

**General  
Dental  
Council**

protecting patients,  
regulating the dental team

# Annual Report and Accounts 2018

HC 38



# General Dental Council

## Annual report and accounts 2018

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.

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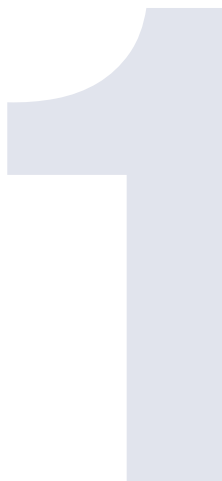
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# 1 Statutory purpose

The General Dental Council (GDC) is the UK-wide statutory regulator of the 112,276<sup>1</sup> members of the dental team. This includes 42,119 dentists and 70,157 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 fulfil our purpose by using our statutory powers to:

- Grant registration only to those dental professionals who continue to 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 practice.
- 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, in pursuit of our statutory objectives, we provide the Dental Complaints Service (DCS) which aims to support patients and dental professionals in using mediation to resolve complaints about private dental care.

<sup>1</sup> Registrant data correct as at 31 December 2018.

In carrying out all our activities we aim to demonstrate our values, which 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

In 2019, the GDC updated how we articulate our values, as set out in our strategy for 2020–22. The strategy will be published in the autumn of 2019.<sup>2</sup>

<sup>2</sup><https://www.gdc-uk.org/about/what-we-do/consultations>

# 2



## 2 Message from the Chair

The story of 2018 for the General Dental Council is one of continuing to build on the successes of the preceding four years and breaking further new ground.

During 2018 we continued to embed the significant change of focus heralded by Shifting the Balance: a better, fairer system of dental regulation. We completed the bulk of the work associated with the in-depth review of our enforcement processes. We continued to consolidate the improved financial discipline implemented by the Chief Executive and his team and overseen by Council and its committees.

And against this background we moved a significant proportion of our operational activity to a new hub in Birmingham and laid the groundwork for the majority of our staff to be based outside London by the end of 2019. This will enhance our effectiveness by, for example, giving us access to the large and vibrant skills market offered out of London and it will save at least £50m over the next 15 years.

Towards the end of 2018 we invested effort in preparing for our first major conference, which we held in Birmingham in January this year, with many participants and speakers from the dental professions and the public. From the volume of positive feedback we received we have concluded the conference was a success.

At the conference we launched, under the title “Moving Upstream”, the first of what we expect to become an annual series of publications about dentistry and its regulation. Moving Upstream complements the information presented formally in this annual report and accounts. Indeed, while our annual report remains an important (indeed statutory) means of communicating key information, particularly in relation to finances, the broader story of the GDC is now told across a range of publications.

One personal measure of how far we have come as an organisation is how often I see initiatives that would have at one time been counted as matters of distinction in their own right but which have now become commonplace. That is not to say that there is not still a great deal of improvement still to be



made – improvement we are pursuing with vigour and energy – but it is a sign, I think, that making things better, in the public interest, has become a way of life at the GDC. I am grateful to all Council members, including those who joined us and those who moved on during 2018, for making our many achievements now seem like business as usual.

We also owe gratitude, of course, to the Council's hardworking and professional staff and associates. I must place on record, therefore, Council's gratitude to its staff for a task that is of huge importance, but which I know can sometimes feel thankless.

This is the fifth annual report the Council has issued while I have been Chair. It has been a period of immense change and great achievement for the GDC. But some things remain all too familiar. Professional healthcare regulation continues to be conducted within a legislative framework that is widely agreed to be unfit for purpose. While we welcome the steps the Department of Health and Social Care (DHSC) is taking to explore new approaches, greater pace is needed. The process of reforming the NHS contract in England is approaching the end of its first decade and we recognise it remains a source of frustration for many in the dental professions. The voice of dentistry remains somewhat fragmented and engagement with traditional political structures, like professional associations, appears to continue to wane.

And while this is not the place to address Brexit as more than a passing reference, it continues to overshadow almost every aspect of life in the UK. Dentistry is no different.

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

**Dr William Moyes**  
Chair

# 3



## 3 Message from the Chief Executive

As I hope is reflected by the account of delivery against our 2018 business plan set out later in this document, for the GDC at an operational level, 2018 was a year characterised by a shift from intention to implementation.

Many of the aspirations and ideas set out in *Shifting the Balance*: a better, fairer system of dental regulation, moved from widespread discussion and engagement – which of course has its own value – into delivery.

### Education quality assurance

For example, our ambition to improve the impact of our education quality assurance activities took its first tangible operational step. We see dental education as the end-to-end process of converting members of the public into caring, competent and compassionate healthcare professionals. Our new thematic and risk-based approach has been designed to focus increasingly on systemic weaknesses.

After an extensive period of consultation and discussion with stakeholders, the new approach moved into its first – albeit transitional – phase in academic year 2018–19. While the experience has certainly generated much for us to learn from and improve, the work is going very much to plan.

We have been working with stakeholders, across the four nations of the UK, to explore several themes across dental education, including for example:

- the use of data to identify those students who are not performing to expected standards and to design, implement and monitor interventions
- how education providers make decisions about what constitutes sufficient exposure to clinical procedures to become a safe beginner
- how under- and post-graduate education and training works together to ensure an effective transition to safe practise – and the related issue of resilience in newly-qualified dental professionals.

### Student engagement

Academic year 2018/19 also saw us deliver a series of pilot student engagement events with dentists and DCPs. We worked with education providers and students at seven dental schools to test the benefits of beginning an “informal” conversation between the regulator and professionals starting from the

very beginning of their careers. We had good discussions about professionalism in dentistry and why that matters for public safety and confidence. We hope that this programme – when rolled out more widely – will help dissipate the unhelpful and counterproductive “climate of fear” identified as a key issue by many professionals in dentistry.

### **Promoting professionalism**

During 2018 we carried out the initial stages of an ambitious programme of work across the UK – an intensive round of stakeholder discussions – on “promoting professionalism”. We see opportunities for a new approach to expressing the concept of professionalism in dentistry. That is based on conversations between the professions and the public about mutual expectations and obligations in the patient-professional relationship. Judging from the very positive reaction to the opportunities we piloted in 2018 for professionals to have access to the views of the public – either directly through discussion or indirectly through digital media and research – we think this will be very fruitful territory for exploration going forward.

### **Continuing professional development and lifelong learning**

During 2018 we made significant progress in the next phase of our work on improving approaches to CPD in dentistry. Our advisory group, with a membership that includes professionals from dentistry and other spheres, helped us develop the detail of the aspirations we set out in *Shifting the Balance* in 2017. They put us in a position, as expected, to be able to launch a major consultation on this topic in 2019.

### **Evidence and research**

Perhaps one of the most important developments for the GDC in 2018 was the establishment of a small but significant professional capability in the field of research and evidence. This is increasingly important as we seek to move the debate about dentistry and its regulation out of the realm of anecdote and opinion – often insufficiently informed – and into evidence-informed insight.

This modest investment was already delivering results by the end of the reporting year and we have high expectations for the future.

### **Encouraging local complaint resolution**

During 2018, the number of concerns raised with the GDC continued to fall. We cannot claim a direct causal link with the GDC’s work. However, this reduction has taken place during a period in which we have been investing significant effort. For example, encouraging local resolution, the implementation of an effective web-based “self-filtering” mechanism to help the public find the best home for their concern, and the excellent work through our profession-wide complaints handling group to develop and disseminate simple principles of effective complaints handling for the public, patients and professionals.

### **Fitness to practise**

Of course, it would be inappropriate for us to seek to divert concerns that raise serious questions about a professional’s fitness to practise. So, we have been reassured that, despite the reduction in overall concerns, the proportion of those that are clearly matters for the GDC has increased. At the same time our caseload is becoming increasingly complex. These are important points because they serve as a reminder that a reduction in concerns does not necessarily translate into a directly proportionate reduction in costs.

Against that background, the GDC’s end-to-end review of its fitness to practise processes made excellent progress in 2018. While the review will not be completed until 2019, we have proceeded to implement a number of innovations arising from the review as they have been identified. For example, early in 2018 we established an initial assessment group that brought together relevant legal, clinical and policy advice to help speed up early consideration of incoming concerns. That first stage of the process is now often complete within 24 hours of receiving a concern; before this initiative it would typically take around two weeks. This is one of many examples of process improvement emerging from the review, and indeed my remarks in this report cannot do justice to the full sweep of the reforms that in 2018 we continued or began to implement in a wide range of areas.

Regrettably, our ability to realise the full potential of a modern, principles-based system of regulation is hampered by what remains an antiquated legislative

framework. During 2018 we continued to work with the DHSC on its proposed reforms. One of the many outdated features of the legislation is that it effectively requires the GDC's annual reports and accounts to focus on fitness to practise, when in fact the most important story at this stage in our history is how we are changing the way regulation is done to make it less and less reliant on investigation and enforcement.

### **Relocation to Birmingham, reduction of London estate**

It is a testament to the professionalism of the GDC's staff that these significant changes were made at a time of considerable uncertainty for employees as we proceeded to deliver on the Council's ambition to move most of its operations outside London and set up a new operational hub in Birmingham. This has been the focus of much leadership time and energy during 2018 and will continue in this vein into 2019 and beyond. The return on this hard work and effort is already starting to manifest itself in the form of an impressive and engaged local workforce – and in substantial savings over the next 15 years.

During 2018 we achieved the first phase of our move with no discernible impact on business for the external observer. This is a particular achievement because the registration functions – those with whom registrants are likely to have the most contact – were among the first to move. This is a credit to the personnel involved, many of whom worked extremely hard to make the move successful despite in many cases knowing that they would not personally be part of the longer-term future of the GDC.

Part of the strategy, and the associated savings, involves using our Wimpole Street building to hold hearings from 2020 onward, thereby enabling us to dispense with the additional expense of hiring hearing space in London. Partly as a result of the work we have done to ensure that we are taking the right cases forward – for example through the establishment of the Case Examiner system – the number of hearing days we need to deploy fell during the period from 1,171 to 1,079. We will be ensuring that the move of hearings to Wimpole Street builds in sufficient flexibility to cope with change.

### **Financial and corporate planning**

2018 also saw the GDC's financial resilience and approaches to corporate planning continue to improve, with developments that have put us in a much stronger position to consult meaningfully on a three-year strategy during 2019.

### **Britain's relationship with Europe**

Improved financial resilience notwithstanding, the UK's future relationship with the EU remains a source of considerable uncertainty for the GDC, although the widely predicted reduction in registrant numbers has not so far materialised. While we now publish registrant numbers separately<sup>3</sup>, at December 2018 dentist and DCP numbers stood at 42,119 and 70,157 respectively.

We recognise that our register is a rather blunt instrument in this respect; it is not designed to provide data on workforce, so tells us little, if anything, about how, whether or where registered professionals are working. However, we had been concerned that Registration applications from newly qualified dentists with EU qualifications (which comprise nearly a quarter of new registrants each year) would fall away. It is worth making the point that the fact that the headline numbers continued to hold up during 2018 is of course entirely consistent with the workforce issues that are being reported in some parts of the country.

During 2018 we expended effort on understanding and exploring in depth the implications for the GDC of, for example, the likely move away from approaches to registration based on mutual recognition of professional qualifications. The only solutions which lay within the control of the GDC were far from optimal but the work we have done, in cooperation with DHSC, places us in a significantly more robust position than we were at the beginning of the year.

Notwithstanding the uncertainty which persists in this area, our ability to plan in the normal course of events and cope with the unexpected have both improved. This has made an informed debate about future fee levels a more realistic prospect than has been the case in recent years and that will be taking place in summer 2019.

### **Ian Brack**

Chief Executive and Accounting Officer

<sup>3</sup> *Moving Upstream* <https://www.gdc-uk.org/about/what-we-do/shifting-the-balance/moving-upstream>

# 4

## 4 Business overview 2018

### Who we are

The GDC employed nearly 360 members of staff (our average full time equivalent over the year) and was overseen by a non-executive Chair and Council, composed of 12 members, six of whom were non-registrant members and six registered dental professionals. We also worked closely with around 460 associates who helped us deliver a range of activity including fitness to practise and appeal panels, education quality assurance and progressing complaints received by the Dental Complaints Service.

In 2018 we had four directorates led by directors who were members of the Executive Management Team (EMT).

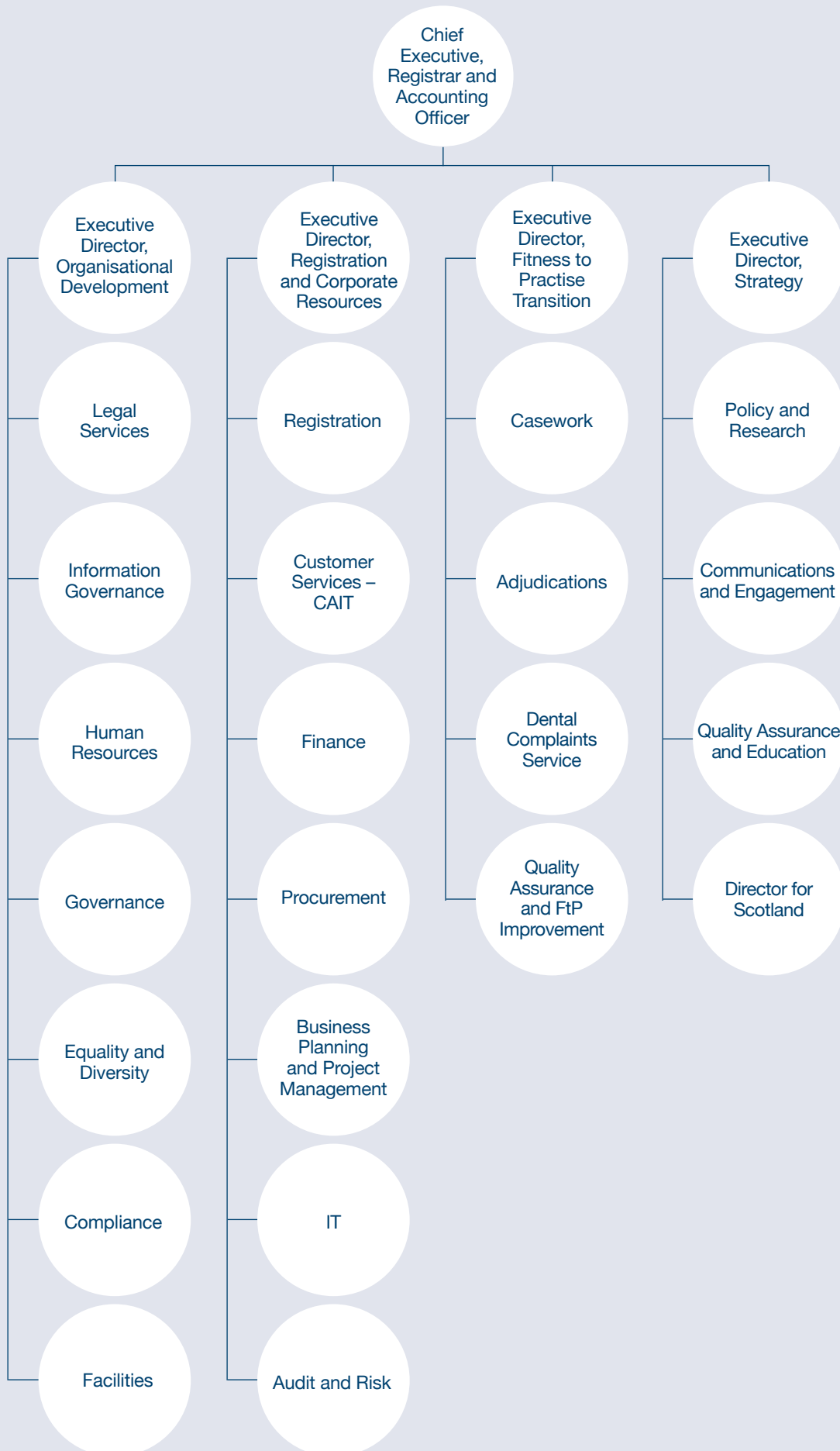
EMT were responsible for:

- implementing the strategy approved by Council
- preparing an annual business plan and budget
- 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.

