

Annual Report 2010

Trustees' annual report and accounts for
the year ended 31 December 2010

General
Medical
Council

Regulating doctors
Ensuring good medical practice

Contents

| | | | |
|--|-----------|---|-----------|
| Statutory purpose | 2 | Structure, governance and management | 24 |
| Review of 2010 | 3 | Organisational structure | 25 |
| Some highlights of the year | 3 | Council | 25 |
| Delivery against our Business Plan for 2010 | 4 | Committees, boards and reference groups | 25 |
| Strategic aim 1 | 5 | Audit and Risk Committee | 26 |
| Overview | 5 | Remuneration Committee | 26 |
| Activity | 5 | Resources Committee | 26 |
| Registration | 6 | Undergraduate Board | 26 |
| Strategic aim 2 | 7 | Postgraduate Board | 27 |
| Overview: fitness to practise | 7 | Continued Practice Board | 27 |
| Activity | 7 | Education and Training Reference Group | 27 |
| Fitness to practise | 8 | Registration Reference Group | 28 |
| Overview: revalidation | 8 | Standards and Ethics Reference Group | 28 |
| Strategic aim 3 | 9 | Fitness to Practise Reference Group | 28 |
| Overview | 9 | Equality and Diversity Reference Group | 28 |
| Activity | 10 | Research Reference Group | 29 |
| Strategic aim 4 | 11 | Management | 29 |
| Strategic aim 5 | 12 | Looking forward for 2011 | 30 |
| Strategic aim 6 | 13 | Professional advisers | 32 |
| Strategic aim 7 | 15 | Independent auditors' report | 33 |
| Strategic aim 8 | 16 | Accounts | 35 |
| Research | 16 | | |
| Equality and diversity | 16 | | |
| Financial review | 18 | | |
| Trustees' responsibilities for the financial statements | 20 | | |
| Investment policy | 21 | | |
| Reserves policy | 21 | | |
| Audit and Risk Committee's report | 21 | | |
| Risk management statement | 23 | | |

Statutory purpose

The General Medical Council is the independent regulator for doctors in the UK. Our statutory purpose is to protect, promote and maintain the health and safety of the public.

- 1 We aim to deliver regulation that:
 - a. raises standards and enhances patient safety
 - b. fosters the professionalism of doctors
 - c. is independent, fair, efficient and effective
 - d. encourages early and effective local action
 - e. commands the confidence and support of all our key interest groups.
- 2 As a registered charity (number 1089278 with the Charity Commission for England and Wales, number SC037750 with the Office of the Scottish Charity Regulator), we have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. This annual report sets out details of our work in 2010 which demonstrates public benefit.

Review of 2010

Some highlights of the year

- 3 In 2010, the first year of our *Corporate Strategy 2010-2013*, we made considerable progress on key priorities to improve quality and enhance patient safety. Among our significant achievements over the year were those described in the following paragraphs.
- 4 We moved to the implementation phase of revalidation, signing a joint statement of intent with the four UK health departments setting out our shared commitment to launching by the end of 2012. Revalidation will make an important contribution to patient safety by providing assurance that licensed doctors remain up to date and fit to practise.
- 5 We merged the Postgraduate Medical Education and Training Board (PMETB) with the GMC on 1 April 2010. The merger resulted in the integration of standards, education, registration and fitness to practise across all stages of a doctor's career, and early benefits are already being delivered.
- 6 We developed proposals for fundamental reform of our fitness to practise procedures. These aim to provide quicker resolution to cases and less stress for all concerned while saving money, retaining transparency and, above all, continuing to protect patients.
- 7 We started to collect additional information about the nature of licensed doctors' medical practice. This forms part of our plan to develop and expand the register to be a more useful tool for all who use it.
- 8 We published new ethical guidance for doctors on end of life care and good practice in research.
- 9 We significantly raised the profile of patient safety concerns in Europe. This included influencing debates over language assessments for doctors from the European Economic Area, and the sharing of fitness to practise information between regulators.
- 10 We made significant advances in our drive to ensure that equality and diversity are integral to everything we do – this has included a major exercise in staff engagement and the launch of our *Equality and Diversity Strategy 2010–2013* as well as creating action plans for each directorate.
- 11 We established the Performance Board to develop and oversee an organisation-wide efficiency programme to deliver on our commitment to ongoing business improvement and value for money. We aim to deliver total efficiency gains of 12–20% over the period 2010–2013, generating between £26 million and £43 million by the end of the period. In 2010 we made good progress and delivered £8.3 million of efficiency gains.

Delivery against our Business Plan for 2010

Strategic aim 1: To continue to register only those doctors that are properly qualified and fit to practise and to increase the utility of the medical register.

Overview

- 12 In 2010, we continued to ensure the accuracy, robustness and accessibility of the medical register. We also carried out a number of registration business improvement activities, reducing the number of applications received with errors or missing information, and reviewing our certification processes following the merger with PMETB.
- 13 We reviewed our policy framework in three areas, as a result of which we are seeking an amendment to the Medical Act 1983 to remove the test of fitness to practise for provisionally registered doctors applying for full registration; we have agreed revised criteria on the acceptability of overseas primary qualifications; and we began a review of the integration of registration and certification appeals. We also reviewed two areas relating to demonstrating knowledge of English, which led us to increase the level of the International English Language Testing System scores required from 1 October 2010, and to develop revised guidance on alternative evidence that international medical graduates may provide, which was implemented from 1 February 2011.
- 14 In 2010, as part of our ongoing work to make the medical register more comprehensive and useful, we began to collect more information about licensed doctors using a questionnaire about where they practise, their specialty, their role as a trainer and/or trainee and their practice within and outside the NHS. We will aggregate this data and use it to identify trends and patterns in doctors' practice.

Activity

- 15 We aim to respond to 95% of registration applications within five working days to provide a prompt and efficient registration service. Throughout 2010, we managed to achieve 100% performance against this target despite an increase in application activity which saw the volume of applications for registration granted across the year increase by 6.6% compared to 2009.
- 16 We aim to answer 90% of calls within 15 seconds. In 2010, our Contact Centre received 228,058 calls and answered 91% within our target. We were able to provide a substantive response to 99% of the 77,727 emails and letters we received (both enquiries and updates) within our benchmark of five working days. We also met our target to respond to 95% of complaints within 10 working days throughout 2010.

Registration

| Target | Performance |
|---|-------------|
| To respond to 95% of applications within five working days. | 100% |
| To answer 90% of calls within 15 seconds. | 91% |
| To see 95% of visitors within 10 minutes of their arrival. | 95% |
| To answer 95%* of emails and letters (enquiries) within five working days. | 99% |
| To answer 95%* of emails and letters (updates) within five working days. | 99% |
| To respond to 95% of complaints within 10 working days. | 97% |

* From March 2010, the targets relating to answering emails and letters were revised down from 100% to 95% as guaranteeing the achievement of the 100% target would require a disproportionate level of resources.

Strategic aim 2: To give all our key interest groups confidence that doctors are fit to practise.

Overview: fitness to practise

- 17 In 2010, we continued to deal firmly and fairly with all fitness to practise concerns raised about individual doctors through our fitness to practise procedures. We developed plans for reform of our adjudication and fitness to practise procedures, and undertook a major public consultation on our revalidation proposals, the outcomes of which were used to inform further policy development.
- 18 During 2010, the Council for Healthcare Regulatory Excellence (CHRE) undertook an audit of our fitness to practise casework. The report of this audit was published in March 2011. CHRE comments that the audit 'found a well managed system of casework with no evidence of significant risks to patients or to the maintenance of public confidence in the system of regulation and the profession'. CHRE was pleased that we had, through revising our policies and procedures, addressed the few issues of slight concern found in the audit.
- 19 In early 2010, we introduced changes to our policy on consensual disposal, the process by which cases may be concluded at the investigation stage by agreeing undertakings with a doctor, such as retraining or restricting a certain area of practice. The changes have increased the number and type of cases that can be disposed of on a consensual basis and resulted in 29 cases being dealt with in this way in 2010.
- 20 We have developed proposals to change the way we deal with cases at the end of an investigation. These include encouraging more doctors to accept our proposed sanctions without the need to refer the case to a public hearing, thus ensuring a greater focus on our core purpose of protecting patients and the public. We are holding a public consultation on the proposals in 2011.
- 21 On 2 December 2010, the Government confirmed that it intended to proceed to repeal the legislative provisions relating to the Office of the Health Professions Adjudicator (OHPA) which would have taken over the GMC's adjudication function in April 2011, and to take forward steps to enhance the separation of the adjudication function within the GMC. In 2011, we will consult on proposals for modernising and repositioning adjudication within the GMC.

Activity

- 22 We met many of our targets including: to conclude 90% of cases within 15 months, to review 100% of doctors with conditions or undertakings attached to their registration before being returned to unrestricted registration, and to begin 100% of Investigation Committee hearings within two months of referral. We also reduced the length of time it takes to commence an Interim Orders Panel hearing from four to three weeks following a referral and achieved this service target throughout the year.

23 We have experienced a 24% increase in the number of enquiries received in 2010 compared to 2009 meaning that the associated Stream 1 case load for 2010 is up by 19% compared to 2009. This impacted on our ability to meet our target to conclude or refer 90% of cases at the investigation stage within six months. We responded to this by increasing our investigation resources and improving our efficiency and productivity.

24 Since late 2009, we have also experienced an increase in both the number of cases being referred to public hearings and the average length of hearings. This has affected our ability in 2010 to meet our service target of beginning 90% of panel hearings within nine months of referral. To address this, we took steps to increase our hearing capacity and make more efficient use of our resources.

Fitness to practise

| Target | Performance |
|---|-------------|
| To conclude or refer 90% of cases at the investigation stage within six months. | 87% |
| To conclude or refer 95% of cases at the investigation stage within 12 months. | 96% |
| To commence 100% of Interim Orders Panel hearings within three weeks of referral.** | 100% |
| To commence 90% of panel hearings within nine months of referral. | 69% |
| To commence 100% of Investigation Committee hearings within two months of referral. | 100% |
| To conclude 90% of fitness to practise cases within 15 months. | 95% |
| To review 100% of doctors with conditions or undertakings attached to their registration before being returned to unrestricted registration. | 100% |

** We conducted a project to reduce the length of time it takes to commence and Interim Orders Panel hearing following a referral. Consequently, from August 2010 we adjusted this target from one month to three weeks.

