



GMC

General Medical Council
Annual Report and Accounts

2008



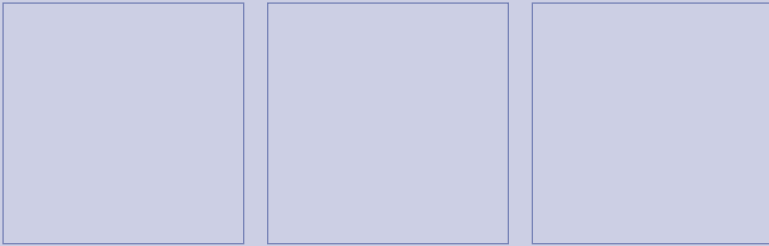
Contents

Chair's foreword	02
Statutory purpose	03
Review of 2008	04
Overview	05
Delivery against our Business Plan for 2008	06
Equality and diversity	12
Evaluation framework	12
Performance against service targets	13
Financial review	14
Investment policy	15
Reserves policy	16
Audit Committee's report	17
Risk management statement	17
Structure, governance and management	18
Organisational structure	19
Committees	20
Management	21
Looking forward	22
Our key aims for 2009	23
Governance changes in 2009	23
Professional advisers	24
Independent auditors' report	25
Statement of Financial Activities	26
Notes to the Accounts	29



GMC offices, from top right to bottom left: Manchester, Cardiff, Edinburgh, Belfast, London.





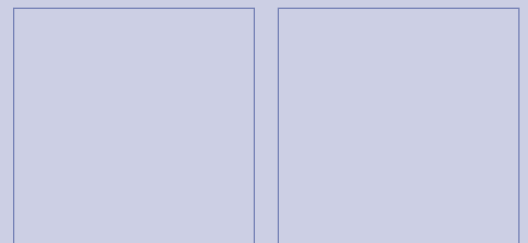
GMC Chair, Professor Peter Rubin.

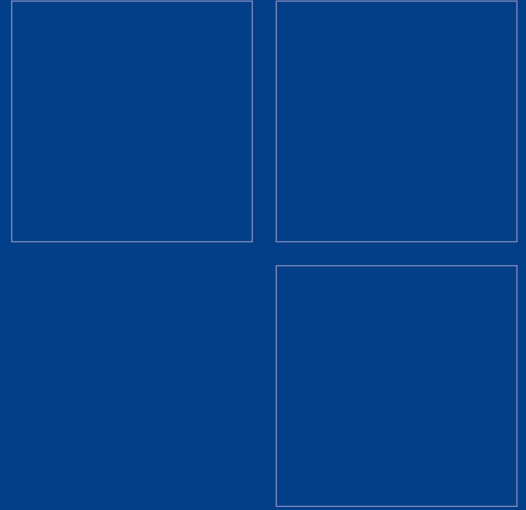
Chair's foreword

I am writing on my first day as Chair of the GMC. The pace of change over the last few years has been dramatic and shows no sign of letting up. A new Council is now in place and is keen to secure and strengthen the GMC's position as a leader in regulation. We are poised to lead the introduction of revalidation – the biggest change in medical regulation in 150 years. This idea was first proposed by the GMC over 10 years ago, and has been the subject of much debate and modification. For the vast majority of doctors, revalidation will be an opportunity to reaffirm the high standard of their practice. For the public it will provide assurance that their doctors are up to date and fit to practise.

The GMC will also be undergoing major organisational change over the next two years, with the Postgraduate Medical Education and Training Board joining the organisation and Adjudication leaving. We are fortunate to have staff of extremely high calibre, and it is a pleasure to record here my gratitude to them for all that has been achieved in recent years.

Peter Rubin
Chair of Council





GMC Chief Executive, Finlay Scott.

Statutory purpose

1. The General Medical Council is the independent regulator for doctors in the UK. Our purpose is to protect, promote and maintain the health and safety of the public by ensuring proper standards in the practice of medicine.
2. We aim to regulate in a way that:
 - a. is independent, fair, efficient and effective
 - b. raises standards and enhances patient safety
 - c. fosters the professionalism of doctors
 - d. encourages early and effective local action
 - e. commands the confidence and support of all our key interest groups.

Review of 2008

Overview

Delivery against our Business Plan for 2008

Equality and diversity

Evaluation framework

Performance against service targets

Financial review

Investment policy

Reserves policy

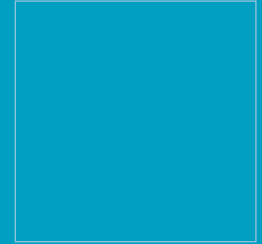
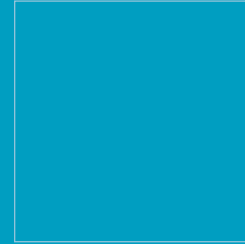
Audit Committee's report

Risk management statement





*Lord Naren Patel
who is leading the
review of medical
education.*



*Her Royal Highness
The Princess Royal with
Sir Graeme Catto unveiling a plaque
to mark 150 years of the GMC.*

Overview

3. A broad theme for 2008 was the further enhancement of our framework for medical regulation, ensuring it remained capable of meeting the needs of a modern, diverse society and a changing healthcare environment. The aims and objectives set out in our 2008 Business Plan represented a challenging programme of work which sought to ensure that our four statutory functions – standards and ethics; medical education and training; registration; and fitness to practise – were not separate but interlocked and discharged in a way which contributed positively to the health and safety of patients and the public.
4. Ensuring coherence and congruity across our four statutory functions enabled us to place a greater emphasis on standards and ethics, and on medical education and training at every stage of a doctor's career, as the drivers of good medical practice, professionalism and patient safety. These drivers, as articulated in our guidance on *Good Medical Practice*, set the benchmarks for our registration and fitness to practise processes. During 2008 we also continued to instil the notion of continuous improvement across our core operations and services.
5. Engaging widely and effectively with our key interests across the UK was another important theme in 2008. In delivering on our commitments, commanding the confidence and support of our interest groups – patients and the public; doctors; the NHS and other healthcare providers; and medical schools and medical Royal Colleges – was central to the development and implementation of policy, and to our operational performance.
6. The year was notable for the announcement – recommended by the Independent Inquiry into Modernising Medical Careers led by Sir John Tooke, and accepted by the Secretary of State for Health – that the Postgraduate Medical Education and Training Board should be merged with the GMC. As a result, we did some important preparatory work and collaborated with PMETB to an increasing extent throughout the year.
7. Finally, the importance of accountability and independence provided the backdrop to some important internal governance changes. As the GMC marked its 150th anniversary, we ended the year with the appointment of a reconstituted Council, with an equal number of lay and medical members, and reflective of those who receive and provide healthcare across the UK. These and other developments have positioned the GMC well for consolidating and building on 2008's achievements in 2009 and beyond.

Delivery against our Business Plan for 2008

Key aim one: To operate an independent, accountable and integrated system of medical regulation that commands the confidence and support of our key interest groups.

8. We worked closely with the departments of health and other organisations in all four countries of the UK to deliver the White Paper proposals. This included participation in Sir Liam Donaldson's Medical Revalidation Working Group, which led to the publication of the report *Medical Revalidation: Principles and Next Steps* in July 2008. We engaged with the Department of Health (England) and parliamentarians to help improve the Health and Social Care Act 2008.
9. Our offices in Northern Ireland, Scotland and Wales continued to work closely with the devolved administrations and with key interest groups. In all four countries of the UK we participated in a range of events designed to maintain momentum on the White Paper proposals and attended a wide range of other meetings and events to promote our work, including our plans for licensing and revalidation.
10. We embarked on a number of revalidation projects with organisations across the UK. The aim is to gain a better understanding of how key components will work at a local level. The projects included leading a consultation with key interest groups to identify how continuing professional development could best support doctors in meeting the requirements of revalidation, and consulting with healthcare providers and others who regularly use the Medical Register in order to improve its content and accessibility.
11. We continued to develop a broad evidence base to underpin our approach to regulation. Our programme of independent research has begun to explore questions relating to the nature, quality and delivery of medical regulation, including aspects of equality and diversity. Our research programme has been taken forward, in part through a partnership arrangement with the Economic and Social Research Council under its Public Services Programme. In total we have commissioned 10 projects and one fellowship through the collaborative research programme with the ESRC. As part of this programme, three interlinked projects began in 2008, under the overarching heading *Equality, diversity and fitness to practise: exploring and explaining variation in the identification, handling and outcomes of concerns about doctors*. All three projects will report to the ESRC by the end of 2009 and enter a process of peer review.