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

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

# Organogram



# Business plan 2018 review

In 2018, alongside our core business as usual programmes to deliver our statutory functions, which include Registration, Education, Quality Assurance, Standards and Fitness to Practise, we delivered a business plan, focussing on change initiatives that fell into four major themes:

- developing our model of upstream regulation
- improving our approach to enforcement regulation
- building organisational capability and improving our performance
- continuing to build a cost-effective and efficient organisation.

## Developing our model of upstream regulation

In 2018 we:

- consulted on and proposed new processes in quality assurance in education, designed to improve our focus on system-wide risks and issues
- provided clear guidance and support to dental professionals to keep their skills up to date throughout their career by introducing a new scheme of enhanced CPD
- enhanced support for NHS patients at the first stage of complaint-raising by providing them the DCS initial guidance and signposting service, which was previously available only to private patients. This DCS service provides advice to patients and directs them to expert organisations who can assist with their complaint if required.

## Improving our approach to enforcement regulation

In 2018 we:

- continued to make significant progress with our comprehensive review of the entire FtP process to eliminate inefficiencies and maximise effectiveness
- undertook initial research and scoping to support the development of our approach to 'seriousness' in relation to fitness to practise.

## Building organisational capability and improving our performance

In 2018 we:

- developed and implemented a new people strategy, establishing a comprehensive approach to managing staff talent, with the aim of improving performance across all functions and ensuring we can be a highly effective regulator
- strengthened our approach to how we organise our workforce to ensure we understand our current model, what the organisation needs now and, in the future, and how to fill potential gaps
- deployed robust learning and development opportunities for staff within a skills framework, ensuring capability and support is in place to deliver against organisational needs
- delivered our equality, diversity and inclusion strategy to ensure we are meeting our corporate values.

## Continuing to build a cost-effective and efficient organisation

In 2018 we:

- developed, consulted on and implemented a new policy framework for the setting of fees, to enable a clear and robust articulation of how we allocate resources
- moved a significant number of roles to our new office in Birmingham, (and closed expensive leased office space in London) enhancing value for money in the management of staff and estate
- re-located the DCS service to our Wimpole Street office, and decommissioned the Croydon office in accordance with our Estates Strategy
- improved our ability to identify and manage information risks by strengthening our information governance framework and ensuring compliance against the General Data Protection Regulation (GDPR).



# 5

## 5 Fitness to practise performance report

Section 2B of the Dentists' Act 1984 requires the GDC 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, and more detailed statistical information at pages 72 to 85, is intended to serve that purpose.

When concerns are raised with the GDC, 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 practitioner's clinical performance or health.

A practitioner's fitness to practise also includes any actions which 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 that shortcomings in a dental professional's conduct or competence that are so great as to put patients at serious risk, or seriously damage public confidence in dentistry, we will investigate and, where appropriate, take action to mitigate that risk. Concerns may arise directly, e.g. 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 dentist or DCP
- poor health or a medical condition that significantly affects the registrant's ability to treat patients safely.

All FtP concerns are reviewed at the initial assessment stage. After an initial assessment, they are closed if no further action is required. Of the remainder, a small percentage are directed to NHS England or NHS Wales for consideration, otherwise they are sent for further investigation by the casework team.

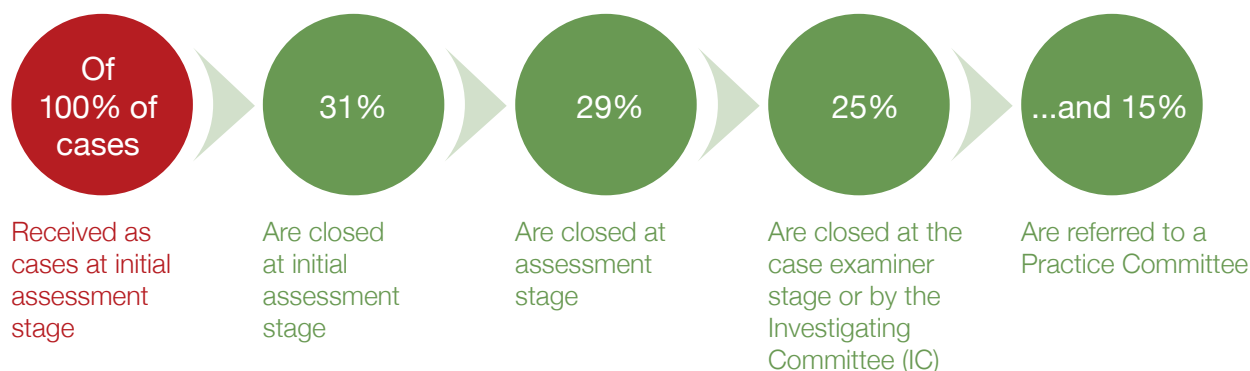
After a full investigation, matters which amount to an allegation of potential impairment of fitness to practice are referred to case examiners<sup>4</sup>. Where the concern does not amount to an allegation of impairment, the matter is closed by the casework team. Otherwise, a pair of case examiners, consisting of a registrant and a non-registrant member (someone who is not on our register and not dentally qualified) consider the case further. They do not decide whether the allegation is proven but they look at the evidence available and decide whether there is a real prospect of the allegations being found proved at a Practice Committee.

Case examiners may decide that no further action is necessary or that they can close the case with advice or a warning. In potentially more serious cases or where there is a conflict of evidence, they may refer the matter to one of three Practice Committees: the Professional Conduct Committee (PCC); the Professional Performance Committee (PPC); or the Health Committee (HC) for a formal hearing. In some instances, the case may also be referred to one of these committees and the Interim Orders Committee (IOC).

Dental professionals referred to a Practice Committee will appear before an independent panel of lay and dental professional members as part of a formal hearing where the GDC and the dental professionals both have the right to legal representation.

<sup>4</sup>The GDC introduced case examiners in November 2016 to carry out most of the decision-making functions that were previously performed by the Investigating Committee.

Using 2018 data, the diagram below shows the number of disposals at each stage of the fitness to practise process.



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 FtP process, when an allegation suggests a dental professional may cause harm or there are other reasons in the public interest, we may apply for an interim order to place conditions on their practice or to prevent that individual from practising, until their case is resolved.

These applications are only made in serious cases. An interim order may be considered necessary for public protection if:

- there is a real risk of significant harm to the health, safety or well-being of a member of the public if the practitioner was allowed to practise without restriction
- it is otherwise in the public interest to protect public confidence in the profession and uphold and maintain proper professional standards or
- it is in the interests of the registrant concerned.

In order to ensure the effectiveness of our decision-making, decisions at every stage are subject to scrutiny. In addition to management oversight we have several Quality Assurance (QA) mechanisms to ensure our decision making is sound, well-reasoned and in accordance with our statute, rules and guidance.

These include:

- scrutiny of all decisions to close a case by our internal compliance function
- scrutiny of any decisions where there is a concern regarding the decision outcome, or the process by which it was arrived at through the Quality Assurance Group (QAG). This group meets monthly with an independent member and Executive Chair who sits outside of Fitness to Practise. The group can require action by the appropriate team and, if necessary, recommend that the Registrar seeks a review of the decision through a 'Rule 9' application or refers the case to the Professional Standards Authority
- a randomised 10% of all decisions are scrutinised by the Decision Scrutiny Group (DSG). This group meets quarterly, chaired by an Independent Chair, and it can require a decision to be reviewed in the same way as the QAG
- we commission an annual external audit of 160 decisions by an independent third party to scrutinise our processes and adherence to guidance, in addition to the quality of decision-making, reasoning and the outcome itself.

A more detailed statistical report is presented at pages 72 to 85.

# 6

## 6 Council and Committee Structure

### Council structure

The Council consists of 12 members: six non-registrant and six registered dental professionals. The members of the Council in 2018 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 (from 1 October 2018)	Crispin Passmore
Lawrence Mudford (until 30 September 2018)	

### Council meetings attendance in 2018

Name	Feb	Mar	May	Jun	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								✓
Lawrence Mudford	✓	✓	✓	✓	✓	✓		
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.

<sup>5</sup> <https://www.gdc-uk.org/about/who-we-are> [accessed March 2019]

<sup>6</sup> Formerly the Appointments Committee as referred in the GDC (Constitution of Committee) Rules 2009. The name was changed in 2016 to better reflect the remit of the committee.

## 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</b> Challenges and monitors the integrity of the financial statements, and reviews the GDC governance, internal controls, risk management systems, and the internal and external audit services.</p>	<p>Crispin Passmore (Chair) Catherine Brady Lawrence Mudford (until 30 September 2018) Simon Morrow (from 1 October 2018) Sheila Kumar Independent member</p>
<p><b>Finance and Performance Committee</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) Margaret Kellett Kirstie Moons Anne Heal</p>
<p><b>Remuneration Committee</b> Establishes procedures for the remuneration of the Chief Executive and Accounting Officer, the Executive Management Team, Council members and overall staff remuneration policy.</p>	<p>Geraldine Campbell (Chair) Anne Heal Caroline Logan Independent member</p>
<p><b>Policy and Research Board</b> Provides oversight of the development and implementation of strategy, policy and research initiatives.</p>	<p>Kirstie Moons (Chair) Catherine Brady Geraldine Campbell Jeyanthi John Margaret Kellett Sheila Kumar (until 31 July 2018) Caroline Logan Lawrence Mudford (until 30 September 2018) Simon Morrow (from 1 October 2018)</p>

Independent members of committees who served in 2018:

Audit and Risk Committee	<p>Jason Davies (until 31 March 2018) Rajeev Arya (from 17 May 2018)</p>
Remuneration Committee	<p>Philippa Hird</p>

# 7

## 7 Remuneration report

### **The Remuneration Committee**

This remuneration report covers activity in 2018.

The Council maintained the appointment of a Remuneration Committee for specific matters relating to the remuneration of Council members, associates and executive directors and for setting an overall staff remuneration policy.

The Committee was chaired by Geraldine Campbell from 1st October 2017.

The membership of the Committee from 1st October 2017 was Geraldine Campbell, Anne Heal, Caroline Logan and, as an independent member, Philippa Hird. The committee operates within specific terms of reference and usually meets four times per year.

### **Council members' remuneration**

The Chair's annual remuneration is set by the Committee based on prevailing rates for similar positions and the amount of time required to perform the role. The remuneration for the Chair was set in October 2013 at a rate of £55,000 per annum.

Council members are remunerated at an annual rate, set in October 2013, of £15,000 per year with supplements for committee chairs of £3,000 per annum.

Council member remuneration is reviewed every two years. The Remuneration policy was last agreed in Council in May 2015 with the policy not having changed since then. However, the policy will be revisited this coming year as part of the wider Board effectiveness review.

### **Executive directors' remuneration**

To support one of our key strategic ambitions of 'continuing to build an effective and efficient organisation' we are committed to attracting, developing and retaining highly talented employees. We are developing planning and performance frameworks that align our people strategy with the GDC's strategic objectives, developing the capability to deliver results and ensuring future needs are met through effective succession planning. This includes 'growing our own' and creating opportunities for learning (and development) throughout the organisation.

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 increases, or other payments, are approved by the Remuneration Committee. The Chief Executive's pay increases (as and when appropriate) are recommended by the Council Chair and Remco 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 the employer. The remaining executive directors' contracts require a termination notice period of three months to be given by the employer or the employee after the probationary period.

All the executive directors are members of either the defined benefit section or the defined contribution section of the GDC pension scheme.

The Chief Executive and Registrar is appointed directly by, and is accountable to, the Council and has delegated authority from the Council to the extent described in the governance statement. The statement makes clear that it is the Council's role to set the direction of the GDC in line with its mission and purpose; ensuring systems are in place to enable it to monitor performance and to hold the Executive to account; and to ensure probity.

The Chief Executive and Registrar is designated as Accounting Officer of the GDC by the Privy Council and meets his responsibilities in that capacity, as set out in Chapter 3 of Managing Public Money, independently from the Council.

The remuneration details disclosed for the Chief Executive, Registrar and Accounting Officer are provided in full below, along with disclosure of taxable emoluments, excluding any compensation payments, in salary bands for the other executive directors.

For the highest paid member of staff during the year, the Chief Executive, Registrar and Accounting Officer, Ian Brack, remuneration and employer pension contributions were:

Emoluments		Taxable benefits		Total remuneration		Pension contributions	
2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
140	140	-	-	140	140	8	8

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 £155k–£160k (2017: £150k–£155k).

The taxable emoluments and employer pension contributions of the other executive directors who served in 2018, including salary increases or other payments (but excluding any compensation payments, which are detailed below) fell into the following salary bands:

	Emoluments		Pension contributions	
	2018 £000	2017 £000	2018 £000	2017 £000
Graham Masters	-	30–35	-	5–7.5
Kate Husselbee	-	1–5	-	-
Gurvinder Soomal*	120–125	110–115	25–27.5	25–27.5
Jonathan Green**	-	120–125	-	20–22.5
Matthew Hill	120–125	115–120	5–7.5	5–7.5
Sue Steen	-	60–70	-	-
Roberta Davis	120–125	65–70	5–7.5	2.5–5
Thomas Scott	110–115	-	10–12.5	-

\* includes the selling back of untaken leave of £1,971 in 2017. Employees are no longer able to sell back untaken leave.

