

Annual Report and Accounts **2019**

# General Dental Council

## Annual report and accounts 2019

Annual report presented to Parliament pursuant to section 2B of the Dentists Act 1984 as amended by the Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009.

Annual report presented to the Scottish Parliament (by the Scottish Ministers) pursuant to section 2B of the Dentists Act 1984 as amended by the Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009.

Accounts presented to Parliament pursuant to section 2C of the Dentists Act 1984 as amended by the Dentists Act 1984 (Amendment) Order 2005, the Companies Act 2006 (Consequential Amendments etc) Order 2008 and the Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009.

Accounts presented to the Scottish Parliament (by the Scottish Ministers) pursuant to section 2C of the Dentists Act 1984 as amended by the Dentists Act 1984 (Amendment) Order 2005, the Companies Act 2006 (Consequential Amendments etc) Order 2008 and the Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009.

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# 1 Statutory purpose

The General Dental Council (GDC) is the UK-wide statutory regulator of just over 113,000 members of the dental team. This includes approximately 42,000 dentists and 71,000 dental care professionals (DCPs), which includes dental nurses, clinical dental technicians, dental hygienists, dental technicians, dental therapists and orthodontic therapists.

## Our purpose

Our legislation, the Dentists Act 1984 (as amended), sets us the following objectives:

- To protect, promote and maintain the health, safety and well-being of the public.
- To promote and maintain public confidence in the professions regulated.
- To promote and maintain proper professional standards and conduct for members of those professions.

We want patients and the public to be confident that the treatment they receive is provided by a dental professional who is properly trained and qualified and who meets our standards. Where there are concerns about the quality of care or treatment, or the behaviour of a dental professional, we will investigate and take action if appropriate.

## We fulfil our purpose by using our statutory powers to:

- grant registration only to those dental professionals who meet our requirements on education and training, health and good character. Only those who are registered with us can practise dentistry in the UK
- assure the quality of dental education and training programmes leading to registration with the GDC
- set standards of conduct, performance and ethics for the dental team
- investigate complaints against dental professionals and where appropriate, take action through our Fitness to Practise (FtP) process
- protect the public from individuals carrying out dentistry while not registered
- require dental professionals to keep their skills up to date through our continuing professional development (CPD) requirements.

In addition, we fund the Dental Complaints Service (DCS), which provides a free and impartial service to support patients and dental professionals in using mediation to resolve complaints about private dental care.

Our vision is a system of regulation which:

- supports the provision of safe, effective oral health care
- promotes and embeds clear standards of clinical competence and ethical conduct
- embodies the principles of right touch regulation: proportionality, accountability, consistency, transparency, target, and agility.

The organisational values guide how we operate. These are:

## Fairness:

We will treat everyone we deal with fairly

## Transparency:

We are open about how we work and how we reach decisions

## Responsiveness:

We can adapt to changing circumstances

## Respect:

We treat dental professionals, our partners and our employees with respect

# 2

## 2 Joint message from the Chair and Chief Executive on the impact of COVID-19




This year's Annual Report and Accounts (ARA) provides details of our financial performance as well as a summary of the activities we have delivered through our business review for 2019. However, the world we now work and live in is significantly different to the one at the end of last year as the impact of COVID-19 continues to have a significant effect on our lives.

We are very aware of the severe effect the suspension of routine dental care and services has had in preventing dental professionals from providing the patient treatment and care they want to – and in some cases has caused financial difficulties. We recognise that these unprecedented events will have a profound and long-lasting effect on the profession, and on how dental services will be delivered in the future.

Our ARA for 2019 provides a historical view of our performance and was prepared in advance of the impact of the COVID-19 being fully understood, although we have provided some updated information where it is appropriate. This includes an update to the going concern assessment in our financial review section, and the current assessment of risk in our governance statement. In addition, we now know that our workplan for 2020 will change significantly as a result of COVID-19. We have identified new priorities, accelerated work in some areas, and where we felt it was appropriate reallocated some work initially planned for 2020 into future years.

Going forward, we will continue to review what we need to do, recognising that our central role is to ensure the public are protected and that public confidence in dental services is maintained. COVID-19 doesn't change this role, but it is changing how we undertake it.



We understand these are challenging and uncertain times for the profession, and as we develop our approach going forward, we will seek to:

- minimise the regulatory burden on dental professionals wherever possible
- maximise flexibility for dental professionals to manage their professional activities in response to the challenges of COVID-19.

**Dr William Moyes**

Chair

**Ian Brack**

Chief Executive and Registrar



# 3



## 3 Message from the Chair

The story of 2019 for the General Dental Council is one of both consolidation and considerable change. Consolidation as we finalised the relocation of our operational services to our Birmingham offices, and change as we completed and launched a number of significant initiatives including our new fees policy and our corporate strategy.

At the heart of our new fees policy was our ability to reduce the annual retention fee (ARF) levels. This has resulted in a 24% decrease in the Dentist ARF and a small reduction in the ARF for dental care professionals. These lower levels are possible due to our reduced operating costs, robust financial controls and significant organisational changes. In addition, the fee levels reflect the GDC's drive to remove cross subsidy between registrant groups wherever practicable and have costs sit where they lie. This has been very positively received and I believe is a good example of our commitment to be a transparent and proportionate regulator.

Building on our commitment to work with partners we held our first major conference in early 2019 and followed it with a our second one in February of 2020, which was attended by over 100 key stakeholders and dental professionals. Both these events have proved to be a huge success and we plan to hold a similar event in 2021. I have found these conferences invaluable and believe they are an excellent forum for us to engage with stakeholders and the professions to discuss the challenges that face us all and more importantly to consider how we can address these issues collaboratively.

Recent years have seen a real shift in the way we regulate the professions. We have moved away from a focus on enforcement to an approach that focuses on prevention and right-touch regulation, whilst at the same time ensuring that our approach to regulation always has patient safety and public confidence at the heart of everything we do.

The GDC has gone through a period of evolution. The journey started with the launch of our corporate strategy Patients, Professionals, Partners and Performance back in 2016, was followed by the publication of *Shifting the balance*; a better, fairer system of dental regulation in 2017, and has

now taken us through to the publication our new corporate strategy.

Significant effort has gone into the development of our [Corporate Strategy 2020–2022: Right time, Right place, Right touch](#) which we launched in November 2019. This new strategy sets out our planned activity for the next three years and has been designed to achieve our five strategic aims. It sets out how we plan to deliver our statutory functions and the contributions we seek from dental professionals and other organisations, so that together we can ensure that dental services in the UK are of the highest quality and are recognised as such.

This is the sixth annual report the Council has issued while I have been Chair. I am pleased to note that 2019 has seen further positive change and improvements, and the GDC at the end of 2019 is a quite different organisation to the one I joined in 2013. But some things continue to be a challenge. For example, professional healthcare regulation continues to be conducted within a legislative framework that is widely agreed to be unfit for purpose, and this needs to be urgently addressed. However, we welcome the steps the Department of Health and Social Care (DHSC) is taking to explore new approaches and look forward to working with them to make further progress on improving this legislation. We also recognise that the NHS contracts across the four nations remain a source of frustration for many in the dental professions.

However, we will not let these, and other challenges, get in the way of doing everything we can to deliver our statutory objectives of protecting the public and ensuring the public has confidence in the dental professions, with a continuing focus on effectiveness and efficiency.

That's not to say that there are not still improvements that need to be made and we need to be clear where we can make the maximum impact and consider how we can measure the effect of our activities considering outcome measures rather than just focusing on outputs. However, it's clear to me that ensuring public safety is now at the heart of everything we do, which alongside our commitment to be a more proportionate regulator with a focus on right-touch regulation has become a way of life at the GDC.

Finally, I'd like to thank all Council members for their continued hard work and support over the last 12 months, and express my gratitude to all the GDC's hardworking and professional staff and associates for their efforts in achieving so much positive change across 2019.

**Dr William Moyes**

Chair



# 4



## 4 Message from the Chief Executive

In 2019 we have continued to shift our attention to activities that focus on prevention and right touch regulation rather than just enforcement.

Working in collaboration with our partners, good progress was made to move the system of regulation forward in several key areas. These included focusing more of our efforts on upstream activities and engaging more effectively with registrants before things go wrong, for example supporting the delivery of the profession-wide complaint handling initiative to encourage first-tier complaints resolution. In addition, we have refocused our approach to fitness to practise, including completing the review of our end to end processes, which has resulted in a number of changes to improve our efficiency and timeliness.

I trust these changes are reflected in the account of our delivery against our 2019 business plan set out later in this document and that they demonstrate the journey we continue to travel to be an effective, transparent and proportionate regulator of the dental professions.

### Corporate Strategy and Corporate Costed Plan

Throughout 2019 much time and effort went into the development and publication of our new three-year strategy and our first Corporate Costed Plan. This is an evolution of our previous strategic plan which sought to work with the professions and our partners to improve overall performance while continuing to meet our statutory objectives. Our new [Corporate Strategy 2020–2022: Right time, Right place, Right touch](#) was launched in November 2019, following a consultation earlier in the year.

To demonstrate how we will achieve the strategic aims set out in our new strategy, we have published our first [Costed Corporate Plan](#). This plan describes, at a project level, how we will direct our resources, detailing what we will do and why, the timescales for delivery, and at a strategic aim level, how much it will cost. This new approach is a step change for the GDC, and it promotes a much greater understanding of the relationship between our regulatory activity, the fees we charge and our forecast income and expenditure over the next three years.

This plan is an essential tool which will enable us to manage our resources, in circumstances which will undoubtedly change over time, so we can deliver an effective, timely and proportionate service for the public. It's a clear demonstration of our aim to be a fair and cost-effective regulator that intervenes at the right time, in the right place and with the right touch.

### **Estates programme completed**

During 2019 we completed our estates programme with the move of our remaining operational activities from London to our Birmingham hub. Around two-thirds of our staff are now based in our Birmingham office, including our Registration and Fitness to Practise teams. I have been very pleased at how smooth this move has been with no discernible impact on business, and with the impressive and engaged local workforce.

This relocation of services has allowed us to create an additional four new hearings suites in our London offices. The building work completed in December 2019, allowing us to move all hearings to Wimpole Street from January 2020. This has allowed us to dispense with hiring additional hearing space in London, reducing the number of buildings in our estate to just two.

These changes will have a significant impact on our operations and will help contribute to cost savings of over £50 million over the next 15 years.

### **Reduction in Annual Retention Fees (ARF)**

Following the consultation on our three-year strategy we were able to announce a reduction in the ARF all dental professionals pay each year to remain on the register. The new levels were set at £680 for dentists and £114 for dental care professionals.

These lower fees were possible due to our reduced operating costs and significant changes in the organisation, and these new fees levels also reflect our drive to remove cross subsidy between registrant groups wherever practicable, including the introduction of a registration application fee for new applicants.

### **The UK's decision to exit the EU**

The UK has confirmed its decision to leave the European Union and we have now moved into a period of transition which will end on 31 December 2020. This means that there will be no change to the way that new applicants from the EU apply for registration during this time. So far, we note that the reduction in registrant numbers that was predicted a couple of years ago has not yet materialised. However, we will continue to review this very closely going forward.

We have been liaising very closely with government departments across the UK to understand the implications of the decision to exit the EU and will work with them throughout 2020 to ensure the relevant legislative changes are in place to allow us to operate effectively and efficiently following the transition. This will include looking at how we could move away from approaches to registration that are based on mutual recognition of professional qualifications.

Notwithstanding the ongoing uncertainty which continues in this area, our ability to plan for and cope with the unexpected have both improved and we remain confident that we will be able to operate effectively going forward.

Finally, it is worth noting that we have seen changes to the way dentistry is being delivered, with new technology and new channels for the delivery of dental services increasing all the time. This has been particularly noticeable as the profession has adapted to provide dental services differently as a result of COVID-19. As the regulator, we must understand how these changes affect how we regulate the professions to ensure that public safety and confidence is maintained, and this will remain a key area of focus for us going forward.

### **Ian Brack**

Chief Executive and Registrar

# 5

## 5 Business Overview 2019

### a) Who we are

The GDC employs 365 members of staff (our average full time equivalent over the year) and is overseen by a non-executive Chair and Council, composed of 12 members, six of whom are non-registrant members and six registered dental professionals. In addition, we work closely with around 460 associates who helped us deliver a range of activity including Fitness to Practise and appeal panels, registration assessment panels, education quality assurance and progressing complaints received by the Dental Complaints Service (DCS).

We have five directorates led by directors who are members of the Executive Management Team (EMT).

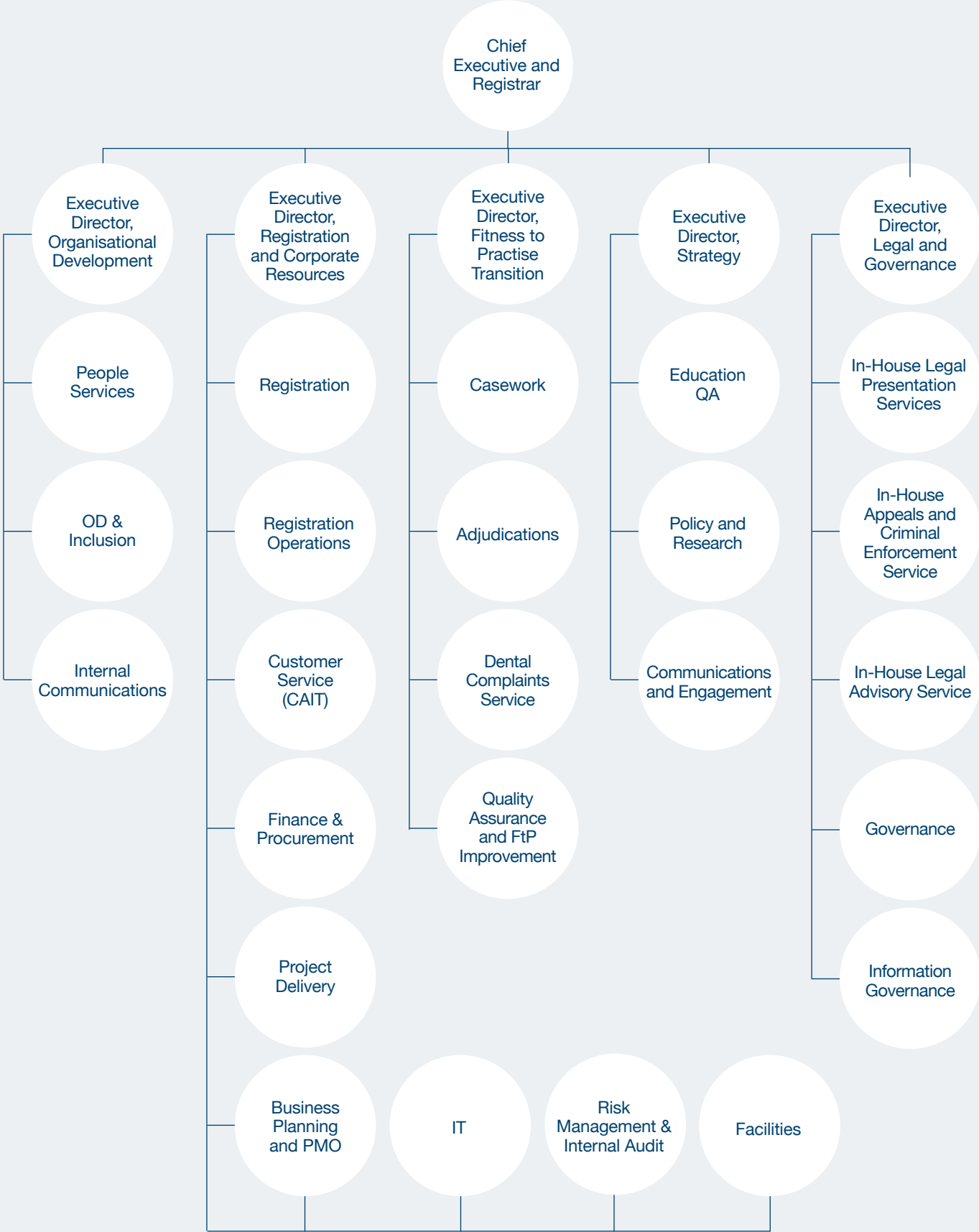
The directorates are all overseen by the Chief Executive, Registrar and Accounting Officer. These directorates are:

- Organisational Development.
- Registration and Corporate Resources.
- Fitness to Practise.
- Strategy.
- Legal and Governance.

In 2019, the EMT was responsible for:

- creating a new corporate strategy for 2020–2022: Right time, Right place, Right touch, which was approved by Council
- developing the Costed Corporate Plan
- providing regular management reports to the Council and ensuring appropriate reports are provided to Council committees regarding matters within their remits
- identifying and reporting strategic risks to the Council and ensuring ownership of risk is allocated at the right level with clear accountability
- reviewing and reporting on other aspects of the governance model
- ensuring business activities were maintained during the transition of services to Birmingham as part of our estates' strategy.

# GDC organogram



## b) Business Plan 2019 review

We identified six key programmes of work for our 2019 business plan. The progress made against each of these areas is summarised below:

### 1. Refocusing and improving the Fitness to Practise (FtP) process

In completing our end-to-end FtP review, we achieved several benefits in relation to **timeliness, efficiency, resilience, and continuous improvement**. There is, however, some way to go before these benefits are fully embedded, as the new Birmingham fitness to practise team builds up experience. In particular, we want to do everything we can to further reduce the time it takes to resolve cases. We have an action plan in place to ensure that the new information we have about our process as a result of the end-to-end review continues to drive further improvement.