Paul Buckley, Director of Education and Revalidation.



The GMC's Scotland team at the 150th event in Edinburgh.

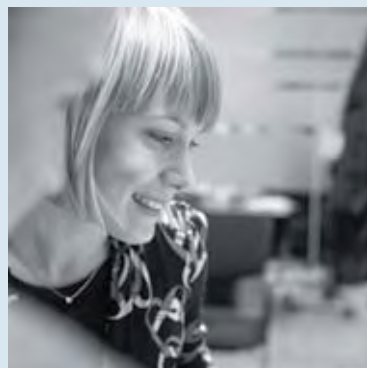


From left to right: Dan Wynn, Jane Todd, Justin Hynd and Jackie Bell.



Key aim two: To deliver effective and responsive regulation by engaging fully with those receiving and providing healthcare across the four countries of the UK.

12. Engagement with our key interests informs our policy making and helps us convey what we do, how we do it and how we evaluate our success. We have identified four key interests as patients and the public; doctors; the NHS and other healthcare providers; and medical schools and medical Royal Colleges. Beyond the UK, we continued to engage with EU institutions and regulators in other countries. In 2008 we continued to enhance public and patient involvement in our work. The Patient and Public Reference Group met four times and contributed to a number of policy initiatives, including the development of our plans for revalidation and the review of guidance for doctors on withholding and withdrawing life-prolonging treatment. We continued to administer the UK Health and Social Care Regulator's Public and Patient Involvement Group.
13. We worked towards strengthening the connections between national and workplace regulation through our representation on the six sub-groups of the Tackling Concerns Locally Working Group. The aim of the Working Group is to strengthen local arrangements for identifying poor practice among healthcare workers and taking effective action where poor practice is suspected.



Tanja Schubert, European and International Policy Manager.

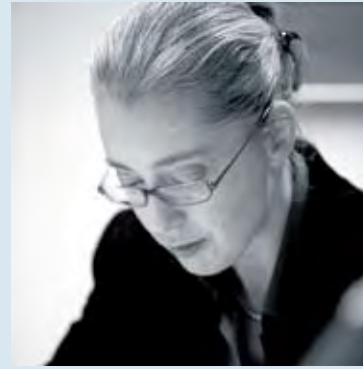


Jackie Rowley, Director of Communications.

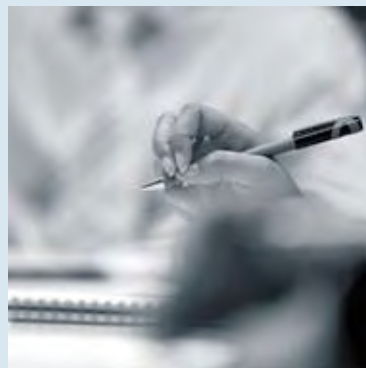
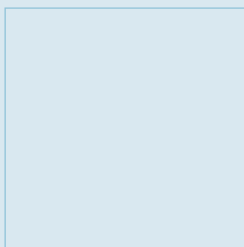
14. We communicated changes in our guidance to all relevant key interest groups and launched formal consultations as part of the review of our guidance. Consultation events were held across all four countries of the UK and our guidance on *Consent: patients and doctors making decisions together* was launched in Belfast, Cardiff, Edinburgh and London. As part of our commitment to the Welsh language under our Welsh Language Scheme we promoted Welsh-language versions of our guidance at the National Eisteddfod in Cardiff in August 2008.
15. We contributed to the development of healthcare professional regulation within Europe and internationally through our work with the European Parliament and international regulators. We continued to manage the Healthcare Professionals Crossing Borders initiative on behalf of all European regulators and organised a Europe-wide meeting in The Hague in June 2008. We have maintained our presence at an international level through participation in groups such as the International Association of Medical Regulatory Authorities. In response to the adoption of a draft Directive on patients' rights in cross-border healthcare by the European Commission in July 2008, we prepared a position paper and shared our views through oral and written evidence to the House of Lords European Union Sub-Committee G inquiry into the proposal.

Key aim three: To enhance the role of the Medical Register as the single authoritative source of information on doctors, and as a national resource for patients, employers and the profession.

16. In 2008 we granted 18,500 applications for registration, an increase of 9% on 2007.
17. We prepared for the introduction of licences to practise, scheduled for autumn 2009, as the first step to implementing revalidation.
18. This included drafting regulations and guidance in preparation for a consultation which we launched in January 2009. We also wrote to all registered doctors to explain the action they need to take, and to the NHS, other healthcare providers and patient groups to explain the implications of the changes.
19. We developed a revised fees framework to take account of the introduction of licences to practise, and we are continuing to prepare for the introduction of compulsory insurance and indemnity for all doctors.
20. We engaged with key interests across the four countries of the UK to communicate our plans for revalidation and the changes that will take place on the introduction of the licence to practise.
21. In relation to revalidation, we participated in events and meetings across the UK to raise awareness of our plans, and organised and attended key conferences, seminars and workshops. We also established the UK Revalidation Programme Board to oversee the delivery of revalidation.
22. We are leading the Revalidation in General Practice in Wales project, alongside the Postgraduate Deanery in Wales, to look at the readiness of appraisal and clinical governance systems in local health boards to support revalidation. We also conducted work with NHS Professionals, Buckinghamshire Primary Care Trust and 10 secondary care trusts in Merseyside on the types of evidence and supporting information that doctors in different settings bring to appraisal.
23. We engaged with healthcare providers to improve the content of the Medical Register. We co-operated with DH(E) on legislation to restore the 'existing specialists' route to the Specialist Register and implemented a new service to support the download of the List of Registered Medical Practitioners.
24. Following advice from leading counsel that exemption from the annual retention fee for doctors over the age of 65 was unlawful under age discrimination legislation, Council decided to end the exemption. Understandably the decision prompted concern among those affected, requiring an extensive communication programme to explain the decision and the action doctors needed to take.



Claire Brown, Registration Policy and Projects Manager.



Key aim four: To support the delivery of high-quality care to patients by setting rigorous standards for doctors and co-ordinating all stages of medical education.

25. We worked closely with PMETB on preparations for the merger of PMETB with the GMC. Following the announcement of the merger, we jointly commissioned the consulting firm Towers Perrin to undertake a scoping study to provide a solid factual basis for taking forward the merger. The scoping study concluded that there were 'no significant barriers' to merging PMETB with the GMC, and that there were significant opportunities to begin preparations for the merger ahead of the formal transfer of functions on 1 April 2010.
26. We therefore put in place joint oversight arrangements to ensure effective planning, risk management, resource allocation and delivery. We established four high level workstreams to cover the necessary preparatory work:
 - a. Legislation, including working with DH(E) to ensure the timely and appropriate legal transfer of functions.
 - b. 'Mechanics' of merger, incorporating the necessary preparations for the physical co-location of PMETB with the GMC, as well as the consolidation of human resources, information systems and financial arrangements.
 - c. Communications.
 - d. Post-merger benefits, including a far-reaching strategic review – independently chaired by Lord Patel – of the future opportunities for postgraduate medical education and training under a single regulator.
27. We completed the translation of our core guidance, *Good Medical Practice*, into an effective framework for the appraisal and assessment of doctors and launched a new interactive web zone on our website, *Good Medical Practice in Action*, to bring *Good Medical Practice* to life.
28. We published the revised guidance *Consent: patients and doctors making decisions together* and revised supplementary guidance on conflicts of interest, prescribing and doctors' duty to report criminal and regulatory proceedings to the GMC.
29. We published the new supplementary guidance *Personal beliefs and medical practice* and *Acting as an expert witness*.
30. Jointly with DH(E), we published interim guidance on reporting knife wounds.
31. We launched a consultation on the review of *Tomorrow's Doctors*, which sets out the standards, knowledge, skills, attitudes and behaviours that medical students should learn at UK medical schools.
32. We developed guidance on how *Good Medical Practice* will apply during a pandemic.
33. Together with 11 medical schools, we developed guidance on encouraging individuals with disabilities into medicine. This was a joint project with the Department for Innovation, Universities and Skills under their Gateways to the professions scheme. The guidance, *Advising medical schools: encouraging disabled students*, was published in March 2008. In partnership with the Medical Schools Council, we also developed revised guidance on student fitness to practise, to be published in 2009.
34. We evaluated and reported on eight medical schools and conducted quality assurance reviews of two deaneries and their delivery of the foundation programme. We developed and published guidance for medical schools to ensure effective regulation and quality assurance of UK medical education delivered outside the UK.

Susan Redward,
Senior Policy Analyst,
Education.