Overview: revalidation

25 To inform our approach to the development of policy and guidance on revalidation, we held a major public consultation on our plans and proposals. We secured high levels of engagement from our key interest groups, from which five key themes emerged:

- a. the need to ensure that revalidation is as streamlined, straightforward and proportionate as possible
- b. the need to ensure that the revalidation model is flexible
- c. concerns about the potential costs of revalidation
- d. the need for further detail about specific elements of the proposals
- e. the need for further testing and evaluation throughout the UK.

26 While the responses showed a high level of support for the majority of the proposals in the consultation, the detailed comments outlined some reservations about particular parts of the proposals and included some suggestions for improvements. These comments are helping to inform further policy development and shape our proposals for implementation.

27 Alongside the consultation response, we published a joint statement of intent with the four UK health departments, which outlined the high-level priorities and principles for taking forward our work on revalidation. The statement of intent reinforces the shared commitment of the GMC and our revalidation partners to work together to develop, test and implement a system of revalidation throughout the UK that is feasible, flexible, proportionate and cost-effective.

Strategic aim 3: To provide an integrated approach to the regulation of medical education and training through all stages of a doctor's career.

Overview

- 28** The merger of PMETB with the GMC was successfully completed in 2010, making us directly responsible for regulating all stages of medical education and training. To support our new responsibilities and help realise the benefits of the merger with PMETB, we published the *Education Strategy 2011-2013*, which includes plans to enhance our approach to standards and quality assurance activities; and further work on the implementation of *Tomorrow's Doctors* (2009).
- 29** Council formally adopted PMETB's rules, regulations and standards on 16 February 2010 and the relocation of staff and systems took place gradually from February. On 31 March 2010, Council delegated powers to the GMC's Postgraduate Board and the Registrar to ensure the effective operational performance of postgraduate medical education and training functions following the merger. We successfully commenced all PMETB operations from 1 April 2010.
- 30** We developed a benefits realisation plan to ensure that the benefits set out in the full business case for the merger agreed with the Department of Health (England) (DH(E)) would be achieved. We carried out an internal audit of the merger plans in September 2010, which provided substantial assurance that work to ensure the timely integration of former PMETB functions with the GMC was being delivered. In December 2010, we advised DH(E) that we would not require the gap funding provided for 2011/12 and 2012/13. This was due to the swifter than anticipated achievement of savings from the merger, and is discussed further at Strategic aim 7.
- 31** We presented our *Education Strategy 2011-2013* in draft to a conference of around 290 people with a role in medical education and training in October 2010. The strategy reflects recommendations from Lord Patel's review of the regulation of medical education and training, and sets out our plans for enhancements over the next three years. Feedback from the conference indicated strong levels of support for the strategy and provided some useful suggestions for improvements which were incorporated into the final document that was signed off by Council on 27 October 2010.

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- 32** As a result of assuming responsibility for quality assuring all stages of medical education and training and the existing quality cycles all being completed by the end of 2010; we have the opportunity to move towards a more integrated approach to quality assuring all stages of medical education and training. In our *Education Strategy 2011–2013*, we have identified a range of further opportunities to enhance our approach to quality assurance. This work will be taken forward in 2011.
- 33** The Basic Medical Education Fitness to Practise working group met three times in 2010 and made recommendations to help ensure a coordinated approach to student fitness to practise across medical education and a doctor's career. The recommendations will be taken forward in 2011 by the Medical Schools Council and the GMC, some in partnership and some individually.

Activity

- 34** We continued our work to support the implementation of *Tomorrow's Doctors* (2009) for the 2011/12 academic year by completing a programme of ten implementation workshops with medical schools, postgraduate deaneries and health services across the UK.
- 35** Our quality assurance programme for 2010 was implemented as planned. We carried out quality assurance reviews of basic medical education at three medical schools, reviews of foundation training at eight postgraduate deaneries (three of which were combined pilot reviews of both foundation and specialty including GP training) and four reviews of specialty including GP training.

Strategic aim 4: To provide doctors with relevant, up-to-date guidance on professional standards and ethics.

- 36** We published new guidance in May 2010, *Treatment and care towards the end of life: good practice in decision making*, following an extensive public consultation. We published online learning materials alongside the guidance to help doctors work through the issues within it, including an interactive flow chart for decision making, case studies and an e-learning module. Statements in support of the guidance were provided by a range of organisations with many providing links to the guidance on their websites.
- 37** We published two pieces of supplementary guidance on medical research: *Good practice in research* and *Consent to research* in April 2010. This guidance provides more detailed advice on how the principles in *Good Medical Practice* and *Consent: patients and doctors making decisions together* apply in the research context.
- 38** We established a working group, chaired by Professor Dame Joan Higgins, to review our *Management for Doctors* guidance with a formal consultation on draft guidance planned for 2011. We also began developing new guidance for doctors working in child protection through a working group chaired by Lord Justice Thorpe. A call for evidence from all groups and individuals with an interest in this area of work was issued in July 2010 with 249 responses received. Draft guidance will be issued for consultation in 2011.
- 39** We began reviewing our guidance *Good practice in prescribing medicines* and received input on the initial review of the guidance from a range of key interest groups and a variety of professional representative bodies. This work will continue in 2011.
- 40** In May 2010, we published a fifth set of case studies for our interactive online resource, *Good Medical Practice in Action (GMP in Action)*. The new case studies bring to life our ethical guidance on difficult issues such as when it may be appropriate to disclose confidential information. We started a review of the format, strengths and weaknesses of *GMP in Action* in September 2010. Feedback from users showed that over 90% of respondents found it helpful, however a separate survey of doctors in 2010 showed that awareness of *GMP in Action* was low amongst the profession. The review will be completed in 2011.
- 41** We developed an evaluation framework to define and measure what 'good' guidance would achieve. We surveyed a representative sample of 1,000 doctors in the UK to assess their awareness of GMC guidance and supporting resources, its usefulness, and the formats and styles in which they would like to receive the guidance. In 2011, we will undertake further work to understand what we can do to make our guidance an effective working tool, rather than simply a work of reference.

Strategic aim 5: To develop more effective relationships with delivery partners in order to achieve an integrated approach to medical regulation in the UK.

- 42** Throughout 2010, we continued to engage with our revalidation delivery partners through working groups and boards, including the UK Revalidation Programme Board (UKRPB), GMC and Academy of Medical Royal Colleges Group, the Independent Healthcare Advisory Services Group, and the Revalidation Communications Forum. A strategic framework for UK-wide communication was produced by the Forum and presented to the UKRPB in July 2010; this work will be taken forward in 2011. We managed the work of the UKRPB and supported the country-specific delivery boards in overseeing the changes that need to be made to support revalidation.
- 43** In October 2010, the UKRPB reviewed the revalidation programme to ensure that it remained in line with the principles of feasibility, flexibility, proportionality and cost effectiveness identified in the public consultation. The UK Revalidation Delivery Group was established to focus on the specific operational aspects of implementing revalidation. These arrangements were agreed by Council in October 2010.
- 44** We also continued our work with the medical trade press to support the development and implementation of revalidation, as well as promoting revalidation through our website. We published a special edition of *GMC today* and began to produce a regular e-bulletin about revalidation.
- 45** In October 2010, Council agreed proposals for the development of an employer liaison service across the UK and for a regional liaison service in England which will liaise with our key interest groups across all four of our functions, building on the success of our offices in Scotland, Wales and Northern Ireland. The employer liaison model will be based on a single adviser for each region, which will ensure that the approach is proportionate and affordable. A project board has been established to take forward implementation, including the recruitment and training of advisers, communication with employers, and the development of a detailed operating model.

Strategic aim 6: To help shape the local, UK, European and international regulatory environment through effective engagement with decision makers, other regulators and key interest groups.

- 46** We continued to engage and share good practice with organisations with a common interest, including the CHRE and other healthcare regulators. This included ongoing collaboration through the Chief Executives' Steering Group and a number of other joint regulatory groups. We participated in a number of CHRE events, including delivering a presentation at the CHRE Symposium on 'Should regulators lead or follow?', participating in its Regulators Forum meetings, and a seminar on 'Regulating for Compassion'.
- 47** In 2010, we reviewed our approach to developing Memorandums of Understanding (MOUs) with organisations which are critical to the delivery of our statutory duties. We agreed principles for managing our MOUs to ensure that the arrangements for our working relationships are effective and continue to contribute to effective regulation. These informed the development of a new MOU with the Care Quality Commission (CQC), which was signed in May 2010.
- 48** In line with our *European and International Strategy 2010-2013*, which was agreed by Council in May 2010, we stepped up our engagement in Europe with the aim of enhancing the effectiveness of European medical regulation. We had considerable success in raising awareness of patient safety concerns in relation to European Union legislation.
- 49** We are playing a key role in helping to inform the revision of the Directive on the mutual recognition of professional qualifications (2005/36/EC), which is expected by 2012. In March 2010, we were invited by the European Commission to convene an informal network of medical regulators to assist with the drafting of national reports on how the current Directive is being implemented. The work of the group led to the development of the Berlin Statement, published in October 2010, which calls for improved patient safeguards in the Directive. At the end of 2010, the statement had been endorsed by 26 medical regulators from 25 European states.
- 50** In March 2010, we gave oral evidence to the House of Commons Health Select Committee inquiry into the use of overseas doctors in providing out of hours services, which highlighted the need for the Government to consider a review of the Medical Act 1983 to remove obstacles to satisfying ourselves as to the language skills of European doctors.
- 51** We continued to monitor and engage with key European decision-makers on the proposal for a Directive on patients' rights in cross-border healthcare. Our amendment imposing a legal duty on regulators to share fitness to practise information was adopted at second reading by the European Parliament's Environment, Public Health and Food Safety Committee.