On **timeliness**, the target benefits were an eight-week reduction in the average time it takes to progress a case from initial receipt to case examiner assessment and a 10-week reduction in the average time it takes for a case to progress from initial receipt to final hearing.

We have seen a seven-week reduction in timescales from referral from the case examiner team to a final decision between 2017/18 and 2018/19.

On **efficiency**, the target benefits were a 50% efficiency improvement in the operation of the initial assessment, casework, case examination, support and case review functions. A 10% improvement in the utilisation of hearings capacity was also another target benefit.

In 2019 we delivered efficiency improvements of circa £0.7m (target is a total cost saving of £5m over 5 years). Our utilisation of hearings capacity decreased slightly in 2019 to 75%, down from 84% in 2018.

On **resilience**, the target benefit was to maintain the ability for FtP to sustain performance within key performance indicators (KPI) in the face of an uplift in workload of up to 100% for a six-week period and/or an uplift in workload of 50% for a six-month period. We are now in the process of evaluating the impact of the programme on our resilience.

We plan to put in place a coherent monitoring and evaluation framework going forward. As part of this work we are commissioning a review of FtP cases and developing a methodology to explore participant journeys through FtP.

Finally, on **continuous improvement**, the target was to continue to operate within our KPI's without increasing budgetary resources, absorbing additional incremental workload of up to 20% on an annual basis

from 2020, subject to the limitations identified above. We have expanded and improved our monitoring and evaluation capacity and deployed a formal continuous improvement methodology to improve our productivity.

The second aim was to complete the research phase of our work on 'seriousness'. There were a number of delays in developing the tender in conjunction with our partner organisation which has resulted in the work not being commissioned until December 2019. The revised completion date for this research is now May 2021. As we progress there will be interim progress reports and joint learning events scheduled.

We reviewed alternative models of our current Dental Complaints Service (DCS) and benchmarking criteria as part of our phase two review. In addition, we commissioned an economic analysis on social return of investment in order to help inform our decision making on the future model for the DCS. We will assess the models reviewed in order to create a service that meets all needs. Once the review is complete, we will consult our stakeholders, with the intention of implementing any agreed changes to the services provided, with this work planned for 2021 at the earliest.

### 2. Developing the model of upstream regulation

We completed a number of projects to further develop our model of upstream regulation. These included:

#### a) Developing a data and intelligence strategy and completing key pieces of research

We created a data and intelligence strategy and have a new team in place to commission and manage our research programme. Key research projects completed included:

- What constitutes serious misconduct for patients and dental professionals.
- A literature review of scope of practice to see whether our current guidance and process enables or inhibits dental professionals from utilising their full range of skills and considering what could work better.
- Developing, testing and promoting resources that encourage a values-based care approach to dentistry and support members of the dental team to deliver dental care in a way that embraces both clinical need and a patient's individual preferences.

## **b) Reviewing the Standards for the Dental Team**

We undertook an initial assessment of the existing published material on professionalism in dentistry and held several events to highlight our initial findings and gain greater understanding of what professional behaviour looks like from the public and dental professionals' perspective.

We will report back on our findings in 2020. Following that, we will co-produce a set of principles of professionalism with our stakeholders that outline our expectations of dental professionals. We plan to consult on these new principles once they have been developed.

## **c) Developing an engagement strategy**

We have developed and implemented our engagement strategy focused on engaging with stakeholders across the UK with a particular focus on new registrants and students. We presented to all first year BDS students, all foundation and vocational dentists as part of their induction programme, and a range of DCP students, enabling us to engage with circa 2,500 new dentists and students.

We have ensured that our engagement activities were geographically spread across the whole of the UK. This included holding one of our Council meetings in Cardiff, holding one of our Dental Professional Forum meetings in Edinburgh and organising a Chair and Executive team visit to Northern Ireland, in addition to our normal engagement activities.

## **d) Developing our approach to CPD**

In developing a model of lifelong learning, we carried out research which included a comprehensive literature review and workshops with key stakeholders to test research findings, gain feedback, and assess lifelong learning models in more depth.

Following this activity, we published a discussion document, *Shaping the Direction of Lifelong Learning for dental professionals*, which outlined the results of our research as well as our initial thoughts on how our CPD requirements may change. The document invited stakeholders' ideas, comments and views on the short and long-term future of professional learning and development in dentistry. We will use the feedback received and continue the discussions with our stakeholders to help shape our approach to lifelong learning.



### 3. Improving dental education

We started to undertake trial inspections of Bachelor of Dental Surgery (BDS) programmes using a risk-based Quality Assurance (QA) of education model that focussed on monitoring, so that areas of greatest concern can be better identified, and bespoke QA activity can be created for individual education providers.

We worked with stakeholders, gaining extensive feedback, to develop our new risk-based QA of education model. Following a successful trial that ended in the Summer of 2019, we are now rolling this new approach out for all our QA function. This new approach has allowed us to make more effective and efficient use of our resources, channelling them to areas of greatest concern. The next stage is to develop a process for monitoring the impact of this change as part of our monitoring and evaluation strategy for all our upstream activity.

### 4. Working better with regulatory partners

Working with a wide range of stakeholder organisations, we wanted to develop a comprehensive complaints resolution model. We mapped the complaints-handling landscape in dentistry and conducted a gap analysis to see what changes we can make to help improve our complaint handling.

We reviewed and simplified the information on our website to make raising a concern with the most appropriate organisation simpler with clear information on what does and doesn't fall within our remit as well as what information we require in order to investigate concerns.

Going forward, we will continue to monitor the model to make sure it is fit for purpose.

This work was carried out with extensive engagement with partner organisations who handle or are involved in complaints from across the dental complaints landscape. This engagement will continue throughout the lifespan of this work.

We continue to engage with our partner regulators on this project, and others, as an active member of the Regulation of Dental Services Programme Board (RDSPB).

### 5. Using research and intelligence to understand the dental environment

The aim for this area of focus was to implement our data and intelligence strategy, using the learnings taken from the research that was completed in 2019.

We established a data action group with key staff from across the organisation which has helped us have a far greater understanding of our data. We commissioned a mixed method review of our Scope of Practice guidance and the research was completed on time.

The learning gathered has informed several data improvement initiatives which have been included in the work planned within our Costed Corporate Plan for 2020.

In 2020 we will work with both our internal and external stakeholders to continue to develop and publish our insight and research findings to help ensure we remain an evidence-led organisation.

### 6. Managing our people, resources, systems and estates

We completed the estates moves from London to our new operational hub in Birmingham and moved our hearing suites to our Wimpole Street offices. The estates strategy programme was formally closed on Friday 31 January 2020 following the successful completion of the programme objectives, including delivery of the operational hub in Birmingham and refit of the strategic headquarters in London. The estates programme has been central to our ambition to be a more efficient organisation, and we remain on track to achieve circa £50 million of savings over the next 15 years.

In addition, we delivered key elements of the People Strategy, including wellbeing, workforce planning (including associates), developing talent, reward and recognition work; and scoping and preparing for the new corporate strategy for 2020 onwards, ensuring we had the right resources in place. We will closely monitor the financial benefits realised over time from these moves.

When we developed our corporate strategy, it was important to ensure that we had the right resources in place to allow us to complete this activity. A key part of this process was conducting a public consultation on our new strategy. With the help of the feedback received, we produced our Corporate Strategy 2020–2022; Right time, Right place, Right touch, which was approved by Council and published in November 2019. The aims and objectives of this strategy will be delivered through the initiatives outlined within our annual Costed Corporate Plan (published in January 2020) and will be closely monitored throughout the duration of the strategy.

## c) Fitness to practise performance overview

The Dentists Act 1984 requires us to publish “a statistical report which indicates the efficiency and effectiveness of, and which includes a description of, the arrangements which the Council have put in place to protect members of the public from persons who are registered dentists or registered dental care professionals and whose fitness to practise is impaired, together with the Council’s observations on the report”. This overview provides a summary of performance in 2019.

When concerns are raised with us, we consider these and, if necessary, investigate to assess whether the issues involved may indicate that a registered professional’s fitness to practise is impaired.

When we say that someone is “fit to practise” we mean that they have the appropriate skills, knowledge, character and health to practise their profession safely and effectively. However, fitness to practise is not just about a registrant’s clinical performance or health.

A registrant’s fitness to practise also includes any actions they may have taken which affect public confidence in dental professionals and their regulation. This may include matters not directly related to professional practice, for example, committing a criminal act.

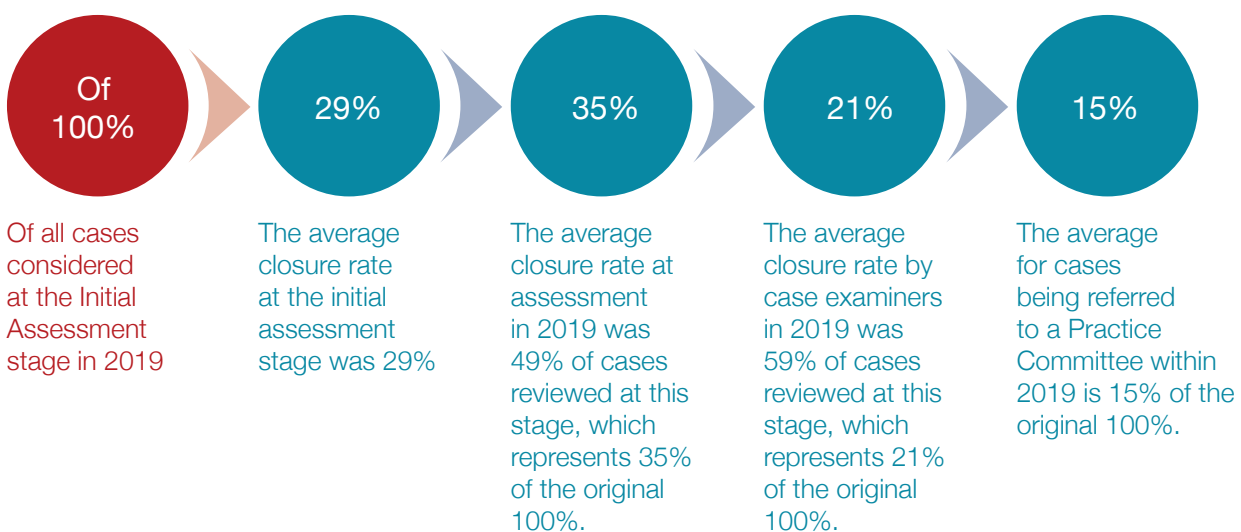
If there are concerns about a dental professional’s conduct or competence which puts patients at serious risk, or seriously damages public confidence in dentistry, we will investigate and, where appropriate, take action to mitigate that risk. Concerns may arise

directly from a patient, via referral from another body (for example, a police notification of a criminal caution or conviction), or from other sources.

We investigate:

- Serious or repeated mistakes in clinical care, for example mistakes in diagnosis or dental procedure.
- Failure to examine a patient properly, to secure a patient’s informed consent before treatment, keep satisfactory records, or to respond reasonably to a patient’s needs.
- Not having professional indemnity insurance.
- Cross infection issues (for example, using dirty clinical equipment during treatment).
- Serious breaches of a patient’s confidentiality.
- Indications of a criminal offence including fraud, theft or dishonesty by a dental professional.
- Poor health or a medical condition that significantly affects the registrant’s ability to treat patients safely.

The diagram below shows the average closure rate percentage at the different stages of the fitness to practise disposals process, compared to the original 100%. (note this is the percentage of cases actioned rather than the number of cases received). This is illustrative of the where the decisions to close cases were made and includes cases that started in previous years.



In 2019, we saw the percentage of cases closing at the earliest stage reduce from 31% to 26%, while the percentage of cases moving to the final stage increased by only 1%. We believe these changes are, at least in part, as a result of our efforts with the profession and the public to avoid inappropriate matters being raised with us and reflect the lower overall volume of cases received.

If a registrant’s fitness to practise is found to be impaired, the panel may decide to:

- take no action
- issue a reprimand

- place conditions on registration
- suspend registration
- remove an individual from the dentists’ or DCPs’ register.

There is also an appeals process.

At any stage in the Fitness to Practise process, we may apply for an interim order to restrict a registrant’s practice until their case is resolved.

### Fitness to Practise case volumes by stage

The number of cases considered at each stage of the Fitness to Practise process in 2019<sup>1 2</sup> were:

<p><b>Initial assessments: 1,362</b></p>	<p>This figure represents the number of cases considered at the initial assessment stage, when cases are screened and may be closed or referred for further ‘Assessment’ investigation. 27% of this total were closed<sup>3</sup>, 2% referred to NHS England or NHS Wales for consideration, and 71% referred for assessment. The number of assessments at this stage shows a decline of 18% compared to 2018 (1,668).  1,362 is the number of initial assessments processed, which differs to the number of incoming cases received in the year, which was 1,415.</p>
<p><b>Assessments: 886</b></p>	<p>This is the number of cases considered at the “full” assessment stage when cases may be closed or referred to the case examiners. 49% of this total were closed and 51% referred to the case examiners. This total represents a 42% decrease in assessment decisions compared to 1,530 cases in 2018. In 2018 we made more decisions than cases were referred to the assessment stage, resulting in a smaller number of cases remaining in the Fitness to Practise process. 2019 reflects this lower volume of cases in progress and being referred for assessment. Note that this figure includes cases received in prior years but considered in 2019.</p>
<p><b>Case examiners: 688</b> <b>Investigating Committee: 3</b></p>	<p>This is the overall number of cases considered by case examiners which resulted in closure, undertakings or referral to a Practice Committee (including Rule 6E/Rule 10 reconsiderations: those cases which have returned to the case examiners following an initial referral to a Practice Committee).  Of the 688 case examiner outcomes, 54% were closed, 41% were referred to a Practice Committee and 5% resulted in Undertakings Accepted.  The combined total of 691 represents a 2% decrease in closure and referral outcomes against 2018 (704). In 2018 we saw more cases considered at the assessment stage than were referred to it. 2019 saw more cases being considered by the case examiners than were referred to them, continuing our drive to reduce the number of cases within the Fitness to Practise process at any one time.</p>
<p><b>Referrals to Practice Committee: 283</b></p>	<p>This is the number of cases referred by case examiners to a Practice Committee. 1 referral was from Investigating Committee.  This total reflects an increase in the number of referrals, but the proportion of cases referred to a Practice Committee remained broadly the same as 2018. Of the 283 overall referrals, case examiners also referred 21 of these cases to an Interim Orders Committee. This is a 24% increase from 2018 (17).<sup>4</sup></p>

1 The percentages closed and referred are for the cases handled in each stage only. The percentages will not match the disposal at each stage chart as that represents the original total caseload the percentage closed at each stage.

2 This data is represented in narrative form and therefore comparing against previous years would be very detailed. Comparisons can be made by referring to previous annual reports and accounts, which are on the GDC’s website: <https://www.gdc-uk.org/>

3 This figure will differ slightly to that shown in the number of disposals chart as it also include case received in 2018 and processed in 2019.

4 A single registrant may account for more than one case.

## Sources and types of concerns

In 2019, around half of the concerns raised to us related to the treatment provided to a single patient, followed by concerns regarding the professional conduct of a registrant. Incidents of 'single patient clinical' cases have been falling as patients increasingly are aware of and engage with effective local resolution of complaints, rather than raising concerns of a registrant's fitness to practise with us.

Similarly, around half of concerns are raised by patients or members of the public with the remainder brought to us either by employers, other bodies or registrants and whistle blowers.

In 2019, we commenced a programme of analysis that provides regular learning and insight bulletins to our registrants. We seek to identify themes from our cases which can help registrants reflect and improve their own practice. This is available through our [website](#).

## Fitness to Practise hearings

Cases referred by case examiners are heard by one of three statutory practice committees. Each panel comprises a dentist, a dental care professional and a lay member. The practice committees completed 141 initial hearings in 2019.

The median time for initial hearings to start was 263 days (8 months and 18 days) from referral by case examiners. 60% started within 9 months of referral, compared to the 67% in 2018. The average length of an initial hearing was 4.9 days.

In 2019 we held 91 hearings for dentists (65%) and 50 for dental care professionals (DCPs). At initial hearing, 18% of dentists and 24% of DCPs were erased from the register (20% overall). In contrast, 42% of dentists and 24% of DCPs did not receive a sanction as a result of their hearing (35% overall). 28% of cases resulted in suspension and 10% in conditions being imposed. The proportions for these sanctions were the same for dentists and DCPs.

The table below show the outcomes to all fitness to practise initial hearings in 2019.

Outcome	No. of Outcomes	% of Total
Erased + Immediate suspension	28	20%
Suspended with immediate effect (with a review)	23	16%
Fitness to practise not impaired, case concluded	23	16%
Facts found proved did not amount to misconduct. Case Concluded	21	15%
Conditions with immediate conditions (with a review)	12	9%
Suspension (with a review)	9	6%
Fitness to practise impaired. Reprimand	9	6%
Suspension	7	5%
No case to answer	4	3%
Conditions (with a review)	2	1.5%
Facts not proved; case concluded	2	1.5%
Suspended with immediate suspension	1	1%
<b>Total</b>	<b>141</b>	<b>100%</b>

## Fitness to Practise interim orders

At any stage in the Fitness to Practise process, we may apply for an interim order to restrict a registrant's practice until their case is resolved. We do so when we believe there is a real risk of significant harm to a member of the public, it is in the public interest to protect public confidence in the profession, to maintain professional standards, or

where it is in the registrant's own interest. In 2019, the Interim Orders Committee delivered 67 initial outcomes. They imposed no order in 17 cases, imposed interim conditions in 27 cases and an interim suspension in 23 cases.