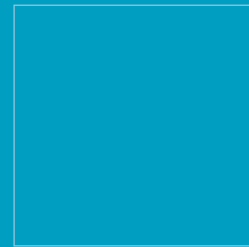
Ben Griffith,
Senior Policy Analyst,
Education.



Key aim five: To enhance patient safety by improving further the procedures for dealing with doctors whose fitness to practise may be impaired.

- 35. In 2008 we considered 5,185 enquiries regarding doctors' fitness to practise, a minimal increase on 2007.
- 36. We introduced the civil standard of proof for fitness to practise panel hearings starting on or after 31 May 2008. Implementation included extensive training for panellists, legal assessors and staff.
- 37. We developed and established a new information centre on the website to help those who have a concern about a doctor to navigate the complaints system. The new guide, *Patients' help*, includes contact details for local help and advice across the UK, example case studies and an online complaint form.
- 38. We continued to work with healthcare providers on the early identification of problems and on appropriate remedies. We took forward this work through participation in the White Paper Tackling Concerns Locally Working Group and its six sub-groups. Through the GMC Affiliates sub-group we developed proposals for two 12-month pilots, in north London and west Yorkshire, which began in September and October 2008 respectively.
- 39. We reviewed and consulted on revised *Indicative Sanctions Guidance* to be published in 2009.
- 40. We published a new section on our website dedicated to witnesses giving evidence at hearings before fitness to practise panels. This includes information about our fitness to practise procedures and the help available. On 1 November 2008 we launched a pilot project, involving Victim Support and Action Against Medical Accidents, to improve support for vulnerable witnesses at fitness to practise panel hearings. The pilot will run for 12 months.

*Robert Jones,
Investigation Officer,
Fitness to Practise.*



*Shaun Moggan,
Investigation Manager,
Fitness to Practise.*

*Desrine Emmanuel,
Investigation Assistant,
Fitness to Practise.*

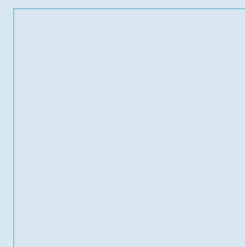
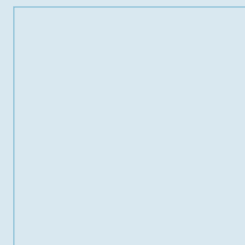
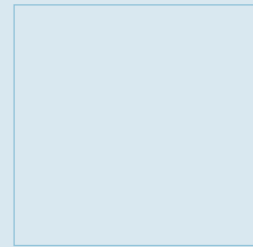
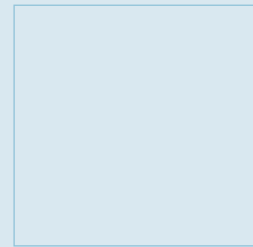


Key aim six: To enhance the economy, efficiency and effectiveness of the GMC.

41. The necessary internal governance changes were made to enable the transition to the reconstituted Council. This included modifying and enhancing our governance model to support the reconstituted Council and putting in place arrangements for the election of a new Chair.
42. We successfully implemented the second phase of our Strategic Applications Project, providing new functions for Fitness to Practise, Registration and Finance. We also worked towards the implementation of SAP phase 3, to implement a new finance, HR, and procurement system. We relocated our UK Applications Team from London to Manchester, bringing all applications activity within one building to allow a consistent and streamlined approach to our applications processes.
43. We reviewed our internal quality assurance arrangements, with a view to developing a more integrated and consistent assurance framework across directorates.
44. We undertook an online survey of users of our website and carried out extensive user testing to better understand the requirements of patients, doctors and applicants for registration. Work continued with the redesign of the website which we plan to launch later in 2009.
45. We carried out the preparatory work necessary to deliver an updated pay and reward system, to be implemented later in 2009.



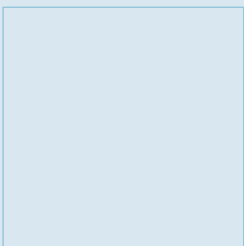
Peter Markham, Website Manager, Communications.



Christine Payne, Governance Manager.



*Rachel Longson and
Dave Anson, Information Systems.*



Equality and diversity

46. Equality and diversity are integral to all aspects of our work, as both an employer and a regulator. An equality scheme has been in place since 2007 and is part of our commitment to meeting our statutory obligations under disability, race and gender laws. It also details our work on age, religion and belief, and sexual orientation. The scheme sets out the rationale for our approach and outlines the activities that we undertake to demonstrate that we value diversity and promote equality. The 2008 Equality Scheme was enhanced and revised. We also enhanced our Equality Impact Assessment process by developing a toolkit and introducing dedicated training for staff.
47. We commissioned Shapiro Consulting Ltd to undertake an independent review of the current status of our policies, practices and attitudes to equality and diversity and how these compare with good practice in other organisations. The review will inform the development of our diversity strategy in 2009.
48. We completed phase two of the ethnicity census of registered doctors in September 2008. As of October 2008 we held ethnicity data for approximately 165,000 doctors, or 66% of those on the register.
49. Council agreed in 2008 to begin collecting disability data from doctors to support our work to eliminate discrimination and promote equality.
50. We established an independently-chaired Equality and Diversity Research Forum to enable the sharing of emerging research findings with a range of key interest groups, and to provide a sounding board for research projects with an equality and diversity focus.
51. In partnership with the Progressive Muslims Forum UK, we held a seminar to discuss issues affecting black and minority ethnic doctors, and to raise the profile of our work to promote equality and diversity, in particular our research partnership with the ESRC.

Baroness Amos chairing the GMC's Equality and Diversity Research Forum.



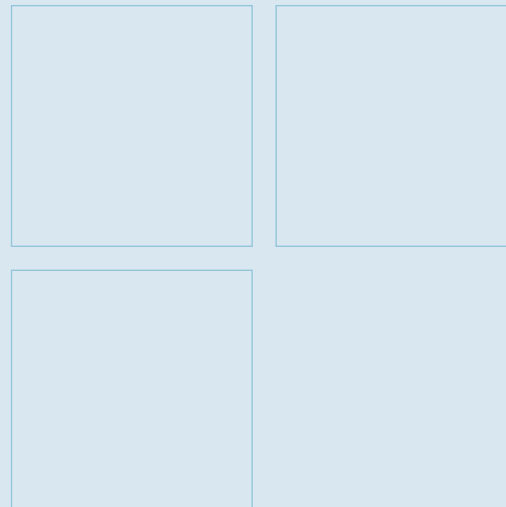
Lisa Greenhill and Dina Koulama, Communications.



Paul Philip, Director of Standards and Fitness to Practise, left, with Khurshid Alam, Chair of the Progressive Muslims Forum.

Evaluation framework

52. Throughout 2008, our Evaluation Framework Review Group developed a performance evaluation framework to assist the reconstituted Council in holding itself and the Executive to account for the discharge of its public accountability responsibilities. We plan to develop this framework further, to enable the Council to align it with our 2009 Business Plan and with the longer-term Strategic Plan that Council will consider during 2009.



Performance against service targets

53. We publish Registration and Fitness to Practise service targets every year. Our targets for 2008 and performance data are below.

Registration

Target	Performance
To respond to 95% of applications within five working days	99%
To answer 95% of calls within 15 seconds	81%
To see 95% of visitors within 10 minutes of arrival at reception	92%
To answer 100% of letters and emails within five working days	89%
To respond to 95% of complaints within 10 working days	97%

54. In 2008 we granted 18,500 applications for registration. From 2007, applications for registration from UK doctors increased by 9%. Applications from European Economic Area doctors and international medical graduates dropped by 12% and 18% respectively. These changes reflect increased output from UK medical schools, general fluctuations in employment demands and changes to visa requirements for overseas doctors.

55. Three of the service delivery standard targets were not achieved in the early months of the year due to not all of the budgeted resources being in place. As the issue was rectified the levels of service were restored.

56. In 2008 we considered 5,185 enquiries regarding doctors' fitness to practise, a minimal increase on 2007 (5,168). At the end of 2008, 1,530 investigations were ongoing, compared with 1,751 at the end of 2007.

57. We improved performance against fitness to practise service targets in 2008, compared with 2007. We narrowly missed (by 2%) the service target for concluding or referring 90% of cases at the investigation stage within six months, although performance in 2008 rose from 85% in 2007.

58. The Interim Orders Panel sat for 278 days in 2008, compared with 232 in 2007 (an increase of 20%); 388 interim orders were in place at the end of December 2008, compared with 360 at the end of December 2007.