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- 52** During 2010, we convened four meetings of the Alliance of UK Health Regulators on Europe (AURE) to discuss a range of issues relating to healthcare regulation. We also hosted 29 international visits in 2010. In November 2010, we hosted a meeting of the Healthcare Professionals Crossing Borders (HPCB) partnership in Budapest.
- 53** We participated in the work of the International Association of Medical Regulatory Authorities (IAMRA) throughout 2010, including the IAMRA conference which took place in Philadelphia in September 2010, at which we gave presentations on revalidation and *GMP in Action*. We have been selected by IAMRA to host the eleventh International Conference on Medical Regulation, which will take place in London in 2014.

Strategic aim 7: To continue to use our resources efficiently and effectively.

- 54** In 2010 we drove performance improvements across the organisation under the oversight of the newly established Performance Board.
- 55** In 2010, we achieved efficiency gains of £8.3 million, which represents approximately 9% of our budget for the year. Around £6.6 million of this figure relates to cashable savings which have been incorporated into the 2011 Budget.
- 56** In practice, we achieved savings projected from our merger with PMETB more quickly than expected, owing in part to the GMC's greater resources and economies of scale. In light of this, on 8 December 2010, Council agreed that the GMC would not claim the agreed DH(E) gap funding of £1.36 million for 2011/12 and 2012/13.
- 57** In December 2010, Council agreed a programme of fee changes, comprising a reduction in registration fees for doctors at the start of their careers, a freeze in the annual retention fee, an increase in the threshold for eligibility for the lower income discount, and a reduction in certification fees.

Strategic aim 8: To deliver evidence-based policies that demonstrate ‘better regulation’ principles, and promote and support equality and diversity.

Research

- 58** In 2010, we supported and commissioned research to inform evidence-based policy development and decision making. Our collaborative programme of research with the Economic and Social Research Council (ESRC) was completed in April 2010. We shared the research findings with Council members and key interest groups at dissemination events.
- 59** Our *Research Strategy 2010-2013*, outlining our aims, objectives and priority areas in commissioning research, was agreed by Council in May 2010. In line with this, we have commissioned a number of research projects which reflect particular priorities relating to revalidation, fitness to practise, education, and our efficiency and effectiveness agenda. These will be taken forward in 2011.

Equality and diversity

- 60** Council approved our *Equality and Diversity Strategy 2010–2013* in July 2010. The Strategy identifies six priorities which will inform work across the GMC to achieve our vision of being a fair regulator, an inclusive organisation which uses its influence to tackle inequalities, and an employer of choice for the most talented people from all walks of life. We also undertook a review of our Single Equality Scheme to ensure that we are compliant with our legal obligations. Directorate equality and diversity action plans, regularly reviewed by the Senior Management Team, and diversity champions in each directorate, are a further key component of ensuring that we promote good practice in relation to equality and diversity.
- 61** Both the development of the Strategy and the review of our Single Equality Scheme involved significant consultation activities. In developing the Strategy, we consulted with those Council members who sit on our Equality and Diversity Reference Group, other Council members, GMC management, staff, and other key interest groups. We held a public consultation on the proposed themes, objectives and outcomes for the GMC’s Equality Scheme 2011–2014, to which we received responses from 150 individuals and organisations that showed strong support and helped to inform the development of the Scheme.

62 We sought the views of diverse interest groups about our policies and procedures, including the Gay and Lesbian Association of Doctors and Dentists (GLADD). We engaged with a range of black and minority ethnic (BME) doctors throughout the year, and we convened two meetings of the BME Doctors Forum to discuss the proposed changes to English language test score levels and concerns about our fitness to practise procedures.

63 We collaborated with other regulators by participating in meetings of the Joint Healthcare Regulators Forum. We are also a member of the Regulators', Inspectorates' and Ombudsmen's Forum on Human Rights, and we participated in the Diversity Partners Forum (composed of representatives from the GMC, DH(E), CQC, NHS Employers and the British Medical Association), which met three times during 2010.

Financial review

- 64** On 1 April 2010, we assumed statutory responsibility for regulating all stages of medical education and training. Our accounts for 2010 include nine months of operational income and expenditure relating to postgraduate medical education and training. The accounts also include one-off transitional costs associated with this change, funded by DH(E).
- 65** In 2010, we established the Performance Board to oversee and drive performance improvements across the organisation. The Performance Board met monthly, and took forward three main work programmes:
- a.** a regular review of our management information
 - b.** the establishment and delivery of a GMC-wide programme of efficiency savings and continuous improvement, aiming to deliver total efficiency gains of 12–20% between 2010 and 2013
 - c.** an evaluation work programme, which aims to enhance our understanding of how well we are performing in each area of our organisation, with a view to identifying further work needed to address gaps in our understanding and improve our performance. This work is supported by a benchmarking programme that will compare our approaches and processes to those of other relevant organisations, to validate our work and assist us in identifying examples of best practice which we could adopt.
- 66** In 2010, we achieved total annualised efficiency gains of £8.3 million, which represents approximately 9% of our budget for the year. Around £6.6 million of this figure relates to cashable savings which have been incorporated into our 2011 budget.
- 67** Major savings were delivered through projects to improve our efficiency, including the further expansion of our in-house legal team, changes to the panel quorum for fitness to practise hearings, a rent review on our leased buildings, a review of travel costs, and economies of scale following the merger with PMETB. Further savings were delivered by conducting specific business improvement projects within directorates.
- 68** In 2010, we generated an overall surplus of £14 million on our operational activities. Expenditure was £2 million below budget, income was £7.2 million higher than budgeted, and we were able to release a provision of £4.8 million following the successful conclusion of a tax dispute with HM Revenue and Customs. Further details of the surplus are set out in paragraphs 69-78.
- 69** Fitness to practise represents a significant proportion of our total expenditure. We have seen a sustained increase in the volume of cases entering both the investigation and adjudication stages of our process over recent times. To offset the additional pressure that this places on our resources, we have been expanding our in-house legal team to create more

capacity, as part of a strategy to cut costs by reducing reliance on external lawyers. However, our legal costs were above budget in 2010 owing to an increase in complex cases being allocated to our external legal provider. This was partially offset through action to reduce our panel and assessment costs by switching a greater proportion of cases to hearings comprising three panellists rather than five panellists. Overall our fitness to practise costs were around £1.5 million higher than budgeted in 2010.

- 70** Operational staffing costs in 2010 were below budget by £0.5 million, partly because the costs of staff working on the transitional arrangements to merge PMETB with the GMC were funded by DH(E), and partly because we carried a number of vacancies during the year.
- 71** As part of our drive to reduce costs, changes to our travel and subsistence policies generated savings of around £0.5 million over the year. We also saved around £0.2 million on our printing costs, mainly by reducing the number of hardcopy prints of *GMC today* in favour of more electronic communications.
- 72** We undertook a rent review of our accommodation at 350 Euston Road in 2010. Following the renegotiation of the lease we generated a saving of £0.4 million.
- 73** Our actual expenditure on professional advice was £0.2 million less than budgeted, as the number of projects requiring specialist external advice was lower than we originally expected.
- 74** Following the merger of PMETB with the GMC on 1 April 2010 we were able to realise the financial benefits of the merger more quickly than anticipated, reducing operating costs by around £1.7 million.
- 75** Our total income in 2010 was £7.2 million higher than budgeted. This was largely due to £4.9 million of annual retention fees. The introduction of licensing in November 2009 created a degree of volatility to our income projections. Given the constraints on public finances, Council took the view that some doctors, for example those not in clinical practice, might choose to relinquish their licence to practise or seek voluntary erasure from the Register during the year. Council therefore made a prudent assessment and factored an allowance for income volatility into the 2010 budget. In the event, we saw no reduction in the number of doctors holding a licence to practise, resulting in a surplus of income compared to budget.
- 76** Registration income was £1.1 million higher as we received more applications from doctors wishing to join the register for the first time, particularly from international medical graduates and European Economic Area applicants. We also received £0.2 million additional income as more doctors than expected undertook Professional and Linguistic Assessments Board tests during the year, although this was offset by corresponding increase in the costs of administering the test. Our accounts also reflect additional certification income of around £0.3 million received by PMETB prior to the merger, which was subsequently transferred to the GMC. Other miscellaneous income was £0.7 million more than expected.
- 77** DH(E) agreed to provide one-off funding to cover the transitional costs of transferring postgraduate medical education and training functions from PMETB to the GMC. The GMC accounts for the year ended 31 December 2010 include £2.9 million of transitional costs, fully funded by DH(E), £1.0 million to enable us to discharge PMETB's outstanding liabilities at the point of transfer, together with gap funding of £0.5 million.

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- 78** In December 2010 we concluded our dispute with HM Revenue and Customs (HMRC) regarding the employment status of fitness to practise panellists. HMRC confirmed that our existing tax arrangements for panellists are appropriate, so we released the £4.8 million provision created in our 2009 accounts to cover any potential liability. This has been accounted for as a one-off adjustment to the expenditure recorded in the 2010 statement of financial activities.
- 79** During 2010 we continued our programme of capital investment to improve our accommodation and IT infrastructure. We spent £3 million on major capital projects including the reconfiguration of our office space, the fit out of the new Clinical Assessment Centre, the creation of additional capacity for fitness to practise hearings, and the development of our information systems to facilitate the merger with PMETB.
- 80** During 2010 the pension scheme assets increased in value from £67.5 million to £79.9 million, while liabilities increased from £73.2 million to £74.7 million. The scheme was therefore in surplus by £5.2 million at the end of 2010, compared to a deficit of £5.7 million at the end of 2009.
- 81** Following the UK Government's announcement in summer 2010, the inflation index to be used to derive statutory pension increases has been changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). A number of differences between the indices, including both constituents and construction, mean that CPI is expected to be less than RPI over the long-term which means that the defined benefit obligation has reduced. Following discussions with our pensions advisers, we have recognised the reduction as an assumption change – that is, a change to the estimate of future inflation which will be used to increase deferred benefits. The change

has been recognised at 31 December 2010. This is explained in more detail in note 13 to the accounts.