\*\* includes the selling back of untaken leave of £2,144 in 2017. Employees are no longer able to sell back untaken leave.

In aggregate, remuneration for the executive directors who served during 2018 amounted to £678,000 (2017: £657,000).

The remuneration of the highest-paid director, the Chief Executive and Registrar and Accounting Officer was 3.75 times (2017: 3.84 times) the median remuneration of the workforce, which was £37,304 (2017: £36,418).

No benefits-in-kind were paid to executive directors during the year.

### 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.

The GDC is 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 identify and eliminate any pay gaps that cannot be explained on objective grounds.

Pension arrangements continued to be reviewed during the year to ensure that an appropriate and affordable pension scheme is in place. The GDC continues to operate a defined benefit pension scheme for staff but this section of the scheme was closed to new joiners from 1 July 2016. To better ensure the defined benefit scheme is funded to meet its liabilities, the Council agreed to increasing the employer contribution rate and to a fund top up during 2018. The GDC also operates a trust-based defined contribution scheme that meets and exceeds auto-enrolment requirements.



## Staff numbers and emolument details

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

	Permanently-employed staff	Others	2018 Number total	2017 Number total
Fitness to practise and hearings	94	22	116	125
Registration	44	17	61	54
Organisational Development	77	14	91	83
Strategy	26	6	32	24
Corporate Resources	44	14	58	49
<b>Total</b>	<b>285</b>	<b>73</b>	<b>358</b>	<b>335</b>

The number of staff, including the executive directors, whose taxable emoluments, excluding any compensation payments but including the value of untaken leave at the end of 2018, fell into higher salary bands were:

	2018 Number total	2017 Number total
£60,000 but under £70,000	30	19
£70,000 but under £80,000	8	7
£80,000 but under £90,000	2	3
£90,000 but under £100,000	2	2
£100,000 but under £110,000	1	-
£110,000 but under £120,000	1	3
£120,000 but under £130,000	3	-
£130,000 but under £140,000	-	-
£140,000 but under £150,000	1	1

15 staff members from the above list were members of the defined benefit section of the pension scheme (2017: 11 staff members) and 43 staff members were members of the defined contribution section of the pension scheme (2017: 27 staff members). Pension accrued by the highest paid employee under the defined contribution scheme was £8,400 (pension accrued by the highest paid employee in 2017 under defined contribution scheme was £8,400).

## Compensation for loss of office

30 staff members left under redundancy terms during 2018. They received a compensation payment of between £4,332 and £40,000.

Exit package cost band	Number of exits
<£10,000	18
£10,000–£25,000	9
£25,000–£50,000	3
Total number of exit packages	30
<b>Total cost /£</b>	<b>£358,362</b>

## Gender pay gap

The gender pay gap was an average<sup>7</sup> of 13.3% (median 18.4%) in favour of men.<sup>8</sup> This compares to external benchmarking of 18.4% median (April 2017) across all industries.<sup>9</sup> 8.4% of male staff and 7.8% of female staff received a bonus, in the form of a recognition payment starting at £50, (April 2017 – March 2018), with the bonuses paid on average 18.3% higher for females (median 17.9%).

## Council members' fees and expenses paid:

	Members fees		Members Expenses		Tax and NI		Total	
	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Catherine Brady	15	15	1	1	2	1	18	17
Terry Babbs	18	18	1	1	2	2	21	21
Geraldine Campbell	18	16	5	5	3	3	26	24
Anne Heal*	15	4	0	0	1	0	16	4
Jeyanthi John*	15	4	2	0	3	1	20	5
Margaret Kellett	15	15	4	4	4	5	23	24
Sheila Kumar*	15	4	0	0	1	0	16	4
Caroline Logan*	15	4	3	1	2	1	20	6
Kirstie Moons	18	16	4	7	5	8	27	31
Simon Morrow***	4	0	1	0	1	0	6	0
William Moyes	55	55	13	16	21	13	89	84
Crispin Passmore*	18	5	1	0	2	1	21	6
Lawrence Mudford****	11	15	2	1	2	2	15	18
Rosemary Carter**	0	14	0	4	0	3	0	21
Alan MacDonald**	0	14	0	5	0	3	0	22
Jayendra Patel**	0	11	0	3	0	2	0	16
David Smith**	0	11	0	2	0	2	0	15
Neil Stevenson**	0	14	0	6	0	7	0	27
<b>Total</b>	<b>232</b>	<b>235</b>	<b>37</b>	<b>56</b>	<b>49</b>	<b>54</b>	<b>318</b>	<b>345</b>

\* From 1 October 2017

\*\* Until 30 September 2017

\*\*\* From 1 October 2018

\*\*\*\* Until 30 September 2018

Expenses directly incurred in the performance of duties are reimbursed in accordance with the GDC's expenses policy and procedures for Council Members. These recognise the GDC's national role, requiring at least one member to be based in each of the four nations of the UK; and the differing responsibilities of individual Council members. The income tax and National Insurance payable includes the employer's National Insurance on Members fees and for expenses, which are considered to be a taxable benefit in kind.

The figures in the above tables, and the calculation of the pay multiple, have been subject to audit.

## Ian Brack

Chief Executive and Accounting Officer

15 October 2019

<sup>7</sup>Average is the mean and median is the midpoint.

<sup>8</sup>The figures are taken from the 5th April 2018 snapshot date for gender pay gap reporting.

<sup>9</sup>Annual Survey of Hours and Earnings: 2018 provisional. Collected by the Office for National Statistics.

# 8

## 8 Social responsibility report

### Procurement

Our approach to procurement is based on robust processes and procedures to achieve best practice. We recognise our responsibility to procure value for money goods, services and works minimising environmental impacts while maximising social value and ensuring the ethical treatment of people within its supply chain. The GDC engages in robust processes and procedures to achieve best practice by using public sector and/or government frameworks where appropriate or tendering directly in accordance with Public Contract Regulations 2015 and other relevant legislation. All procurement activity is monitored to ensure its approach is based on the fundamental principles of openness and transparency, equality of opportunity and environmental sustainability.

### Health and safety

The GDC promotes 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.

The GDC's Health and Safety arrangements were reviewed by internal auditors during 2018. The audit found the control framework in place to be satisfactory with no fundamental control weaknesses. However, it identified some items for improvement including a review of the terms of reference, and the role and membership of Health and Safety Committee. This review is in progress and will incorporate wellbeing into its responsibilities during 2019.

A new operational hub based in Birmingham opened in October 2018. We have created a vibrant and collaborative working environment with enabling technology and ergonomically designed furniture. A fire risk assessment, general risk assessment and statutory compliance assessment for the Birmingham office have taken place, which confirmed the office is low risk in all areas.

During the year there were six minor accidents recorded across both sites, two of these were incidents of ill health.

The GDC has a commitment to self-care. Mental health and wellbeing were key topics during our Learning at Work Week in May 2018. Eight GDC staff attended a

two-day training course and are now certified mental health first-aiders. A strategy is being developed and we have signed the Time to Change pledge to ensure mental health and wellbeing remain a priority now and for the future.

## Environmental

The GDC is committed to promoting and developing environmental performance.

Our London headquarters are sustainably designed and energy efficient. An Energy Performance Certificate Rating was obtained with no recommendations for energy efficiency improvements.

Our Birmingham office has been designed to facilitate the recycling of as many waste streams as possible. We have built various recycling points in our kitchens.

We also encourage cycling to work by offering workplace facilities including a cycle to work scheme, internal secure bike racks and shower rooms in both sites.

Staff are encouraged to use scanning and electronic filing across both sites. GDC Committees use electronic documents instead of paper bundles. Staff are periodically sent reports detailing the numbers of pages printed as part of a drive to reduce waste.

In 2018, there was a 10.58% reduction in printed pages. We continue to recycle all confidential and mixed waste.

## Staff

The GDC employed nearly 360 members of staff (our average full time equivalent) in 2018 (in December 2017 there were 353). The increase relates to a number of dual running posts in Registration and Corporate Resources to support the establishment of the Birmingham operational hub.

## Gender and age

Women represent 60% of the workforce (2017: 62%). Those aged 50+ represent 18.5% of the workforce (2017: 15%).

## Ethnicity

Available data shows that 47% (2017: 43%) of our staff are from a white background and 29% (2017: 21%) from an ethnic minority background. We do not have data for the remaining 24% (2015: 36%) as staff are responsible for completing their own equality and diversity data via the online self-service portal of our HR database and completion of equality and diversity data is not a mandatory

requirement. Work to encourage staff to update their EDI data was underway in 2018 and will continue in 2019. Whilst the declaration of workforce EDI data is voluntary, we have seen a slight increase in staff sharing this data. Accurate data will ensure our equality and diversity monitoring is consistent and appropriate analysis takes place, so service delivery and workforce initiatives are intelligence-led.

## Equality, Diversity, and Inclusion (EDI)

We believe equality, diversity and inclusion should be something that everyone ought to work to achieve. The GDC's embedding of its EDI action plan was reviewed by external auditors during 2018. The audit identified a generally sound control framework to support embedding of the action plan with no fundamental control weaknesses. The audit identified improvements around communication and ownership that would promote embedding EDI effectively into normal business. Going forward, the EDI strategy will be aligned to the developing Costed Corporate Plan, with a new action plan to be developed to support its delivery.

## Staff engagement

The GDC has a staff forum which meets bi-monthly. It is chaired by the Chief Executive and Accounting Officer and attended by the Executive Director, Organisational Development. The forum represents all the teams in the GDC. The forum discusses a range of staff matters, including the review of current HR policies and the introduction of new ones. If changes are proposed that might impact on all staff, consultation meetings are held, regardless of whether formal consultation is a legal requirement. It also looks to run workshops and focus groups where ideas can be developed regarding identified aspects of the People Strategy or from results of the Engagement Survey (or both).

During 2018, 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. The forum increased in size, from 14 to 21 members, to ensure adequate representation of affected staff groups.

All-staff briefings can be used for key messages to be delivered by the Chief Executive and Registrar and EMT. Additionally, Town Hall events have been used to share messages about important organisational work, such as the FtP end-to-end review and Shifting the Balance. In November 2018, the Town Hall event in London was shared via a video link with staff in Birmingham.

Delivery of actions from the 2017 staff satisfaction survey continued throughout 2018. Key themes from the survey have been incorporated into workstreams within the People and organisation development strategy. Learning at Work week in May saw a number of events themed around 'everyday learning' and started the groundwork for our mental wellbeing work.

A large-scale staff satisfaction survey is planned for 2019. This will meet our commitment to ensure substantial staff surveys take place every two years. In addition, we plan to survey in a more flexible and targeted way e.g. frequent, small-scale surveys on dedicated topics. This would ensure the data we gather is relevant and representative and enable us to act directly on what staff tell us. In addition, surveys that are always live or that are available online have been trialled with staff in Birmingham, enabling them to provide feedback, comments and ideas informally as and when they arise.

A monthly internal newsletter keeps staff up to date, and special communications are provided on specific topics as and when required. A dedicated monthly relocation update has been sent to staff, containing updates on the progress we make in developing our operation hub in Birmingham and other related changes to our estates profile.

Monthly drop-in sessions are offered by the Executive Director, Organisational Development, which enable staff from across the organisation to privately discuss any feedback or ideas they have.

# 9

## 9 Financial Review

**For the year ended 31 December 2018.**

### Analysis of income and expenditure by regulatory function

The accounts on pages 40 to 70 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:

	2018 £000	2018 £000	2017 £000	2017 £000
<b>Income</b>				
Registration	45,416		44,877	
Overseas Registration	1,588		1,389	
Other operating income	14		3	
		<b>47,018</b>		<b>46,269</b>
<b>Expenditure</b>				
<b>Regulatory activities</b>				
Fitness to Practise and Hearings	17,308		20,258	
Registration	3,204		2,959	
Overseas Registration Exam	1,671		1,458	
Policy and Stakeholder Management	2,050		1,264	
Governance	1,703		1,413	
Operational Excellence	1,128		878	
Quality Assurance	698		667	
Dental Complaints Service	435		505	
		<b>28,196</b>		<b>29,402</b>
<b>Support activities</b>				
Finance, HR and CEO	4,010		4,225	
Accommodation and Office Services	1,960		2,009	
Estates	2,291		-	
Information Technology	2,465		2,285	
Depreciation and Amortisation	1,061		1,064	
		<b>11,787</b>		<b>9,583</b>
<b>Total expenditure</b>		<b>39,983</b>		<b>38,986</b>
Investment income		294		114
Unrealised gains/(loss) on investments		(1,056)		189
<b>Surplus/(Deficit) before taxation</b>		<b>6,273</b>		<b>7,586</b>
Taxation		(8)		(51)
<b>Retained Surplus/(Deficit) after taxation</b>		<b>6,265</b>		<b>7,535</b>

2017 comparative figures have been restated as a result of the first-time adoption of 'IFRS 15, Revenue from Contracts with Customers.' This has resulted in the fees received from dental care professions registrants being allocated to the period to which it relates (July 2018 to June 2019). We have also updated our approach to previously categorised corporate services costs to allocate them to the regulatory activity that is directly driving them.

The General Dental Council is funded predominantly 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 specialist lists.

### Income analysis

Total operating income increased by £0.8m in the year, (2017: £46.3m). This was as a result of:

- 42 more first year dentist registrations
- an additional 414 dentists renewing their registration
- an additional 1,160 DCPs renewing their registration
- income generated from our investments and sale of end of useful economic life assets.

### Expenditure analysis

Total expenditure increased by £1m to £40.0m in 2018 (2017: 39.0m); the significant (defined as variances over £0.5m) changes to our expenditure during 2018 were:

- a £0.8m increase in policy and stakeholder management costs, reflecting our increased focus on Shifting the Balance and the restructuring of policy resources within the Strategy Directorate.
- £2.3m incurred for strand one of our Estates Strategy. This programme of work will transfer some functions to our new Birmingham office and is projected to deliver net savings of circa £50m over 15 years.
- this was offset by a £3.0m reduction in total Fitness to Practise and Hearings costs as a result of:
  - a 13% reduction in incoming cases from 1,896 in 2017 to 1,642 in 2018.

- a 20% reduction in the number of cases resulting in a hearing from 327 in 2017 to 260 in 2018.
- a 30% reduction in FtP and hearings staffing from 157 staff at 31 December 2017 to 109 staff at 31 December 2018.