Fitness to Practise

Target	Performance
To conclude 90% of cases within 15 months of referral	93%
To conclude or refer 90% of cases at the investigation stage within six months	88%
To commence 90% of panel hearings within nine months of referral	95%
To commence 100% of IOP hearings within one month of referral	100%

59. Other fitness to practise panels sat for 2,138 days, compared with 2,249 days in 2007, reflecting a reduction in referrals by case examiners. This appears to have been a temporary phenomenon and examiner referrals have increased to a level that will make the continued achievement of service targets particularly challenging in 2009.



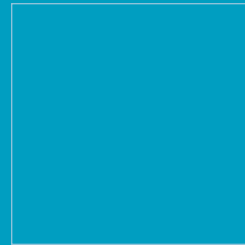
Sunil Kapur, Head of Policy and Planning, Registration and Resources.



Anthony Omo, Assistant Director, Legal.



Neil Roberts, Director of Registration and Resources.

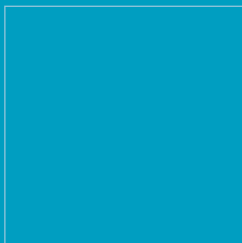


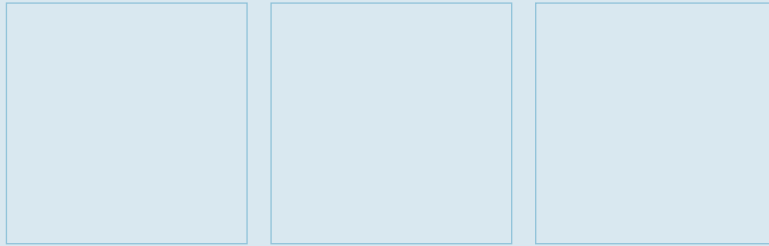
Jeanette Eccles and Bev Knight, Finance.



Financial review

- 60. For the year ended 31 December 2008, there was a deficit of £3.7 million on our charitable activities, compared with a budgeted deficit of £5.6 million. In addition, there was an actuarial gain of £2.2 million on the staff pension scheme, which is described in more detail in Note 13 to the accounts on page 36.
- 61. Operational expenditure was below budget by £0.6 million. Within this overall figure our panel and assessment costs, consultancy and professional advice, and purchase of assets were all lower than anticipated. In particular, panel and assessment costs were £1 million below budget. The 2008 budget for assessments was based on the number of cases brought forward from 2007, plus assumptions on the likely number of new cases in 2008. New cases are difficult to predict, and a prudent approach was taken using the average numbers for the previous 18 months. In practice, the number of cases dropped by 27% in the first half of 2008, and cases brought forward from 2007 were cleared more quickly than expected.
- 62. There were fewer adjudication hearing days in London during the first half of 2008, reflecting a fall in referral rates at the end of 2007 and beginning of 2008. The second half of 2008 saw a reversal of this trend, which will increase the number of hearing days from mid 2009 onwards. An over-listing strategy introduced during 2008 increased the utilisation of hearing rooms, and performance remained within service targets.
- 63. Additional income of £1.3 million was received in 2008 compared to budget, largely from higher than expected new registrations.
- 64. Since 2004 we have maintained a savings log to measure the ongoing savings achieved through our procurement initiatives, one-off savings gained through supplier negotiations, and efficiency savings generated through business improvement initiatives. The cumulative savings log since 2004 is £4.9 million, of which some £1.3 million was achieved in 2008. From 2009 onwards, following a change in the composition of the Council, we are required to comply with EU procurement regulations, which will significantly change the way in which we engage with external suppliers.





*Council member,
Dr Malcolm Lewis.*



Trustees' responsibilities for the financial statements

65. 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.

66. 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.

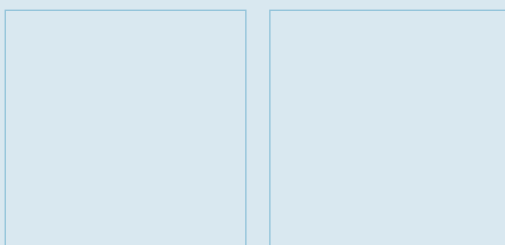
Basis of accounting

67. The annual financial statements of the GMC are included in this report and comply with the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005).

Investment policy

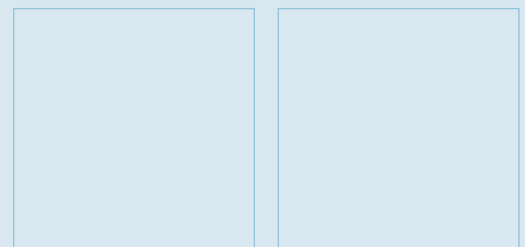
- 68.** Our funds, held as general reserves, are held in low-risk, liquid investments that will maintain or enhance their value. The investment policy supports the aims of the reserves policy and, consequently, is reviewed periodically in conjunction with the reserves policy.
- 69.** The investment policy is that general reserves will be held as cash on short- or medium-term deposits. A treasury management function is responsible for ensuring that the returns are maximised through regular review of rates available. The Resources Committee regularly reviews a report of the balances held and interest earned on all accounts.
- 70.** In 2008 our investments generated interest of £2.1 million, equivalent to an average annual rate of return of 5.35%.

*Council member,
Dr John Jenkins.*



Reserves policy

71. Based upon recommendations from the Resources Committee, the trustees have agreed a reserves policy in line with Charity Commission guidance.
72. We hold reserves to meet two needs:
- a. to provide the working capital necessary to fund our operations throughout the year, given that expenditure is broadly linear whilst income is concentrated in summer and winter peaks
 - b. to provide funds to deal with any risks that materialise.
73. 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.
74. 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.
75. The Resources Committee determined that the GMC should maintain unrestricted reserves within the range of £10 million to £15 million, based on a prudent assessment of the risks faced by the GMC.
76. The general reserves as at 31 December 2008 were £17.6 million, including £0.3 million of restricted reserves and £4.3 million relating to the pension fund as valued in accordance with Financial Reporting Standard 17. This leaves £13 million as unrestricted reserves, which is within the range set by the Resources Committee. Council has agreed a balanced budget for 2009, to maintain reserves at this level.



Audit Committee's report

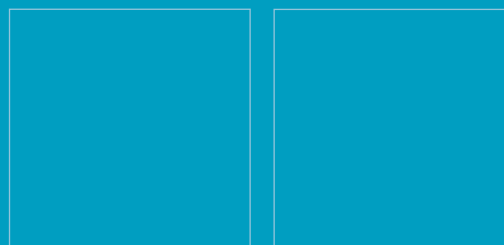
77. The Audit Committee met on five occasions in 2008. All meetings were quorate. The Committee was able to:
- a. Review the internal audit programme, consider the internal auditors' conclusions on the adequacy of controls for business processes and core systems, and monitor the implementation of actions to strengthen controls.
 - b. Agree that the 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. Approve the external audit letter of engagement and review 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.
 - d. Consider regular reports on the provision of non-audit services by auditors, haysmacintyre, in order to review the independence and objectivity of the external auditors.
 - e. Conduct 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.
 - f. Assess the performance of the internal auditors at each meeting.
78. The Committee met twice with the internal auditors and once with the external auditors in the absence of management.
79. Oversight of risk management by the Committee is covered under the risk management statement in paragraphs 80 to 84.

*Helen Blythe and Amber Davenport,
Strategy and Planning.*



Risk management statement

80. The GMC has formal risk management processes in place to identify, assess and manage business risks. Responsibility for overseeing risk management is delegated by the trustees to the Audit and Risk Committee (previously known as the Audit Committee). 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.
81. The risk management arrangements involve identifying risks to achieving our business objectives; prioritising them in terms of potential impact and likelihood of occurrence; ensuring that appropriate actions are taken to mitigate them; and monitoring and reporting on the arrangements in place to mitigate them. The identification of risks is an integral part of the annual business planning process, with risks identified in relation to each of the key aims.
82. Major risks are monitored regularly by the Chief Executive and directors.
83. The Audit and Risk Committee receives reports on the risk management arrangements at least twice each year. In February and July 2008, the Committee considered and endorsed the progress made in implementing recommendations made by the internal auditors for improving the risk management arrangements, and reviewed the Major Risk Register.
84. The internal auditors reviewed our risk management arrangements again in November 2008. They concluded that our risk management arrangements provide substantial assurance and are adequate to meet the requirements of the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). They made further recommendations for the continued improvement of the risk management arrangements which we have built into our work programme for 2009.