Trustees' responsibilities for the financial statements

- 82** The Charities Act 1993 requires the trustees to prepare financial statements for each accounting year that provide a true and fair view of the state of affairs of the charity's financial activities during the year, and of its financial position at the end of the year. Our accounts also comply with the financial reporting requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. In preparing the financial statements the trustees have:
- a. selected suitable accounting policies and applied them consistently
 - b. made judgements and estimates that are reasonable and prudent
 - c. followed applicable accounting standards and statements of recommended practice without any material departures
 - d. prepared the financial statements on the going concern basis
 - e. observed the methods and principles of the *Statement of Recommended Practice: Accounting and Reporting by Charities* (revised March 2005).
- 83** The trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy, the financial position of the charity at any time and which ensure that the financial statements comply with the applicable law and regulations. The trustees are responsible for safeguarding the assets of the charity and for their proper application under charity law, taking reasonable steps for the prevention and detection of fraud and other irregularities.

Investment policy

- 84** Our investment policy is to hold general reserves in low risk, high liquidity investments that will maintain or enhance their value. The investment policy supports the aims of the reserves policy and, consequently, is reviewed periodically in conjunction with the reserves policy.
- 85** General reserves are held as cash on short or medium-term deposits. Cash required for normal day to day working capital is shown on the GMC's balance sheet within current assets, while cash held for the longer term is shown as investments. The Resources Committee regularly reviews investment income, as part of the overall monitoring of GMC financial performance. Given the low interest rates available, we plan to review our investment policy during 2011.
- 86** In 2010, our investments generated interest of £0.7 million, equivalent to an average annual rate of return of 1.1%.

Reserves policy

- 87** Based upon recommendations from the Resources Committee, the trustees have agreed a reserves policy in line with Charity Commission guidance.
- 88** We hold reserves to meet three needs:
- a.** To provide the working capital necessary to fund our operations throughout the year, given that expenditure is broadly linear while income is concentrated in summer and winter peaks.
 - b.** To provide funds to deal with any risks that materialise.
 - c.** To provide financial flexibility to respond to new initiatives and opportunities which support our statutory purpose.

- 89** The level of reserves required is determined by:
- a.** our cash flow forecast over three years
 - b.** a prudent consideration of the financial implications of the risks we face over the same period.
- 90** The level of reserves required is calculated as part of the preparation of the annual budget. The required and forecast levels of reserves are submitted for approval to the Resources Committee.
- 91** The Resources Committee determined that the GMC should maintain unrestricted reserves within the range of £23 million to £47 million, based on a prudent assessment of the risks faced by the GMC.
- 92** The GMC's unrestricted reserves as at 31 December 2010 were £35.4 million, plus a pension reserve of £5.2 million valued in accordance with Financial Reporting Standard 17. The level of unrestricted reserves is within the target range set by the Resources Committee, and we will monitor this throughout 2011 to ensure that actual reserves remain in line with target over the medium term.

Audit and Risk Committee's report

- 93** The Audit and Risk Committee met on five occasions in 2010. All meetings were quorate. The Committee:
- a.** Reviewed and approved the programme of internal audit work; considered the internal auditors' opinions on the adequacy of risk management and of controls over business processes and core systems; and monitored the implementation of actions arising from internal audit work.

-
- b.** Agreed that the 2009 accounts were properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and applicable accounting standards, and that significant judgements and estimates used in preparing the accounts were appropriate.
 - c.** Considered the annual report and accounts of PMETB for the year ended 31 March 2010, in order to be satisfied in respect of the management of any merger related risks.
 - d.** Approved the external audit letter of engagement, and reviewed the external audit strategy to ensure that it set out planned levels of materiality, identified key areas of risk, and reflected changes in circumstances since the previous year.
 - e.** Monitored the provision of non-audit services by the auditors, haysmacintyre, in order to be satisfied in respect of the independence and objectivity of the external auditors.
 - f.** Conducted an assessment of the performance of the external auditors against agreed criteria covering the knowledge and experience of the audit team, the effectiveness of the audit, and the quality of the audit service.
 - g.** Considered a progress report at each meeting, in order to monitor the performance of the internal auditors.
 - h.** Approved the retendering of the internal audit contract and the appointment of Grant Thornton to provide internal audit services under the direction of the in-house Head of Internal Audit from 2011 to 2013.
- 94** The Committee met once with the internal auditors and once with the external auditors in the absence of management.
 - 95** The Committee oversaw the GMC's risk management as covered under the risk management statement in paragraphs 96–102.

Risk management statement

- 96** Council has ultimate responsibility for risk management at the GMC. To that extent, it has ensured that there are formal structures and processes in place to facilitate effective risk identification, evaluation, mitigation and monitoring.
- 97** Council has delegated responsibility for routine oversight of risk management arrangements to the Audit and Risk Committee. It receives regular reports from the Committee, as well as information on the management of major risks through reports from the Chief Executive, the directorates and other governance committees.
- 98** The GMC has a formal risk management framework to identify, evaluate, mitigate, monitor and report on risks associated with its activities. The Audit and Risk Committee has reviewed and endorsed the risk management framework, and obtained assurance from the internal auditors that the arrangements in place are sufficient to ensure that major risks are identified and systems are established to mitigate them.
- 99** The identification of risks is an integral part of the annual business planning process, and regular review processes facilitate the detection of emerging risks.
- 100** Major risks are monitored regularly by the Senior Management Team.
- 101** The Audit and Risk Committee receives reports on the risk management arrangements at least twice each year. The Committee considered updates on risk management and the corporate risk register in February and November 2010.
- 102** The internal auditors conducted a review of the risk management arrangements in December 2010, and provided substantial assurance over their adequacy and effectiveness. In particular, the internal auditors concluded that the arrangements are adequate to meet the requirements of the *Statement of Recommended Practice: Accounting and Reporting by Charities* (revised March 2005). The internal audit recommendations for further development of the risk management arrangements have been accepted and scheduled for action.

Structure, governance and management

103 The General Medical Council is registered with the Charity Commission for England and Wales under number 1089278, and with the Office of the Scottish Charity Regulator under number SC037750.

104 The trustees present their report and financial statements for the year ended 31 December 2010. In preparing this report, the trustees have complied with the Charities Act 1993 and applicable accounting standards. The statements are in the format required by the *Statement of Recommended Practice: Accounting and Reporting by Charities* (revised March 2005).

Organisational structure

Council

105 The trustees between 1 January and 31 December 2010 were:

Professor Jane Dacre, BSc MD FRCP Lon, Glas FHEA

Dr Sue Davison, BSc (Hons) PhD

(from 1 September 2010)

Dr Sam Everington, OBE MB BS MRCP Barrister

Ms Sally Hawkins, BA

Dr John Jenkins, CBE MD FRCP FRCPCH FRCPI

Lord Kirkwood of Kirkhope, BSc

Ms Ros Levenson, BA (Hons) CQSW Diploma in
Applied Social Studies

Professor Malcolm Lewis, FRCGP LLM

Mr Robin MacLeod, MHSM Dip. HSM MI Mgt Dip.
Business Studies

Professor Rajan Madhok, MB BS MSc FRCS FFPH

Dr Johann Malawana, MB BS

Dr Joan Martin, D.Phil FCOT MA

Mrs Suzanne McCarthy, BA LLM MSc

Professor Jim McKillop, BSc MB ChB PhD FRCP FRCR
F MedSci

Professor Trudie Roberts, BSc MB ChB PhD FRCP

Mrs Ann Robinson

Mrs Enid Rowlands, BSc CCMl

Professor Sir Peter Rubin, BM BCh MA DM FRCP

Dr Mairi Scott, MB ChB FRCGP FRCPE FHEA

Professor Iqbal Singh, MB BS MRCP FRCP Dip
Rehab Med

Professor Terence Stephenson, BSc BM BCh DM
FRCP FRCPCH

Ms Anne Weyman, OBE Honorary LLD

Mr Stephen Whittle, OBE LLB FRSA

Dr Hamish Wilson, CBE MA PhD FHSM

106 The trustees of the GMC, the 24 Council members listed, were all independently appointed by the Appointments Commission, with an equal number of lay and medical members. No changes in membership occurred between the end of the year and the date that the accounts were formally approved by Council.

Committees, boards and reference groups

107 The governance arrangements agreed by Council in 2009 continued to operate in 2010. Supporting the Council, the governance framework comprises:

- a. three corporate governance committees: Audit and Risk, Remuneration, and Resources
- b. three boards, themed around the main phases of a doctor's career: Undergraduate, Postgraduate and Continued Practice
- c. four reference groups, one for each of our main statutory functions: Education and Training; Registration; Standards and Ethics; and Fitness to Practise
- d. additional reference groups for Equality and Diversity, and for Research.

108 In 2010, we continued to draw on our Reference Community, composed of 26 members of the public and 26 doctors, as a sounding board to help inform policy development. We also carried out an evaluation of the impact of the Reference Community since its establishment in 2009. This concluded that it continues to be a useful mechanism for getting public and professional perspectives on the development of our policies, processes, and publications. We have extended the appointments of the members until July 2012.

109 In 2010, we undertook a review of the governance arrangements which had been established for the reconstituted Council in 2009. The review made a number of adjustments to improve the efficiency and consistency of the governance framework, and a revised framework was agreed by Council in December 2010, for implementation in 2011.

Audit and Risk Committee

110 The Audit and Risk Committee is chaired by Mrs Ann Robinson. The purpose of the Committee is to monitor the integrity of the financial statements, to review the internal control and risk management systems and to monitor and review the internal and external audit services. The Audit and Risk Committee's report can be found at paragraphs 93–95.

Remuneration Committee

111 The Remuneration Committee is chaired by Mrs Enid Rowlands. The purpose of the Committee is to advise Council on the remuneration, terms of service and the process for appraisal for Council members, including the Chair; the provision of induction, training and development for members; and reviewing and developing Council's capacity and competency to be effective. The Remuneration Committee also determines the appointment process for the Chief Executive and the remuneration, benefits, and terms of service, for the Chief Executive, Deputy Chief Executive and Directors. Following the governance review, the Committee has been renamed the Remuneration and Member Issues Committee.