## d) Registration performance overview

Dentists and DCPs must be registered with the GDC to practise lawfully in the UK. Everyone who joins the register must be suitably qualified, or pass an assessment, and meet health, character and English language requirements to be considered fit to practise as a member of the dental team.

Applications can be made in several ways. The applicant must show that they have one of the following:

- A recognised UK qualification.
- A recognised European qualification.
- A recognised Overseas qualification.
- An assessment of suitability to register, via a GDC panel assessment of skills and knowledge.
- Success in passing the Overseas Registration Examination.

### Specialist lists

We also maintain lists of dentists who are suitably qualified or experienced to be considered specialists in specific areas of dentistry.

### Continuing Professional Development (CPD):

Dental professionals have a duty to keep their skills and knowledge up to date during their career. Undertaking CPD is a compulsory requirement of registration with the GDC.

### Registrant volumes for 2019

The total number of registered dentists and DCPs as of 31 December 2019

This table illustrates the total number of dentists and DCPs on the register. DCPs who have more than one title, for example a dental hygienist who is also a dental therapist, are only counted once in this table.

There was a 1% increase in the total number of registrants from 112,276 at the end of 2018 to 113,439 at the end of 2019.<sup>5</sup>

Registration Type	Number of Registrants	% of total
Dentist	42,470	37%
DCP	70,969	63%
Total	113,439	

The composition of the register by gender of dentists and dental care professionals as of 31 December 2019<sup>6</sup>

Reg Type	Male	% of total	Female	% of total	Total
Dentist	21,141	49.8%	21,329	50.2%	42,470
DCP	5,373	7.6%	65,596	92.4%	70,969
Total	26,514	23.4%	86,925	76.6%	113,439

<sup>5</sup> Note 67 Dentists are also registered as DCPs therefore are included in both numbers in the table

<sup>6</sup> Percentages represent the proportion of gender composition to the overall register. The numbers presented in this table match table one.

## The composition of the register by dental grouping as of 31 December 2019

Registration Title	No of Registrants	% of total titles	Number Added in 2019
Dental Nurse	58,898	49%	4,350
Dentist	42,470	36%	1,737
Dental Hygienist	7,563	6%	435
Dental Technician	5,776	5%	187
Dental Therapist	3,620	3%	323
Orthodontic Therapist	695	1%	69
Clinical Dental Technician	375	<1%	18
<b>Total</b>	<b>119,397<sup>7</sup></b>		<b>7,119</b>

There was a 1.4% increase in the overall number of registered titles in 2019, from 117,726 in 2018 to 119,397 in 2019.

## The composition of the register by region of qualification as of 31 December 2019

Dentists, by region of qualification

Region of Qualification	Amount	% of Total
UK qualified	30,463	72%
EEA qualified	6,881	16%
ORE – UK Statutory Examination	3,591	8%
Rest of the World qualified	1,535	4%
<b>Total</b>	<b>42,470</b>	

## The composition of the register by region of qualification as of 31 December 2019

Region of Qualification	Number of Registrants	% of Total
UK qualified	1,131	65%
EEA qualified	398	23%
ORE – UK Statutory Examination	195	11%
Rest of the World qualified	13	1%
<b>Total</b>	<b>1,737</b>	

<sup>7</sup> This table is a count of the number of individuals of each type of dental professional on the register. A dental professional who has more than one title is counted once for each title that they hold. Therefore, the total for this table will be greater than the overall number of people counted in table one.

## DCPs, by region of qualification<sup>8</sup>

Registration Type	UK Qualified	EEA Qualified	Rest of World Qualified	Total
Dental Nurse	58,752	172	88	59,012
Dental Hygienist	7,231	258	182	7,671
Dental Technician	5,635	133	16	5,784
Dental Therapist	3,541	4	110	3,655
Orthodontic Therapist	692	2	6	700
Clinical Dental Technician	375	1	2	378
<b>Total</b>	<b>76,226</b>	<b>570</b>	<b>404</b>	<b>77,200</b>

## New additions to the DCP register in 2019, by region of qualification

DCP Title	UK Qualified	EEA Qualified	Rest of World Qualified	Total
Dental Nurse	4,318	29	49	4,396
Dental Hygienist	355	20	101	476
Dental Therapist	272	–	72	344
Dental Technician	163	22	2	187
Orthodontic Therapist	68	1	3	72
Clinical Dental Technician	18	–	–	18
<b>Total</b>	<b>5,194</b>	<b>72</b>	<b>227</b>	<b>5,493</b>

<sup>8</sup> DCPs can have multiple titles that have different regions of qualification.

## e) Financial review

### Analysis of income and expenditure by regulatory function

The accounts on pages 51 to 75 show our income and expenditure in standard accounts format. In order to provide stakeholders with additional information the following table shows our performance by regulatory function:

	2019 £000	2019 £000	2018 £000	2018 £000
<b>Income</b>				
Registration	45,984		45,416	
Overseas Registration	1,592		1,588	
Other operating income	19		14	
		<b>47,595</b>		<b>47,018</b>
<b>Expenditure</b>				
<b>Regulatory activities</b>				
Fitness to Practise and Hearings	16,473		17,307	
Registration	3,023		3,204	
Overseas Registration Exam	1,639		1,671	
Policy and Stakeholder Management	2,256		2,050	
Governance	2,202		1,703	
Operational Excellence	1,028		1,128	
Quality Assurance	831		698	
Dental Complaints Service	334		435	
		<b>27,786</b>		<b>28,196</b>
<b>Support activities</b>				
Finance, HR and CEO	3,546		4,010	
Accommodation and Office Services	1,680		1,960	
Estates	1,159		2,291	
Information Technology	2,558		2,465	
Pensions scheme curtailment	(1,670)		–	
Depreciation and Amortisation	1,576		1,061	
		<b>8,849</b>		<b>11,787</b>
<b>Total expenditure</b>		<b>36,635</b>		<b>39,983</b>
Investment income		575		294
Unrealised gains/(loss) on investments		2,080		(1,056)
Adjustment to tax and social security costs		107		–
<b>Surplus/(Deficit) before taxation</b>		<b>13,722</b>		<b>6,273</b>
Taxation		(273)		(8)
Actuarial gains		323		489
<b>Retained Surplus/(Deficit) after taxation</b>		<b>13,772</b>		<b>6,754</b>



The General Dental Council is funded predominately from fees paid by dentists and dental care professionals (DCPs) who are required under the Dentists Act 1984 to be registered with the Council in order to practice dentistry in the United Kingdom. Fees are also paid to us by dentists to maintain their entry on the specialist lists.

### Income analysis

Total operating income increased by £0.6m in the year to £47.6m, (2018: £47.0m). This was a result of:

- an additional 671 dentists renewing their registration
- an additional 896 DCPs renewing their registration
- income generated from our investments and sale of end of useful economic life assets.

### Expenditure analysis

Total expenditure decreased by £3.4m to £36.6m in 2019 (2018: £40.0m); the significant (defined as variances over £0.5m) changes to our expenditure by regulatory function in 2019 were:

- an increase of £0.5m in Governance costs following a realignment of £0.5m within the Legal and Governance business area, as a result of expanding the In-house legal Advisory Team, by transferring posts into the team from elsewhere and creating two additional posts. The consolidation of the legal advisory resource in one area was to enable the service to operate in a comprehensive and effective manner and reduce the reliance on external providers
- a reduction of £1.1m in the Estates Strategy related expenditure. This was a time bound programme of work, due for completion in January 2020 which looked to transfer some functions to our new Birmingham office. This programme of work remains projected to deliver savings of circa £50m over 15 years
- a £1.7m benefit to the annual IAS19 valuation of the pension scheme at 31 December 2019, following a scheme curtailment resulting from those roles made redundant as part of delivery of our Estates Strategy
- a reduction of £0.8m in total Fitness to Practise and Hearings costs as a result of:
  - a 4% reduction in the number of cases resulting in a hearing from 299 in 2018 to 288 in 2019
  - an 11% reduction in FtP and hearings staffing from 109 staff at 31 December 2018 to 97 staff at 31 December 2019, mainly attributable as a result of the Fitness to Practise End to End (E2E) Review, which delivered efficiencies in the way we deliver our processes

- whilst there has been an increase in depreciation costs during 2019 of £0.5m, this relates to first time implementation of IFRS16 'Leases', which now charges rental costs for our office premises in London and Birmingham (£438k) through depreciation, rather than accommodation and office services.

Throughout 2019, we continued with initiatives to generate efficiency savings, such as investment in our Estates Strategy. In 2019, we achieved £0.5m of new efficiency savings in the year. In addition, we generated £1.86m of ongoing savings from projects started in previous years. We have therefore achieved total annual efficiency savings of £2.36m in 2019, representing 6% of our 2019 cost base. Cumulative savings over the five-year period to December 2019 total £19.1m.

The GDC restricts the reporting of savings to a maximum of 5 years. Throughout the process of efficiency savings, careful consideration has been given to ensure that the implementation of any saving initiatives does not put public protection at risk. The GDC uses these savings to ensure organisational viability by building our reserves to a sustainable position, and by funding programmes that invest in measures to deliver public protection more efficiently by reducing the costs of and burden of regulatory enforcement.

### Outlook

In June 2019, we concluded our E2E Review. The E2E review sought to deliver benefits in relation to timeliness, efficiency, resilience, continuous improvement, forecasting/demand management and strategic delivery of Shifting the Balance. During 2018 and 2019, budget savings of £0.7m were achieved through agile deployment of the early phases of the programme. We forecast further savings of circa £1m to be realised in 2020.

By December 2019, we had concluded the substantive work under our Estates Programme, following a decision in 2018 to move roles across our Registration, Fitness to Practise and operational support services to Birmingham as part of our Estates Strategy. By the end of 2019, around 200 roles have moved to Birmingham, whilst our headquarters and hearings facilities remain in London. Current projections indicate that this programme remains on track to deliver net savings of circa £50m over 15 years.

Initiatives to generate and monitor new efficiency savings generated from measures already identified will continue in 2020, however these will have to be reviewed carefully to understand if the COVID-19 pandemic has any impact on these savings. Whilst

the organisation continues to be tasked with meeting challenging targets for new efficiencies, we will continue to ensure that the process of identifying efficiency savings does not put public protection at risk.

We know that our workplan for 2020 will change significantly because of COVID-19. We have identified new priorities, accelerated work in some areas, and where appropriate will reallocate some work initially planned for 2020 into future years.

### **Pension fund**

In accordance with the financial reporting standard for pension costs, IAS 19, Quantum Advisory, the pension scheme actuary, valued the defined benefit section of our pension scheme as of 31 December 2019. According to their analysis, the defined benefit section of the scheme experienced a net actuarial gain in fund value for 2019 of £1.9m, against that reported in last year's accounts.

The main driver for the increase in the valuation of the scheme in 2019, was the adjustment for scheme curtailment resulting from those roles made redundant as part of the delivery of our Estates Strategy. This delivered an increase in the IAS 19 valuation of the scheme totalling £1.7m.

The discount rate assumption is lower in 2019 than in 2018, reflecting lower yield on high-quality corporate bonds deemed of equivalent term and currency to the plan's liabilities. This was offset by positive movements in mortality assumptions. Meanwhile, payments into the plan and interest received exceeded payments made from the plan by £1.3m.

This does not relate to the triennial valuation of the defined benefit section of the pension scheme, which was carried out as of 1 April 2018. This indicated an actuarial funding level surplus of £0.3m and recommend that the employer contribution levels to the defined benefit section of the scheme be increased to 20.3% with effect from 1 April 2019 until the next triennial valuation as at 1 April 2021.

As at 31 December 2019, the plan has a surplus of £5.8m based on the IAS 19 assumptions adopted. Under the requirements of 'IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements' and their Interaction, the GDC could be restricted to limit the surplus in the financial statements if the GDC would not be able to obtain the full economic benefit from that surplus. The calculated the value of the Council's share of the cost of the all total future benefit accrual (up to members' normal retirement age) on the accounting basis is in excess of the disclosed plan surplus.



Therefore, the reported surplus is not restricted. We are monitoring the impact of the stock markets following COVID-19 on this surplus. Disclosure of our estimation of likely impact is disclosed in note 21 of these accounts.

Full details of financial evaluation and assumptions used can be found in note 16 of these accounts.

**Provisions**

During the year we drew on the provision we made in 2018 to cover compensation and relocation expenses resulting from the delivery of our Estates strategy. The balance of the provision at 31 December, £212k, will cover the costs of compensation payments and relocation expenses due in 2020. Details of our exit payments are disclosed within the Remuneration Report on page 44 and the movements in the provision are detailed in note 15 to the accounts.

**Liquidity risks**

Our cash balance reduced to £40.3m (2018: £42.3m) at the close of the year. The balances are cyclical and peak in December/ January and in July/ August when dentists and DCPs pay their respective annual retention fees. Our expenditure is evenly spread throughout the financial year.

Having reflected on the current risk position and challenges we faced in relation to financial consequences arising from COVID19 both within the GDC and wider dental profession, we have completed a number of scenarios in our assessment of liquidity and to support our preparation of the accounts as a going concern.

The scenarios we have modelled include assessing a range of income risk, and the impact of impairment of our investment portfolio. Following our modelling, we are satisfied that it is not exposed to any significant liquidity risk.

Those balances not needed for short term operational reasons are invested in line with our investment principles, which we last considered and approved by Council in December 2019.

**Reserves**

The Reserves Policy was reviewed by Council in December 2019. The Council manages our reserves level by reference to free reserves, as adjusted for any current assessment of financial risk. These are reserves that are not earmarked for committed expenditure such as depreciation charges from prior year capital asset purchases. The aim to maintain free reserves at a level that is not excessive but does not put solvency at risk.

The Reserves Policy has regard to the:

- Objectives of the Council in pursuit of our statutory and regulatory responsibilities.
- Funding working capital and management of day to- day cash flows of the Council, where income is concentrated in summer and winter peaks.
- Risks to the income and expenditure of the Council.
- Planned major capital spending programmes.

Total reserves as at 31 December 2019 totalled £38.4m (2018: £24.7m) of which general reserves are £30.7m (2018: £20.9m).

	£m
General Reserve at 31 December 2019	30.7
Of which:	
Reserves committed to fixed assets	18.1
Free reserves	12.6
<b>Free reserves expressed as number of months of annual operating expenditure</b>	<b>3.7</b>

As a result of first-time adoption of 'IFRS 16, Leases', in 2019, we have seen a material increase of £6.3m to those reserves committed to fixed assets, however our free reserves at the end of 2019 remain within policy at 3.7 months of annual operating expenditure.

In setting a target level, Council considered that free reserves at a minimum of three months of operating spend is appropriate, with a target to be four and a half months of operating expenditure by the end of our three-year plan of strategic activity, December 2022. This policy will continue to be reviewed to ensure it remains appropriate in light of the financial challenges which have occurred in early 2020.

### External auditors

The accounts have been audited by our auditors, Haysmacintyre LLP of 10 Queen Street Place, London, EC4R 1AG and, in accordance with the Dentists Act 1984, by the Comptroller and Auditor General, National Audit Office, 157–197 Buckingham Palace Road, Victoria, London SW1W 9SP. The independent auditor's report can be found on page 48 of this report, and the certificate and report of the Comptroller and Auditor General on page 45.

### Disclosure of audit information to the auditors

So far as we are aware, there is no relevant audit information of which the General Dental Council auditors are unaware. We have taken the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the General Dental Council auditors are aware of that information.

### Ian Brack

Chief Executive and Registrar  
and Accounting Officer

3 June 2020

# 6

## 6 Council and Committee Structure

### Council structure

The Council consists of 12 members: six non-registrant (lay) and six registrant dental professionals. The members of the Council in 2019 were as follows:

Registrant members	Non-registrant members
Catherine Brady	William Moyes (Chair)
Jeyanthi John	Terry Babbs
Margaret Kellett	Geraldine Campbell
Caroline Logan	Anne Heal
Kirstie Moons	Sheila Kumar
Simon Morrow	Crispin Passmore

### Council meetings attendance in 2018

Name	Jan	Mar	May	Jul	Sep	Oct	Dec
William Moyes (Chair)	✓	✓	✓	✓	✓	✓	✓
Terry Babbs	✓	✓	✓	✓	✓	✓	✓
Catherine Brady	✓	✓		✓	✓	✓	✓
Geraldine Campbell	✓	✓	✓	✓	✓	✓	
Anne Heal	✓	✓		✓	✓	✓	✓
Jeyanthi John	✓		✓	✓	✓	✓	✓
Margaret Kellett	✓	✓	✓	✓	✓	✓	✓
Sheila Kumar		✓	✓	✓		✓	
Caroline Logan	✓	✓	✓	✓	✓	✓	✓
Kirstie Moons	✓	✓	✓	✓	✓	✓	✓
Simon Morrow	✓	✓	✓	✓	✓	✓	✓
Crispin Passmore	✓	✓	✓	✓	✓	✓	

## The statutory committees of the General Dental Council

Under the Dentists Act 1984 (as amended), the GDC has responsibility for dealing with allegations of impaired practise involving members of the dental profession.

There are six statutory committees to assist in fulfilling the GDC's statutory duty as set out in section 2 of the Dentists' Act 1984. The committees comprise independent panellists of registrants and non-registrants. Council members do not sit on the statutory committees. Statutory committees are accountable to the Council for their performance.

The statutory committees are:

**Investigating Committee (IC):** considers allegations of impaired fitness to practise to determine whether such allegations should be referred to one of the three practise committees (Professional Conduct, Health, or Professional Performance Committee) for a full inquiry. The functions of the IC are delegated to case examiners in accordance with the legislative framework.