Structure, governance and management

- 85. The GMC 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.
- 86. The trustees present their report and financial statements for the year ended 31 December 2008. 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 for Accounting and Reporting by Charities (revised March 2005).

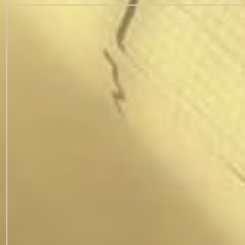
*Council member,
Dr Hamish Wilson.*



*Council member,
Mrs Suzanne McCarthy.*



*Council members, Mr Stephen
Whittle and Professor Peter Rubin.*



Organisational structure

Council

87. The trustees between 1 January and 31 December 2008 were:

Elected members

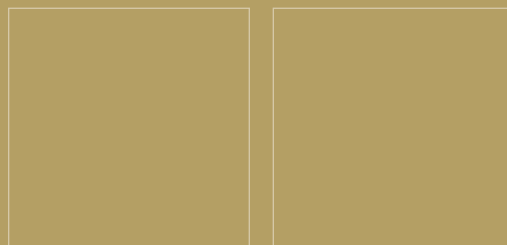
Dr Rachel Angus, FRCP
Dr Sathiyakeerthy Ariyanayagam, JP FRCOG MRCGP DCHRCPLond
Dr Edwin Borman, FRCA
Mr Stephen Brearley, FRCS
Professor Christopher Bulstrode, FRCS
Professor William Dunlop, CBE FRCS FRCOG
Dr Alexandra Freeman, MPH MRCGP
Professor Dame Janet Husband, DBE FRCR
Dr John Jenkins, CBE MD FRCP FRCPC FRCPI
Dr Brian Keighley, FRCGP
Dr Krishna Korlipara, MRCGP
(Dr Korlipara demitted office on 14 September 2008)
Dr Malcolm Lewis, LLM FRCGP
Professor Michael Pringle, CBE MD FRCGP FMedSci
Dr Rosalind Ranson, MA MRCGP
Professor Robert Shaw, CBE MD FRCSE FRCOG MFFP
Mr Robert Slack, FRCS
Dr Peter Terry, MD FRCSE
Dr Nicola Toynton, FRCGP
Dr Joan Trowell, FRCP

Members nominated by the Privy Council

The Rt Hon Kevin Barron, MP
Sir Michael Buckley, MA
Mrs Gillian Camm, BSc
Ms Ruth Evans, MA
The Very Reverend Dr Graham Forbes, CBE MA BD
Ms Sally Hawkins
Mr Stuart Heatherington, JP MSc CMath FIMA
Professor Ian Hughes, BSc PhD
(Professor Hughes demitted office on 16 November 2008)
Mr Robin MacLeod, MHSM Dip.HSM MI Mgt Cert
Dr Joan Martin, DPhil FCOT MA
Dr Arun Midha, JP BSc Econ MBA PhD
Mrs Patricia Moberly, JP
Mrs Fiona Peel, OBE LLM SRN
Mrs Ann Robinson



*Council member,
Professor Rajan Madhok.*



Appointed members

Appointed by the Council of Heads of Medical Schools

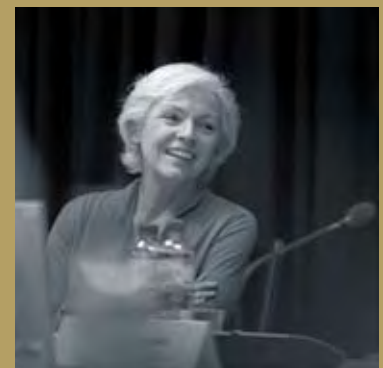
Professor Sir Graeme Catto, MD FRCP

Appointed by the Academy of Medical Royal Colleges

Professor Dame Carol Black, DBE FRCP FMedSci

88. The new trustees appointed by the Appointments Commission for a four year term, 1 January 2009 to 31 December 2012, are:

Sir Rodney Brooke, CBE DL
Professor Jane Dacre, BSc MBBS, MD FRCP Lon, Glas FHEA
Dr Sam Everington, OBE MBBS MRCGP Barrister
Ms Sally Hawkins
Dr John Jenkins, CBE MD FRCP FRCPC FRCPI
Lord Kirkwood of Kirkhope, BSc kt
Ms Ros Levenson, BA Dip App Soc Studs
Dr Malcolm Lewis, LLM FRCGP
Mr Robin MacLeod, MHSM Dip HSM MI Mgt Cert
Professor Rajan Madhok, MBBS MSc FRCS FFPH
Dr Johann Malawana, MBBS
Dr Joan Martin, DPhil FCOT MA
Mrs Suzanne McCarthy, BA LLM
Professor Jim McKillop, BSc MB ChB PhD FRCP FRCR F MedSci
Professor Trudie Roberts, BSc MBChB PhD FRCP FHEA
Mrs Ann Robinson
Mrs Enid Rowlands, BSc CCMl
Professor Peter Rubin, MA DM FRCP FMedSci
Dr Mairi Scott, MBChB FRCGP FRCPE FHEA
Professor Iqbal Singh, MBBS FRCP Dip Rehab Med
Professor Terence Stephenson, BSc BM BCh DM FRCP FRCPC
Ms Anne Weyman, OBE BSc FCA Honorary LLD
Mr Stephen Whittle, OBE LLB FRSA
Dr Hamish Wilson, CBE MA PhD



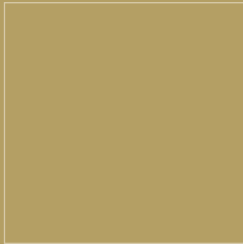
Council member, Mrs Enid Rowlands.



*Council member,
Sir Rodney Brooke.*



*Council member,
Dr Johann Malawana.*



*Council member,
Ms Ros Levenson.*



Committees

89. In 2008 there were eight committees of the Council. The Education Committee's purpose and powers were set out in statute but all other committees acted under powers delegated by the Council, with their terms of reference set out in standing orders. Each committee was required to report to the Council at least once each year. The President (now Chair) was an ex-officio member of all committees, except the Audit Committee.

Audit Committee

90. The Audit Committee was chaired by Dr Nicola Toynton. The purpose of the Committee was 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 Committee membership comprised three Council members and two co-opted external members. The Audit Committee's report can be found in paragraphs 77 to 79.

Committee for Diversity and Equality

91. The Committee for Diversity and Equality was chaired by Dr Edwin Borman. The purpose of the Committee was to consider, across the full range of the GMC's responsibilities, what action was required to fulfil the GMC's commitment to promoting equality, valuing diversity, and delivering processes and procedures that are fair, objective, transparent and free from discrimination.

Education Committee

92. The Education Committee was chaired by Professor Peter Rubin. The purpose of the Committee was to promote high standards and to co-ordinate all stages of medical education.

93. The Committee had a number of co-opted members from the Academy of Medical Royal Colleges, the Council of Heads of Medical Schools, the Conference of Postgraduate Medical Deans, PMETB, and the Committee of General Practice Education Directors. There were also five observers.

Fitness to Practise Committee

94. The Fitness to Practise Committee was chaired by Mrs Gillian Camm. The purpose of the Committee was to ensure that the GMC's fitness to practise procedures were fit for purpose. The Committee was responsible for fitness to practise policy and oversight of investigation and adjudication.

Registration Committee

95. The Registration Committee was chaired by Mr Stephen Brearley, until 21 January 2008, and then by Dr Malcolm Lewis. The purpose of the Committee was to enable the GMC to discharge its registration functions. The Committee was responsible for the development of registration policy in relation to the fitness for purpose of the registers, setting the guidelines for the approval of applications for registration, and reviewing the statutory framework for registration.

Remuneration Committee

96. The Remuneration Committee was chaired by The Very Reverend Dr Graham Forbes. The purpose of the Committee was to advise the Council on the remuneration and terms of service for the Chief Executive, directors and the President (now Chair). It also had responsibility for overseeing terms of service for, and the appraisal of, Council members.



The Council in 2009

From top to bottom:

Sir Rodney Brooke

Professor Jane Dacre

Dr Sam Everington

Ms Sally Hawkins

Dr John Jenkins

Lord Kirkwood of Kirkhope

Ms Ros Levenson

Dr Malcolm Lewis

Mr Robin MacLeod

Professor Rajan Madhok

Dr Johann Malawana

Dr Joan Martin



Mrs Suzanne McCarthy

Professor Jim McKillop

Professor Trudie Roberts

Mrs Ann Robinson

Mrs Enid Rowlands

Professor Peter Rubin

Dr Mairi Scott

Professor Iqbal Singh

Professor Terence Stephenson

Ms Anne Weyman

Mr Stephen Whittle

Dr Hamish Wilson

Resources Committee

97. The Resources Committee was chaired by Dr Arun Midha. The Committee's purpose was to guide the Council on the most appropriate strategy for handling financial and other resources and to ensure that the GMC was at all times in sound financial health.