Resources Committee

112 The Resources Committee is chaired by Mr Robin MacLeod. The purpose of the Committee is to guide Council on the appropriate human resources, information systems, property and financial strategies, including equality and diversity issues relating to GMC staff and HR policies, such that the GMC can fulfil its statutory functions and remain at all times in sound financial and operational health.

Undergraduate Board

113 The Undergraduate Board is chaired by Professor Jim McKillop. The purpose of the Board is to enhance our ability to protect, promote and maintain the health and safety of the public by coordinating our four regulatory functions as they apply up to the completion of the undergraduate curriculum. This includes the standards and outcomes for undergraduate medical education and their quality assurance, the application of *Good Medical Practice* and other standards and ethics guidance in the context of undergraduate medical education, the initial registration of doctors, and issues relating to student fitness to practise.

Postgraduate Board

114 The Postgraduate Board is chaired by Dr John Jenkins. The purpose of the Board is to enhance our ability to protect, promote and maintain the health and safety of the public by coordinating our four regulatory functions as they apply while a doctor continues in postgraduate medical education. This includes the application of *Good Medical Practice* and other standards and ethics guidance in the context of postgraduate medical education and research, and all matters to do with fitness to practise, registration and licensing as they relate to postgraduate trainees.

Continued Practice Board

115 The Continued Practice Board is chaired by Professor Malcolm Lewis. The purpose of the Board is to enhance our ability to protect, promote and maintain the health and safety of the public by coordinating our four regulatory functions as they apply to the continued practice of established doctors not in training programmes (whether pre or post Certificate of Completion of Training), ensuring that they remain up to date and fit to practise.

116 Following the governance review, the Continued Practice Board and Registration Reference Group have been merged into one group, renamed the Continued Practice, Revalidation and Registration Board.

Education and Training Reference Group

117 The convenor of the Education and Training Reference Group is Professor Jane Dacre. The purpose of the Group is to identify and take forward improvements in medical education, in particular by supporting Council in meeting its statutory duties to coordinate all stages of medical education; to identify and suggest ways of addressing any potential for inconsistency (for example at points where medical students/doctors transfer from one stage to another); and to promote high quality in all aspects of medical education. Following the governance review, the Education and Training Reference Group has been renamed the Education and Training Committee, with responsibility for coordinating the governance of medical education and training.

Registration Reference Group

- 118** The convenor of the Registration Reference Group is Dr Mairi Scott. The purpose of the Registration Reference Group is to support Council and the Registrar in discharging their functions in relation to the registration of doctors and the maintenance of the registers and the issuing of licences to practise.
- 119** Following the governance review, the Registration Reference Group and Continued Practice Board have been merged into one group, renamed the Continued Practice, Revalidation and Registration Board.

Standards and Ethics Reference Group

- 120** The convenor of the Standards and Ethics Reference Group is Ms Ros Levenson. The purpose of the Standards and Ethics Reference Group is to support Council in fostering excellence in medical practice by supporting the formulation of guidance to doctors on the principles of good medical practice and ethics, analysing the issues raised, formulating policy proposals for approval by Council, and facilitating the interpretation and application of our policy in response to specific questions as they arise. Following the governance review, the Standards and Ethics Reference Group has been renamed the Standards and Ethics Committee.

Fitness to Practise Reference Group

- 121** The convenor of the Fitness to Practise Reference Group is Dr Joan Martin. The purpose of the Fitness to Practise Reference Group is to provide an opportunity for discussion of key fitness to practise issues and ensure that our Fitness to Practise procedures are fit for purpose, monitoring and reviewing their operation and its statutory framework and making proposals for modification and improvement as necessary. Following the governance review, the Fitness to Practise Reference Group has been renamed the Fitness to Practise Committee.

Equality and Diversity Reference Group

- 122** The convenor of the Equality and Diversity Reference Group is Professor Iqbal Singh. The purpose of the Group is to help embed equality and diversity as central to the development and review of policies and procedures across the GMC; to advise on the action required to fulfil our commitment to valuing diversity and promoting equality, ensuring that outputs link to our priorities, addressing gaps in areas which may not be driven by statutory requirements; and to help to ensure that processes and procedures are fair, objective, transparent and free from unlawful discrimination. Following the governance review the Equality and Diversity Reference Group has been renamed the Equality and Diversity Committee, with responsibility for developing a programme for mainstreaming equality and diversity.

Research Reference Group

123 The convenor of the Research Reference Group is Professor Trudie Roberts. The purpose of the Group is to ensure that the GMC's policy development and decision making is underpinned by robust, high quality research. The Group assists Council in identifying the GMC's research and development needs and opportunities, and oversees and coordinates the delivery of research and development activity.

124 Following the development of our *Research Strategy 2010-2013* which sets research priorities across the organisation, the Research Reference Group was disbanded in December 2010. Going forward, each Board and Committee will consider research needs in its own areas, and research activity will continue to be reviewed by and reported to Council.

Management

125 In 2010, the GMC's staff were under the direction of Chief Executive Niall Dickson. The directors were:

- a. Paul Philip, Deputy Chief Executive and Director of Standards and Fitness to Practise
- b. Paul Buckley, Director of Education (until 18 January 2010 this directorate also included revalidation)
- c. Neil Roberts, Director of Registration and Resources
- d. Jackie Rowley, Director of Communications (until 18 October 2010)
- e. Tim Walker, Acting Director of Communications (between 1 September 2009 and 30 June 2010)
- f. Una Lane, Director of Revalidation (from 15 March 2010, Acting Director between 18 January 2010 and 14 March 2010).

126 The GMC's principal places of business are Regent's Place, 350 Euston Road, London, NW1 3JN and 3 Hardman Street, Manchester, M3 3AW. The GMC also has offices in Belfast, Cardiff and Edinburgh and a Hearings Centre at St James's Buildings, 79 Oxford Street, Manchester, M1 6FQ.

Looking forward for 2011

- 127** Our key activities for 2011 are structured around the eight strategic aims outlined in our *Corporate Strategy 2010–2013*. The *Business Plan 2011* sets out how we will deliver these in the second year of our Corporate Strategy.
- 128** We will continue work on our number one organisational priority – revalidation – developing policy and guidance and consulting on the rules and regulations to support its introduction towards the end of 2012.
- 129** We will roll out an employer liaison service across the UK. Employer liaison advisors will work with medical directors to strengthen our relationships with them by supporting the effective management of concerns about doctors. We will also roll out a regional liaison service in England which will engage with key interest groups across all four of our functions, building on the success of our offices in Scotland, Wales and Northern Ireland.
- 130** Following the Government's decision not to go ahead with OHPA, we will consult on changes to our adjudication function that will enhance its separation, efficiency and effectiveness. We will also consult on and begin to implement a wider programme of reforms to our fitness to practise procedures designed to deliver a more effective and proportionate system which ensures patient and public protection.
- 131** We will focus on starting to deliver the activities in our *Education Strategy 2011–2013*, which sets out how we will enhance and increase the value of our regulation of undergraduate and postgraduate medical education and training over the next three years.
- 132** We will launch a major public consultation to inform the review of our core guidance, *Good Medical Practice*. Our aim is to ensure that it remains up to date and relevant, and that it meets public expectations of their doctors, regardless of the nature of their practice.

133 We will seek to influence the European Commission's review of the Directive on the mutual recognition of professional qualifications to ensure that our concerns about language and competence checks, the sharing of fitness to practise information, and the possible development of a professional card, are addressed.

134 All our work programmes for 2011 will be delivered alongside our ongoing efficiency programme, which aims to deliver year-on-year gains of 3–5% over the period 2010–2013. The Performance Board will continue to scrutinise the performance of each area of the organisation.

135 We will publish a report, provisionally titled *The State of Medical Education and Practice in the UK*. The aim will be to provide an authoritative analysis, based on what we have learned in 2010 from our role as the independent regulator for doctors in the UK. We hope that the data and commentary in this report will identify areas and trends which require attention or further analysis and that it will make a positive contribution to the development and improvement of medical services across the UK so that patient safety is enhanced.

Professional advisers

| | |
|--|---|
| Bankers | National Westminster Bank Regent Street Branch PO Box 4RY Regent Street London W1A 4RY |
| Solicitors | The majority of our legal work is carried out by our in-house legal team |
| Auditors | haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY |
| Investment adviser to the pension scheme | Walter Scott and Partners One Charlotte Square Edinburgh EH2 4DZ |
| Actuary | Hewitt Bacon & Woodrow Parkside House Ashley Road Epsom Surrey KT18 5BS |

Approved by the trustees on 8 June 2011, and signed on their behalf:

Professor Sir Peter Rubin

Independent auditors' report

To the trustees of the General Medical Council

We have audited the financial statements of the General Medical Council for the year ended 31 December 2010, which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993, under Section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and the Medical Act 1983 and report in accordance with regulations made under section 44 of the Charities Act 1993. Our responsibility is to audit the financial statements in accordance with relevant legal and

regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, the Charities and Trustees Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- Give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2010 and of its incoming resources and application of resources in the year then ended; and
- Have been properly prepared in accordance with the Charities Act 1993, the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Medical Act 1983.

