,654)	(356)
Net liabilities including FRS 17 pension liability	(5,970)	(58)
Reserves note		
Income and expenditure account excluding FRS 17 pension liability	(4,316)	238
Pension reserve	(1,654)	(356)
Income and expenditure account including FRS 17 pension liability	(5,970)	(118)

Under the transitional arrangements of FRS 17, NCSL's pension charge for the year calculated under FRS 17 assumptions is not included in the accounts (as this is currently calculated on a SSAP 24 basis). If the charge had been included on an FRS 17 basis, the following entries would be made.

Analysis of the amount charged to the income and expenditure account

	2003 £000
Service cost	376
Past service cost	-
Total operating charge	376

Analysis of net return on pension scheme

	2003 £000
Expected return on pension scheme assets	213
Interest on pension scheme liabilities	(193)
Net return	20

Amounts recognised in the statement of total recognised gains and losses (STRGL)

	2003 £000
Actual return less expected return on pension scheme assets	(717)
Experience gains and losses arising on the scheme liabilities	-
Change in financial and demographic assumptions underlying the scheme liabilities	(561)
Actuarial loss recognised in STRGL	(1,278)

Movement in surplus during year

	2003 £000
Deficit in scheme at beginning of year	(356)
Movement in year:	
Current service charge	(376)
Contributions	336
Past service costs	-
Net interest/return on assets	20
Actuarial gain or loss	(1,278)
Deficit in scheme at end of year	(1,654)

History of experience gains or losses

	2003 £000
Difference between the expected and actual return on assets:	
Amount	(717)
% of scheme assets	23.6%
Experience gains and losses on scheme liabilities	
Amount	-
% of scheme liabilities	-
Total amounts recognised in statement of total recognised gains and losses	
Amount	(1,278)
% of scheme liabilities	27.3%

Appendix 1 – Accounts Direction

Accounts Direction that the Secretary of State for Education and Skills – with the approval of the Treasury – has given to the National College for School Leadership.

1. The National College for School Leadership shall prepare accounts for the financial period ended 31 March 2001 and subsequent financial years comprising:
 - a. a foreword
 - b. an income and expenditure account
 - c. a balance sheet
 - d. a cash flow statement
 - e. a statement of total recognised gains and losses related to A-C, including such notes as may be necessary for the purposes referred to in the following paragraphs.
2. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.
3. Subject to this requirement, the accounts shall be prepared in accordance with:
 - a. generally accepted accounting practice in the United Kingdom (UK GAAP)
 - b. the disclosure and accounting requirements contained in The Fees and Charges Guide (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance that the Treasury may issue from time to time in respect of accounts that are required to give a true and fair view
 - c. the accounting and disclosure requirements given in Government Accounting and in Executive NDPBs: Annual Reports and Accounts Guidance, as amended or augmented from time to time relates to A-C insofar as these are appropriate to the National College for School Leadership and are in force for the financial year for which the statement of accounts is to be prepared.
4. NCSL shall prepare its income and expenditure account and balance sheet under the historic cost convention modified by the inclusion of:
 - a. fixed assets at their value to the business by reference to current costs; and
 - b. stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