Throughout 2018, the GDC continued with initiatives to generate efficiency savings, such as investment in our Estates Strategy. In 2018, we achieved £0.2m of new efficiency savings in the year. In addition, we also generated £6.5m of ongoing savings from projects started in previous years. We have therefore achieved total annual efficiency savings of £6.7m in 2018, representing 16% of our 2018 cost base. Cumulative savings over the five-year period to December 2018 total £12.5m.

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 2014, the GDC requested legislative amendments that were agreed in 2016 via a Section 60 Order, allowing us to introduce significant improvements to our fitness to practise processes. In 2019, we will see the conclusion of our Fitness to Practise End to End Review. This review is identifying and delivering new and streamlined processes in fulfilment of our corporate strategy and broader commitment, articulated in Shifting the Balance.

In 2017, the GDC took a decision 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 170 roles will have moved to Birmingham. The GDC's headquarters and hearings facilities remain in London. Our current projections indicate that this programme will deliver net savings of circa £50m over 15 years, with payback on our investment being achieved in year four. At the reporting date we



remain confident that the projected benefits will be achieved.

The potential savings in 2019 from initiatives started in previous four years are projected to be in the region of £6.5m. We will continue to ensure that the process of identifying efficiency savings does not put public protection at risk.

### 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 2018. Full details of their evaluation and assumptions can be found in note 20 of these accounts.

A triennial valuation of the defined benefit section of the pension scheme was carried out as of 1 April 2018, indicating a deterioration in actuarial funding level surplus to £0.3m. This deterioration is largely due to worsening of market conditions, namely falling gilt yields and increased inflation. This valuation recommended that the employer contribution levels to the defined benefit section of the scheme be set at 22.9% with effect from 1 April 2019 until the next triennial valuation. In December 2018, Council approved an additional one-off employer contribution of £2.3m to the scheme to offset the effect of future accrual. As a result of the contribution, employer contributions have been able to be set at 20.3% from 1 April 2019.

As at 31 December 2018, the plan has a surplus of £3.9m 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. Under the terms and conditions of the plan, the GDC 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

As part of delivery of our Estates strategy we opened a new operational hub based in Birmingham in October 2018. This has resulted in the relocation of roles from our London Office to Birmingham, which is being delivered over two strands. As a result of this decision we required a new provision of £1.0m to be created. This will cover the costs of

compensation payments and relocation expenses due in 2019.

Details of our movements in provisions are detailed in note 19 to the accounts.

### Liquidity risks

The cash balance of the GDC reduced to £42.3m (2017: £47.7m) 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. GDC expenditure is evenly spread throughout the financial year. During 2018, we invested £15m of our available cash balance in line with our investment strategy, approved by Council.

The GDC is satisfied that it is not exposed to any significant liquidity risk. Those balances not needed for short term operational reasons are placed for a three-month term as a money market deposit which is currently reviewed and renewed at the end of each term.

### Reserves

The Reserves Policy was reviewed by Council in March 2019, where they approved a change to the way we manage the appropriate level of our General Reserve. The change moves to a more transparent and less misleading approach to setting our target level of reserves as it takes into consideration the elements of the General Reserve already committed, for instance to account for the future depreciation costs of previous capital expenditure. We now set the appropriate level of reserves for the organisation with reference to our level of 'free reserves'.

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 2018 totalled £24.7m (2017: £17.9m) of which general reserves are £20.9m (2017: £15.5m).



	£m
General Reserve at 31 December 2018	20.9
Of which:	
Reserves committed to fixed assets	11.9
Free reserves	9.0
Free reserves expressed as number of months of annual operating expenditure	2.6 months

In setting a target level, Council considered that free reserves at a minimum of three months of operating spend is appropriate, with an aspirational target to increase to a range of four to six months of annual operating expenditure. This range is subject to annual consideration by the Council's Finance and Performance Committee.

As a result of first-time adoption of 'IFRS 15, Revenue from Contracts with Customers', an opening restatement of £4.6m has been applied to reserves balances. This adjustment has resulted in our free reserves falling below our agreed minimum level of reserves to 2.6 months of annual operating expenditure. Our free reserves are expected to be back at the minimum of three months of annual operating expenditure by December 2019.

### External auditors

The accounts have been audited by our auditors, haysmacintyre 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 40 of this report, and the certificate and report of the Comptroller and Auditor General on page 42.

### 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.

# 10

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

The Dentists Act 1984 (as amended) requires the GDC 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.

The GDC and the 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.

# 11

## 11 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 considered reports by, and discussions with, internal auditors and ongoing monitoring of our risk registers. I also drew assurance over the course of the year from the executive directors 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>10</sup>, it is not required to comply with *Corporate governance in central government departments: Code of Practice 2011*. We nevertheless take into account the good practice principles expressed in the document in developing and reporting on our governance arrangements.

### Governance arrangements

The GDC is a body corporate constituted under the Dentists Act 1984 (as amended). There are 12 members of the Council, comprising six registrant members and six lay members, one of whom is the Chair. The Privy Council appointed a new registrant member of Council in July 2018, following an open competition appointment process approved by the Professional Standards Authority (PSA). The member, based in Scotland, assumed office on 1 October for a four-year term. Further information on the members of the Council can be found in section 6 of this report.

It is the Council's role to set the strategic direction of the GDC in line with its mission and statutory purpose; to ensure systems are in place to enable

<sup>10</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.

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 or to me as Chief Executive and Registrar. The Council does not delegate:

- 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 and its committees operate in accordance with Standing Orders which include the terms of reference for the committees and clear arrangements for the management of any conflicts of interest. Council members' declarations of interest 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

The membership of each committee includes registrant and non-registrant Council members. Two committees, (Audit and Risk and Remuneration), have appointed an external member. Committee membership can be found in section 6 of this report.

The committees report to the Council on their work after each meeting and each committee submits an annual report to Council at the end of each 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 the 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. 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 2018 the Committee received briefings on the implications and risks arising from the UK's exit from the EU and will continue to receive updates into 2019.

In April 2018 there was a change in the external committee member. The new member has undergone an induction process.

## 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; 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 2018 the FPC has improved its efficiency by replacing financial activity reports from each business area with a single comprehensive paper, the resourcing bridging paper. This provided a complete overview of performance for each budget area, including risk, financial and KPI performance.

FPC has maintained oversight for the Council of the Estates strategy and particularly the development of an operational hub in Birmingham, including the building selection, IT infrastructure, facilities and

operational continuity. The relocation of staff has been carried out in two strands and the committee will continue to receive updates and ensure that lessons learnt in strand one will be applied to strand two as it continues into 2019.

### 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 agrees the arrangements for the annual review of the Council's performance and effectiveness with the Chair. It also annually reviews the GDC's pension schemes and makes reports and/or recommendations as appropriate to Council, based on actuarial data and advice.

During 2018 the Committee have received proposals for, and advised on, a wider People and Organisational Development Strategy and workplan, which provides structure for work on reward and development into 2019. The Committee has also supported the development of the GDC's pension strategy, with changes to be implemented in 2019.

### 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 2018 the PRB has engaged with key stakeholders through attendance at workshops to discuss policy development and collaboration opportunities. In addition, the Executive pursued an ambition to engage with students at a very early stage of their training and following excellent feedback from the initial events this will continue into 2019.

The Board continued to have an important role in the Shifting the Balance and Moving Upstream projects. It considered early drafts of the Moving Upstream document and the developing corporate strategy for

2020–2022 (which was consulted on in 2019) and provided constructive challenge to the Executive.

### Statutory Panellists Assurance Committee

In addition to the above non-statutory committees 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 in connection with the exercise of any function relating to the appointment of members of the Council's statutory committees. In December 2018 the SPC reported to Council that during the year it had confirmed 66 appointments to the statutory committees and panels and continued to monitor themes arising from fitness to practise and the quality assurance framework to better inform appointments and panellist training.

### Council effectiveness

The work identified as part of the 2017 Board Effectiveness Review has continued in 2018. The review covered topics such as composition, selection, support, effectiveness and development.

The team profiling methodology which was established with Council during 2017 has been implemented throughout the Committee infrastructure (made up of Council Members) to ensure synergies between Council, Committees, the Executive and those senior managers who have frequent interaction with the governance structure.

Work has been undertaken on succession planning (from both a Council and Executive perspective) to identify and begin to mitigate risks and to plan for the future. This work has taken account of the recruitment which took place in 2017 (six members) and 2018 (one member).

The Council continues to use a combination of informal "workshop" and formal meetings to ensure business is managed appropriately. The workshops allow Council to discuss new ideas and initiatives at a concept stage, to have face-to-face conversation with an array of staff in a more informal environment and to be well versed on the broader context by the time initiatives are set out in a formal Council paper for approval.

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

The attendance of Council Members at Council meetings is recorded in the minutes, which are available on our website. A table of Members' attendance is provided in section 6 of this report.

## Council oversight of strategic risks

The Council monitors strategic risks and is presented with an update on the Strategic Risk Register (SRR) during each meeting. The SRR is reviewed and approved by the Executive Management Team (EMT) and ARC prior to going to Council.

The SRR is forwarded to Council immediately following ARC approval allowing for the register to be seen by Council in as timely a manner as possible. At the following Council meeting, a further strategic risk update is provided detailing any developments between the date of the circulated version of the SRR and the date of the 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 organisational appetite levels; and to determine how the organisation is performing against realistic and approved annual target risk exposure thresholds. When presented at any forum, the SRR is supported by a risk management paper which highlights key areas of concern, underperformance, emerging or dormant issues. This puts the SRR into context and explains what it means to the GDC.

These risk documents presented to, and scrutinised by, the Council provide information to support and guide decision making, enables monitoring of progress against the corporate strategy and holds the executive to account for its performance.

To support the SRR, and to ensure that all risks included within are of a genuine strategic nature, each Directorate has an operational risk register (ORR). The ORRs are subcategorised by team. Each ORR is presented to EMT on at least an annual basis.

All risks, whether strategic or operational, are aligned with corporate objectives and Business Plan priorities.

## Disclosure of principal risks and uncertainties

The GDC's Risk Management framework allows for consideration of both strategic and operational risks, covering all areas of potential concern. At the year end, the SRR was populated with 10 strategic risks. These included:

- risks identified following the Estates Strategy relocation, in relation to business continuity and adherence to financial projections
- strategic organisational undertakings, such as Shifting the Balance
- risks in relation to the retention of PSA standards
- uncertainties around constitutional changes following the UK's impending departure from the EU, including the potential loss of 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; and contract management.

## Internal Audit Services

Mazars LLP provided the GDC's independent internal audit service during 2018. An internal audit plan for the period 1 January to 31 December 2018, developed with Mazars, was approved by the Audit and Risk Committee at its meeting on 1 November 2017. Nine internal audits were undertaken in 2018.

Following each internal audit assignment, recommendations to improve either the design of the control framework, or the application of the control framework were made. 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 the audit work undertaken in 2018, was that the GDC's governance, risk management and internal control arrangements are generally adequate and effective to manage achievement of its objectives. Certain weaknesses and exceptions were highlighted by the audit work; however, none was considered fundamental.

Mazars' overall assurance rating reflected the targeting of the audit plan both at known areas of weakness and areas of significance where management were not able to gain assurance of performance.

The GDC 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 EMT and ARC throughout the year.

## Executive Management Team

The Council is supported by staff, headed by the Chief Executive and Registrar, Ian Brack, who is also the Accounting Officer, and the other members of the Executive Management Team (EMT).

The Council sets strategy and policy and determines the outcomes and outputs of the GDC in support of its purpose and values. The means by which those outcomes and outputs are achieved is a matter for the Chief Executive and EMT. The Chief Executive is accountable to Council for EMT's performance. 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 2018 the EMT has met formally at least once a month, with "workshop" sessions held frequently, to allow EMT to input to proposals at an early stage, and prior to coming to formal meetings for a decision.

From January to September, the EMT consisted of The Chief Executive and Registrar, the Executive Directors, and the Principal Legal Adviser (PLA). From September, the PLA post was removed from the EMT.

It was also decided during 2018 to create a Senior Leadership Team (SLT), with the intention of the senior operational and strategic heads of supporting the decision making of the organisation. The SLT includes the Principal Legal Adviser, the Head of Communications and Engagement, Head of Policy and Research and the Heads of HR, IT, Finance,



Registration and Fitness to Practise.

The remits of the Executive Directors were as follows during 2018:

**Executive Director, Fitness to Practise**

**Transition: Tom Scott** (from 15 January 2018)

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

**Executive Director, Organisational**

**Development: Bobby Davis**

Legal services, information governance, human resources, governance, equality and diversity, compliance and facilities.

**Executive Director, Registration and Corporate**

**Resources: Gurvinder Soomal**

Registration, customer services, finance, procurement, business planning and project management, IT, audit and risk.

**Executive Director, Strategy: Matthew Hill**

Developing strategy and policy, communications and engagement, research and education quality assurance.

## Management Information and Performance Reporting

The 2018 Business Plan, in conjunction with the Operational Plan, identified the priorities for the GDC to successfully meet its strategic and regulatory objectives and set out the required resources, anticipated outcomes and outputs and any other contributory factors. Throughout the year the EMT/ Senior Leadership Team monitored activity against key performance indicators (KPIs) via a balanced scorecard linked to data warehouse development. Progress was reported to Council and the Finance and Performance Committee on a quarterly basis. Project status was also reviewed. Together with the risk management reporting these reports informed the business planning process in assessing priorities for the upcoming year and where to allocate resources.

In 2018 the GDC began to develop its corporate strategy 2020 to 2022, informed by a three-year costed corporate plan. Work on these plans will continue in 2019, including a consultation with key stakeholders, patients and professionals.

## Data breaches and information security

### Information governance

During 2018, the GDC continued to develop and improve its information governance framework, the way it manages and disposes of information, identifies and responds to data security incidents, and ensures compliance with the Freedom of Information Act 2000 (the FOI Act) and the Data Protection Act 2018 (the DPA).

During the year, 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 completed annual data protection refresher training.

Other significant work completed during the year included the delivery of a programme of work to implement the requirements of the GDPR. The GDC's Information Governance Group (the IGG), which provides support and assurance to EMT/SLT, played an important role in helping to ensure the business engaged with the requirements of the GDPR and related implementation work. Workshop sessions with the IGG have helped shape the development and roll out of the GDC's Email Deletion Policy and the development of the data security incident reporting, policy, and support framework.

### Information requests

During 2018, the GDC received a total of 305 requests (341 in 2017) for corporate information under the Freedom of Information (FOI) Act and personal information under the Data Protection Act (subject access requests).

FOI requests received by the GDC were commonly for statistical information relating to the work of the GDC. A large proportion of the subject access requests received by the GDC were from people involved in a fitness to practise complaint seeking case information for the purpose of an appeal or private claim.