haysmacintyre

Chartered Accountants

Registered Auditors

Fairfax House

15 Fulwood Place

London WC1V 6AY

8 June 2011

Accounts

Statement of financial activities for the year ended 31 December 2010

| | Note | Unrestricted Funds 2010 £000 | Total 2010 £000 | Total 2009 £000 |
|---|----------|---------------------------------------|-----------------------|-----------------------|
| Incoming resources | | | | |
| From charitable activities | | | | |
| Registration | 2 | 91,194 | 91,194 | 87,768 |
| Certification | 2 | 4,500 | 4,500 | 0 |
| Other income | 2 | 22 | 22 | 28 |
| From generated funds | | | | |
| Sales and other income | 2 | 4,960 | 4,960 | 674 |
| Investment income and interest | 3 | 663 | 663 | 768 |
| Total incoming resources | | 101,339 | 101,339 | 89,238 |
| Resources expended | | | | |
| Charitable activities | | | | |
| Fitness to practise | | 53,834 | 53,834 | 51,140 |
| Registration | | 12,745 | 12,745 | 12,756 |
| Standards | | 1,189 | 1,189 | 1,228 |
| Education | | 4,118 | 4,118 | 5,748 |
| Continued practice and revalidation | | 2,365 | 2,365 | 0 |
| Communications | | 4,406 | 4,406 | 5,056 |
| Governance | | 8,685 | 8,685 | 4,689 |
| Total resources expended | 4 | 87,342 | 87,342 | 80,617 |
| Net incoming/(outgoing) resources before recognised gains and losses | | 13,997 | 13,997 | 8,621 |
| Other recognised gains and losses on investments | | | | |
| Actuarial gain/(loss) on defined benefit pension schemes | 13 | 11,692 | 11,692 | (11,239) |
| Net movement in funds | | 25,689 | 25,689 | (2,618) |
| Total funds brought forward | | 14,983 | 14,983 | 17,601 |
| Total funds carried forward | | 40,672 | 40,672 | 14,983 |

Balance sheet as at 31 December 2010

| | Note | 2010 | | 2009 | |
|---|-----------|---------------|---------------|---------------|---------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 6 | | 14,731 | | 18,482 |
| Investments | 7 | | 25,000 | | 25,000 |
| | | | 39,731 | | 43,482 |
| Current assets | | | | | |
| Debtors and prepayments | 8 | 15,878 | | 13,929 | |
| Cash and bank balances | | 382 | | 457 | |
| Short-term deposits | | 44,007 | | 31,946 | |
| | | 60,267 | | 46,332 | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 9 | (64,562) | | (69,099) | |
| Net current liabilities | | | (4,295) | | (22,767) |
| Total assets less current liabilities | | | 35,436 | | 20,715 |
| Defined benefit pension scheme asset/(liability) | 13 | | 5,236 | | (5,732) |
| Net assets including pension scheme asset | | | 40,672 | | 14,983 |
| The funds of the charity | | | | | |
| Unrestricted income funds excluding pension asset/liability | | | 35,436 | | 20,715 |
| Pension reserve | | | 5,236 | | (5,732) |
| Total charity funds | 10 | | 40,672 | | 14,983 |

The notes on pages 32 to 47 form part of these accounts.

Signed on behalf of the Council

Robin MacLeod MHSM Dip. HSM MI Mgt Dip. Business Studies
Chair of the Resources Committee

Date: 8 June 2011

Cash flow statement for the year ended 31 December 2010

| | 2010 | | 2009 | |
|---|---------|----------------|----------|-----------------|
| | £000 | £000 | £000 | £000 |
| Net cash inflow from operating activities (Note 1) | | 14,697 | | 18,925 |
| Returns on investments and servicing of finance: | | | | |
| Interest received | 252 | | 376 | |
| Investment income received | 0 | | 0 | |
| Net cash inflow from returns on investments and servicing of finance | | 252 | | 376 |
| Capital expenditure | (2,963) | | (11,585) | |
| Net (purchase)/disposal of investments | 0 | | 0 | |
| Net cash inflow/(outflow) from investing activities | | (2,963) | | (11,585) |
| Net increase/(decrease) in cash and cash equivalents (Note 2) | | 11,986 | | 7,716 |

Note 1

| Cash flow from operating activities | 2010 | 2009 |
|-------------------------------------|---------------|---------------|
| | £000 | £000 |
| Net incoming resources | 13,997 | 8,621 |
| Investment income and interest | (663) | (768) |
| Non cash items – depreciation | 6,714 | 5,495 |
| Non cash items – assets written off | 0 | 0 |
| Pension scheme current service cost | 5,476 | 3,559 |
| Pension scheme contribution | (4,341) | (4,391) |
| (Increase)/decrease in debtors | (1,949) | 6,256 |
| (Decrease)/increase in creditors | (4,537) | 153 |
| | 14,697 | 18,925 |

Note 2

| Cash and equivalents | Short-term deposits | Cash at bank and in hand | Deposits with investment managers | Total |
|---|---------------------|--------------------------|-----------------------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Balances at 1 January 2010 | 31,946 | 457 | 0 | 32,403 |
| Net increase in cash and cash equivalents | 12,061 | (75) | 0 | 11,986 |
| Balances at 31 December 2010 | 44,007 | 382 | 0 | 44,389 |

Notes to the accounts

1. Principal accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the inclusion of investments at market value in accordance with the *Statement of Recommended Practice: Accounting and Reporting by Charities* (revised March 2005), applicable accounting standards in the UK, and the Charities Act 1993. The principal accounting policies adopted in the preparation of the financial statements, which have been applied consistently, are detailed below.

Incoming resources

Fees charged for annual retention, registration, and provisional registration relate to services to be provided over a 12 month period. Fee income includes annual subscriptions to the registers. Fee income is deferred and released on a straight-line basis to the Statement of Financial Activities over the period to which the income relates.

Fees receivable in respect of Professional Linguistic Assessment Board (PLAB) are recognised when the examinations are sat.

Miscellaneous fees, other sales and other income are recognised when the related goods or services are provided.

Investment income is recognised when dividends or interest fall due and is stated gross of recoverable tax. Rental income under operating leases is recognised on a straight-line basis over the lease term to the first break clause date in the relevant lease agreement. All income is recognised gross.

Basis for recognising liabilities

Expenditure includes staffing costs, office costs, committee costs, legal costs, accommodation costs, purchase of assets, net of capitalisation and depreciation, and financial, actuarial and professional costs.

Resources expended are included in the statement of financial activities on an accruals basis. All liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to expenditure.

Basis for allocation of resources expended

The majority of resources are expended directly in pursuit and support of the charitable aims. Other resources are expended on governance of the charity and are identified as such on the statement of financial activities.

Expenditure relating to shared accommodation costs and other support costs is apportioned to the relevant activity of the charity, in proportion to area occupied by the relevant departments and staff head count across the organisation.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities as part of the relevant item of expenditure, or capitalised as part of the cost of the related asset, where appropriate.

Taxation

The charity is exempt from taxation in respect of income and capital gains received within categories covered by section 505 of the Income and Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gain Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

Provisions for liabilities

Provisions are recognised when the charity has a present legal or constructive obligation as a result of a past event. They are recognised when it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Expenditure is only capitalised where the cost of the asset or group of assets acquired (where the assets meet the FRS15 definition of 'grouped assets') exceeds £5,000.

Depreciation

Depreciation is provided so as to write off the cost, less estimated residual value of the assets evenly over their estimated lives or, in the case of leased assets, over the period of the lease if shorter. The period of the lease is determined as the period up to the first break clause, unless the Council's intention is not to exercise the break. The estimated useful lives are as follows:

| Asset | Estimated useful life |
|--|---|
| Leasehold buildings and leasehold improvements | Period of lease or useful economic life of assets |
| Furniture, fixtures, and office fittings | The lesser of five years or remaining term of the lease |
| IT equipment and software | Three to five years |
| Other office equipment | Three to five years |

Depreciation rates are reviewed on a regular basis comparing actual lives of assets with the accounting policy rates.

Operating leases

Rent payable under operating leases is charged to the statement of financial activities on a straight line basis over the period of the lease.

Investments

Investments comprise equities, fixed interest securities and cash or deposits held as investments as opposed to working capital. Investments are included in the balance sheet at market value at the balance sheet date.

Realised gains and losses on disposal of investments are the difference between sales proceeds receivable and carrying value. Unrealised gains and losses are the difference between market value at the year-end and carrying value. Carrying value is the market value at the previous year-end, or the original cost if purchased during the year, and is calculated on a weighted average basis.

Pensions

The GMC operates a defined benefit pension scheme for permanent employees. The surplus or deficit of the scheme is recognised on the balance sheet. Changes in the assets and liabilities of the scheme are disclosed and allocated as follows:

Changes relating to current or past service costs and gains and losses on settlements and curtailments, and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.

Pension finance income arising from similar changes is recognised as an incoming resource; and actuarial gains and losses arising are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of scheme assets, liabilities and major assumptions are shown in Note 13.

Funds and reserves

Unrestricted funds comprise two elements:

- general funds which can be expended at the trustees' discretion, in furtherance of the objectives of the charity
- designated funds which are amounts allocated by the trustees in respect of specific purposes.

There is no restriction on transfer of funds between the general reserve fund and designated funds.

2. Charitable activities

| | Total 2010 £000 | Total 2009 £000 |
|----------------------------------|--------------------------------|--------------------------------|
| Annual retention fee | 83,170 | 80,404 |
| Registration fees | 5,260 | 4,804 |
| Provisional registration fees | 1,085 | 1,009 |
| Miscellaneous fees | 227 | 221 |
| Certification fees* | 4,500 | 0 |
| PLAB fees | 1,452 | 1,330 |
| Other income | 22 | 28 |
| | 95,716 | 87,796 |
| Activities for generating funds | | |
| Sales and other income | 439 | 674 |
| GAP funding from DH(E)* | 512 | 0 |
| PMETB Merger funding from DH(E)* | 2,996 | 0 |
| PMETB Completion Funding* | 1,013 | 0 |
| Rental income | 0 | 0 |
| | 4,960 | 674 |

* On 1 April 2010 the GMC assumed statutory responsibility for regulating all stages of medical education and training. Prior to that, postgraduate medical education and training was the responsibility of PMETB, an executive Non Departmental Public Body sponsored by DH(E). The GMC's accounts for 2010 include nine months of operational income and expenditure relating to postgraduate medical education and training. The accounts also include one-off transitional costs associated with this change, funded by DH(E).