**Interim Orders Committee (IOC):** a case can be referred to the IOC at any stage to consider whether an order (such as conditions or a suspension) against a dental professional's registration is appropriate before a full inquiry.

**Professional Conduct Committee:** considers allegations of misconduct against a dental professional to decide if the misconduct amounts to an impairment of their ability to practise dentistry.

**Health Committee:** considers cases where it appears that a dental professional's performance is affected by either a physical or mental health condition.

**Professional Performance Committee:** considers allegations of deficient performance against a dental professional to decide if this deficiency amounts to an impairment of their ability to practise dentistry.

**Registration Appeals Committee:** considers appeals from dental professionals on the grounds of either being refused entry onto the register, removed or not restored to the register (but not by a practise committee).

Further information on the work and membership of the Council's statutory committees can be found on our website.<sup>5</sup>

Members for the statutory committees are appointed by the **Statutory Panellists Assurance Committee (SPC)**<sup>6</sup>, which oversees the recruitment, training and performance management of the statutory committees. The members of the SPC were Rosie Varley (Chair), Nigel Fisher, Martyn Green, and Tim Skelton.



## The Non-statutory committees of the General Dental Council

The council is supported by four non-statutory committees:

Committee	Council Members
<p><b>Audit and Risk Committee (ARC)</b> Challenges and monitors the integrity of the financial statements, and reviews the GDC's governance, internal controls, risk management systems, and the internal and external audit services.</p>	<p>Crispin Passmore (Chair) Catherine Brady Sheila Kumar Simon Morrow Independent Member</p>
<p><b>Finance and Performance Committee (FPC)</b> Challenges and monitors financial and other performance. Works with the executive to develop the Council's financial strategy and business plan, and on a range of related responsibilities including estates, pensions and investments.</p>	<p>Terry Babbs (Chair) Anne Heal Kirstie Moons Margaret Kellett</p>
<p><b>Remuneration Committee (Remco)</b> Establishes procedures for the remuneration of the Chief Executive and Registrar, the Executive Management Team, Council members and overall GDC remuneration policy.</p>	<p>Geraldine Campbell (Chair) Anne Heal Caroline Logan Jeyanthi John (from October 2019) Independent Member</p>
<p><b>Policy and Research Board (PRB)</b> Provides oversight of the development and implementation of strategy, policy and research initiatives.</p>	<p>Kirstie Moons (Chair) Caroline Logan Catherine Brady Geraldine Campbell Jeyanthi John (until October 2019) Margaret Kellett Simon Morrow</p>

Independent members of committees who served in 2019:

Audit and Risk Committee	Rajeev Arya
Remuneration Committee	Philippa Hird (until 24 June 2019) Ann Brown (from 3 October 2019)

# 7

## 7 Statement of the General Dental Council and the Chief Executive's responsibilities

The Dentists Act 1984 (as amended) requires the us to prepare annual accounts in the form determined by the Privy Council. The accounts are prepared on an accruals basis and must give a true and fair view of the GDC and its income and expenditure, changes in reserves and cash flows for the financial year.

The Privy Council has appointed the Chief Executive and Registrar as Accounting Officer of the GDC. The Accounting Officer is primarily responsible to the Privy Council and Parliament for the propriety and regularity of GDC finances, for keeping proper records and for safeguarding the GDC's assets.

In preparing the accounts, the GDC and Accounting Officer are required to:

- observe the accounts determination issued by the Privy Council, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the accounts determination, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going-concern basis, unless it is not appropriate to do so
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The GDC and Accounting Officer have considered the above requirements and are of the opinion that, where they apply to the GDC, they have been complied with in all material circumstances, with any significant issues being detailed in the Governance Statement that follows.



# 8

## 8 Governance statement

### Scope of Responsibility

As Accounting Officer, I am responsible for maintaining effective governance and ensuring that a sound system of internal control is in place to support the GDC's policies, aims and objectives, whilst safeguarding the organisation's assets, for which I am personally accountable. In carrying out my responsibilities as Accounting Officer, I take into consideration, but am not bound by, the guidance provided by Managing Public Money.

In making my assessment, I have drawn on reports by, and discussions with, internal auditors and by ongoing monitoring of our risk registers. I also drew assurance over the course of the year from the Executive Management Team of the GDC, the suite of performance and financial management information produced by the organisation, and the work of the Council and its committees. As the GDC is not classified as an arm's length body<sup>9</sup>, it is not required to comply with Corporate Governance in Central Government Departments: Code of Practice 2017. We nevertheless consider the good practice principles expressed in the document in developing and reporting on our governance arrangements. Our practices to ensure effective, transparent and accountable governance are set out in the Council Effectiveness section of this statement.

### Governance Arrangements

The GDC is a body corporate constituted under the Dentists Act 1984 (as amended). There are 12 members of Council, comprising six registrant members and six lay members, one of whom is the Chair. The Privy Council is responsible for making appointments to the Council. In 2019, no Council members demitted office and therefore no new appointments were made, however the Council did take steps to begin the open competition recruitment process for members demitting office in 2020, in line with guidance from the Professional Standards Authority.

It is the role of the Council to set the strategic direction of the GDC and, in November 2019, it launched the GDC's new Corporate Strategy 2020–2022: Right time, right place, right touch. The purpose of the strategy is to align the GDC

<sup>9</sup> An arm's length body is an organisation that delivers a public service, is not a ministerial government department, and which operates at a greater or lesser extent at a distance from Ministers.

to its mission and statutory purpose, to ensure systems are in place to enable it to monitor performance and to hold the executive team to account and, to ensure probity. The Council has determined that it can most effectively carry out its functions by delegating certain matters to subsidiary bodies (such as the four non-statutory committees) or to me as Chief Executive and Registrar. The Council does not delegate:

- the approval of strategy
- statutory rule making
- approval of the annual business plan and budget
- approval of the annual report and accounts and any report required to be laid before the parliaments
- holding the Executive to account for its management of the organisation.

The Council is responsible for setting and monitoring the terms of reference for its committees. The Council and its committees operate in accordance with Standing Orders and clear arrangements for the management of any conflicts of interest. Council members' declarations of interests are [publicly available](#).

### Non-Statutory Committees

The Council has established four non-statutory committees as follows:

- Audit and Risk Committee.
- Finance and Performance Committee.
- Remuneration Committee.
- Policy and Research Board.

Each committee comprises of both registrant and lay Council members. In the case of the Remuneration Committee and the Audit and Risk Committee, an independent member has also been appointed to the committee to support its work. The full membership of each committee can be found in the Council and Committee Structure section of this report.

The committee Chairs provide an update to the Council after each meeting and each committee submits an annual effectiveness report to Council

at the end of the year summarising its performance against its work programme.

### Audit and Risk Committee

The key purpose of the Audit and Risk Committee (ARC) is to monitor the integrity of financial statements, to review the GDC's governance, internal control and risk management systems and to review the internal and external audit services. This includes monitoring whether agreed actions identified in internal audit reports are carried out. The Committee reviews the Annual Report and Financial Statements before submission to the Council for approval.

The Committee provides assurance to the Council on the adequacy and effectiveness of the risk management processes in place. This involves reviewing the Strategic Risk Register, obtaining assurance on risk management arrangements from internal auditors and reviewing the status and trends of all risk in the Strategic Risk Register. In 2019, the Committee received briefings on the implications and risks arising from the UK's exit from the European Union and will continue to do so in 2020.

### Finance and Performance Committee

The role of the Finance and Performance Committee (FPC) is to scrutinise and challenge the Executive on financial and other performance and to work with the Executive to develop an appropriate and proportionate data set to enable the Council to carry out its functions. It also provides guidance to the Executive on major operational matters such as, property strategy, investment and technology development. The FPC also works with the Executive to develop the Council's financial strategy plans.

During 2019, the FPC oversaw the development of a three year costed corporate plan for the GDC, to deliver its corporate strategy and oversaw the financial management of the organisation, on behalf of the Council, to enable a reduction in the annual retention fee charged to its registrants.

The FPC also maintained oversight, for the Council, in relation to its Estates strategy and the establishment of an operational hub in Birmingham.

## Remuneration Committee

The key purpose of the Remuneration Committee is to establish a transparent procedure for the remuneration of the Chief Executive, Executive Management Team, Council Members (including the Chair) and other associate post holders. The committee is also responsible for ensuring that there are appropriate incentives to encourage enhanced performance, that rewards are made in a fair and responsible manner and are linked to the individual's contributions to the success of the GDC.

The Committee reviews the process for making recommendations to appoint and reappoint Council members and reviews the arrangements for the annual review of the Council's performance and effectiveness. It also annually reviews the GDC's pension schemes and makes reports and/or recommendations to the Council, based on actuarial data and advice.

During 2019, the Committee advised on developments to the GDC's Equality, Diversity and Inclusion Strategy and in relation to the development of the GDC's pension strategy.

## Policy and Research Board

The Policy and Research Board (PRB) oversees the development and implementation of strategy, policy and research initiatives and reports on them to the Council.

During 2019, the PRB engaged with key stakeholders through attendance at workshops to discuss policy development and collaboration opportunities and oversaw the Shifting the Balance programme initiatives and reported into Council.

## Statutory Panellists Assurance Committee

In addition to the non-statutory committees detailed above, the Council has exercised the power to establish an appointments committee, the Statutory Panellists Assurance Committee (SPC). Established under the General Dental Council (Consultation of Committees) Rules Order of Council 2009, the committee assists the Council with the exercise of any appointment of members of the Council's statutory committees, such as Fitness to Practise panels. During 2019, the SPC reviewed the process for the appointment of FtP panel chairs and of legal advisors and approved the appointment of three panel chairs and the reappointment of 53 legal advisors.

## Council Effectiveness

In 2019, the Council commissioned an external organisation to conduct a Board Effectiveness Review of the Council and its non-statutory committees. This review included: the observation of two Council meetings and three of its core non-statutory committees throughout 2019 and a review of supporting documentation. It concluded with a report and a facilitated workshop with Council in October 2019, to explore the findings of the review and recommendations for Board Development in 2020. The review covered areas including the performance of Council and its core non-statutory committees, cohesion and individual contributions of Council members and the Executive Management Team (EMT) and governance support.

The Council reviewed the recommendations across the four areas mentioned in the review to continue to improve the efficiency and effectiveness of Council and its committees, and a programme of activity was developed for implementation in 2020.

Council meetings have often been a combination of both informal 'workshops' and formal meetings to both support the management and oversight of the work of the organisation and the development of Council wholly and as individual members. These workshops allow the Council to discuss new ideas and initiatives at a concept stage and to explore strategic planning in an exploratory fashion.

We take into consideration governance best practice when reviewing its own Council effectiveness.

The Chair continues to review each meeting at its conclusion with Members and the Executive, as well as holding annual appraisal meetings with Members and the Chief Executive.

In 2019, the annual appraisal process was also accompanied by a self-reflective skills audit of Council members to better understand any development opportunities for the Council, to better design a Board Development programme and to feed into the recruitment of Council members planned for 2020.

The attendance of Council members is recorded in the minutes which are publicly available. A table of attendance is provided in the Council and Committee Structure section of this report.

## Council Oversight of Strategic Risks

The Council monitors strategic risks and is presented with an update to the Strategic Risk Register (SRR) during each meeting. The SRR is reviewed and recommended for approval by the Senior Leadership Team (SLT) and then reviewed and recommended for presentation to Council by ARC.

The SRR is circulated to the Council immediately following ARC recommendation to ensure that the Council are promptly sighted on all strategic risks, the mitigating control framework and the assurances to support mitigation effectiveness. Any developments that take place in relation to strategic risk between the circulation of the SRR and the date of the Council meeting are provided as a strategic risk update at that meeting.

Amongst other things, the SRR allows the Council to assess the extent to which strategic risks are being mitigated through effective controls, to identify those that are outside Council appetite levels and to determine how the organisation is performing against realistic and annual target risk exposure thresholds. When presented at any forum, the SRR is placed in context by a risk management paper that highlights key areas of concern, underperformance, emerging or dormant issues.

These risk documents presented to and scrutinised by the Council provide information to support and guide decision making, enable the monitoring of progress against the Council's corporate strategy and help hold the executive to account for organisational performance.

Lying beneath the SRR and to ensure that all risks included within it are of a genuine strategic nature, each Directorate has an operational risk register (ORR). These ORRs are subcategorised by team, reviewed and updated on a monthly basis and are presented to the SLT for scrutiny at least annually.

All risks, whether strategic or operational, are aligned with the corporate strategy and costed corporate plan.

The Council reviewed its strategic risk appetite in October 2019 and all strategic risks were accordingly aligned with the newly set appetite.

## Disclosure of principal risks and uncertainties:

Our risk management framework allows for the consideration of both strategic and operational risks. At the end of 2019, the SRR was populated with 11 strategic risks. These included:

- uncertainties around constitutional changes following the UK's impending departure from the EU, including the potential loss of the Mutual Recognition of Professional Qualifications (MRPQ)
- the robust and timely progression of cases through Fitness to Practise processes
- corporate risks in relation to areas such as data protection and security
- risks identified following the Estates Strategy relocation, including adherence to financial projections
- strategic organisational undertakings, such as Shifting the Balance, and
- risks in relation to the retention of PSA standards.

Whilst this section reflects and reports on the 2019 strategic risk position of the GDC; it is important to reflect on the current risk position considering the challenges facing the GDC in relation to COVID-19. At the time of writing this statement, the risk environment is changing on almost a daily basis; and strategic risks have been identified around the following areas:

- Ensuring business continuity during the COVID-19 pandemic.
- Financial consequences arising from COVID-19 both within the GDC and wider dental profession.
- Understanding when and how staff are able to return to office-based work.

## Internal Audit Services

Mazars LLP provided the GDC's independent internal audit service during 2019. An internal audit plan for the period 1 January to 31 December 2019, developed with Mazars, was approved by the Audit and Risk Committee at its meeting on 9 November 2018. 10 internal audits were undertaken in 2019, seven of which were assurance assignments.

Following each internal audit assignment, recommendations to improve either the design of the control framework, or the application of the control framework were made, which were categorised as either fundamental, significant or housekeeping recommendations. Following the agreement of these recommendations, an officer responsible for implementing each recommendation was assigned and an implementation date was agreed. Audit assurance findings ranged between three possible assurance levels: substantial assurance, adequate assurance and limited assurance.

The overall internal audit opinion from Mazars, on the basis of work undertaken in 2019, was that our governance, risk management and internal control arrangements are generally adequate and effective in managing its achievement of the organisation's objectives. This overall opinion was based on four areas where they took substantial assurance, two of adequate assurance and one limited assurance audit opinion for the seven assurance assignments undertaken. No fundamental recommendations were made.

We have in place a centralised internal audit recommendation implementation tracking function. A recommendation tracker is maintained, and confirmation is sought from recommendation owners on the status of recommendations when their implementation date is reached. Recommendation implementation performance has been reported to the SLT and ARC throughout the year.

## Executive Management Team

The Council is supported by staff, led by the Chief Executive and Registrar, the other members of the Executive Management Team (EMT) and a wider Senior Leadership Team (SLT).

The Council sets the strategy and policy and determines the outcomes and outputs of the GDC

in support of its purpose and values. This means by which those outcomes and outputs are achieved is a matter for the Chief Executive and EMT. In my role as Chief Executive, I am accountable to Council for the Executive's performance. The EMT is responsible for:

- implementing the strategy approved by Council
- business planning and budgeting
- providing regular management reports to the Council and ensuring that appropriate reports are provided to Council committees regarding matters within their remits
- identifying and reporting to Council strategy risks and ensuring that ownership for each risk is allocated at the right level with clear accountability.

During 2019, the EMT has met formally at least once a month in the context of a Senior Leadership Team Board and, more informally and more often, in the context of SLT workshops. The SLT comprises the senior operational and strategic Heads of function and has responsibility to support the EMT with decision making on the implementation of the strategy and providing regular management reports. The SLT also oversees the operational risk register as detailed in this statement. The SLT includes the Heads of: Communication & Engagement; GDC Policy & Research Programme; Organisational Development & Inclusion; Fitness to Practise Case Progression; Adjudications; Registration Operations; Governance; IT; People Services; In-House Legal Advisory Service; Finance & Procurement; and Registration.

The remits of the Executive Directors were as follows during 2019:

### Executive Director, Fitness to Practise Transition: Tom Scott

Implementation of the findings of the FtP end-to-end review, casework, adjudications, fitness to practise, Dental Complaints Service.

### Executive Director, Organisational Development: Sarah Keyes (from October 2019)

People Services, organisational development, diversity and inclusion, people development and internal communications.

## **Executive Director, Registration and Corporate Resources: Gurvinder Soomal**

Registration, Registration Operations, Customer Service, Finance and Procurement, Project Delivery, Business Planning and PMO, IT, Risk Management and Internal Audit and Facilities.

## **Executive Director, Strategy: Stefan Czerniawski (from October 2019)**

Development of strategy and policy, external communications and engagement, research and education quality assurance.

## **Executive Director, Legal & Governance: Lisa Marie Williams**

Legal services, information governance, governance.

Following the discontinuation of the role of Principal Legal Advisor in December 2018, the Council took the decision to create a new Executive position with responsibility for Legal and Governance services. This allowed the role of Executive Director, Organisational Development to oversee the broader organisational development. Lisa Marie Williams took up the appointment as Executive Director, Legal & Governance in December 2018, with Sarah Keyes joining the GDC as Executive Director, Organisational Development in October 2019.

## **Management Information and Performance Reporting**

In 2019, we identified our corporate, strategic and regulatory objectives and set out the required resources, anticipated outcomes and other contributory factors to meet them in a new corporate strategy for 2020 to 2022 and a three-year costed corporate plan. These plans were consulted on in 2019, with key stakeholders, and were approved by the Council, alongside a reduction in the annual retention fee, in October 2019.