Committee on Standards of Professional Conduct and Medical Ethics

98. The Committee on Standards of Professional Conduct and Medical Ethics was chaired by Dr John Jenkins. The purpose of the Committee was to foster excellence in medical practice by formulating guidance for doctors on the principles of good medical practice and ethics. Representatives from the BMA attended meetings as observers.

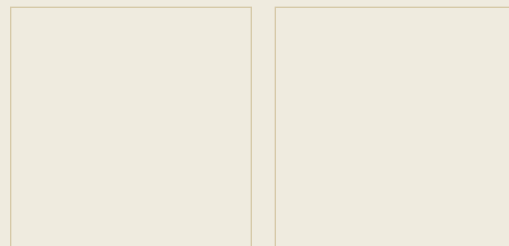
Additional advisory groups

99. In 2008 the Council also had a Patient and Public Reference Group and a Research and Development Advisory Board.
100. The PPRG was chaired by Mr Alan Hartley. The purpose of the Group was to inform and to provide advice on major policy issues facing the GMC from the perspective of patients and the public. The Group comprised five Council members, 17 representatives of patient and consumer groups, and six members of the public not affiliated to patient or consumer groups. The public members of the PPRG will transfer to a new Reference Community to be constituted in 2009, which will build on the strengths of the PPRG while providing a wider and more flexible forum for engagement with patients and the public, as well as with doctors.

101. The Research and Development Advisory Board was chaired by Professor Robert Shaw. The purpose of the Board was to ensure that the GMC's policy development and decision making were underpinned by robust, high-quality research. The Board assisted Council in identifying the GMC's research and development needs and opportunities, and oversaw and co-ordinated the delivery of research and development activity. The Board comprised Council members and senior academics with significant research experience.

Management

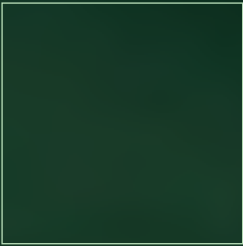
102. The GMC's staff are under the direction of the Chief Executive and Registrar, Finlay Scott. There are four directors:
- Paul Philip, Deputy Chief Executive and Director of Standards and Fitness to Practise
- Paul Buckley, Director of Education and Revalidation
- Neil Roberts, Director of Registration and Resources
- Jackie Rowley, Director of Communications.
103. The GMC's principal places of business are:
- Regent's Place
350 Euston Road
London, NW1 3JN
and
St James's Buildings
79 Oxford Street
Manchester, M1 6FQ.
- The GMC also has offices in Belfast, Cardiff and Edinburgh.



Council member, Mrs Ann Robinson.

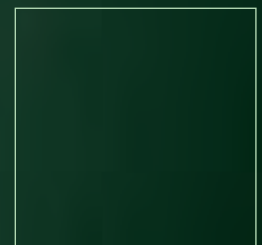
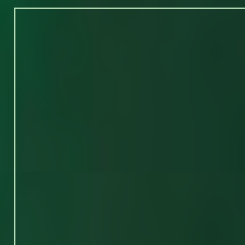


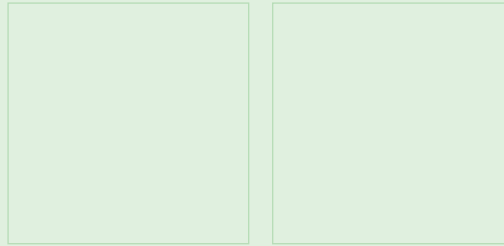
Council member,
Lord Kirkwood of Kirkhope.



Looking forward

104. We remain committed to a regulatory framework that puts patient safety at its heart. That framework must command the confidence and support of patients and the public; doctors; the NHS and other healthcare providers; and medical schools and medical Royal Colleges.
105. In 2009 the Council is committed to providing regulation for the majority who are good doctors, as well as regulation of the minority whose fitness to practise may be impaired. This is reflected in the 10 key aims outlined in our Business Plan for 2009.
106. Taken together, our key aims represent more than the sum of their parts and form a challenging and complex programme of work. Integral to this is the need to set and uphold appropriate professional standards, to bring together all stages of medical education and training, and to co-ordinate the necessary arrangements for delivering revalidation as the means of providing assurance that every licensed doctor remains up to date and fit to practise. We believe our programme of work will deliver significant benefits for patient safety in the UK.





Our key aims for 2009

107.

1. To develop, promote and assure the quality of all aspects of basic medical education in the UK up to the point of full registration.
2. To promote and develop postgraduate medical education and training in the UK, through joint work with PMETB as the competent authority, in preparation for the merger of PMETB with the GMC.
3. To enhance assurance that licensed doctors are up to date and fit to practise by introducing licences to practise and preparing for revalidation.
4. To encourage and support doctors in the delivery of high-quality healthcare by providing accessible, up-to-date guidance on standards and ethics.
5. To support high-quality healthcare by ensuring a co-ordinated approach to education and training across all phases of a doctor's career.
6. To safeguard patients by ensuring the integrity and accessibility of the List of Registered Medical Practitioners.
7. To enhance patient safety by dealing fairly and effectively with doctors whose fitness to practise may be impaired.
8. To ensure that medical regulation is responsive, targeted and evidence based by enhancing and developing a comprehensive research programme.
9. To develop further and implement our strategy for valuing diversity and promoting equality in all aspects of our work.
10. To enhance our economy, efficiency and effectiveness.

Governance changes in 2009

108. The reconstituted Council has made some amendments to its governance model, building on what served us well over the past five years, but with some refinements in the light of experience. The adjustments reflect changes in legal requirements and external circumstances, and take into account a review of governance good practice. Supporting Council, the governance model for 2009 will comprise:
- 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.
109. In 2009 we will establish a Reference Community comprised of around 25 members of the public and 25 doctors. This will be an important means of providing a flexible way of seeking the views of two of our key interests in the course of policy development.

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.
The main external adviser used in 2008 was:

Field Fisher Waterhouse

35 Vine Street
London
EC3N 2AA

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 7 May 2009,
and signed on their behalf: **Professor 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 2008, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the Notes to the Accounts. 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 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. 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, or 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 2008 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 and the Medical Act 1983.

haysmacintyre
Chartered Accountants
Registered Auditors
Fairfax House
15 Fulwood Place
London WC1V 6AY

Statement of Financial Activities

For the year ended 31 December 2008

	Note	Unrestricted funds £000	Restricted funds £000	Total 2008 £000	Total 2007 £000
Incoming resources					
From charitable activities					
Registration	2	68,140		68,140	60,443
Other income	2	10		10	5
From generated funds					
Sales and other income	2	269	400	669	255
Rental income	2	0		0	0
Investment income and interest	3	2,659		2,659	2,803
Other incoming resources					
Profit on disposal of fixed assets		0		0	2
Total incoming resources		71,078	400	71,478	63,508
Resources expended					
Charitable activities					
Fitness to practise		47,404	146	47,550	49,130
Registration		12,114		12,114	11,311
Standards		1,169		1,169	1,198
Education		4,918		4,918	3,858
Communications		4,793		4,793	4,403
Governance		4,644		4,644	3,742
Total resources expended	4	75,042	146	75,188	73,642
Net incoming/(outgoing) resources before recognised gains and losses		(3,964)	254	(3,710)	(10,134)
Other recognised gains and losses on investments					
Actuarial gains on defined benefit pension schemes	13	2,242		2,242	3,458
Net movement in funds		(1,722)	254	(1,468)	(6,676)
Total funds brought forward		19,069	0	19,069	25,745
Total funds carried forward		17,347	254	17,601	19,069

Balance sheet as at 31 December 2008

	Note	2008		2007	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	6		12,392		14,267
Investments	7		25,000		25,000
			37,392		39,267
Current assets					
Debtors and prepayments	8	20,185		12,170	
Cash and bank balances		199		2	
Short-term deposits		24,488		16,179	
		44,872		28,351	
Liabilities					
Creditors: amounts falling due within one year	9	(68,946)		(48,956)	
Net current liabilities			(24,074)		(20,605)
Total assets less current liabilities			13,318		18,662
Defined benefit pension scheme asset	13		4,283		407
Net assets including pension scheme asset			17,601		19,069
The funds of the charity					
Unrestricted income funds			13,064		18,662
Pension reserve			4,283		407
Restricted income funds			254		0
Total charity funds	10		17,601		19,069

The notes on pages 29 to 40 form part of these accounts.