The GDC responded to 312 information requests – 207 FOI requests (2017: 227) and 94 subject access requests (2017: 113). 99% of FOI requests (215) were responded to within the statutory timeframes (20 working days) or an extension was appropriately claimed to carry out a public interest test. 97% of subject access requests (91) were responded to within the statutory timeframes (40 calendar days) or an extension was appropriately claimed.



Of the 312 information requests the GDC responded to in 2018, zero FOI responses were appealed to the Information Commissioner (two in 2017). One response about a subject access request was appealed and further information disclosed.

### **Data security incidents**

During 2018, the GDC continued to centrally record, manage, and report on Data Security Incidents (DSIs). 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 DSIs recorded are a personal data breach.

The GDC recorded 142 DSIs in 2018. This is an increase from 2017 (94) due to improved staff awareness of information governance and a better understanding of the value of reporting a wider range of incidents.

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.

Five incidents were considered serious enough that they were self-reported to the Information Commissioner. Two of these related to the actions of third parties outside of the GDC's control. Although the number of serious incidents referred to the Information Commissioner has increased in 2018 this should be set in context of the reduced threshold for notification introduced by the GDPR.

The Information Commissioner considered the GDC's response to these incidents and concluded that she 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 systems of risk management and internal control are effective to enable the Council to achieve its statutory duties, and to continue to support the GDC's policies, aims and objectives.

### **Ian Brack**

Chief Executive and Accounting Officer

15 October 2019

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## Accounts 2018

### Independent auditor's report

#### Opinion

We have audited the financial statements of the General Dental Council ("the Council") for the year ended 31 December 2018 which comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows 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 2018 and of its surplus for the year then ended;
- the financial statements 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  
16 October 2019

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

## 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 2018 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 2018 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

We are required to conclude on the appropriateness of management'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 for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

### 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

17 October 2019

# Income and expenditure account

For the year ended 31 December 2018

		2018 £'000	Restated 2017 £'000
<b>Income</b>	<b>Note</b>		
Fees	2	45,416	44,877
Overseas Registration Exam	3	1,588	1,389
Miscellaneous	3	14	3
<b>Total Operating Income</b>		<b>47,018</b>	<b>46,269</b>
<b>Expenditure</b>			
Staff costs	5	22,534	19,398
Legal and professional fees	6	6,798	8,008
Council and Committee meetings	7	5,673	7,168
Administration	8	3,727	3,384
Accommodation	9	906	817
Communications and Publications	10	345	211
<b>Total Operating Expenditure</b>		<b>39,983</b>	<b>38,986</b>
<b>Surplus after operational expenditure</b>		<b>7,035</b>	<b>7,283</b>
Investment income	4	311	114
Realised losses on sale of investments	14	(17)	-
Unrealised (loss)/gain on investments	14	(1,056)	189
<b>Surplus for year after investment income and adjustment</b>		<b>6,273</b>	<b>7,586</b>
Taxation	11	(8)	(51)
<b>Retained Surplus after taxation</b>		<b>6,265</b>	<b>7,535</b>
<b>Other comprehensive Income</b>			
Items not reclassified			
Actuarial gains on pension scheme assets	20	489	2,800
<b>Total other comprehensive income</b>		<b>489</b>	<b>2,800</b>
<b>Total comprehensive income for the year</b>		<b>6,754</b>	<b>10,335</b>

All income and expenditure relate to continuing activities.

Income has been restated for 2017, due to adoption of IFRS 15.

The notes on pages 49 to 70 form part of these financial statements.



# Statement of financial position

As of 31 December 2018

		2018 £'000	Restated 2017 £'000	Restated 2016 £'000
<b>Non-current assets</b>	<b>Note</b>			
Property, plant and equipment	12	11,699	9,968	10,594
Intangible assets	13	213	381	601
Financial assets – fair value through profit and loss	14	14,315	948	756
Trade and other receivables		-	-	-
Provision for pension asset	20	3,930	1,500	-
<b>Total non-current assets</b>		<b>30,157</b>	<b>12,797</b>	<b>11,951</b>
<b>Current assets</b>				
Trade and other receivables	15	1,795	2,342	2,517
Cash and cash equivalents	16	42,344	47,705	38,899
<b>Total current assets</b>		<b>44,139</b>	<b>50,047</b>	<b>41,416</b>
<b>Total assets</b>		<b>74,296</b>	<b>62,844</b>	<b>53,367</b>
<b>Current liabilities</b>				
Trade and other payables	17	6,679	3,528	4,233
Other liabilities	17	77	-	58
Deferred income	17	41,714	41,243	40,655
Provisions	19	1,011	-	-
Corporation tax	17	4	20	123
<b>Total current liabilities</b>		<b>49,485</b>	<b>44,791</b>	<b>45,069</b>
<b>Non-current assets plus/less assets/liabilities</b>		<b>24,811</b>	<b>18,053</b>	<b>8,298</b>
<b>Non-current liabilities</b>				
Pension Liability		-	-	611
Deferred tax	17	146	142	111
<b>Total non-current liabilities</b>		<b>146</b>	<b>142</b>	<b>722</b>
<b>Assets less liabilities</b>		<b>24,665</b>	<b>17,911</b>	<b>7,576</b>
<b>Reserves</b>				
General reserve		20,907	15,527	7,492
Pension reserve		3,930	1,500	(611)
Unrealised gains on investment reserve		(172)	884	695
<b>Total reserves</b>		<b>24,665</b>	<b>17,911</b>	<b>7,576</b>

Deferred income and general reserves have been restated for 2017 and 2016, due to the adoption of IFRS 15.

The notes on pages 49 to 70 form part of these financial statements.

The financial statements were approved by the Council members and were signed on their behalf on 15 October 2019.

**William Moyes**  
Chair

**Ian Brack**  
Chief Executive and Accounting Officer



# Statement of cash flows

For the year ended 31 December 2018

		2018 £'000	Restated 2017 £'000
<b>Cash flows from operating activities</b>	Note		
Surplus from operating activities	I&E	7,035	7,282
Depreciation and amortisation		1,061	1,064
Loss on disposal of property, plant and equipment		(4)	-
Decrease in trade and other receivables	15	547	175
Increase/(decrease) in trade payables and other liabilities	17	3,699	(174)
Pension reserve funding movements	20	(1,941)	689
Use of provisions	19	1,011	-
<b>Net cash inflow from operating activities</b>		<b>11,408</b>	<b>9,036</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(2,626)	(180)
Purchase of intangible assets	13	-	(38)
Proceeds from sale of assets		5	-
Proceeds from sale of financial assets	14	490	-
Purchase of financial assets	14	(14,930)	(3)
Investment income	4	311	114
<b>Net cash outflow from investing activities</b>		<b>(16,750)</b>	<b>(107)</b>
Tax		(20)	(123)
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		<b>(5,362)</b>	<b>8,806</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16</b>	<b>47,705</b>	<b>38,899</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>16</b>	<b>42,343</b>	<b>47,705</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,362)</b>	<b>8,806</b>

The notes on pages 49 to 70 form part of these financial statements.

# Statement of changes in reserves

For the year ended 31 December 2018

		2018			
	Note	General Reserve	Pension Reserve	Unrealised Gains on Investment	Total Reserves
<b>Balance at 31 December 2016</b>		<b>12,121</b>	<b>(611)</b>	<b>695</b>	<b>12,205</b>
IFRS Income adjustment		(4,629)	-	-	(4,629)
<b>Restated balance at 31 December 2016</b>		<b>7,492</b>	<b>(611)</b>	<b>695</b>	<b>7,576</b>
<b>Changes in reserves for 2017</b>					
Total comprehensive income for the year	I&E	10,335	-	-	10,335
Actuarial loss on pension scheme	20	(2,800)	2,800	-	-
Reserves transfer		689	(689)	-	-
Unrealised loss on investments	14	(189)	-	189	-
		<b>8,035</b>	<b>2,111</b>	<b>189</b>	<b>10,335</b>
<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 gains on pension scheme	20	(489)	489	-	-
Reserves transfer		(1,941)	1,941	-	-
Unrealised gains on investments	14	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>

The notes on pages 49 to 70 form part of these financial statements.

# Notes to the 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 the GDC's functional currency of pounds sterling.

### 1.1 FORMAT OF THE ACCOUNTS

The GDC is required to prepare its 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:

Standard	Date of adoption
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018

IFRS 9 'Financial Instruments' replaces IAS39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces:

- a new requirement for the classification and measurement of financial assets and liabilities.
- a new credit loss model for recognising provisions based on expected credit losses. This results in assets being assigned to one of three classifications; amortised cost; fair value through profit and loss or fair value through other comprehensive income.
- simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

The GDC's available for sale assets are classified as 'fair value through profit and loss'. They continue to be valued at fair value, however, any change in fair value is now recognised in net expenditure. This increases the volatility in net expenditure and eliminates the 'unrealised gains on investments' reserve.

Other financial assets consist primarily of cash balance and are therefore not materially affected by the introduction of the expected credit loss model.

IFRS 15 'Revenue from contracts with customers' replaces IAS 11 Construction Contracts, IAS 18 'Revenue' and their associated interpretations. The core principle of IFRS 15 is that an entity recognised revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The GDC's fee income is deferred and released on a straight-line basis to the income and expenditure account over the period to which the income relates. Adoption of IFRS 15 has resulted in a prior period adjustment of £4.6m to our opening general reserves. The deferred income balance at that the same date would increase by a corresponding £4.6m, from £36,026,000 to £40,655,000. No other SoFP balances are affected. Total fees income for 2017 in last year's accounts was £44,989,000 and restated fees income for 2017 is £44,877,000. New standards, amendments and interpretations issued, but not yet effective, are as follows:

IFRS 16 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for

Standard	Date of adoption
IFRS 16 Leases	1 January 2019

on the balance sheet for lessees. The standard replaces IAS17 'Leases' and related interpretations and is effective for annual periods beginning on or after 1 January 2019.

The Council has assessed the impact of IFRS 16 on the financial statements:

- the Council will treat any leases of underlying asset less than £3,000 as a low value asset.
- as of the reporting date, the GDC has noncancelable operating lease commitments of £8,646,000 (see note 21). The Council estimates that approximately 1% of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense to the income and expenditure account.
- the Council estimates that the right-of-use asset value will be £6,325,000 and the impact on the income and expenditure account to be £415,000.

The Council anticipates that the early adoption of this standard will not have a material effect on the Statement of Financial Position, or the results for 2017 and 2018, and has determined not to adopt before the effective date when adoption would be required.

### 1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

To be able to prepare financial statements in accordance with IFRS, the GDC 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

The GDC accounts 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 20 to the accounts.

As at 31 December 2018 the plan has a surplus of £3.9m 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. Under the terms and conditions of the Plan the GDC 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

The GDC provides 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

The GDC accounts 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

The GDC has reviewed projected fee income, the operations and cash flow forecasts for the next 12 months. The GDC considers 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:

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

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

## 1.7 IMPAIRMENT

At each Statement of Financial Position date, the GDC reviews the carrying amounts of its 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

All income is accounted for when there is adequate certainty over entitlement, amount and receipt. All fees for the registration period from dentists and DCPs are deferred and released on a straight-line basis over the period of their registration. The registration period for dentists is 1 January to 31 December. The registration period for DCPs is 1 August to 31 July.

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

The terms of all Council's leases are reviewed and, where the rewards and risks of ownership rest with the Council, leases are treated as finance leases. The capital values of finance leases, together with the current value of future capital repayments, are held as assets and liabilities in the Statement of Financial Position. Leases other than finance leases are classified as operating leases. Operating leases are charged to the Income and Expenditure Statement on a straight-line basis over the term of the lease, taking account of any lease incentives in accordance with the terms of IAS 17.

The Council also reviews all service contracts to determine whether the contracts include an embedded finance lease under the terms of IAS 17 as interpreted by IFRIC 4.

## 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 operates four pension schemes.

Pensions Scheme	Trust
Master trust	People's Pension
Defined Contribution 2014 Section	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 20.

### 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.

### 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 17.

## 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 REGISTRATION INCOME

Income has been restated for 2017 due to adoption of IFRS 15.

	2018		2017 (Restated)
	No.	£'000	£'000
<b>Dentists</b>			
Total new registration	1,782	822	792
Temporary registration	32	28	23
Retention	40,165	35,747	35,400
Restoration after erasure	273	243	221
<b>Total</b>	<b>42,252</b>	<b>36,840</b>	<b>36,436</b>
<b>Dental Care Professionals</b>			
Total new registration	4,492	330	333
Retention (August to December)*	68,728	3,271	3,207
Retention (January to July)**	-	4,490	4,408
Restoration after erasure	1,042	133	131
<b>Total</b>	<b>74,262</b>	<b>8,224</b>	<b>8,079</b>
<b>Specialist</b>			
Specialist registration	136	47	56
Specialist annual retention	4,216	304	305
Specialist restoration fee	26	1	1
<b>Total</b>	<b>4,378</b>	<b>352</b>	<b>362</b>
<b>Total Registration Income</b>	<b>120,892</b>	<b>45,416</b>	<b>44,877</b>

The above numbers reflect registrants paying fees during the year as opposed to the number of registrants on the register at 31 December 2018.

## 3 MISCELLANEOUS INCOME

	2018	2017
	£'000	£'000
Exam fees	1,588	1,389
Other operating income	14	3
<b>Total Miscellaneous Income</b>	<b>1,602</b>	<b>1,392</b>

#### 4 INVESTMENT INCOME

	2018	2017
	£'000	£'000
Interest bank deposits	150	104
Dividends – listed securities	161	10
<b>Total Investment Income</b>	<b>311</b>	<b>114</b>

The GDC incurred £17k on realised losses relating to the disposal of investments, net investment income for 2018 is £294k (2017: £114k).

#### 5 STAFF NUMBERS AND RELATED COSTS

	2018			2017
	Permanently employed staff £'000	Others £'000	Total £'000	Total £'000
<b>Staff Costs</b>				
Wages and salaries	15,460	-	15,460	14,051
Social security costs	1,718	-	1,718	1,463
Pension costs	1,744	-	1,744	2,148
Redundancy and termination payments	1,851	-	1,851	99
Other staff costs	1,326	-	1,326	1,190
<b>Sub total</b>	<b>22,099</b>	<b>-</b>	<b>22,099</b>	<b>18,951</b>
Temporary staff	-	435	435	447
<b>Total</b>	<b>22,099</b>	<b>435</b>	<b>22,534</b>	<b>19,398</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.