Throughout the year, the SLT and EMT monitored activity against Key Performance Indicators (KPIs) via a balanced scorecard. Progress was reported to the Council and the FPC on a quarterly basis. Programme & Project status was also reviewed and, together with risk management reporting, these reports informed operational business planning processes.

## **Data Breaches and Information Security Information Governance**

During 2019, we continued to develop and improve our information governance framework, the way we manage and dispose of information, identify and respond to data security incidents, and ensure compliance with the Freedom of Information Act 2000 (the FOI Act) and the Data Protection Act 2018 (the DPA).

Significant improvement work completed during 2019 included a review of records held in offsite storage, implementation of the GDC's retention schedule, implementation of an email deletion/retention policy which reduced emails held in outlook, and the creation of a records management policy.

We have continued to ensure that all new staff have received training on the FOI Act, the DPA, and data security as part of the corporate induction programme and all GDC staff were provided with annual data protection refresher training.

During the year, we also measured our performance and reviewed the improvement work completed in previous years. An internal audit of the GDC's GDPR compliance programme provided substantial assurance.

We also assessed our information governance and security framework using the NHS Data Security and Protection Toolkit, an objective measure aligned with the ISO27001 standard. We could evidence meeting 106 of 112 all criteria and 51 of 55 mandatory criteria. The toolkit is designed to support information security within the NHS and does not wholly align with the needs of GDC. Nevertheless, as we see the value of the remaining six criteria, actions to meet most of them is included in the team's 2020 work plan, covering: a data security and protection training needs analysis, use of signatory agreement for all IT systems administrators, issuing a policy and staff guidance on data quality, the online publication of Data Protection Impact Assessment, regular reporting of compliance with NHS Toolkit criteria to GDC Executive Directors and Audit & Risk Committee of GDC Council and consideration of increased monitoring and spot checks of staff compliance with data protection guidance.

## Information requests

During 2019, we received a total of 364 (305 2018) requests for corporate information under the FOI Act and personal information under the DPA (subject access requests). FOI requests received by us were commonly for statistical information relating to the work of the GDC. A large proportion of the subject access requests received were from people who had failed the Overseas Registration Examination or who were involved in a fitness to practise complaint seeking case information for the purpose of an appeal or private claim.

We responded to 367 information requests (182 FOI requests (2018: 207) and 185 subject access requests (2018: 94)). 98% of FOI requests (178) were responded to within the statutory timeframes (20 working days) or an extension was appropriately claimed to carry out a public interest test. 96% of subject access requests (178) were responded to within the statutory timeframes (30 calendar days) or an extension was appropriately claimed.

Of the 367 information requests we responded to in 2019, one FOI response was appealed to the Information Commissioner (zero in 2018). Three responses about subject access requests were appealed. One of these complaints, in relation to delay, was upheld.

## Data security incidents

During 2019, we continued to centrally record, manage, and report on data security incidents. We have reported and recorded concerns about the use, access, destruction of personal data by the GDC, and third parties where GDC information is affected. We have not only recorded incidents where something has happened but also 'near misses' where something almost happened so that learning can be captured. Not all data security incidents recorded are a personal data breach.

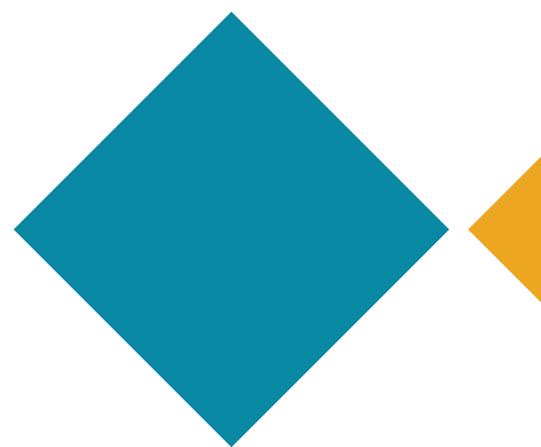
We recorded 114 Data Security Incidents in 2019. This is a decrease from 2018 (142).

Where a personal data breach has been identified we have ensured that information that has been lost or disclosed inappropriately through accident or error is recovered, that risks are assessed and responded to, and that incidents are learned from to prevent recurrence and improve our service.

Two incidents were considered serious enough that they were self-reported to the Information Commissioner. The Information Commissioner concluded that the framework the GDC already had in place was appropriate, that the incidents were due to human error, but they nonetheless welcomed the actions taken in response and further improvements made. On that basis, the Commissioner decided that they should not take any enforcement action.

## Conclusion

As Accounting Officer, having taken into account all reports available to me, including external advice, I remain confident that the Council's system of risk management and internal control are effective to enable to the Council to achieve its statutory duties, and to continue to support the GDC's policies, aims and objectives.



# 9

## 9 Remuneration and staff report

The financial aspects of this report are audited by the external auditors, haysmacintyre and the National Audit Office (NAO).

### Council Member remuneration policy

The Council member Remuneration Policy is reviewed every two years. The policy was last agreed by Council in February 2017, with the policy not having changed since then. The policy is scheduled to be reviewed during early 2020 following the completion of the wider Board Effectiveness Review.

The Chair's annual remuneration is set by the Remuneration Committee based on prevailing rates for similar positions and the amount of time required to perform the roles. The remuneration for the Chair was last set by the Remuneration Committee in October 2013, at a rate of £55,000 per annum based on an average commitment of 2.5 days a week.

Council members are remunerated at an annual rate of £15,000 last set in October 2013, based on an average of commitment of 36 days per annum. An annual supplement of £3,000 applies for committee chairs.

### Executive Management Team remuneration policy

Salary progression for executive directors is dependent on individuals' performance and external benchmarking of pay. Whilst the Chief Executive, Registrar and Accounting Officer makes recommendations on pay for executive directors, any salary increase, or other payments, are approved by the Remuneration Committee.

The Chief Executive's pay increase (as and when appropriate) is recommended by the Council Chair and the Remuneration Committee and approved by the Council in line with the remuneration policy. The remuneration policy for the Chief Executive, Registrar and Accounting Officer and executive directors does not include any provision for performance payments.

The Chief Executive, Registrar and Accounting Officer's contract of employment requires a termination notice period of six months by the employee or employer. The remaining executive directors' contracts require a termination period



of three months to be given by the employer or employee after the probationary period.

All the executive directors are members of either the defined benefit section of the GDC pension scheme or a member of the master trust scheme.

### Staff remuneration policy

The remuneration policy for staff is developed by the Executive Director, Organisational Development in conjunction with the Chief Executive, Registrar and Accounting Officer and executive directors and is then considered by the Remuneration Committee. This policy is developed with consideration of the

GDC's position to provide a reward framework that will attract and retain the high-calibre management necessary to enable the GDC to achieve its strategic priorities and to fulfil its statutory remit and responsibilities.

We are committed to the principle of equal pay for work of equal value for all employees and aims to ensure that its pay systems are fair and free from bias. We have a duty to promote gender equality and undertake equal pay reviews to eliminate any pay gaps that cannot be explained on objective grounds and we report on this publicly on an annual basis.

## Council Member's fees and expenses

	2019				Restated 2018			
	Fees £ 000	Benefit in kind expenses £ 000	Tax and NI £ 000	Total £ 000	Fees £ 000	Benefit in kind expenses £ 000	Tax and NI £ 000	Total £ 000
William Moyes Lay Council Chair	55	13	13	81	55	13	14	82
Terry Babbs Lay Council member	18	1	1	20	18	1	1	20
Catherine Brady Registrant Council member	15	1	1	17	15	1	1	17
Geraldine Campbell Lay Council member	18	5	2	25	18	5	2	25
Anne Heal Lay Council member	15	1	–	16	15	–	–	15
Jeyanthi John Registrant Council member	15	1	1	17	15	2	2	19
Margaret Kellett Registrant Council member	15	2	1	18	15	4	3	22
Sheila Kumar Lay Council member	15	–	–	15	15	–	–	15
Caroline Logan Registrant Council member	15	3	1	19	15	3	1	19
Kirstie Moons Registrant Council member	18	4	2	24	18	4	4	26
Simon Morrow* Registrant Council member	15	5	6	26	4	1	–	5
Laurence Mudford** Registrant Council member	–	–	–	–	11	2	2	15
Crispin Passmore Lay Council member	18	1	1	20	18	1	1	20

\* From 1 October 2018

\*\* Until 30 September 2018

2018 figures have been restated to amend the disclosure to show the total cost of tax and National Insurance liabilities settled on behalf of the Council Member by the GDC in respect to the benefit in kind expenses we provided.

### Benefits in kind expenses

The monetary value of benefits in kind expenses covers any benefits provided by us and treated by HM Revenue and Customs as a taxable emolument. Payments outlined above were net of tax and the tax amounts are paid over to HM Revenue and Customs. Items that fell into this category included travel expenses incurred in relation to Council business.

### Executive Management Team remuneration

The remuneration details disclosed for the Chief Executive, Registrar and Accounting Officer are provided in full below. The table also discloses the taxable emoluments, other payments (excluding any compensation payments if due) and employer pension contributions, in salary bands for other members of the Executive Management Team who served in 2019.

	2019				2018			
	Salary £ 000	Employer Contribution to pension £ 000	Bonus £ 000	Total £ 000	Salary £ 000	Employer Contribution to pension £ 000	Bonus £ 000	Total £ 000
Ian Brack Chief Executive and Registrar	140–145	13	–	150–155	140–145	14	–	150–155
Stefan Czerniawski* Executive Director – Strategy (Full year equivalent)	25–30 (115–120)	1 (7)	–	25–30 (125–130)	–	–	–	–
Roberta Davis** Executive Director – Organisational Development (Full year equivalent)	65–70 (120–125)	6 (12)	–	70–75 (130–135)	120–125	11	–	130–135
Matthew Hill*** Executive Director – Strategy (Full year equivalent)	75–80 (120–125)	4 (7)	–	80–85 (125–130)	120–125	7	–	130–135
Sarah Keyes**** Executive Director – Organisational Development (Full year equivalent)	25–30 (115–120)	3 (12)	–	30–35 (130–135)	–	–	–	–
Thomas Scott Executive Director – Fitness to Practise Transition	120–125	12	–	135–140	110–115	12	–	120–125
Gurvinder Soomal Executive Director – Registration and Corporate Resources	120–125	30	–	150–155	120–125	27	–	150–155
Lisa Marie Williams Executive Director – Legal and Governance	110–115	11	0–5	125–130	–	–	–	–

\* From 14 October 2019

\*\* Until 28 June 2019

\*\*\* Until 19 August 2019

\*\*\*\* From 1 October 2019

Ian Brack has personally elected to forgo annual salary increases since 2016. The notional salary for the role of Chief Executive, Registrar and Accounting Officer, had pay awards been applied at the market rate position in the salary scale, is £160–£165,000. (2018: £155–£160,000).

None of the Executive Management Team received any performance bonuses or taxable benefits in kind during 2019. The performance bonus awarded to Lisa Marie Williams in 2019 relates to her performance during the previous financial year in the role as Principal Legal Adviser.

### Pay multiples

The banded remuneration of the highest paid director, the Chief Executive, Registrar and Accounting Officer, in 2019 was £140–£145,000. (2018: £140–£145,000). This was 3.6 times (2018: 3.75 times) the median remuneration of the workforce, which was £38,987 (2018: £36,418).

In 2019 no employees (2018: nil) received remuneration in excess of the highest paid director. Remuneration ranged from £15–£125,000 (2018: £15–£119,000).

Total remuneration includes salary, allowances, performance bonuses and benefits in kind. It does not include severance payments or employer pension contributions.

### Pensions

Our main pension scheme is a trust based defined contribution pension scheme, provided by The People's Pension, that meets and exceeds auto-enrolment requirements. Employees contribute three percent of salary and the GDC contributes

six percent (2018: six percent). The GDC matches additional employee contributions up to a maximum of 10 percent employer contributions. At 31 December 2019, 280 employees (81 percent) were members of the trust based defined contribution scheme (31 December 2018: 61, 16 percent). In June 2019, we closed our 2014 section defined contribution scheme and transferred all active members over to this trust based defined contribution pension scheme. At 31 December 2018, 202 employees (54 percent) had been members of this scheme.

Employees who joined the GDC before January 2015 were able to join a defined benefit pension scheme. The scheme was closed to employees joining after 1 January 2015. Members of the defined benefit scheme make a contribution of 8 percent of salary. The employer's contribution during 2019 was 18 percent until 31 March 2019, and 20.3 percent from 1 April 2019 (2018: 18 percent), as set by the scheme actuary. At 31 December 2019, 45 employees (13 percent) were members of the defined benefit scheme (31 December 2018: 71, 19 percent).

Further information about remuneration and pensions is contained in note 3 and note 16 to the accounts.

### Staff report

#### Staff numbers and emolument details

The average number of full-time equivalent employees, including the executive directors, during the year analysed by function was:

	Permanently-employed staff	Others	2019 Number total	2018 Number total
Fitness to practise and hearings	91.8	14.6	106.4	116.4
Registration	53.5	4.3	57.8	60.5
Organisational Development	18.7	3.8	22.5	18.3
Legal and Governance	60.0	13.5	73.5	67.2
Strategy	32.1	4.1	36.2	32.7
Corporate Resources	59.7	8.7	68.4	62.5
<b>Total</b>	<b>315.8</b>	<b>49.0</b>	<b>364.8</b>	<b>357.6</b>

The 2018 numbers have been restated due to an internal restructuring of our directorates. This realigned the Facilities Team from Organisational Development to Corporate Resources and created a new directorate for our Legal and Governance function. The total staff number in the prior year figures are unchanged.

### Staff composition

Women represent 58% of the workforce (2018: 60%). Those aged 50+ represent 18% of the workforce (2018: 18.5%).

Available data shows that 52% (2018: 47%) of our staff are from a white background and 30% (2018: 29%) from an ethnic minority background. We do not have data for the remaining 18% (2018: 24%) as staff are responsible for completing their own equality and diversity data via the online HR database and completion of equality and diversity data is not mandatory.

### Gender pay gap

The gender pay gap reported in April 2019 (snapshot date April 2018) was an average of 13.21% (median 18.4%) in favour of men. The GDC does not pay bonuses, however, payments such as our recognition payments are categorised as bonuses for the purposes of gender pay gap reporting. 7.73% of women and 8.4% of men receiving such payments between April 2017 to March 2018. On average, the bonus payments are 18.32% (17.9% median) higher for women than for men.

### Employee absence

We encourage a culture where good attendance is expected and valued. However, we recognise that, from time to time, absences for medical reasons may be unavoidable.

Our aim is to treat staff who are ill with sympathy and fairness and, where possible, to provide them with support which will enable them to recover their health and attend work regularly. We rely on early intervention by our line managers conducting a return to work interview after each period of absence to mitigate and manage this effectively. The systems that line managers use to help to identify when trigger points have been reached and allow them to consider whether further support or action is required are being reviewed as part of the HR system project.

A total of 2,702 days were lost to sickness in 2019 (2018: 3,230 days). This represents a reduction in sickness absence of 16.4%. An average of 7.4 days per employee were lost due to sickness in 2019. (2018: 8.6 day per employee). The CIPD Health and Well-being Survey Report 2019 reports that the average level of employee absence in the public

sector is 8.4 days per year per employee.

### Diversity and inclusion

We are committed to providing equal opportunities to all and to ensuring that our workforce is as diverse and inclusive as the communities we represent. Our decisions about recruitment, training, promotion, internal and external opportunities are based on ability, capability and potential.

In February 2019 the GDC signed the 'Time to Change' Mental Health pledge, alongside the enrolment and training of several mental health first aiders. We foster an environment that maintains and nurtures, and the launch of 'Project SELF' has delivered information and tools for the personal wellbeing of GDC colleagues through an array of communications.

Our ambition for 2020 will be to support leaders at all levels in the organisation to create an environment in the GDC for high performance, engagement and innovation by being inclusive and by empowering people with the freedom to work within clear frameworks so that they can be the best they can be at work. We will support senior leaders to develop an inclusive culture.

With a view to embedding Equality, Diversity and Inclusion (EDI) as business as usual, initial work has focused on the ongoing creation of a new EDI Strategy, in line with our Costed Corporate Plan 2020–22 and Right-Touch Regulation. The launch of ED&I champions will take place in early 2020. Throughout 2020, we will also be building on the foundations set as part of our commitment as being a Disability Confident employer.

### Employee engagement

We have a staff forum which met 6 times during 2019. It was chaired by the Chief Executive, Registrar and Accounting Officer and attended by the Executive Director of Organisational Development. The forum represents all teams in the GDC and discusses a range of staff matters, including the review of People Service policies and the introduction of any new policies.

In early 2019, the forum played a key role in the collective consultation process for redundancies arising from the Estates Strategy – the work the GDC has done to create our operational hub in Birmingham. At the conclusion of that work, steps began to build a forum that would account for the distribution of staff across London and Birmingham. Development of a staff forum that can effectively discuss local and collective matters will continue into 2020.

We delivered on the commitment made in 2018 to conduct a large-scale staff satisfaction survey. This achieved a response rate of 61%. Key themes were identified that were, in turn, examined further through a number of staff focus groups. The insight gathered through both the survey and focus groups has enabled the identification of key actions. Work on implementation will continue into 2020. Going forward, we are committed to surveying in a more flexible and targeted way, through frequent, small-scale surveys on dedicated topics. The aim will be to gather relevant and representative data so we can act directly – and swiftly – on what our staff tell us.