Signed on behalf of the Council

Robin MacLeod MHSM Dip HSM MI Mgt Cert

Chair of the Resources Committee

Date: 7 May 2009

Cash flow statement

For the year ended 31 December 2008

	2008		2007	
	£000	£000	£000	£000
Net cash inflow/(outflow) from operating activities (Note 1)		11,051		(7,928)
Returns on investments and servicing of finance:				
Interest received	2,105		2,402	
Investment income received	0		5	
Net cash inflow from returns on investments and servicing of finance		2,105		2,407
Capital expenditure	(4,650)		(3,383)	
Net (purchase)/disposal of investments	0		0	
Net cash inflow/(outflow) from investing activities		(4,650)		(3,383)
Net increase/(decrease) in cash and cash equivalents (Note 2)		8,506		(8,904)

Note 1: Cash flow from operating activities

	2008 £000	2007 £000
Net outgoing resources	(3,710)	(10,134)
Investment income and interest	(2,659)	(2,803)
Non cash items – depreciation	5,458	4,936
Non cash items – assets written off	1,067	924
Pension scheme current service cost	3,798	3,600
Pension scheme contribution	(4,878)	(3,890)
(Increase) in debtors	(8,015)	(1,946)
Increase in creditors	19,990	1,385
	11,051	(7,928)

Note 2: Cash and equivalents

	Short-term deposits £000	Cash at bank and in hand £000	Deposits with investment managers £000	Total £000
Balances at 1 January 2008	16,179	2	0	16,181
Net increase in cash and cash equivalents	8,309	197	0	8,506
Balances at 31 December 2008	24,488	199	0	24,687

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 the Professional Linguistic Assessment Board 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 the 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 Gains 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 Financial Reporting Standard 15 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 on page 36.

Funds and reserves

Unrestricted funds comprise two elements:

- a. General funds which can be expended at the trustees' discretion, in furtherance of the objectives of the charity;
- b. Designated funds which are amounts allocated by the trustees in respect of specific purposes. The GMC had no designated funds in 2007 or 2008.

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

There is restricted income and a restricted fund in 2008 relating to the GMC Affiliates pilot project. This fund cannot be used for other purposes.

2. Charitable activities

	Unrestricted funds £000	Restricted funds £000	2008 £000	2007 £000
Annual retention fee	61,693		61,693	53,022
Registration fees	4,145		4,145	4,728
Provisional registration fees	1,122		1,122	1,073
Miscellaneous fees	200		200	676
Professional Linguistic Assessment Board	980		980	944
Other income	10		10	5
	68,150	0	68,150	60,448
Activities for generating funds				
Sales and other income	269	400	669	255
Rental income	0	0	0	0
	269	400	669	255

3. Investment income and interest

	2008 £000	2007 £000
Arising on quoted investments	0	3
Other finance income – pension scheme (see Note 13)	553	398
Bank interest	2,106	2,402
	2,659	2,803

4. Total resources expended

	Direct staffing £000	Direct costs £000	Allocated costs £000	Projects £000	Total 2008 £000	Total 2007 £000
Fitness to Practise	10,658	24,629	12,094	169	47,550	49,130
Registration	4,360	1,277	6,383	94	12,114	11,311
Standards	583	94	484	8	1,169	1,198
Education	1,749	1,587	1,558	24	4,918	3,858
Communications	1,537	1,666	1,568	22	4,793	4,403
Charitable expenditure	18,887	29,253	22,087	317	70,544	69,900
Governance	1,639	1,851	1,140	14	4,644	3,742
Total resources expended	20,526	31,104	23,227	331	75,188	73,642

Accommodation costs have been apportioned on the basis of floor area occupied. Support costs include IT, finance, office facilities, and human resources, and have been allocated on a head count basis.

4. Total resources expended (continued)

	Management	IT	HR	Finance	Procurement	Facilities/ accommodation	Total 2008	Total 2007
	£000	£000	£000	£000	£000	£000	£000	£000
Fitness to Practise	190	1,433	1,293	1,832	163	7,183	12,094	11,618
Registration	106	797	719	1,018	91	3,652	6,383	5,622
Standards	9	67	60	85	8	255	484	510
Education	28	208	187	264	24	847	1,558	1,182
Communications	25	187	169	240	21	926	1,568	1,467
Charitable expenditure	358	2,692	2,428	3,439	307	12,863	22,087	20,399
Governance	18	137	125	180	16	664	1,140	1,092
Total	376	2,829	2,553	3,619	323	13,527	23,227	21,491

	2008 £000	2007 £000
Staffing costs	26,512	25,317
Office costs	5,643	6,158
Council and committee costs	771	737
Panel and assessment costs	13,375	11,232
Legal costs	13,093	14,980
Accommodation costs	6,460	6,026
Financial, actuarial and professional costs	2,892	3,172
Purchase of assets net of capitalisation and depreciation	6,442	6,020
	75,188	73,642

Total resources expended include	2008 £000	2007 £000
Depreciation of owned assets	5,458	4,937
Operating lease costs: leasehold property	2,991	2,847
Audit fees	23	23
Provision for potential liability for employer's national insurance contributions*	2,425	0

* A provision of £2.4 million has been recognised for a potential liability for employer's national insurance contributions since April 2006. A further contingent liability of £1.8 million has also been identified for possible employee national insurance contributions and PAYE over the same period. It is expected that the issue will be resolved during 2009.

5. Staff

Total costs of all staff	2008	2007
	£000	£000
Salaries	19,343	18,549
Social security costs	1,567	1,451
Superannuation scheme costs	3,798	3,600
Redundancy and related costs	8	277
Other staffing costs	1,796	1,440
	26,512	25,317

Average staff numbers (full-time equivalents)

in the year by category

	2008	2007
Fitness to Practise	200	185
Registration	115	99
Standards	10	10
Education and Revalidation	27	24
Communications	26	26
Management and Administration	107	101
	485	445

Staff remuneration

The number of staff whose taxable emoluments (excluding redundancy payments) fell into higher salary bands

	2008	2007
£60,000 – £70,000	8	12
£70,001 – £80,000	9	5
£80,001 – £90,000	6	5
£90,001 – £100,000	6	4
£100,001 – £110,000	2	2
£110,001 – £120,000	2	2
£120,001 – £130,000	1	2
£140,001 – £150,000	1	0
£150,001 – £160,000	1	1
£160,001 – £170,000	1	0
£220,001 – £230,000	0	1
£240,001 – £250,000	1	0

6. Fixed assets

	Buildings	Fixtures, furniture and equipment	IT equipment and software	Total
Costs	£000	£000	£000	£000
Balance at 1 January 2008	9,265	2,378	16,477	28,120
Additions	368	167	4,115	4,650
Disposals	(1,294)	(496)	(771)	(2,561)
Balance at 31 December 2008	8,339	2,049	19,821	30,209
Depreciation				
Balance at 1 January 2008	5,817	1,603	6,433	13,853
Depreciation charge for the year	1,894	377	3,187	5,458
Disposals	(734)	(439)	(321)	(1,494)
Balance at 31 December 2008	6,977	1,541	9,299	17,817
Net book value				
At 1 January 2008	3,448	775	10,044	14,267
At 31 December 2008	1,362	508	10,522	12,392

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

7. Investments

	2008	2007
	£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

	2008	2007
Amounts falling due within one year	£000	£000
Registration debtors	18,240	9,683
Prepayments and accrued income	1,794	2,124
Other debtors	150	362
Deposits	1	1
	20,185	12,170

9. Creditors

	2008	2007
Amounts falling due within one year	£000	£000
Trade creditors	1,509	1,754
Other creditors including tax and social security	12	803
Accruals and deferred income	67,425	46,399
	68,946	48,956

10. Fund movements in the year

	Unrestricted fund	Restricted fund	Pension fund	Total 2008	Total 2007
	£000	£000	£000	£000	£000
At 1 January	18,662	0	407	19,069	25,745
Net incoming/(outgoing) resources	(5,598)	254	3,876	(1,468)	(6,676)
At 31 December	13,064	254	4,283	17,601	19,069

11. Capital commitments

Capital expenditure contracted but unspent at 31 December 2008 amounted to £591,000 (the equivalent figure for 2007 was £270,000).

12. Operating lease commitments

Committed amounts payable for the next year are:	2008	2007
	£000	£000
Leases of land and buildings expiring:		
Within one year	109	80
In years two to five	1,207	49
After more than five years	2,766	2,722
	4,082	2,851

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.