	2018			2017
	Permanently employed staff	Others	Total	Total
Fitness to practise and hearings	122	28	150	157
Registration	44	17	61	54
Policy and stakeholder management	20	5	25	16
Governance	9	1	10	25
Human Resources	9	5	14	12
Quality Assurance	7	1	8	8
Dental Complaints Service	7	-	7	9
Corporate Resources	67	16	83	54
<b>Total</b>	<b>285</b>	<b>73</b>	<b>358</b>	<b>335</b>

The number of staff, including the executive directors, whose taxable emoluments, excluding any compensation payments but including the value of untaken leave at the end of 2018, fell into higher salary bands were:

	2018	2017
£60,000 but under £70,000	30	19
£70,000 but under £80,000	8	7
£80,000 but under £90,000	2	3
£90,000 but under £100,000	2	2
£100,000 but under £110,000	1	-
£110,000 but under £120,000	1	3
£120,000 but under £130,000	3	-
£130,000 but under £140,000	-	-
£140,000 but under £150,000	1	1

## 6 OTHER ADMINISTRATION COSTS

For the year ended 31 December 2018

	2018	2017
	£'000	£'000
<b>Legal and professional services</b>		
<b>Auditor's remuneration and expenses:</b>		
External audit	24	23
External audit – National Audit Office	4	4
Internal audit	79	65
Professional Standards Authority Fees	283	276
Conduct hearings	1,406	1,929
Counsel Fees	864	1,233
Expert fees	1,068	1,108
Examinations costs	1,413	1,229
Other fees and charges	1,558	2,004
Other disbursements	99	137
<b>Total</b>	<b>6,798</b>	<b>8,008</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	2	2
Employment and other advice	-	-
<b>Total</b>	<b>2</b>	<b>2</b>

## 7 COUNCIL AND COMMITTEE MEETINGS

	2018	2017
	£'000	£'000
Fees paid to Council Members	232	232
Expenses paid to Council Members	85	103
Professional fees and expenses for Council	-	-
Council meeting expenses	91	127
<b>Total Council fees and expenses</b>	<b>408</b>	<b>462</b>
Fees paid to committee and panel members	1,744	2,125
Expenses paid to committee and panel members	637	743
Professional fees and expenses for committees and panels	1,149	1,386
Committee and panel meeting expenses	1,735	2,452
	<b>5,265</b>	<b>6,706</b>
<b>Total Council and Committee Meetings</b>	<b>5,673</b>	<b>7,168</b>

## 8 ADMINISTRATIVE EXPENSE

	2018	2017
	£'000	£'000
Depreciation	893	806
Amortisation	168	258
Loss on disposal of property, plant and equipment	(4)	-
Hire of office machinery	12	17
Building leases	862	871
Interest charges	-	-
Information technology support and maintenance	1,185	869
Personnel costs	30	28
Other operating costs	581	535
<b>Total Administrative Expenses</b>	<b>3,727</b>	<b>3,384</b>

## 9 ACCOMMODATION

	2018	2017
	£'000	£'000
Business rates	427	371
Cleaning	129	134
Maintenance and repair	158	142
Other accommodation costs	192	170
<b>Total Accommodation Costs</b>	<b>906</b>	<b>817</b>

## 10 COMMUNICATIONS AND PUBLICATIONS

	2018	2017
	£'000	£'000
Communications and publications	345	211
<b>Total Communications and publications</b>	<b>345</b>	<b>211</b>

## 11 TAXATION

### 11.1 ANALYSIS OF TAX CHARGE

	2018	2017
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits of the year	3	20
Prior year tax adjustment	1	(1)
Foreign taxation	-	-
<b>Total current tax charge</b>	<b>4</b>	<b>19</b>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	4	32
Effect of tax rate change on opening balance	-	-
<b>Total deferred tax</b>	<b>4</b>	<b>32</b>
<b>Tax on profit on ordinary activities</b>	<b>8</b>	<b>51</b>

### 11.2 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.

	2018	2017
	£'000	£'000
Profit for year	5,028	7,555
Expected charge at 19% (2017: 19.25%)	955	1,454
<b>Effects of:</b>		
Non-taxable income	(916)	(1,434)
Adjustment to brought forward values	(36)	-
Movement in the deferred tax balance due to a change in tax rates	(1)	(4)
Tax on equalisation and value increasing fixed interest investments	5	36
Prior year tax adjustment	1	(1)
<b>Current year tax charge</b>	<b>8</b>	<b>51</b>

## 12 PROPERTY, PLANT AND EQUIPMENT

2018					
	Leasehold Property £'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>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	119	139	234	893
Disposals	-	-	-	(4)	(4)
<b>At 31 December 2018</b>	<b>4,604</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>625</b>	<b>665</b>	<b>859</b>	<b>11,699</b>
<b>At 31 December 2017</b>	<b>8,719</b>	<b>683</b>	<b>288</b>	<b>278</b>	<b>9,968</b>
2017					
	Leasehold Property £'000	Plant & Equipment £'000	Furniture & Fittings £'000	Information Technology £'000	Total £'000
<b>Cost or valuation</b>					
At 1 January 2017	12,787	1,071	594	897	15,349
Additions	135	-	-	45	180
<b>At 31 December 2017</b>	<b>12,922</b>	<b>1,071</b>	<b>594</b>	<b>942</b>	<b>15,529</b>
<b>Depreciation</b>					
At 1 January 2017	3,812	272	193	478	4,755
Charged in year	391	116	113	186	806
<b>At 31 December 2017</b>	<b>4,203</b>	<b>388</b>	<b>306</b>	<b>664</b>	<b>5,561</b>
<b>Net book value:</b>					
<b>At 31 December 2017</b>	<b>8,719</b>	<b>683</b>	<b>288</b>	<b>278</b>	<b>9,968</b>
<b>At 31 December 2016</b>	<b>8,975</b>	<b>799</b>	<b>401</b>	<b>419</b>	<b>10,594</b>

All assets are owned by the GDC.

## 13 INTANGIBLE ASSETS

	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>

	2017			
	Software £'000	Licenses £'000	Assets under construction £'000	Totals £'000
<b>Cost</b>				
At 1 January 2017	1,837	361	196	2,394
Additions	32	6	-	38
Transfers	196	-	(196)	-
<b>At 31 December 2017</b>	<b>2,065</b>	<b>367</b>	<b>-</b>	<b>2,432</b>
<b>Amortisation</b>				
At 1 January 2017	1,507	286	-	1,793
Charged in year	219	39	-	258
<b>At 31 December 2017</b>	<b>1,726</b>	<b>325</b>	<b>-</b>	<b>2,051</b>
<b>Net book value:</b>				
<b>At 31 December 2017</b>	<b>339</b>	<b>42</b>	<b>-</b>	<b>381</b>
<b>At 31 December 2016</b>	<b>330</b>	<b>75</b>	<b>196</b>	<b>601</b>

All assets are owned by the GDC.

## 14 FINANCIAL ASSETS

	2018			2017
	Equities £'000	Fixed Interest Securities £'000	Total £'000	Total (Equities only) £'000
<b>Balance as at 1 January 2018</b>	<b>948</b>	<b>-</b>	<b>948</b>	<b>756</b>
Additions	10,578	4,352	14,930	3
Disposals	(490)	-	(490)	-
Realised Losses on investments	(17)	-	(17)	-
Unrealised Losses on investments	(867)	(189)	(1,056)	189
<b>Balance as at 31 December 2018</b>	<b>10,152</b>	<b>4,163</b>	<b>14,315</b>	<b>948</b>

Income generated from the financial assets for the year ended 31 December 2018: Equities £160,335 (2017: £9,884).

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.

## 15 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2018	2017
	£'000	£'000
<b>Amounts falling due within one year</b>		
Other receivables	138	160
Prepayments and accrued income	1,657	2,182
<b>Total</b>	<b>1,795</b>	<b>2,342</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.

## 16 CASH AND CASH EQUIVALENT

	2018	2017
	£'000	£'000
Balance at 1 January	47,705	38,899
Net change in cash and cash equivalent balances	(5,361)	8,806
<b>Balance at 31 December</b>	<b>42,344</b>	<b>47,705</b>
<b>The following balances were held at:</b>		
Commercial banks and cash in hand	21,414	36,480
Short term bank deposits	20,930	11,225
<b>Balance at 31 December</b>	<b>42,344</b>	<b>47,705</b>



## 17 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2018	2017
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Corporation tax	4	20
Other taxation and social security	516	497
Trade payables	1,142	1,024
Other payables	87	82
Accruals	4,934	1,925
Deferred income	41,714	41,243
Deferred operating incentive	77	-
<b>Total</b>	<b>48,474</b>	<b>44,791</b>
<b>Amounts falling due after more than one year:</b>		
Deferred tax	146	142
<b>Total</b>	<b>146</b>	<b>142</b>
<b>Total Payables and Other Current Liabilities</b>	<b>48,620</b>	<b>44,933</b>

## 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

	2018	2017
	£'000	£'000
<b>Amortised Costs</b>		
Cash and bank balances	42,344	47,705
Receivables	138	160
<b>Total</b>	<b>42,482</b>	<b>47,865</b>
<b>Fair Value through Profit and Loss</b>		
Equities and fixed interest securities	14,315	948
<b>Total</b>	<b>14,315</b>	<b>948</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 invested are categorised as level one for the purpose of disclosure under IFRS 7.

	2018	2017
	£'000	£'000
<b>Financial Liabilities</b>		
Trade and other payable	6,760	3,548
<b>Total</b>	<b>6,760</b>	<b>3,548</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. 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 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 2016, 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.

## 19 PROVISIONS FOR LIABILITIES AND CHARGES

	ESTATES STRAND 2 TERMINATION PROVISION	TOTAL	TOTAL
	£'000	£'000	£'000
<b>Balance at 31 December 2017</b>	-	-	-
Provided in year	1,011	1,011	-
<b>Balance at 31 December 2018</b>	<b>1,011</b>	<b>1,011</b>	-

The Financial Review provides further information in respect to new provisions on page 28.

## 20 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 2018 by a qualified independent actuary.

As at 31 December 2018 the plan has a surplus of £3.9m based on the IAS 19 assumptions adopted. The defined benefit section of the scheme experienced a net actuarial increase in fund value for 2018 of £2.4m, against that reported in last year's accounts. An additional employer contribution of £2.3m was made during the period to offset the effect of future accrual to the scheme.

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 2018 were as follows:

	2018	2017
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	3%	3%
Proportion of employees opting for early retirement at age of 60	50%	50%

Assume life expectations on retirement age 65:

	2018	2017
Retiring today – males	23	23
Retiring today – females	24	23
Retiring in 20 years – males	24	24
Retiring in 20 years – females	25	24

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 (£) 2018	Allocation (%) 2018	Allocation (£) 2017	Allocation (%) 2017
Equities	21,095	67%	22,994	76%
With Profits Fund	3,271	10%	3,129	10%
Bonds	4,914	16%	4,088	13%
Cash	2,405	8%	282	1%
<b>Total</b>	<b>31,685</b>	<b>100%</b>	<b>30,493</b>	<b>100%</b>

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

	2018	2017
	£'000	£'000
The actual return on the scheme assets in the year	(1,769)	2,954

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

	2018	2017
	£'000	£'000
<b>Income and Expenditure:</b>		
Current service cost	(1,021)	(1,551)
Net interest expense on net pension obligation	33	(26)
Remeasurement of net pension obligation	489	2,800
<b>Total Charge</b>	<b>(499)</b>	<b>1,223</b>

The amounts recognised in the statement of financial position:

	2018	2017
	£'000	£'000
<b>Statement of Financial Position:</b>		
Present value of funded obligations	(27,755)	(28,993)
Fair value of assets	31,685	30,493
<b>Surplus</b>	<b>3,930</b>	<b>1,500</b>

The amounts in the statement of other comprehensive income:

	2018	2017
	£'000	£'000
<b>Other Comprehensive income:</b>		
Actuarial (loss)/gain on plan assets	(2,570)	2,195
Actuarial (loss)/gain on defined benefit obligation	3,059	605
of which due to experience	2,638	212
of which due to demographic assumptions	(356)	1,277
of which due to financial assumptions	777	(884)
<b>Total (loss)/gain in statement of other comprehensive income</b>	<b>489</b>	<b>2,800</b>

The Council expects to contribute £536,000 to its defined benefit pension scheme in 2019.

Sensitivity analysis of the defined benefit obligation is as follows:

	2018	2017
	£'000	£'000
Discount rate reduced by 0.1% pa (2016: 0.1% pa)	27,055	28,193
RPI inflation increased by 0.1% pa (2016: 0.1% pa)	27,255	28,393
Salary growth increased by 0.1% pa (2016: 0.1% pa)	27,555	28,593
Mortality – life expectancy of each member increases to that of someone one year younger	27,055	28,193

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

	2018	2017
	£'000	£'000
<b>Defined benefit obligation at 1 January</b>	<b>28,993</b>	<b>27,285</b>
Interest expense	768	785
Service cost	1,021	1,551
Contributions by members	273	368
Actuarial loss/(gain)	(3,059)	(605)
Benefits paid from plan assets /administrative expenses paid	(241)	(391)
<b>Defined benefit obligation at 31 December</b>	<b>27,755</b>	<b>28,993</b>

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

	2018	2017
	£'000	£'000
<b>Fair value at 1 January</b>	<b>30,493</b>	<b>26,674</b>
Interest income	801	759
Return on plan assets in excess on interest income	(2,570)	2,195
Employer contributions	2,929	888
Plan participants' contributions	273	368
Benefits paid/administrative expenses paid	(241)	(391)
<b>Fair value as at 31 December</b>	<b>31,685</b>	<b>30,493</b>

Change in recoverable surplus and components of the scheme performance:

	2018	2017
	£'000	£'000
<b>Opening balance</b>	<b>1,500</b>	<b>(611)</b>
Current service cost	(1,021)	(1,551)
Interest on surplus	33	(26)
Employer contributions	2,929	888
Actuarial (loss)/gain	489	2,800
<b>Closing balance</b>	<b>3,930</b>	<b>1,500</b>

Amounts per current and previous periods:

	2018	2017	2016	2015
	£'000	£'000	£'000	£'000
Return on plan assets in excess of interest income	(2,570)	2,195	2,421	525
Experience gains/(losses) on scheme liabilities	2,638	212	76	2,383
Changes in assumptions underlying the present value of the scheme liabilities	777	(884)	(8,799)	688
Defined benefit obligation	(27,755)	(28,993)	(27,285)	(17,083)
Scheme assets	31,685	30,493	26,674	22,942
Surplus	3,930	1,500	(611)	5,859

Asset gain:

	2018	2017	2016	2015
<b>Asset gain</b>				
Amount	(2,570)	2,195	2,421	525
% of scheme assets	-8.70%	7.2%	9.1%	2.3%

Liability experience gain:

	2018	2017	2016	2015
<b>Liability experience gain</b>				
Amount	2,638	212	76	(2,383)
% of scheme liabilities	9.5%	0.7%	0.3%	13.9%

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 2018 the annual premium contribution was £1,381,077 (2017: £1,458,545). Included in the annual premium was a contribution of £703,876 (2017: £573,772) for the defined contribution pension plan. 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 benefits
- 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 2018. 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 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 2018 using actual membership data at that date, the results might differ. However, any difference would not be expected to be significant.