Staff briefing events have been used to share messages about important organisational work, such as the signing of the Time to Change pledge. In addition, staff events were held in Birmingham and London (to mark one year of being at Colmore Square, and the completion of the Wimpole Street redevelopment, respectively). The additional collaborative space in the Birmingham office has enabled staff to adopt a flexible approach to meeting and working together. Regular informal updates utilising this space have become an effective way of talking to large groups of staff in a relaxed setting.

A regular internal newsletter keeps staff up to date, and special communications – via email and intranet – are provided on specific topics when required. Email updates on the progress of the Estates Strategy were sent initially monthly and then weekly as work intensified.

## Health and Safety at work

We promote a healthy and harm free environment for all staff and visitors. Health and safety is regularly reviewed by the Executive Management Team and the Health and Safety Committee.

During the year there were no major (2018: nil) and 8 minor incidents recorded across both sites (2018: 6), 1 of these was an incident of ill health.

We have a commitment to employee well-being and encourage self-care. Mental health and wellbeing remain a key focus with 13 employees completing the relevant training and holding a position as a mental health first-aider. During the year we have entered into a new arrangement for an Employee Assistance Programme which has been communicated actively to staff.

## Consultancy expenditure

We do not use consultants to fill positions in the permanent employee complement. All employee posts are filled by either permanent, fixed-term, seconded employees, or (for short-term needs) by workers provided by employment agencies.

## Compensation for loss of office

83 employees left under compulsory redundancy terms during 2019. They received a compensation package of between £4,952 and £49,554.

Exit band cost	2019 Number of compulsory exits	2018 Number of compulsory exits
<£10,000	42	18
£10,000–£25,000	31	9
£25,000–£50,000	10	3
Total number of exit packages	83	30
<b>Total cost /£</b>	<b>1,145,404</b>	<b>358,362</b>

### Ian Brack

Chief Executive and Registrar,  
and Accounting Officer

3 June 2020

# 10

## 10 The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

### Opinion on financial statements

I certify that I have audited the financial statements of The General Dental Council for the year ended 31 December 2019 under the Dentists Act 1984. The financial statements comprise: the Income and Expenditure Account, the Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the General Dental Council's affairs as at 31 December 2019 and of the surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Dentists Act 1984 and the Privy Council determination issued thereunder.

### Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My

responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the General Dental Council in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the General Dental Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the General Dental Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the General Dental Council's ability to continue to adopt the going concern basis.

### Responsibilities of the Council and Chief Executive for the financial statements

As explained more fully in the Statement of General Dental Council and Chief Executive's Responsibilities, the Council and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Dentists Act 1984.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the General Dental Council's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the General Dental Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the General Dental Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the General Dental Council to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial

statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Other Information

The General Dental Council and Chief Executive are responsible for the other information. The other information comprises information included in the Annual Report, other than the parts of the Remuneration Report described in that report as having been audited, the financial statements and the auditor's reports thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Privy Council determinations made under the Dentists Act 1984;
- in the light of the knowledge and understanding of the General Dental Council and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### Report

I have no observations to make on these financial statements.

**Gareth Davies**

**Comptroller and Auditor General**

National Audit Office

157–197 Buckingham Palace Road

Victoria

London, SW1W 9SP

10 June 2020



# 11

## 11 Independent auditor's report

### Opinion

We have audited the financial statements of the General Dental Council ("the Council") for the year ended 31 December 2019 which comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Council's affairs as at 31 December 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Dentists Act 1984 and the directions issued thereunder by the Privy Council.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Members of Council are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Council and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters where we report to you if, in our opinion:

- adequate accounting records have not been kept by the Council, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of the Council and Chief Executive

As explained more fully in the Statement of the Council and Chief Executive's Responsibilities, the Council and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council Members are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Members of Council, as a body, in accordance with the Dentists Act 1984 and the directions issued thereunder by the Privy Council. Our audit work has been undertaken so that we might state to the Members of Council those matters we are required to state to them in an Auditor's 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 Council and the Members of Council as a body, for our audit work, for this report, or for the opinions we have formed.

### **Haysmacintyre LLP**

#### **Statutory Auditors**

10 Queen Street Place

London, EC4R 1AG

04 June 2020



# 12

## Accounts

### Income and Expenditure Account

For the year ended 31 December 2019

	Note	2019 £000	2018 £000
<b>Income</b>			
Fees	2	45,984	45,416
Overseas Registration Exam	2	1,592	1,588
Miscellaneous	2	19	14
<b>Total Operating Income</b>		<b>47,595</b>	<b>47,018</b>
<b>Expenditure</b>			
Staff costs	3	18,654	22,534
Legal and professional fees	4	6,762	6,798
Council and Committee meetings	5	5,669	5,673
Administration	6	3,900	3,727
Accommodation	6	1,176	906
Communications and Publications	6	474	345
<b>Total Operating Expenditure</b>		<b>36,635</b>	<b>39,983</b>
<b>Surplus after operational expenditure</b>		<b>10,960</b>	<b>7,035</b>
Adjustment to tax and social security costs		107	–
Investment income	2	516	311
Realised gains/(losses) on sale of investments	10	59	(17)
Unrealised gains/(losses) on investments	10	2,080	(1,056)
<b>Surplus for year after investment income and adjustment</b>		<b>13,722</b>	<b>6,273</b>
Taxation	7	(273)	(8)
<b>Retained Surplus after taxation</b>		<b>13,449</b>	<b>6,265</b>
<b>Other comprehensive Income</b>			
<b>Items not reclassified</b>			
Actuarial gains/(loss) on pension scheme assets	16	323	489
<b>Total other comprehensive income/(expenditure)</b>		<b>323</b>	<b>489</b>
<b>Total comprehensive income/(expenditure) for the year</b>		<b>13,772</b>	<b>6,754</b>

All income and expenditure relate to continuing activities.  
The notes on pages 55 to 75 form part of these financial statements.

# Statement of Financial Position

As at 31 December 2019

	Note	2019 £000	2018 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	17,984	11,699
Intangible assets	9	154	213
Financial assets at fair value through profit or loss	10	17,530	14,315
Trade and other receivables	11	–	–
Provision for pension asset	16	5,813	3,930
<b>Total non-current assets</b>		<b>41,481</b>	<b>30,157</b>
<b>Current assets</b>			
Trade and other receivables	11	1,142	1,795
Cash and cash equivalents	12	40,255	42,344
<b>Total current assets</b>		<b>41,397</b>	<b>44,139</b>
<b>Total Assets</b>		<b>82,878</b>	<b>74,296</b>
<b>Current liabilities</b>			
Trade and other payables	13	3,779	6,679
Other liabilities	13	–	77
Deferred income	13	33,605	41,714
Provisions	15	212	1,011
Corporation tax		–	4
<b>Total current liabilities</b>		<b>37,596</b>	<b>49,485</b>
<b>Non-current assets plus/less assets/liabilities</b>		<b>45,282</b>	<b>24,811</b>
<b>Non-current liabilities</b>			
Other Payables	13	6,425	–
Deferred tax	13	420	146
<b>Total non-current liabilities</b>		<b>6,845</b>	<b>146</b>
<b>Assets less liabilities</b>		<b>38,437</b>	<b>24,665</b>
<b>Reserves</b>			
General reserve		30,716	20,907
Pension reserve		5,813	3,930
Unrealised gains on investment reserve		1,908	(172)
<b>Total reserves</b>		<b>38,437</b>	<b>24,665</b>

The financial statements were approved by the Council members and were signed on their behalf on 3 June 2020.

**Ian Brack**  
Chief Executive and Accounting Officer

**William Moyes**  
Chair

The notes on pages 55 to 75 form part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2019

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Surplus/(deficit) from operating activities	I&E	10,960	7,035
Adjustment to tax and social security costs	I&E	107	–
Depreciation and amortisation		1,593	1,061
Loss on disposal of property, plant and equipment		(3)	(4)
Decrease in trade and other receivables	11	652	547
Increase/(Decrease) in trade payables and other liabilities	13	(4,391)	3,699
Pension reserve funding movements	16	(1,560)	(1,941)
Use of Provisions	15	(798)	1,011
<b>Net cash (outflow) / inflow from operating activities</b>		<b>6,560</b>	<b>11,408</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(1,014)	(2,626)
Purchase of intangible assets	9	(77)	–
Proceeds from sale of assets		3	5
Proceeds from sale of financial assets	10	1,177	490
Purchase of financial assets	10	(2,253)	(14,930)
Investment income	2	516	311
Tax	7	(273)	(20)
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(1,921)</b>	<b>(16,770)</b>
<b>Cash flows from financing activities</b>			
Capital element of lease liabilities	17	(6,727)	–
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(6,727)</b>	<b>–</b>
<b>Net increase in cash and cash equivalents in the period</b>		<b>(2,088)</b>	<b>(5,362)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	12	<b>42,343</b>	<b>47,705</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>40,255</b>	<b>42,343</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,088)</b>	<b>(5,362)</b>

The notes on pages 55 to 75 form part of these financial statements.

## Statement of changes in reserves

For the year ended 31 December 2019

	Note	General Reserve	Pension Reserve	2019 Unrealised Gains on Investment	Total Reserves
<b>Balance at 31 December 2017</b>		<b>15,527</b>	<b>1,500</b>	<b>884</b>	<b>17,911</b>
<b>Changes in reserves for 2018</b>					
Total comprehensive income for the year	I&E	6,754	–	–	6,754
Actuarial loss on pension scheme	16	(489)	489	–	–
Reserves transfer		(1,941)	1,941	–	–
Unrealised loss on investments	10	1,056	–	(1,056)	–
		<b>5,380</b>	<b>2,430</b>	<b>(1,056)</b>	<b>6,754</b>
<b>Balance at 31 December 2018</b>		<b>20,907</b>	<b>3,930</b>	<b>(172)</b>	<b>24,665</b>
<b>Changes in reserves for 2019</b>					
Total comprehensive income for the year	I&E	13,772	–	–	13,772
Actuarial gains on pension scheme	16	(323)	323	–	–
Reserves transfer		(1,560)	1,560	–	–
Unrealised gains on investments	10	(2,080)	–	2,080	–
		<b>9,809</b>	<b>1,883</b>	<b>2,080</b>	<b>13,772</b>
<b>Balance at 31 December 2019</b>		<b>30,716</b>	<b>5,813</b>	<b>1,908</b>	<b>38,437</b>

Of the £30.7m of general reserves held:

- £18.1m (2018: £11.9m) is already committed spend; this covers the cost of depreciating non-current assets from prior year capital investments and the cost of unwinding accommodation leases
- £12.6m (2018: £9.0m) are our free reserves.

Free reserves held at the end of 2019 equals 3.7 months of annual operating expenditure, which is consistent with our Reserves Policy. Page 26 of this report sets out our Reserves Policy, and how the Council manages the level of our free reserves in order to not put our solvency at risk.

The notes on pages 55 to 75 form part of these financial statements.

# 13

## Notes to accounts

### 1 ACCOUNTING POLICIES

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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and taking into consideration the accounting principles and disclosures of the Government Financial Reporting Manual (FRM). The principal accounting policies adopted in the preparation of the financial statements, which have been applied consistently, are detailed below.

The GDC was established by an Act of Parliament in 1956 and is domiciled in the United Kingdom. The principal place of business is 37 Wimpole St, London W1G 8DQ.

The financial statements are presented in our functional currency of pounds sterling.

#### 1.1 FORMAT OF THE ACCOUNTS

We are required to prepare our annual accounts in a form as determined by the Privy Council. The Privy Council is required to lay the certified accounts before each House of Parliament and the Scottish Parliament. The statutory purpose of the GDC is given in the introduction of the account report.

#### 1.2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The following standards and interpretations were adopted in the current period: IFRS 16 'Leases' replaces

Standard	Date of adoption
IFRS 16 Leases	1 January 2019

IAS17 'Leases' and related interpretations, along with three interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). IFRS 16 requires a lessee to recognise a lease liability reflecting future lease payment and a 'right of use asset' for most lease contracts, with exceptions applicable for short-term leases and low value assets.

The adoption of this new Standard from 1 January 2019 has resulted in us recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value (less than £3,000) or having a remaining lease term of less than 12 months from the date of initial application.

For contracts in place at the date of initial application, we have elected to apply the definition of a lease from IAS 17 and IFRIC 4 and have not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.



In line with paragraph c8 of IFRS16, we have elected to adopt the initial application of IFRS16 from 1 January 2019. We have elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application. At this date, we have also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, we have relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets we have applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was either discounted using the interest rate implicit in the lease if that rate was readily available or our incremental borrowing rate (2019: 0.75%); which is set in line with the Bank of England Base Rate.

As a result of the first-time adoption of IFRS 16, the impact on the statement of financial position is the inclusion of a right of use asset value of £6.73m.

### 1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

To be able to prepare financial statements in accordance with IFRS, we must make certain estimates and judgments that have an impact on the policies and the amounts reported in the annual accounts. The estimates and judgments are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgments are made. Actual experience may vary from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

#### Pension benefits

We account for pensions in accordance with 'IAS 19 Employee Benefits'. In determining the pension cost and the defined benefit obligation of the GDC's defined benefit pension scheme, a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. The Council has adopted IAS19 (2011) which is effective for periods beginning 1 January 2013. The assumptions are agreed with the qualified actuary and used to calculate the pension provision. Further details are contained in note 16 to the accounts.

As at 31 December 2019 the plan has a surplus of £5.8m based on the IAS 19 assumptions adopted.

Under the requirements of 'IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', we could be restricted to limit the surplus in the financial statements if we would not be able to obtain the full economic benefit from that surplus. Under the terms and conditions of the Plan we would be able to obtain full economic benefit from the surplus either through a full contributions holiday or a reduction in its future contributions. Therefore, the reported surplus is not restricted.

#### Provisions

We provide for legal or constructive obligations which are of uncertain timing or amount at the date of the Statement of Financial Position based on the best estimate of the expenditure required to settle the obligation.

#### Depreciation and amortisation

We account for depreciation and amortisation in accordance with 'IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets'. The depreciation and amortisation expense is the recognition of the decline in the value of the asset and the allocation of the cost of the asset over the periods in which the asset will be used.

Judgments are made on the estimated useful life of the assets, which are regularly reviewed to reflect the changing environment.

Further details are contained in the accounting policy on depreciation and amortisation below (note 1.6).

## 1.4 GOING CONCERN

We are a statutory body, and fee income is generated through mandatory registration fees for dentists and DCPs practicing in the UK. The registration fee for Dentists in relation to 2020, was received in full in December 2019. The registration fee for DCPs covering the period to 31 July 2020, was received in July 2019. Therefore, 85% of our total income for 2020 had been received at the reporting date.

In light of the development of COVID-19, we completed detailed scenario analysis to stress test the impact of a potential reduction in registrant number on our income over the next 12-month period and beyond. The scenarios used reflected on available statistical information and modelled the impact of different levels of income risk on our liquidity and forecast level of free reserves. As part of this modelling we also completed key sensitivity analysis to understand to what extent registrant numbers would have to fall to place us in a critical cash position.

Our ability to mitigate future income risk is also supported by the relatively long lead times in which we complete our operational planning, providing us a further opportunity to reduce our cost base to ensure financial viability can be maintained.

Having reviewed these scenarios and updated our operational expenditure forecast for 2020, we consider that it is appropriate to prepare the financial statements on a going concern basis.

## 1.5 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Tangible Non-Current Fixed Assets are reported as Property, Plant and Equipment under IAS 16. Where appropriate, software and development assets have been classified as Intangible Assets under IAS 38.

Assets under construction are held at the accounting date at cost until they become capable of being operational, when they are transferred to the non-current asset class to which they relate.

Property, plant, equipment, and intangible 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 exceeds £1,000.

## 1.6 DEPRECIATION AND AMORTISATION

Depreciation and amortisation are provided to write off the cost of the non-current assets evenly over their estimated useful lives. The depreciation and amortisation expense is included within the administration expense line in the income and expenditure account under comprehensive income and expenditure. The useful lives are as follows:

Asset classification	Asset life
Furniture and fittings	Up to 10 years
Plant and equipment	Up to 25 years
IT equipment	Up to 5 years
IT software, licences and software assurance	Up to 5 years
Leasehold improvement	Over the remainder of the lease – 20 years or 10 years or, if shorter, over their estimated useful lives
Right of use assets	Over the remainder of the lease

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

## 1.7 IMPAIRMENT

At each Statement of Financial Position date, we review the carrying amounts of our assets to determine whether there is any indication the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is charged to the income statement immediately.

When there is a subsequent increase in the recoverable amount of an asset due to a change in the estimates used to determine the recoverable amount, it is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income and expenditure statement immediately.

## 1.8 EXPENDITURE

Expenditure is accounted for on an accruals basis when either the goods have been received or the service performed. Irrecoverable VAT is included with the item of expense to which it relates.

## 1.9 INCOME

Revenue is accounted for over the period in which we are obliged to maintain an individual's registration. The registration period for dentists is 1 January to 31 December. The registration period for DCPs is 1 August to 31 July. There are no significant judgements or estimates required in assessing GDC's obligations, which are evenly spread throughout the period of registration. Accordingly, all fees are initially deferred and released on a straight-line basis throughout the respective registration periods.

Fees receivable in respect of Overseas Registration Exams 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 falls due and is stated gross of recoverable tax.

## 1.10 LEASES

For any new contracts entered into during the accounting period, we consider whether a contract is or contains a lease. The lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or our incremental borrowing rate (2019: 0.75%); which is set in line with the Bank of England Base Rate.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the us, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Leases are assessed for impairment when such indicators exist.