The valuation used for Financial Reporting Standard 17 disclosures has been based on a full assessment of the liabilities of the scheme at 31 December 2006. The present values of 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 occurred (but outside the profit and loss account), through the Statement of Recognition Gains and Losses.

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS17 are set out below.

Main financial assumptions	31 December 2008 % p.a.	31 December 2007 % p.a.	31 December 2006 % p.a.
Inflation	3.1	3.4	3.1
Rate of general long-term increase in salaries	5.1	5.4	5.1
Pension increases (excess over Guaranteed Minimum Pension only)	3.1	3.4	3.1
Discount rate for scheme liabilities	6.2	5.8	5.3

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 2008 % p.a.	Value at 31 Dec 2008 £000	Long-term rate of return expected at 31 Dec 2007 % p.a.	Value at 31 Dec 2007 £000	Long-term rate of return expected at 31 Dec 2006 % p.a.	Value at 31 Dec 2006 £000
Equities	7.50	36,082	7.75	35,925	7.50	29,443
Fixed-interest gilts	4.25	8,715	4.50	7,379	4.50	6,284
Index-linked gilts	4.00	8,755	4.25	7,375	4.50	6,277
Other	2.50	351	6.00	379	5.25	2,167
Combined	6.37*	53,903	6.76*	51,058	6.54*	44,171

* 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 GMC 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 2008.

	Value at 31 December 2008 £000	Value at 31 December 2007 £000	Value at 31 December 2006 £000
Reconciliation of funded status to balance sheet			
Fair value of scheme assets	53,903	51,058	44,171
Present value of funded defined benefit obligations	(48,862)	(50,021)	(47,098)
Present value of unfunded defined benefit obligations	(758)	(630)	(812)
Unrecognised asset due to FRS17 (paragraph 41) limit	0	0	0
Asset/(liability) recognised on the balance sheet	4,283	407	(3,739)

	Year ending 31 December 2008 £000	Year ending 31 December 2007 £000
Analysis of profit and loss charge		
Current service cost	3,798	3,600
Past service cost	0	0
Interest cost	3,020	2,567
Expected return on scheme assets	(3,574)	(2,965)
Effect of the FRS17 (paragraph 41) limit	0	0
Curtailement cost	0	0
Settlement cost	0	0
Expense recognised in profit and loss	3,244	3,202

Changes to the present value of the defined benefit obligation during the year	Year ending 31 December 2008 £000	Year ending 31 December 2007 £000
Opening defined benefit obligation	50,651	47,910
Current service cost	3,798	3,600
Interest cost	3,020	2,567
Actuarial gains/(losses) on scheme liabilities	(7,262)	(2,539)
Net benefits paid out	(587)	(887)
Past service cost	0	0
Net increase in liabilities from disposals/acquisitions	0	0
Curtailments	0	0
Settlements	0	0
Closing defined benefit obligation	49,620	50,651

Changes to the fair value of scheme assets during the year	Year ending 31 December 2008 £000	Year ending 31 December 2007 £000
Opening fair value of scheme assets	51,058	44,171
Expected return on scheme assets	3,574	2,965
Actuarial gains/(losses) on scheme assets	(5,020)	919
Contributions by the employer	4,878	3,890
Contributions by scheme participants	0	0
Net benefits paid out	(587)	(887)
Net increase in assets from disposals/acquisitions	0	0
Settlements	0	0
Closing fair value of scheme assets	53,903	51,058

	Year ending 31 December 2008 £000	Year ending 31 December 2007 £000
Actual return on scheme assets		
Expected return on scheme assets	3,574	2,965
Actuarial gains/(losses) on scheme assets	(5,020)	919
Actual return on scheme assets	(1,446)	3,884

	Year ending 31 December 2008 £000	Year ending 31 December 2007 £000
Analysis of amounts recognised in Statement of Financial Activities		
Total actuarial gains/(losses)	2,242	3,458
Change in irrecoverable surplus, due to FRS17 (paragraph 41) limit	0	0
Total gains/(losses) recognised in SoFA	2,242	3,458
Cumulative amount of gains/(losses) recognised in SoFA	(4,894)	(7,136)

History of asset values, defined benefit obligation and surplus/deficit in scheme	Year ending 31 Dec 2008 £000	Year ending 31 Dec 2007 £000	Year ending 31 Dec 2006 £000	Year ending 31 Dec 2005 £000	Year ending 31 Dec 2004 £000
Fair value of scheme assets	53,903	51,058	44,171	39,349	29,332
Defined benefit obligation	(49,620)	(50,651)	(47,910)	(44,508)	(35,984)
Surplus/(deficit) in scheme	4,283	407	(3,739)	(5,159)	(6,652)

History of experience gains and losses	Year ending 31 Dec 2008 £000	Year ending 31 Dec 2007 £000	Year ending 31 Dec 2006 £000	Year ending 31 Dec 2005 £000	Year ending 31 Dec 2004 £000
Experience gains/(losses) on scheme assets	(5,020)	919	(2,400)	3,754	344
Experience gains/(losses) on scheme liabilities	(630)	3,842	(402)	(1,458)	(508)

14. Trustees

	Attendance allowance and honoraria	Locum and other payments to related parties	2008	2007
Name	£	£	£	£
Dr Rachel Angus	11,825	0	11,825	11,825
Dr Sathiyakeerthy Ariyanayagam	11,825	0	11,825	11,825
The Rt Hon Kevin Barron MP	11,825	0	11,825	11,825
Professor Dame Carol Black DBE	11,825	0	11,825	11,825
Dr Edwin Borman	10,050	5,000*	15,050	15,050
Mr Stephen Brearley	11,999	0	11,999	15,050
Sir Michael Buckley	11,825	0	11,825	11,825
Professor Christopher Bulstrode	0	11,825*	11,825	11,825
Mrs Gillian Camm	15,050	0	15,050	15,050
Professor Sir Graeme Catto	36,507	96,401*	132,908	99,356
Professor William Dunlop CBE	11,825	0	11,825	11,825
Ms Ruth Evans	11,825	0	11,825	11,825
The Very Reverend Dr Graham Forbes CBE	0	11,825*	11,825	11,825
Dr Alexandra Freeman	11,825	0	11,825	11,825
Ms Sally Hawkins	11,825	0	11,825	11,825
Mr Stuart Heatherington	11,825	0	11,825	11,825
Professor Ian Hughes ***	10,681	0	10,681	11,825
Professor Dame Janet Husband DBE	11,825	0	11,825	11,825
Dr John Jenkins CBE	0	15,050*	15,050	15,050
Dr Brian Keighley	3,225	10,055**	13,280	16,450
Dr Krishna Korlipara	0	8,965**	8,965	11,205
Dr Malcolm Lewis	14,612	0	14,612	11,825
Mr Robin MacLeod	11,825	0	11,825	11,825
Dr Joan Martin	11,825	0	11,825	11,825
Dr Arun Midha	15,050	0	15,050	15,050
Mrs Patricia Moberly	11,825	0	11,825	11,825
Mrs Fiona Peel OBE	11,825	0	11,825	11,825
Professor Michael Pringle CBE	11,825	0	11,825	11,825
Dr Rosalind Ranson	11,825	0	11,825	11,825
Mrs Ann Robinson	11,825	0	11,825	11,825
Professor Robert Shaw CBE	11,825	0	11,825	11,825
Mr Robert Slack	0	11,825*	11,825	11,825
Dr Peter Terry	11,825	0	11,825	11,825
Dr Nicola Toynton	15,050	0	15,050	15,050
Dr Joan Trowell	11,825	0	11,825	11,825

* paid to employer

** paid for locum expenses via partnership practice

*** until 16 November 2008

During the year expenses of £199,175 were paid to 29 of the 35 members.

LONDON

Regent's Place, 350 Euston Road, London NW1 3JN

MANCHESTER

St James's Buildings, 79 Oxford Street, Manchester M1 6FQ

SCOTLAND

5th Floor, The Tun, 4 Jackson's Entry, Holyrood Road, Edinburgh EH8 8PJ

WALES

Regus House, Falcon Drive, Cardiff Bay CF10 4RU

NORTHERN IRELAND

20 Adelaide Street, Belfast BT2 8GD

Telephone 0161 923 6602

Email gmc@gmc-uk.org

Website www.gmc-uk.org

The GMC is a charity registered in England and Wales (1089278) and Scotland (SC037750)
GMC/AR/2009

General
Medical
Council

Regulating doctors
Ensuring good medical practice