The GDC also provides a defined contribution scheme.

## 21 COMMITMENTS UNDER LEASES

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2018	2017
	£000	£000
<b>Obligation under operating leases comprise:</b>		
<b>Land and buildings</b>		
Not later than 1 year	315	718
Later than 1 year and not later than 5 years	1,143	85
Later than 5 years	7,188	231
<b>Total</b>	<b>8,646</b>	<b>1,034</b>

Total lease values must be recorded against each expiry category i.e. where a lease has annual payment of £1,000 over a 10-year term, it is necessary to record £1,000 under expiry not later than 1 year, £4,000 under expiry two to five years and £5,000 under expiry later than five years.

## **22 CAPITAL COMMITMENTS**

The GDC has no contracted capital commitments which were not included in these financial statements as of 31 December 2018. (2017: The GDC has no contracted capital commitments which were not included in these financial statements as of 31 December 2017.)

## **23 RELATED PARTY TRANSACTIONS**

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 seven to the accounts. Details of amounts paid to individual Council members are set out in the annual report on page 24.

(2017: There were no related party transactions during the year ending 31 December 2017, other than the fees and expenses paid to Council members as disclosed in note 7 to the accounts).

## **24 CONTINGENT LIABILITIES**

The GDC has no contingent liabilities as of 31 December 2018 (2017: there were no contingent liabilities as of 31 December 2017).

## **25 EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events after 31 December 2018, that require adjustment to, or disclosure in, the financial statements.

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.



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# 13

## Fitness to practise statistical report

### Notes

Some of the data below compare 2018 figures with 2017 figures. In some cases, the figures reported here that relate to 2018 differ from how they were reported in the 2017 Annual Report and Accounts. Specifically:

- Case examiners Substantive Outcome Breakdown.
- Investigating Committee Substantive Outcome Breakdown.
- Committee Hearings.

In each of these examples, there is a footnote that explains the reason for the difference in the figures.

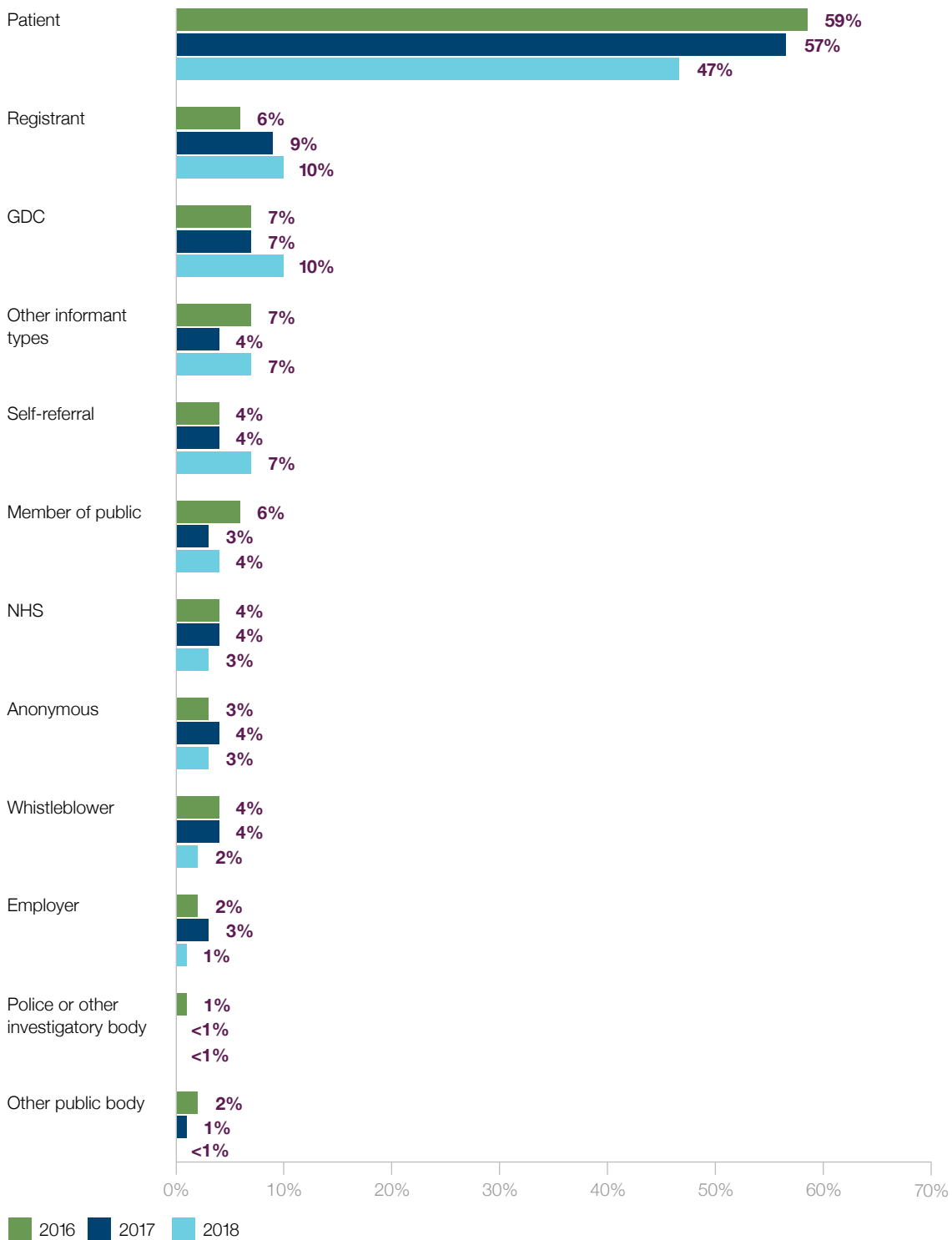
In previous Annual Reports and Accounts the GDC has reported on both our Fitness to Practise and Registration data in a statistical performance report. Instead of reporting on historical registration data in our annual report and accounts, the GDC decided to report on more areas and in a way that is more up to date via *Moving Upstream*<sup>11</sup>, which was published in January 2019. The GDC also reports on up to date performance information via our *Balanced Scorecard*, which is scrutinised by the Council at its public sessions.<sup>12</sup>

<sup>11</sup> *Moving Upstream*, published January 2019 <https://www.gdc-uk.org/about/what-we-do/shifting-the-balance/moving-upstream> [accessed April 2019]

<sup>12</sup> <https://www.gdc-uk.org/about/who-we-are/council-meetings> [accessed April 2019]

## Incoming cases breakdown by informant type

The chart below compares the number of concerns in 2018 with the two previous years.

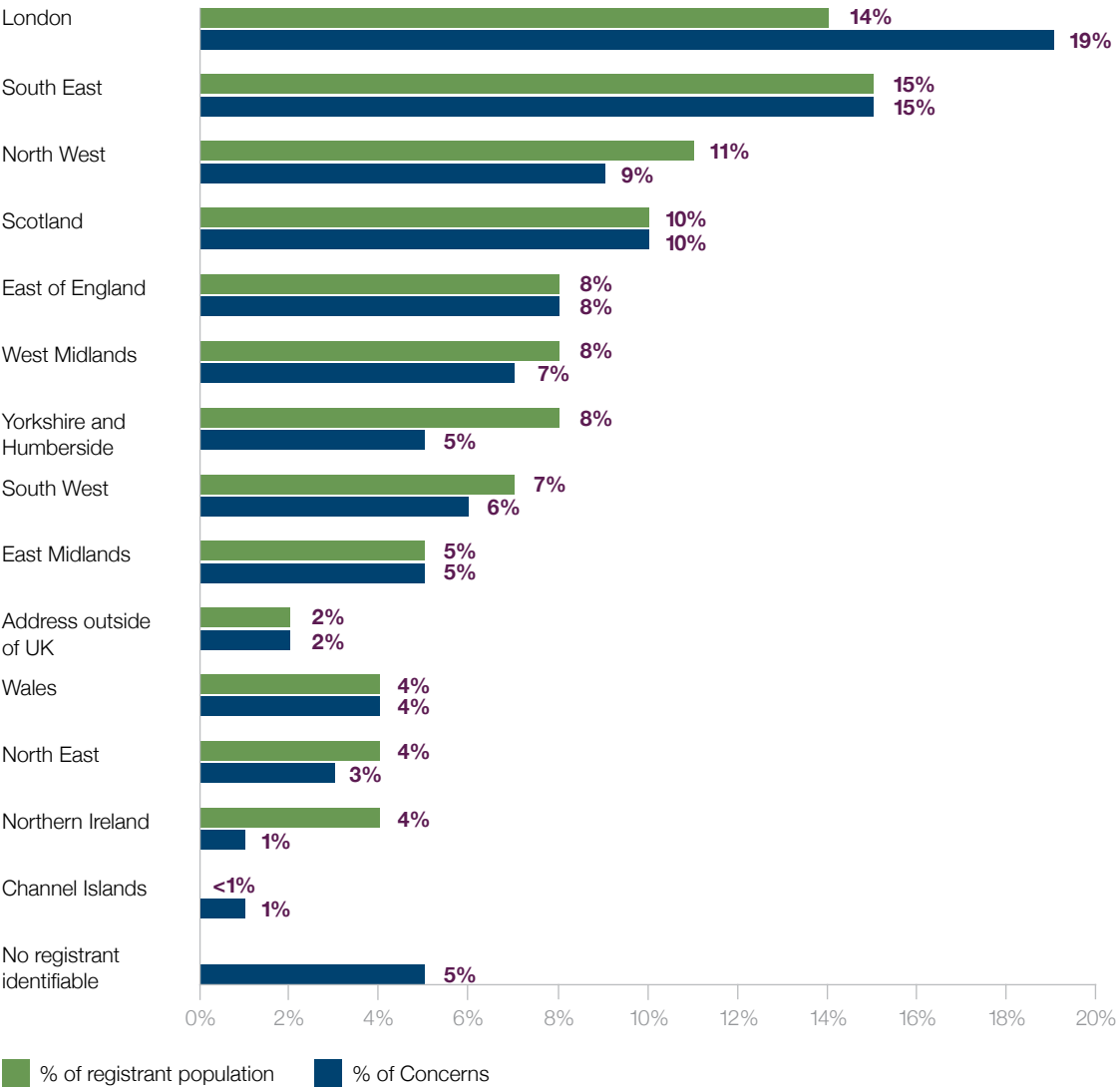


The chart above shows the source of concerns in 2018. In 2018, out of the 1,643 concerns received, 765 (47%) came from patients, which is 10% lower than in 2017.<sup>13</sup>

<sup>13</sup> N.B. Percentages may not add up to 100%, as they are rounded to the nearest whole number.

### Incoming cases by registrant region

The total number of concerns received in 2018 was 1,643, compared to 1,910 in 2017 – a 14% decrease. The chart below shows which region the dental professional is from.<sup>14</sup>



<sup>14</sup> No Registrant Identifiable – this relates to examples of concerns received where it has not been possible to identify a GDC registrant from the initial information provided. Although the case is still established and subject to an initial review, given no registrant may be identified, no registrant region is recorded for the case.

N.B. Percentages may not add up to 100%, as they are rounded to the nearest whole number.

## Fitness to practise case volumes by stage

The number of cases considered at each stage of the FtP process in 2018<sup>15</sup> were:

### Initial assessments: **1,668**

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 investigation. 27% of this total were closed, 3% referred to NHS England or NHS Wales for consideration, and 70% referred for assessment. This is a decline of 12% compared to 2017 (1,896). This total may not balance with incoming cases in the year (1,643, compared to 1,910 in 2017), as there will be cases within initial assessment that were received in the previous year.

### **Assessments: 1,530**

This is the number of cases considered at the “full” assessment stage when cases may be closed (42%) or referred to the case examiners (58%). This total represents a 47% increase in assessment decisions compared to 1,044 cases in 2017, which is a result of efforts to reduce the volume of work in progress cases. Note that this figure includes cases received in prior years but considered in 2018 as part of continuing work to reduce case volumes.

### **Case examiners: 700** **Investigating** **Committee: 4**

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 700 case examiner outcomes, 61% were closed, 37% were referred to a Practice Committee and 2% resulted in Undertakings Accepted.

All four Investigating Committee<sup>16</sup> cases were closed; no referrals to Practice Committee were made in 2018.

The combined total of 704 represents a 10% increase in closure and referral outcomes against 2017 (638).

### **Referrals to Practice** **Committee: 259**

This is the number of cases referred by case examiners to a Practice Committee. There were no referrals from Investigating Committee.