3. Investment income and interest

| | 2010 | 2009 |
|---|------------|------------|
| | £000 | £000 |
| Arising on quoted investments | 0 | 0 |
| Other finance income – Pension scheme (see Note 13) | 411 | 392 |
| Bank interest | 252 | 376 |
| Loss on exchange | 0 | 0 |
| | 663 | 768 |

4. Total resources expended

| | Direct staffing | Direct | Allocated | Total | Total |
|-------------------------------------|-----------------|---------------|---------------|---------------|---------------|
| | costs | costs | costs | 2010 | 2009 |
| | £000 | £000 | £000 | £000 | £000 |
| Fitness to practise | 13,262 | 31,085 | 9,487 | 53,834 | 51,140 |
| Registration | 5,120 | 2,129 | 5,496 | 12,745 | 12,756 |
| Standards | 665 | 110 | 414 | 1,189 | 1,228 |
| Education | 2,091 | 521 | 1,506 | 4,118 | 5,748 |
| Continued practice and revalidation | 1,276 | 298 | 791 | 2,365 | 0 |
| Communications | 1,603 | 1,824 | 979 | 4,406 | 5,056 |
| Charitable expenditure | 24,017 | 35,967 | 18,673 | 78,657 | 75,928 |
| Governance | 2,977 | 4,541 | 1,167 | 8,685 | 4,689 |
| Total resources expended | 26,994 | 40,508 | 19,840 | 87,342 | 80,617 |

Governance includes the costs of our strategy and planning functions, the Chair and Chief Executive activities, research and development, consultancy and review, and European and international development activities. One-off costs associated with the merger with PMETB are also included within Governance.

Allocated costs

| | Management | IT | HR | Finance | Procurement | Facilities/ Accomm | Total 2010 | Total 2009 |
|--|------------|--------------|--------------|----------------|-------------|-----------------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Fitness to practise | 154 | 3,309 | 1,514 | (1,168) | 161 | 5,517 | 9,487 | 12,115 |
| Registration | 89 | 1,917 | 877 | (677) | 94 | 3,196 | 5,496 | 6,660 |
| Standards | 7 | 144 | 66 | (51) | 7 | 241 | 414 | 524 |
| Education | 25 | 525 | 240 | (185) | 25 | 876 | 1,506 | 1,836 |
| Continued practice and revalidation | 13 | 276 | 126 | (97) | 13 | 460 | 791 | 0 |
| Communications | 16 | 341 | 156 | (120) | 17 | 569 | 979 | 1,573 |
| Charitable expenditure | 304 | 6,512 | 2,979 | (2,298) | 317 | 10,859 | 18,673 | 22,708 |
| Governance | 19 | 407 | 186 | (144) | 20 | 679 | 1,167 | 1,049 |
| Total | 323 | 6,919 | 3,165 | (2,442) | 337 | 11,538 | 19,840 | 23,757 |

Accommodation costs have been apportioned on the basis of floor area occupied. Management, IT, human resources, finance, procurement and accommodation costs have been allocated on a head count basis.

| | 2010 £000 | 2009 £000 |
|---|---------------|---------------|
| Staffing costs | 33,544 | 28,216 |
| Office costs | 6,951 | 5,616 |
| Council and committee costs | 608 | 653 |
| Panel and assessment costs | 13,189 | 17,600 |
| Legal costs | 12,030 | 11,642 |
| Accommodation costs | 6,426 | 3,928 |
| Financial, actuarial & professional costs | 4,129 | 3,674 |
| Purchase of assets net of capitalisation and depreciation | 10,465 | 9,288 |
| | 87,342 | 80,617 |

Total resources expended include:

| | | |
|---|-------|-------|
| Depreciation of owned assets | 6,714 | 5,495 |
| Operating lease costs: leasehold property | 3,160 | 3,724 |
| Finance lease costs: office equipment | 160 | 120 |
| Audit fees | 24 | 24 |
| Provision for potential liability for employers national insurance contributions* | 0 | 2,379 |

* A total provision of £4.8 million was recognised in previous years accounts for a potential liability for employer's national insurance contributions since April 2006. HMRC has now confirmed that no liability exists, and the provision of £4.8 million has been released.

5. Staff

| | 2010 | 2009 |
|------------------------------|---------------|---------------|
| Total costs of all staff: | £000 | £000 |
| Wages and salaries | 24,713 | 21,200 |
| Social security costs | 1,902 | 1,706 |
| Superannuation costs | 5,309 | 3,866 |
| Redundancy and related costs | 82 | 30 |
| Other staffing costs | 1,538 | 1,414 |
| | 33,544 | 28,216 |

| Average staff numbers (full time equivalents) in the year by category: | 2010 | 2009 |
|--|------------|------------|
| Fitness to practise | 223 | 218 |
| Registration | 138 | 121 |
| Standards | 11 | 10 |
| Education | 33 | 33 |
| Communications | 31 | 29 |
| Continued practice and revalidation | 21 | 0 |
| Resources | 108 | 96 |
| Strategy and planning | 40 | 18 |
| | 605 | 525 |

| The number of staff whose taxable emoluments (excluding redundancy payments) fell into higher salary bands was: | 2010 | 2009 |
|---|------|------|
| £ 60,000–£70,000 | 18 | 20 |
| £ 70,001–£80,000 | 12 | 8 |
| £ 80,001–£90,000 | 4 | 6 |
| £ 90,001–£100,000 | 6 | 6 |
| £100,001–£110,000 | 6 | 5 |
| £110,001–£120,000 | 2 | 1 |
| £120,001–£130,000 | 0 | 2 |
| £130,001–£140,000 | 0 | 0 |
| £140,001–£150,000 | 2 | 0 |
| £150,001–£160,000 | 0 | 0 |
| £160,001–£170,000 | 2 | 2 |
| £170,001–£180,000 | 1 | 1 |
| £210,001–£220,000 | 1 | 0 |
| £240,001–£250,000 | 0 | 0 |
| £300,000–£310,000 | 0 | 1 |

Number of staff included above for whom retirement benefits are accruing:

| | | |
|-----------------------------|----|----|
| Defined benefit scheme | 54 | 50 |
| Defined contribution scheme | 0 | 0 |

There were no contributions in the year for the provision of defined contribution schemes in respect of staff included above.

6. Fixed assets

| | Buildings | Fixtures, Furniture & Equipment | IT Equipment & Software | Total |
|------------------------------------|---------------|------------------------------------|----------------------------|---------------|
| Cost | £000 | £000 | £000 | £000 |
| Balance at 1 January 2010 | 12,351 | 5,840 | 23,603 | 41,794 |
| Additions | 242 | 987 | 1,734 | 2,963 |
| Disposals | 0 | 0 | 0 | 0 |
| Balance at 31 December 2010 | 12,593 | 6,827 | 25,337 | 44,757 |

Depreciation

| | | | | |
|------------------------------------|--------------|--------------|---------------|---------------|
| Balance at 1 January 2010 | 8,139 | 1,762 | 13,411 | 23,312 |
| Depreciation charge for the year | 802 | 758 | 5,154 | 6,714 |
| Disposals | 0 | 0 | 0 | 0 |
| Balance at 31 December 2010 | 8,941 | 2,520 | 18,565 | 30,026 |

Net book value

| | | | | |
|----------------------------|--------------|--------------|--------------|---------------|
| At 1 January 2010 | 4,212 | 4,078 | 10,192 | 18,482 |
| At 31 December 2010 | 3,652 | 4,307 | 6,772 | 14,731 |

All fixed assets are owned by the GMC, except for buildings and building improvements which are all leasehold.

7. Investments

| | 2010 | 2009 |
|--------------------------|--------|--------|
| | £000 | £000 |
| Valuation at 1 January | 25,000 | 25,000 |
| Acquisitions | 0 | 0 |
| Disposals | 0 | 0 |
| Valuation at 31 December | 25,000 | 25,000 |

The valuation at the end of the year consisted of:

| | | |
|---------------|--------|--------|
| Cash deposits | 25,000 | 25,000 |
|---------------|--------|--------|

8. Debtors

| | 2010 | 2009 |
|--|---------------|---------------|
| | £000 | £000 |
| Amounts falling due within one year | | |
| Registration debtors | 13,551 | 11,877 |
| Prepayments and accrued income | 2,045 | 1,712 |
| Other debtors | 281 | 337 |
| Deposits | 1 | 3 |
| | 15,878 | 13,929 |

9. Creditors

| | 2010 | 2009 |
|---|---------------|---------------|
| | £000 | £000 |
| Amounts falling due within one year | | |
| Trade creditors | 1,689 | 1,780 |
| Other creditors including tax and social security | 684 | 581 |
| Accruals and deferred income | 62,189 | 66,738 |
| | 64,562 | 69,099 |

10. Fund movements in the year

| | Unrestricted Fund | Pension Fund | 2010 Total | 2009 Total |
|-----------------------------------|-------------------|--------------|------------|------------|
| | £000 | £000 | £000 | £000 |
| At 1 January 2010 | 20,715 | (5,732) | 14,983 | 17,601 |
| Net incoming/(outgoing) resources | 14,721 | 10,968 | 25,689 | (2,618) |
| At 31 December 2010 | 35,436 | 5,236 | 40,672 | 14,983 |

11. Capital commitments

Capital expenditure contracted but unspent at 31 December 2010 amounted to £195,187. The equivalent figure for 2009 was £143,902.

12. Operating lease commitments

| | 2010 | 2009 |
|--|--------------|--------------|
| | £000 | £000 |
| Committed amounts payable for the next year are: | | |
| Leases of land and buildings expiring: | | |
| Within one year | 252 | 217 |
| In years two to five | 557 | 483 |
| After more than five years | 2,351 | 3,042 |
| | 3,160 | 3,742 |

13. Superannuation scheme

The General Medical Council Staff Superannuation Scheme is a funded Scheme of the defined benefit type, providing retirement benefits based on final salary. The 'top up' arrangement is an unfunded scheme. Regular employer contributions to the scheme in 2011 are estimated to be £4,276K.

The valuation used for FRS 17 disclosures has been based on a full assessment of the liabilities of the Scheme as at 31 December 2010. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Actuarial gains and losses have been recognised in the period in which they occur, (but outside the profit and loss account), through the Statement of Recognised Gains

and Losses (STRGL). Following the UK Government's announcement in summer 2010, the inflation index to be used to derive statutory pension increases has been changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). Due to a number of differences between the indices, including both constituents and construction, CPI is expected to be less than RPI over the long-term which means that the defined benefit obligation has reduced. Following discussions with our pensions advisers, we have recognised the reduction as an assumption change – that is, a change to the estimate of future inflation which will be used to increase deferred benefits. The change has been recognised at 31 December 2010.