We have elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Council has:

- treated any leases of underlying asset less than £3,000 as a low value asset
- treated any leases with a duration of less than 12 months as a short-term lease
- recognised short-term and low value leases on a straight-line basis as an expense to the income and expenditure account.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

We do not have any sub-lease, sale and leaseback arrangements or arrangements in which we act as a lessor.

## Office premise leases

The leased assets held at 31 December 2019, consist of rental agreements in respect of our office premises in London and Birmingham.

The leases held do not include any options to renew for any additional period. Any modifications made to either property is subject to prior agreement with the lessor and with relevant contractual notice.

### London office

The lease for the London Office stipulates that the premises are to be occupied as the headquarters of the GDC. The lease contains a part variable lease payment based on the retail price index, which is revalued at five yearly intervals.

The lease obliges us to hold insurance, to a sufficient sum and with a lessor appointed insurer, against fire and damage to the property. We are also responsible for the upkeep and presentation of the outside of the property at contractually defined intervals.

### Birmingham office

The lease for the Birmingham Office requires us to make payments to the lessor in respect of service charges and insurance, these amounts are generally determined annually. Rent charges are subject to a rent review at five yearly intervals.

We have an obligation to keep insured, to a sufficient sum and with a reputable insurer, public liability risks relating to the premises.

### Under IAS17

In the comparative period, we recognised leases in respect of our office premises in London and Birmingham as operating leases due to our assessment that they did not substantially transfer all the risks and rewards of ownership to us. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

## 1.11 TAXATION

The Council is taxed as a mutual organisation and is therefore only taxed on outside sources of income. Historically this has been investment income.

Deferred tax is recognised on all taxable temporary differences. However, deferred tax is not provided on initial recognition of an asset or liability unless the related transaction affects tax or accounting profit. In addition, a deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference can be used. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Measurement is also based on the tax consequences of recovering or settling the carrying amount of assets and liabilities. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income and expenditure account.

## 1.12 PENSION SCHEMES

The Council operated four pension schemes during 2019.

Pensions Scheme	Trust
Master trust	People's Pension
Defined Contribution 2014 Section (closed June 2019)	General Dental Council 1970 Pension and Life Assurance Plan
Defined Benefit Section	General Dental Council 1970 Pension and Life Assurance Plan
Defined Contribution 'top up' section	General Dental Council 1970 Pension and Life Assurance Plan

Employees joining the GDC from September 2018 are covered by the provisions of the People's Pension Master Trust scheme. We recognise the expected cost of this scheme on a systematic and rational basis, over the period during which it benefits from the employee's service, by payment to the People's Pension of amounts calculated on an accruing basis. Contributions are set as a percentage of pensionable salary, with the employer contribution set at a minimum of 6% and a maximum 10% of pensionable salary. Liability for payment of future benefits is a charge to the People's Pension.

The three other pension schemes are within the same trust – the General Dental Council 1970 Pension and Life Assurance Plan. The assets of the schemes are held separately from those of the Council and are invested as described in note 16.

### Defined contribution 2014 section

This section was established with effect from 1 February 2014, taking into account pension reforms regarding autoenrollment and is now the main pension scheme for employees. Contributions are set as a percentage of pensionable salary, with the employer contribution set at a minimum of 6% and a maximum 10% of pensionable salary. Contributions are charged to the income and expenditure account as they fall due. In June 2019, we closed our 2014 section defined contribution scheme and transferred all active members over to this trust based defined contribution pension scheme.

### Defined benefit section

This section was closed to new employees who received offers of employment dated after 31 December 2014 and was closed to new joiners from 1 July 2016. The defined benefit pension section's current service costs, the net of the scheme interest cost, and the expected return on the scheme assets for the year are charged to the income and expenditure account within 'pension costs'. Actuarial gains and losses are recognised immediately within 'other comprehensive income'.

The defined benefit section's assets are measured at fair value at the statement of financial position date. Scheme liabilities are measured on an actuarial basis at the statement of financial position date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is disclosed separately in the statement of financial position.

### Defined contribution 'top up' section

This section was closed to new joiners with effect from 1 April 2014. Contribution is voluntary and the Council will make matching contributions of up to 5% of the pensionable salary. Contributions are charged to the income and expenditure account as they fall due.

## 1.13 FINANCIAL INSTRUMENTS

The Council classifies all its financial assets as 'fair value through profit and loss', with movements recognised in net expenditure.

### Financial assets

These comprise investments of listed securities, fixed interest securities, equities, and a unit trust which is a managed fund comprising of a mixed portfolio of listed securities and cash deposits. The fair value of the investments is based on the closing quoted bid price at the accounting dates. Unrealised gains and losses arising from changes in market value are recognised in the income and expenditure account.

### Cash and cash equivalents

These include cash in hand and deposits held at call with banks.

### Financial liabilities

The Council classifies all its financial liabilities into financial liabilities at fair value through profit or loss. Below are the types of liabilities within the category, depending on the purpose for which the liability was incurred.

### Trade and other payables

These are initially recognised at fair value and then carried at invoiced value or amortised cost. These arise principally from the receipt of goods and services. The value of these liabilities is disclosed within note 13.

## 1.14 RESERVES

Reserves comprise the information below.

### General reserves

Represents the retained results after the transfer of actuarial gains and losses on pension scheme assets.

### Pension reserve

Represents the actuarial gains and losses on pension scheme assets arising from the revaluation of the GDC provision for defined benefit pension scheme asset/liability.

## 2 INCOME

### 2.1 REGISTRATION INCOME

		2019	2018
	No.	£'000	£'000
<b>Dentists</b>			
Total new registration	1,782	752	822
Temporary registration	32	19	28
Retention	40,928	36,366	35,747
Restoration after erasure	120	107	243
<b>Total</b>	<b>42,808</b>	<b>37,244</b>	<b>36,840</b>
<b>Dental Care Professionals</b>			
Total new registration	4,468	116	330
Retention (August to December)*	68,538	3,361	3,271
Retention (January to July)**	–	4,783	4,490
Restoration after removal	955	111	133
<b>Total</b>	<b>73,961</b>	<b>8,371</b>	<b>8,224</b>
<b>Specialist</b>			
Additions to specialist list	179	62	47
Specialist annual retention	4,186	307	304
Specialist restoration fee	8	–	1
<b>Total</b>	<b>4,373</b>	<b>369</b>	<b>352</b>
<b>Total Registration Income</b>		<b>45,984</b>	<b>45,416</b>

The above numbers reflect registrants paying fees during the year as opposed to the number of registrants on the register at 31 December 2019.

### 2.2 OTHER INCOME

	2019	2018
	£'000	£'000
Exam fees	1,592	1,588
Miscellaneous Income	19	14
Investment Income	516	311
<b>Total Other Income</b>	<b>2,127</b>	<b>1,913</b>

We incurred £51k on realised losses relating to the disposal of investments, net investment income for 2019 is £465k, (2018: £294k).

### 3 STAFF COSTS

	2019			2018
	Permanently employed staff £'000	Others £'000	Total £'000	Total £'000
<b>Staff Costs</b>				
Wages and salaries	15,497	–	15,497	15,460
Social security costs	1,721	–	1,721	1,718
Pension costs	1,473	–	1,473	1,744
Pension scheme curtailment	(1,670)	–	(1,670)	–
Redundancy and termination payments	–	–	–	1,851
Other staff costs	1,206	–	1,206	1,326
<b>Sub total</b>	<b>18,227</b>	<b>–</b>	<b>18,227</b>	<b>22,099</b>
Temporary staff	–	427	427	435
<b>Total</b>	<b>18,227</b>	<b>427</b>	<b>18,654</b>	<b>22,534</b>

Staff costs in 2018 include the cost of redundancies and dual running in respect of us progressing the creation of our Operational Hub in Birmingham. Redundancy costs paid in 2019, were all met by our 2018 provision.

### 4 LEGAL AND PROFESSIONAL SERVICES EXPENDITURE

	2019	2018
	£'000	£'000
<b>Legal and professional services</b>		
<b>Auditor's remuneration and expenses:</b>		
External audit	25	24
External audit – National Audit Office	5	4
Internal audit	61	79
Professional Standards Authority Fees	296	283
Conduct hearings	1,673	1,406
Counsel Fees	888	864
Expert fees	697	1,068
Examinations costs	1,417	1,413
Other fees and charges	1,562	1,558
Other disbursements	138	99
<b>Total</b>	<b>6,762</b>	<b>6,798</b>
<b>During the year, the General Dental Council received the following non-audit services from its external auditors haysmacintyre:</b>		
For corporation taxation advice	4	2
Employment and other advice	–	–
<b>Total</b>	<b>4</b>	<b>2</b>

## 5 COUNCIL AND COMMITTEE MEETING EXPENDITURE

	2019	2018
	£'000	£'000
<b>Total Council fees and expenses</b>	<b>367</b>	<b>408</b>
Fees paid to committee and panel members	1,916	1,744
Expenses paid to committee and panel members	608	637
Professional fees and expenses for committees and panels	1,058	1,149
Committee and panel meeting expenses	1,720	1,735
<b>Committee Meeting Expenses</b>	<b>5,302</b>	<b>5,265</b>
<b>Total Council and Committee Meetings</b>	<b>5,669</b>	<b>5,673</b>

## 6 OTHER ADMINISTRATION EXPENDITURE

	2019	2018
	£'000	£'000
Depreciation	1,457	893
Amortisation	136	168
Loss on disposal of property, plant and equipment	(3)	(4)
Hire of office machinery	17	12
Building leases	207	862
Interest charges	244	–
Information technology support and maintenance	1,213	1,185
Personnel costs	33	30
Other operating costs	596	581
<b>Total Administrative Expenses</b>	<b>3,900</b>	<b>3,727</b>
Business rates	599	427
Cleaning	153	129
Maintenance and repair	175	158
Other accommodation costs	249	192
<b>Total Accommodation Costs</b>	<b>1,176</b>	<b>906</b>
Communications & Publications	474	345
<b>Total Other Expenses</b>	<b>5,550</b>	<b>4,978</b>



## 7 TAXATION

### 7.1 ANALYSIS OF TAX CHARGE

	2019	2018
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits of the year	107	3
Prior year tax adjustment	–	1
Foreign taxation	1	–
<b>Total current tax charge</b>	<b>108</b>	<b>4</b>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	165	4
Effect of tax rate change on opening balance	–	–
<b>Total deferred tax</b>	<b>165</b>	<b>4</b>
<b>Tax on profit on ordinary activities</b>	<b>273</b>	<b>8</b>

### 7.2 FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD

The Council is taxed as a mutual organisation and is therefore only taxed on outside sources of income. Historically, this has been investment income.

	2019	2018
	£'000	£'000
Profit for year	10,012	5,028
Expected charge at 19.0% (2018: 19.0%)	1,902	955
<b>Effects of:</b>		
Non-taxable income	(1,849)	(916)
Adjustment to brought forward values	47	(36)
Movement in the deferred tax balance due to a change in tax rates	(19)	(1)
Tax on equalisation and value increasing fixed interest investments	191	5
Prior year tax adjustment	1	1
<b>Current year tax charge</b>	<b>273</b>	<b>8</b>

## 8 PROPERTY, PLANT AND EQUIPMENT

2019						
	Leasehold Property £'000	Right of Use Assets £'000	Plant & Equipment £'000	Furniture & Fittings £'000	Information Technology £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2019	14,154	–	1,132	1,110	1,753	18,149
Additions	545	6,727	49	17	404	7,742
Disposals	–	–	–	–	–	–
<b>At 31 December 2019</b>	<b>14,699</b>	<b>6,727</b>	<b>1,181</b>	<b>1,127</b>	<b>2,157</b>	<b>25,891</b>
<b>Depreciation</b>						
At 1 January 2019	4,604	–	507	445	894	6,450
Charged in year	397	438	125	216	281	1,457
Disposals	–	–	–	–	–	–
<b>At 31 December 2019</b>	<b>5,001</b>	<b>438</b>	<b>632</b>	<b>661</b>	<b>1,175</b>	<b>7,907</b>
<b>Net book value:</b>						
<b>At 31 December 2019</b>	<b>9,698</b>	<b>6,289</b>	<b>549</b>	<b>466</b>	<b>982</b>	<b>17,984</b>
<b>At 31 December 2018</b>	<b>9,550</b>	<b>–</b>	<b>625</b>	<b>664</b>	<b>860</b>	<b>11,699</b>
2018						
	Leasehold Property £'000	Right of Use Assets £'000	Plant & Equipment £'000	Furniture & Fittings £'000	Information Technology £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2018	12,922	–	1,071	594	942	15,529
Additions	1,232	–	61	516	817	2,626
Disposals	–	–	–	–	(6)	(6)
<b>At 31 December 2018</b>	<b>14,154</b>	<b>–</b>	<b>1,132</b>	<b>1,110</b>	<b>1,753</b>	<b>18,149</b>
<b>Depreciation</b>						
At 1 January 2018	4,203	–	388	306	664	5,561
Charged in year	401	–	19	139	234	893
Disposals	–	–	–	–	(4)	(4)
<b>At 31 December 2018</b>	<b>4,604</b>	<b>–</b>	<b>507</b>	<b>445</b>	<b>894</b>	<b>6,450</b>
<b>Net book value:</b>						
<b>At 31 December 2018</b>	<b>9,550</b>	<b>–</b>	<b>625</b>	<b>665</b>	<b>859</b>	<b>11,699</b>
<b>At 31 December 2017</b>	<b>8,719</b>	<b>–</b>	<b>683</b>	<b>288</b>	<b>278</b>	<b>9,968</b>

All assets are owned by the GDC, except for right of use assets.

## 9 INTANGIBLE ASSETS

	2019		
	Software £'000	Licenses £'000	Totals £'000
<b>Cost</b>			
At 1 January 2019	2,065	367	2,432
Additions	–	77	77
Transfers	–	–	–
<b>At 31 December 2019</b>	<b>2,065</b>	<b>444</b>	<b>2,509</b>
<b>Amortisation</b>			
At 1 January 2019	1,867	352	2,219
Charged in year	110	26	136
<b>At 31 December 2019</b>	<b>1,977</b>	<b>378</b>	<b>2,355</b>
<b>Net book value:</b>			
<b>At 31 December 2019</b>	<b>88</b>	<b>66</b>	<b>154</b>
<b>At 31 December 2018</b>	<b>198</b>	<b>15</b>	<b>213</b>
	2018		
	Software £'000	Licenses £'000	Totals £'000
<b>Cost</b>			
At 1 January 2018	2,065	367	2,432
<b>At 31 December 2018</b>	<b>2,065</b>	<b>367</b>	<b>2,432</b>
<b>Amortisation</b>			
At 1 January 2018	1,726	325	2,051
Charged in year	141	27	168
<b>At 31 December 2018</b>	<b>1,867</b>	<b>352</b>	<b>2,219</b>
<b>Net book value:</b>			
<b>At 31 December 2018</b>	<b>198</b>	<b>15</b>	<b>213</b>
<b>At 31 December 2017</b>	<b>339</b>	<b>42</b>	<b>381</b>

All assets are owned by the GDC.

## 10 FINANCIAL ASSETS

	2019			2018		
	Equities	Fixed Interest Securities	Total	Equities	Fixed Interest Securities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 January</b>	<b>10,152</b>	<b>4,163</b>	<b>14,315</b>	<b>948</b>	<b>–</b>	<b>948</b>
Additions	1,251	1,002	2,253	10,578	4,352	14,930
Disposals	(927)	(250)	(1,177)	(490)	–	(490)
Realised Losses on investments	58	1	59	(17)	–	(17)
Unrealised Losses on investments	1,835	245	2,080	(867)	(189)	(1,056)
<b>Balance as at 31 December</b>	<b>12,369</b>	<b>5,161</b>	<b>17,530</b>	<b>10,152</b>	<b>4,163</b>	<b>14,315</b>

Income generated from the financial assets for the year ended 31 December 2019 Equities £394,491 (2018: £160,335).

The above financial assets are quoted in an active market and are included at market value. All above financial assets are classified as level 1 for the purposes of the disclosure under IFRS 7, because all amounts have been determined by reference to quoted prices in an active market.

## 11 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2019	2018
	£'000	£'000
<b>Amounts falling due within one year</b>		
Other receivables	121	138
Prepayments and accrued income	1,021	1,657
<b>Total</b>	<b>1,142</b>	<b>1,795</b>

The ages of all receivables are current and there are no amounts past due, but not impaired. There is no bad debt provision. There are no impaired financial assets.

## 12 CASH AND CASH EQUIVALENTS

	2019	2018
	£'000	£'000
Balance at 1 January	42,344	47,705
Net change in cash and cash equivalent balances	(2,089)	(5,361)
<b>Balance at 31 December</b>	<b>40,255</b>	<b>42,344</b>
<b>The following balances were held at:</b>		
Commercial banks and cash in hand	30,099	21,414
Short term bank deposits	10,156	20,930
<b>Balance at 31 December</b>	<b>40,255</b>	<b>42,344</b>

### 13 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2019	2018
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Corporation tax	–	4
Other taxation and social security	32	516
Trade payables	1,237	1,142
Other payables	86	87
Accruals	2,151	4,934
Deferred income	33,605	41,714
Deferred operating incentive	–	77
Current part of lease liabilities	273	–
<b>Total</b>	<b>37,384</b>	<b>48,474</b>
<b>Amounts falling due after more than one year:</b>		
Lease Liabilities	6,425	–
Deferred tax	420	146
<b>Total</b>	<b>6,845</b>	<b>146</b>
<b>Total Payables and Other Current Liabilities</b>	<b>43,920</b>	<b>48,620</b>

### 14 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

	2019	2018
	£'000	£'000
<b>Amortised Costs</b>		
Cash and bank balances	40,255	42,344
Trade other receivables	121	138
<b>Total</b>	<b>40,376</b>	<b>42,482</b>
<b>Fair Value through Profit and Loss</b>		
Equities	17,530	14,315
<b>Total</b>	<b>17,530</b>	<b>14,315</b>

These comprise of investments of listed securities, equities and a unit trust which is a managed fund comprising a mixed portfolio of listed securities and cash deposits. These are classified as 'fair value through profit and loss' for IFRS 9 purposes. Investments available for sale are included at market value at year end date. The fair value of the investments is based on the closing quoted bid price at the accounting dates.