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 17 are set out below:

Main financial assumptions

| | 31 December 2010 | 31 December 2009 | 31 December 2008 |
|--|------------------|------------------|------------------|
| | % p.a. | % p.a. | % p.a. |
| RPI inflation | 3.8 | 3.9 | 3.1 |
| CPI inflation | 3.3 | n/a | n/a |
| Rate of general long-term increase in salaries | 5.8 | 5.9 | 5.1 |
| Pension increases (excess over GMP only) | 3.3 | 3.9 | 3.1 |
| Discount rate for scheme liabilities | 5.3 | 5.7 | 6.2 |

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 23 years if they are male and for a further 26 years if they are female.

For a member who retires in 20 years at age 65 the assumptions are that they will live on average for a further 25 years after retirement if they are male and for a further 27 years after retirement if they are female.

Expected return on assets

| | Long-term rate of return expected at 31 Dec 2010 % p.a. | Value at 31 Dec 2010 £000 | Long-term rate of return expected at 31 Dec 2009 % p.a. | Value at 31 Dec 2009 £000 | Long-term rate of return expected at 31 Dec 2008 % p.a. | Value at 31 Dec 2008 £000 |
|----------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|
| Equities | 7.45 | 52,390 | 7.75 | 48,521 | 7.50 | 36,082 |
| Fixed Interest Gilts | 4.20 | 10,099 | 4.50 | 9,195 | 4.25 | 8,715 |
| Index-Linked Gilts | 4.20 | 10,274 | 4.25 | 9,429 | 4.00 | 8,755 |
| Property | 6.95 | 7,108 | n/a | n/a | n/a | n/a |
| Other | 1.45 | 113 | 0.70 | 396 | 2.50 | 351 |
| Combined | 6.57 [#] | 79,984 | 6.78 [#] | 67,541 | 6.37 [#] | 53,903 |

[#] The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

Basis used to determine the overall expected long-term rate of return on plan assets – the General Medical Council employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme at 31 December 2010.

Reconciliation of funded status to balance sheet

| | Value at 31 December 2010 £000 | Value at 31 December 2009 £000 | Value at 31 December 2008 £000 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Fair value of scheme assets | 79,984 | 67,541 | 53,903 |
| Present value of funded defined benefit obligations | (74,188) | (72,397) | (48,862) |
| | 5,796 | (4,856) | 5,041 |
| Present value of unfunded defined benefit obligations | (560) | (876) | (758) |
| Unrecognised asset due to FRS17 (para 41) limit | 0 | 0 | 0 |
| Asset/(liability) recognised on the balance sheet | 5,236 | (5,732) | 4,283 |

Analysis of profit and loss charge

| | Year ending 31 December 2010 | Year ending 31 December 2009 |
|--|------------------------------|------------------------------|
| | £000 | £000 |
| Current service cost | 5,476 | 3,559 |
| Past service cost | 0 | 0 |
| Interest cost | 4,292 | 3,167 |
| Expected return on scheme assets | (4,703) | (3,559) |
| The effect of the FRS17 (para 41) limit | 0 | 0 |
| Curtailment cost | 0 | 0 |
| Settlement cost | 0 | 0 |
| Expense recognised in profit and loss | 5,065 | 3,167 |

Changes to the present value of the defined benefit obligation during the year

| | Year ending 31 December 2010 | Year ending 31 December 2009 |
|---|------------------------------|------------------------------|
| | £000 | £000 |
| Opening defined benefit obligation | 73,273 | 49,620 |
| Current service cost | 5,476 | 3,559 |
| Interest cost | 4,292 | 3,167 |
| Contributions by scheme participants | 620 | 0 |
| Actuarial gains/(losses) on scheme liabilities | (7,720) | 17,808 |
| Net benefits paid out | (1,193) | (881) |
| Past service cost | 0 | 0 |
| Net increase in liabilities from disposals/acquisitions | 0 | 0 |
| Curtailements | 0 | 0 |
| Settlements | 0 | 0 |
| Closing defined benefit obligation | 74,748 | 73,273 |

Changes to the fair value of scheme assets during the year

| | Year ending 31 December 2010 | Year ending 31 December 2009 |
|--|------------------------------|------------------------------|
| | £000 | £000 |
| Opening fair value of scheme assets | 67,541 | 53,903 |
| Expected return on scheme assets | 4,703 | 3,559 |
| Actuarial gains/(losses) on scheme assets | 3,972 | 6,569 |
| Contributions by the employer | 4,341 | 4,391 |
| Contributions by scheme participants | 620 | 0 |
| Net benefits paid out | (1,193) | (881) |
| Net increase in assets from disposals/acquisitions | 0 | 0 |
| Settlements | 0 | 0 |
| Closing fair value of scheme assets | 79,984 | 67,541 |

Actual return on scheme assets

| | Year ending 31 December 2010 | Year ending 31 December 2009 |
|--|------------------------------|------------------------------|
| | £000 | £000 |
| Expected return on scheme assets | 4,703 | 3,559 |
| Actuarial gain/(loss) on scheme assets | 3,972 | 6,569 |
| Actual return on scheme assets | 8,675 | 10,128 |

Analysis of amounts recognised in statement of financial activities

| | Year ending 31 December 2010 | Year ending 31 December 2009 |
|---|------------------------------|------------------------------|
| | £000 | £000 |
| Total actuarial gains/(losses) | 11,692 | (11,239) |
| Change in irrecoverable surplus, due to FRS17 (para 41) limit | 0 | 0 |
| Total gain/(loss) in SoFA | 11,692 | (11,239) |
| Cumulative amount of gains/(losses) recognised in SoFA | (4,441) | (16,133) |

History of asset values, defined benefit obligation and surplus/deficit in scheme

| | 31 Dec 2010 | 31 Dec 2009 | 31 Dec 2008 | 31 Dec 2007 | 31 Dec 2006 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| | £000 | £000 | £000 | £000 | £000 |
| Fair value of scheme assets | 79,984 | 67,541 | 53,903 | 51,058 | 44,171 |
| Defined benefit obligation | (74,748) | (73,273) | (49,620) | (50,651) | (47,910) |
| Surplus/(deficit) in scheme | 5,236 | (5,732) | 4,283 | 407 | (3,739) |

History of experience gains and losses

| | Year ending 31 Dec 2010 | Year ending 31 Dec 2009 | Year ending 31 Dec 2008 | Year ending 31 Dec 2007 | Year ending 31 Dec 2006 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Experience gains/(losses) on scheme assets | 3,972 | 6,569 | (5,020) | 919 | (2,400) |
| Experience gains/(losses) on scheme liabilities # | 2,896 | (405) | (630) | 3,842 | (402) |

This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

14. Trustees

| Name | Attendance allowance and honoraria £ | Locum and other payments to related parties £ | Total 2010 £ | Total 2009 £ |
|--|---|--|-----------------|-----------------|
| Professor Jane Dacre, BSc MD FRCP Lon, Glas FHEA | 15,050 | | 15,050 | 14,512 |
| Dr Suzanne Davison, BSc (Hons) PhD # | 3,942 | | 3,942 | 0 |
| Dr Sam Everington, OBE MB BS MRCPG Barrister | 11,825 | | 11,825 | 11,825 |
| Ms Sally Hawkins, BA | 11,825 | | 11,825 | 11,825 |
| Dr John Jenkins, CBE MD FRCP FRCPCH FRCPI | | 15,050 * | 15,050 | 14,512 |
| Lord Kirkwood of Kirkhope, BSc | 15,050 | | 15,050 | 14,244 |
| Ms Ros Levenson, BA (Hons) CQSW Diploma in Applied Social Studies | 15,050 | | 15,050 | 14,512 |
| Professor Malcolm Lewis, FRCGP LLM | 15,050 | | 15,050 | 14,512 |
| Mr Robin MacLeod, MHSM Dip. HSM MI Mgt Dip. Business Studies | 15,050 | | 15,050 | 14,512 |
| Professor Rajan Madhok, MB BS MSc FRCS FFPH | | 11,825 * | 11,825 | 11,825 |
| Dr Johann Malawana, MB BS | 11,825 | | 11,825 | 11,825 |
| Dr Joan Martin, D.Phil FCOT MA | 15,050 | | 15,050 | 14,512 |
| Mrs Suzanne McCarthy, BA LLM MSc | 11,825 | | 11,825 | 11,825 |
| Professor Jim McKillop, BSc MB ChB PhD FRCP FRCR FMedSci | 15,050 | | 15,050 | 14,512 |
| Professor Trudie Roberts, BSc MB ChB PhD FRCP ## | | 14,916 * | 14,916 | 14,512 |
| Mrs Ann Robinson | 15,050 | | 15,050 | 12,024 |
| Mrs Enid Rowlands, BSc CCMI | 15,050 | | 15,050 | 14,512 |
| Professor Sir Peter Rubin, BM BCh MA DM FRCP | | 93,445 * | 93,445 | 63,917 |
| Dr Mairi Scott, MB ChB FRCGP FRCPE FHEA | | 15,050 * | 15,050 | 14,512 |
| Professor Iqbal Singh, MB BS MRCP FRCP Dip Rehab Med | 15,050 | | 15,050 | 14,512 |
| Professor Terence Stephenson, BSc BM BCh DM FRCP FRCPCH | 11,825 | | 11,825 | 11,825 |
| Ms Anne Weyman, OBE Honorary LLD | 11,825 | | 11,825 | 11,825 |
| Mr Stephen Whittle, OBE LLB FRSA | 11,825 | | 11,825 | 11,825 |
| Dr Hamish Wilson, CBE MA PhD FHSM | 11,825 | | 11,825 | 11,825 |

Dr Suzanne Davison became a trustee on 1 September 2010

Professor Trudie Roberts ceased acting as Chair of the Research Reference Group on 8 December 2010

* paid to employer

During the year expenses of £130,989 were paid to 24 of the 24 members.

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General
Medical
Council

Regulating doctors
Ensuring good medical practice