The investments are categorised as level one for the purpose of disclosure under IFRS 7.

	2019	2018
	£'000	£'000
<b>Financial Liabilities</b>		
Trade and other payable	3,197	6,760
<b>Total</b>	<b>3,197</b>	<b>6,760</b>

These are initially recognised at fair value and then carried at invoiced value or amortised cost. These arise principally from the receipt of goods and services. There are no other liabilities held at fair value. It is the GDC's opinion that the carrying value of trade receivables and trade payables approximates their fair value due to the short-term maturities of these instruments.

### Credit risk

Exposure to credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This is not considered to be significant. The GDC does not use financial instruments that increase its own credit risk profile and has no external debt exposure. It uses a variety of risk mitigations including credit rating assessments to assess credit risk of counter parties including suppliers and financial institutions.

### Liquidity risk

The Council currently has no borrowings and relies primarily on fees for its cash requirements. The cash balances are cyclical and peak in December/January and July/August. Cash funding levels are depleted between these periods because Council receipts are at their highest in December, when dentists pay their annual retention fee, and in July, when dental care professionals pay their annual retention fee. Council expenditure is evenly spread throughout the year.

We are committed to future expenditure, primarily in relation to leases. As we are a statutory organisation which is funded by mandatory registration fees paid by dentists and DCPs, we consider that there is a low risk of these future liabilities not being met.

Therefore, the Council considers there is no significant exposure to liquidity risk.

### Currency risk

All material assets and liabilities are denominated in sterling, so it is not exposed to any currency risk from direct holdings in overseas equities. However, some of the collective funds held are invested overseas, and some companies may declare dividends in currency other than sterling but pay in sterling, and so may be subject to currency fluctuations.

The GDC has a reserves policy. Due to registration renewal cycles and the payment methods of registrant fees, the GDC holds an appropriate amount of cash in short-term deposit accounts to cover the expenditure expected to be incurred over the payment period.

### Interest rate and market risk

Dental professionals pay fees in advance. Surplus funds are held as follows:

- Fixed term deposit – the majority of the surplus funds are held in the short-term money market. Competitive rates are sought on money-market investments.
- Investments – the remainder of the funds are invested in a portfolio of equities and unit trusts where there is always a risk of diminution in value.

The Council continues to monitor the financial markets using an investment strategy that avoids undue risk and detriment to the GDC's regulatory responsibilities.

The Council approved a revised statement of investment principles in December 2011 and this was reconfirmed in December 2018, whereby the GDC will aim to achieve an investment risk portfolio that seeks to achieve investment returns broadly in line with inflation.

The interest rate risk is not considered to be significant in terms of the GDC relying on interest income to a sizeable extent to fund its operations.

## 15 PROVISIONS FOR LIABILITIES AND CHARGES

	2019	2018
	£'000	£'000
<b>Balance at 1 January</b>	<b>1,011</b>	<b>–</b>
Provided in year	–	1,011
Written back	(97)	–
Utilised in Year	(702)	–
<b>Balance at 31 December</b>	<b>212</b>	<b>1,011</b>

## 16 PENSION FUND

The GDC operates a defined benefit plan which is wholly funded by contributions from the GDC and pension scheme members. A full actuarial valuation was carried out as at 1 April 2018 and updated to 31 December 2019 by a qualified independent actuary.

As at 31 December 2019 the plan has a surplus of £5.6m based on the IAS 19 assumptions adopted. The defined benefit section of the scheme experienced a net actuarial increase in fund value for 2019 of £1.9m, against that reported in last year's accounts.

The duration of the plan is approximately 30 years and therefore future cash flows are expected to be paid for more than 30 years. The principal assumptions used by the actuary for the update at 31 December 2019 were as follows:

	2019	2018
Rate of inflation	3%	3%
Rate of salary increase	4%	4%
Rate of increase in pensions in payment where RPI max 5.0%	3%	3%
Rate of increase in pensions in payment where RPI min 3%, max 5%	4%	4%
Rate of increase in pensions in payment where RPI max 2.5%	2%	2%
Discount rate	2%	3%
Proportion of employees opting for early retirement at age of 60	50%	50%

Assume life expectations on retirement age 65:

	2019	2018
Retiring today – males	23	23
Retiring today – females	24	24
Retiring in 20 years – males	24	24
Retiring in 20 years – females	26	25

The mortality assumption for the current period-end follows the SINA Light with rates of improvement in line with CMI 2016 model (long-term 1% p.a.)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Allocation (£) 2019	Allocation (%) 2019	Allocation (£) 2018	Allocation (%) 2018
Equities	27,242	73%	21,095	67%
With Profits Fund	3,419	9%	3,271	10%
Bonds	3,919	10%	4,914	16%
Cash	2,965	8%	2,405	8%
<b>Total</b>	<b>37,545</b>	<b>100%</b>	<b>31,685</b>	<b>100%</b>

None of the pension scheme assets are invested in the GDC.

	2019	2018
	£'000	£'000
The actual return on the scheme assets in the year	5,561	(1,769)

Analysis of the amounts debited/credited to the income and expenditure accounts:

	2019	2018
	£'000	£'000
<b>Income and Expenditure:</b>		
Current service cost	(762)	(1,021)
Net interest expense on net pension obligation	107	33
Pension scheme curtailment	1,671	–
Remeasurement of net pension obligation	323	489
<b>Total income/(expense)</b>	<b>1,339</b>	<b>(499)</b>

The amounts recognised in the statement of financial position:

	2019	2018
	£'000	£'000
<b>Statement of Financial Position:</b>		
Present value of funded obligations	(31,732)	(27,755)
Fair value of assets	37,545	31,685
<b>Surplus</b>	<b>5,813</b>	<b>3,930</b>

The amounts in the statement of other comprehensive income:

	2019	2018
	£'000	£'000
<b>Other Comprehensive income:</b>		
Actuarial (loss)/gain on plan assets	4,670	(2,570)
Actuarial (loss)/gain on defined benefit obligation	(4,347)	3,059
<i>of which due to experience</i>	32	2,638
<i>of which due to demographic assumptions</i>	165	(356)
<i>of which due to financial assumptions</i>	(4,544)	777
<b>Total (loss)/gain in statement of other comprehensive income</b>	<b>323</b>	<b>489</b>

The Council expects to contribute £938k to its defined benefit pension scheme in 2020.

Sensitivity analysis of the defined benefit obligation is as follows:

	2019	2018
	£'000	£'000
Discount rate reduced by 0.1% pa (2018: 0.1% pa)	31,032	27,055
RPI inflation increased by 0.1% pa (2018: 0.1% pa)	31,232	27,255
Salary growth increased by 0.1% pa (2018: 0.1% pa)	31,532	27,555
Mortality – life expectancy of each member increases to that of someone one year younger	31,032	27,055



Changes in the present value of the defined benefit obligation are as follows:

	2019	2018
	£'000	£'000
<b>Defined benefit obligation at 1 January</b>	<b>27,755</b>	<b>28,993</b>
Interest expense	784	768
Service cost	762	1,021
Contributions by members	216	273
Actuarial loss/(gain)	4,347	(3,059)
Pension scheme curtailment	(1,671)	–
Benefits paid from plan assets /administrative expenses paid	(461)	(241)
<b>Defined benefit obligation at 31 December</b>	<b>31,732</b>	<b>27,755</b>

Changes in the fair value of the scheme assets are as follows:

	2019	2018
	£'000	£'000
<b>Fair value at 1 January</b>	<b>31,685</b>	<b>30,493</b>
Interest income	891	801
Return on plan assets in excess on interest income	4,670	(2,570)
Employer contributions	544	2,929
Plan participants' contributions	216	273
Benefits paid/administrative expenses paid	(461)	(241)
<b>Fair value as at 31 December</b>	<b>37,545</b>	<b>31,685</b>

Change in recoverable surplus and components of the scheme performance:

	2019	2018
	£'000	£'000
<b>Opening balance</b>	<b>3,930</b>	<b>1,500</b>
Current service cost	(762)	(1,021)
Pension scheme curtailment	1,671	–
Interest on surplus	107	33
Employer contributions	544	2,929
Actuarial (loss)/gain	323	489
<b>Closing balance</b>	<b>5,813</b>	<b>3,930</b>

Amounts per current and previous periods:

	2019	2018	2017	2016
	£'000	£'000	£'000	£'000
Return on plan assets in excess of interest income	4,670	(2,570)	2,195	2,421
Experience gains/(losses) on scheme liabilities	32	2,638	212	76
Changes in assumptions underlying the present value of the scheme liabilities	(4,544)	777	(884)	(8,799)
Defined benefit obligation	(31,732)	(27,755)	(28,993)	(27,285)
Scheme assets	37,545	31,685	30,493	26,674
Surplus	5,813	3,930	1,500	(611)

Asset gain:

	2019	2018	2017	2016
<b>Asset gain</b>				
Amount	4,670	(2,570)	2,195	2,421
% of scheme assets	12.4%	-8.70%	7.2%	9.1%

Liability experience gain:

	2019	2018	2017	2016
<b>Liability experience gain</b>				
Amount	32	2,638	212	76
% of scheme liabilities	0.1%	9.5%	0.7%	0.3%

It is assumed that the pension plan liabilities are excluded from assets where liabilities are matched by annuities.

All pensioners receive a guaranteed increase of 3% p.a. under the terms of the plan for service to 6 April 1997. Service after 6 April 1997 is treated in accordance with the 1995 Pensions Act. Any further compensation for the rise in the cost of living is considered on an annual basis.

In 2019 the annual premium contribution was £1,357,021 (2018: £1,381,077). Included in the annual premium was a contribution of £777,671 (2018: £703,876) for the defined contribution and master trust pension arrangements. The scheme was in surplus at year end.

The plan is constituted as a trust and is legally and financially separate from the employer. The trustees have responsibilities in relation to the trust that are set out in the trust's deed and rules. In summary, the trustees are responsible for:

- the administration and management of the scheme for the purposes of the Finance Act 2004
- the appointment or removal of an actuary for the purpose of the scheme as the trustees think fit and proper
- the appointment or removal of an auditor for the purposes of, and in accordance with, the Pensions Act 1995
- making available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year
- making available certain other information about the plan in the form of an annual report preparing and maintaining a written statement of investment principle
- agreeing with the GDC the amount and timing of contributions to be made by members and by the GDC and to ensure their payment.

The plan, as with most other defined benefit pension schemes, faces many risks including:

- the risk that the future investment return on assets will be insufficient to meet the funding objective
- the risk that inflation may be different from that assumed
- the risk that falls in asset values will not be matched by similar falls in the value of liabilities, thereby reducing the funding level of the plan
- the risk that unanticipated future changes in mortality, or other factors, will increase the cost of the benefit
- the risk that the Council may not be able to pay contributions or make good deficits in the future
- the risk associated with the potential exercise (by members or others) of options against the plan
- the risk of adverse legislative changes.

This list is not exhaustive.

Due to the risks above, any adverse experience following from them may mean additional contributions are required in the future.

The exact level of contributions and the period over which these would be spread will depend on negotiations between the Council and the trustees of the plan typically following a triennial valuation.

The calculations are based upon an assessment of the plan's liabilities as of 31 December 2019. The sensitivities have been calculated using the same methodology.

These have been based upon the preliminary results of the 1 April 2018 formal triennial actuarial valuation, projected forward with allowance for benefit accrual, expected investment return, actual contributions and cash flows, and scheme curtailment and have been adjusted to allow for the IAS19 assumptions detailed above.

The results and sensitivities are therefore calculated approximately.

If liabilities and sensitivities had both been calculated as of 31 December 2019 using actual membership data at that date, the results might differ. However, any difference would not be expected to be significant.

The GDC also provided a defined contribution scheme, which closed on June 2019. Further information on the Council's pension schemes can be found in the Remuneration Report on page 42.

## 17 COMMITMENTS UNDER LEASES

On transition to IFRS 16, we recognise a right of use assets of £6.7m in respect of those leases previously treated as operating leases under IAS17. When measuring these lease liabilities, we discount the present value of future lease payments using the interest rate implicit in the lease, if that rate is readily available, or our incremental borrowing rate (0.75%); which is set in line with the Bank of England Base Rate. Maturity analysis – contractual undiscounted cash flows:

	<b>2019</b>
	£000
<b>Land and buildings</b>	
Less than one year	273
One to five years	2,022
More than five years	7,073
<b>Total undiscounted lease liabilities at 31 December</b>	<b>9,368</b>
<b>Lease liabilities included in the statement of financial position at 31 December</b>	<b>6,698</b>
Current	273
Non-current	6,425

Amounts recognised in the income statement:

	<b>2019</b>
	£000
Interest on lease liabilities	244

Amounts recognised in the statement of cash flow

	<b>2019</b>
	£000
Payment of lease liabilities	118

In line with paragraph c8 of IFRS16, we elected to adopt the initial application of IFRS16 from 1 January 2019. As a result, there has been no restatement of prior period disclosures.

The carrying amount, addition and depreciation charges associated with right of use assets is disclosed in note 8, and the interest expense arising on the lease liability is disclosed in note 6 of these accounts.

Further information in respect of leases can be found within note 1.10 of these accounts.

## **18 CAPITAL COMMITMENTS**

The GDC has no contracted capital commitments which were not included in these financial statements as of 31 December 2019 (2018: The GDC has no contracted capital commitments which were not included in these financial statements as of 31 December 2018).

## **19 RELATED PARTY TRANSACTIONS**

There were no related-party transactions during the year ending 31 December 2019, other than the fees and expenses paid to Council members as disclosed in note 5 to the accounts. Details of amounts paid to individual Council members are set out in the remuneration report on page 40. (2018: There were no related party transactions during the year ending 31 December 2018, other than the fees and expenses paid to Council members as disclosed in note 5 to the accounts).

## **20 CONTINGENT LIABILITIES**

The GDC has no contingent liabilities as of 31 December 2019 (2018: there were no contingent liabilities as of 31 December 2018).

## **21 EVENTS AFTER THE REPORTING PERIOD**

The situation at 31 December 2019 was that there was a limited number of cases of an unknown virus reported to the World Health Organisation. There was no evidence of human to human transition at that date and therefore the subsequent impact in losses incurred on our financial investments and pension scheme funding are a non-adjusting event.

At 11 May 2020, the impact of COVID-19 on the financial markets saw an impairment in our investment assets to the value of £1.5m.

The latest information available from the Pension Scheme Trustee, 30 April 2020, shows that impact of COVID-19 on the financial markets has resulted in an impairment in our pension fund asset of 0.9m. The Trustee has advised that he is not recommending any increase in employer contributions ahead of the next triannual assessment in April 2022.

The Accounting Officer (Chief Executive and Registrar) authorised these financial statements for issue on the date certified by the Comptroller and Auditor General. The financial statements do not reflect events after this date.

# 14

## 14 Advisers

### Bankers

#### **Lloyds Banking Group**

Corporate Markets  
33 Old Board Street  
London, EC2N 1HZ

#### **National Westminster Bank PLC**

7th Floor  
280 Bishopsgate  
London, EC2M 4RB

### Investments

#### **Smith & Williamson Investment Services Limited**

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#### **Capsticks Solicitors LLP**

1 St George's House East  
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Wimbledon  
London, SW19 4DR

#### **Blake Morgan LLP**

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London, EC4A 3DJ

#### **Mills and Reeve LLP**

Botanic House  
100 Hills Road  
Cambridge, CB2 1PH

### External Auditors

#### **haysmacintyre**

10 Queen Street Place  
London, EC4R 1AG

#### **National Audit Office**

157–197 Buckingham Palace Road  
Victoria  
London, SW1W 9SP

### Internal Auditors

#### **Mazars LLP**

Tower Bridge House  
St Katherine's Way  
London, E1W 1DD

### Actuary and Pension Scheme

#### **Lane, Clarke & Peacock LLP**

95 Wigmore Street  
London, W1U 1DQ

# 15

## 15 Appendix

### a) Accounts Determination

The Accounts Determination given by the Privy Council under section 2C of the Dentists Act 1984.

Their Lordships make the following determination in exercise of powers conferred by section 2C(1) of the Dentists Act 1984.

This determination has effect from the 16th May 2016:

#### Interpretation

In this determination –

“the accounts” means the statement of accounts which it is the Council’s duty to prepare under section 2C(1)(b) of the Dentists Act 1984.

“the Council” means the General Dental Council.

“the FReM” means the edition of the Government Financial Reporting Manual issued by HM Treasury which is in force for the relevant calendar year.

#### Determination

The Council must prepare accounts for each calendar year. In preparing its accounts the GDC should take into consideration the accounting principles and disclosures of the FReM.

The accounts must be prepared so as to:

- give a true and fair view of the state of affairs as at the year end and of the income and expenditure, total recognised gains and losses, and cash flows of the GDC for the calendar year then ended
- provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

This determination is to be reproduced as an appendix to the published accounts.

The Accounts Determination made on 22 December 2015 is hereby revoked.

# General Dental Council

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