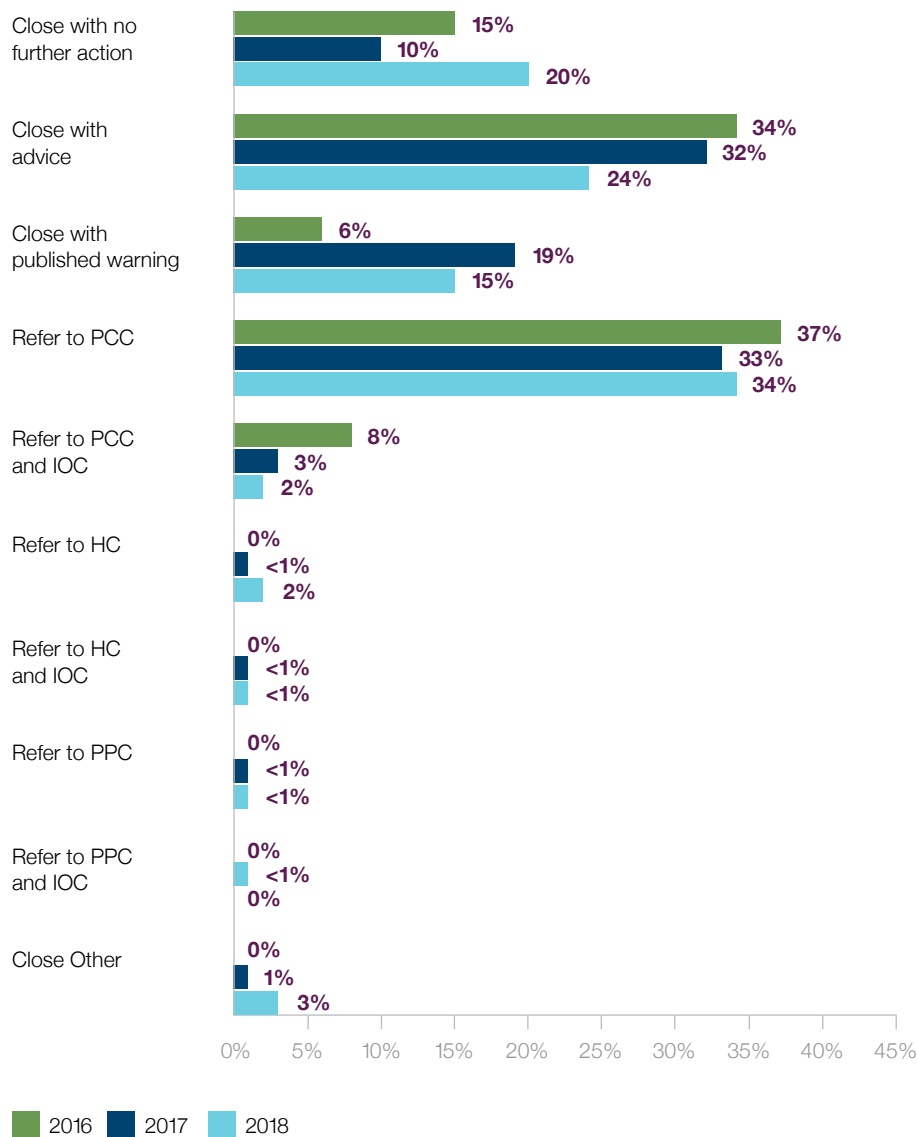
This total reflects an increase in case throughput, but the proportion of cases referred to a Practice Committee remained broadly the same as 2017. Of the 259 overall referrals, case examiners also referred 17 of these cases to an Interim Orders Committee. This is a 11% decrease from 2017 (19).<sup>17</sup>

<sup>15</sup> 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/about/what-we-do/publications> [accessed April 2019]

<sup>16</sup> N.B. Case examiners replaced Investigating Committees in November 2016 and the remaining cases predate the change.

<sup>17</sup> N.B. a single registrant may account for more than one case.

## Case examiners substantive outcome breakdown



The chart above shows what happened to the cases which reached the case examiners stage between 2016 and 2018.

### Close with no further action

Between 2017 and 2018 there was a significant increase in the number of cases the case examiners chose to close without giving the registrant advice or a warning.

### Closed with advice

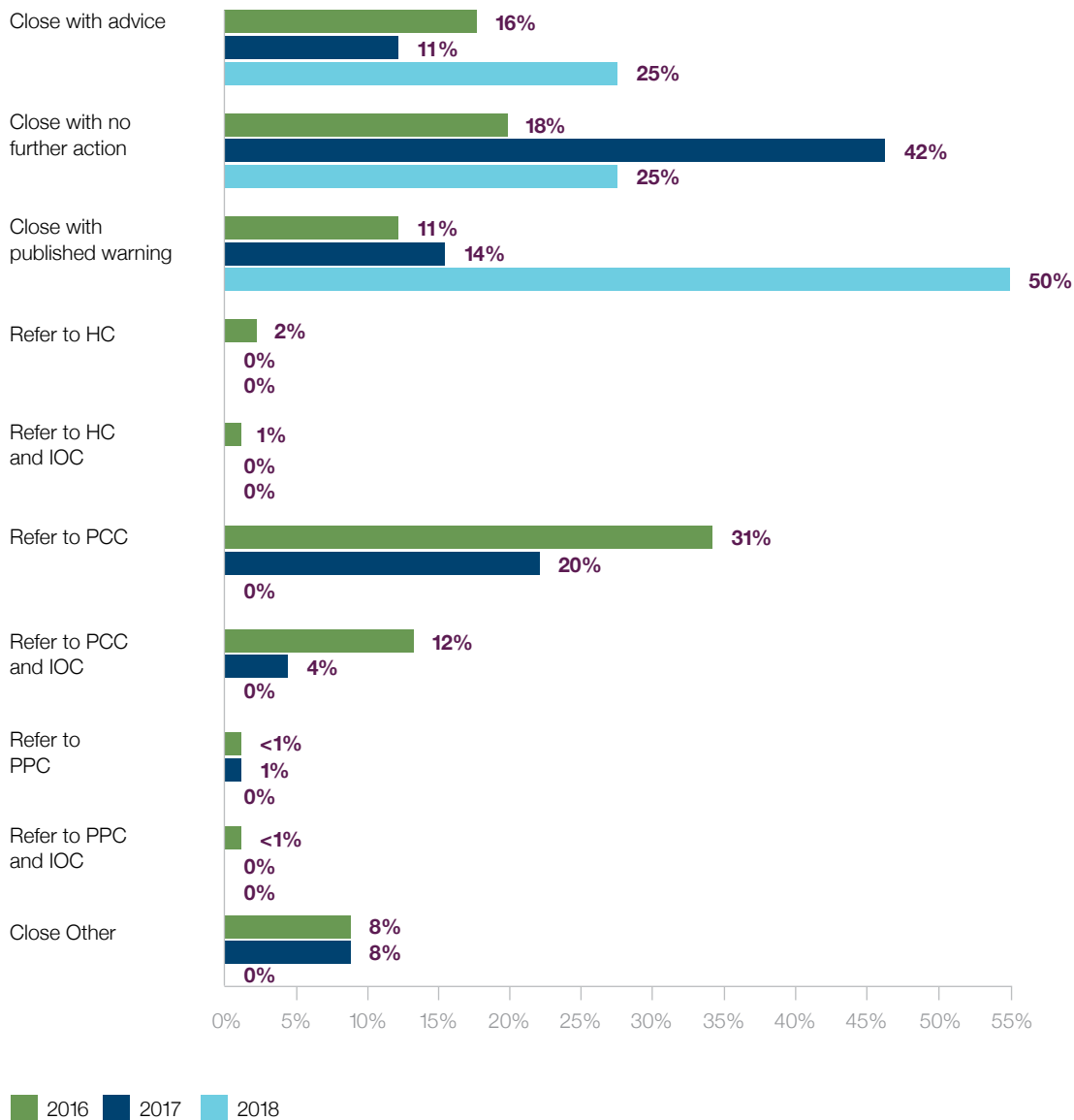
Between 2017 and 2018 there was a decrease in the number of cases the case examiners chose to close by giving advice to the registrant.

### Refer to practice committee

Between 2016 and 2018 the highest proportion of referrals were made to the Professional Conduct Committee.<sup>18</sup>

<sup>18</sup> Information on adjourned cases has not been included as it is no longer considered a substantive outcome, hence the percentage proportion shown for 2016 and 2017 in this report are different to that shown in previous annual reports (the values are the same).

## Investigating Committee Substantive Outcome Breakdown – 2016 to 2018

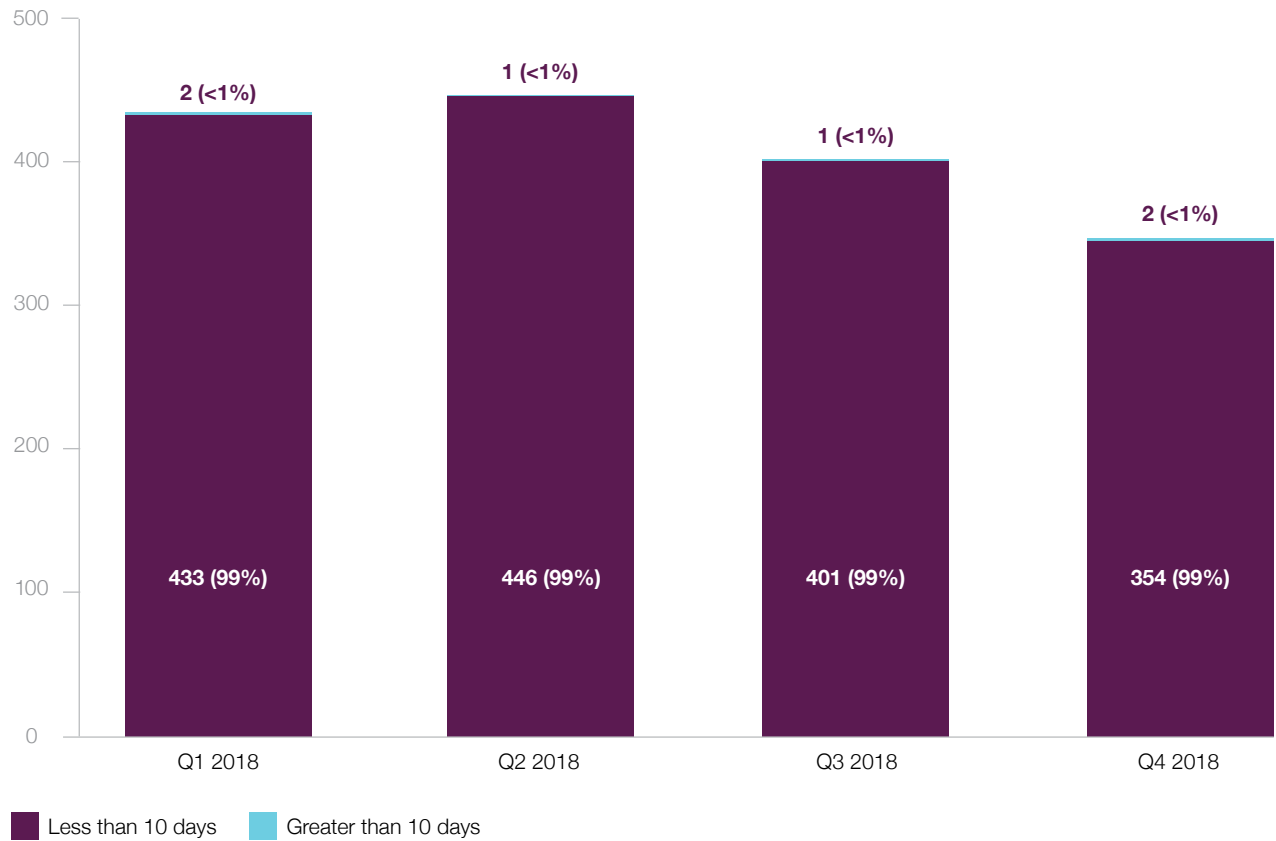


The chart above shows what happened to the cases which reached the Investigating Committee stage between 2016 and 2018. The transition from Investigating Committee to case examiners means that it is difficult to compare Investigating Committee outcomes between 2016 and 2018 because of the change in volumes.<sup>19, 20</sup>

<sup>19</sup> N.B.: Percentages may not add up to 100%, as they are rounded to the nearest whole number.

<sup>20</sup> Information on adjourned cases has not been included as it is no longer considered a substantive outcome, hence the percentage proportion shown for 2016 and 2017 in this report are different to that shown in previous annual reports (the values are the same).

Number of FtP cases received that have been assessed in initial assessment within target of 10 working days

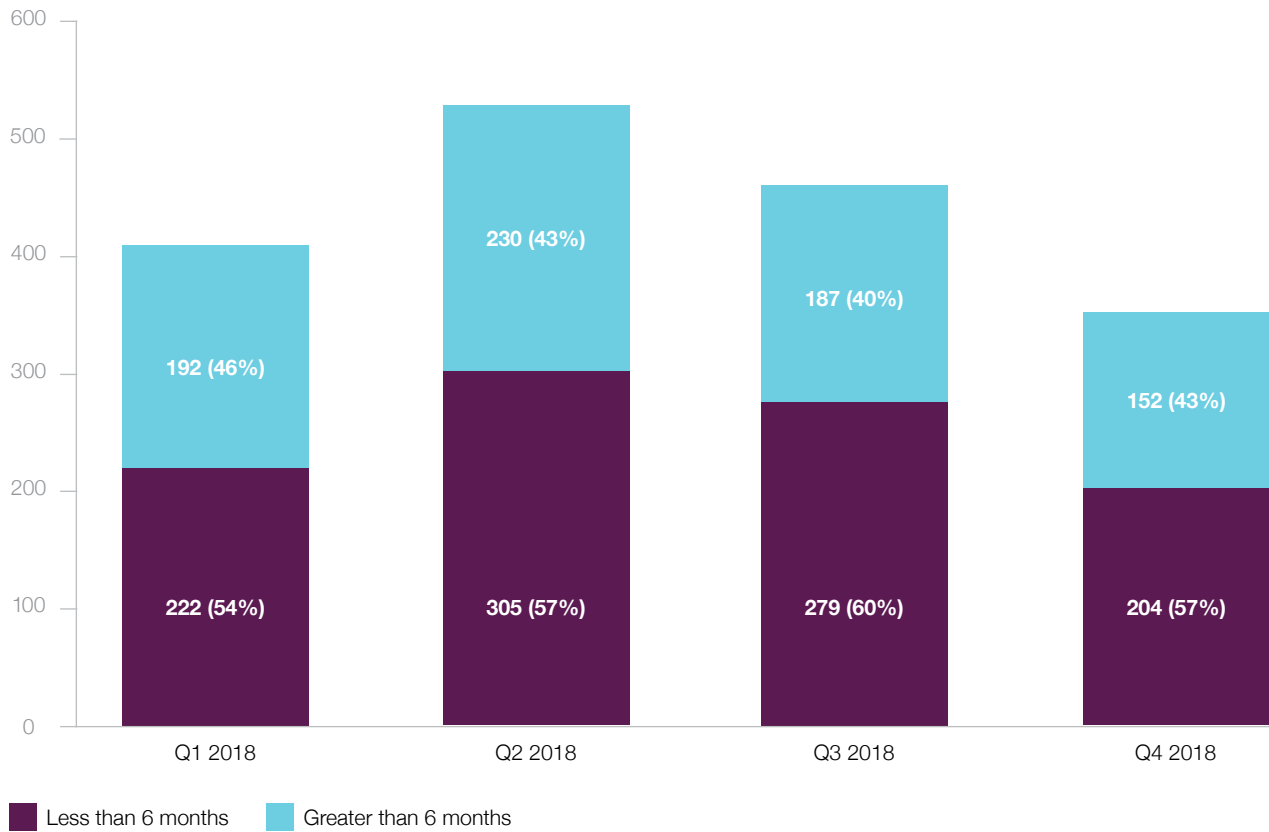


On average, 99% of cases were considered by the initial assessment decision group within ten net working days of receipt in 2018 (2017: 97%).

Of the 1,668 cases considered at initial assessment, 1,166 were referred.

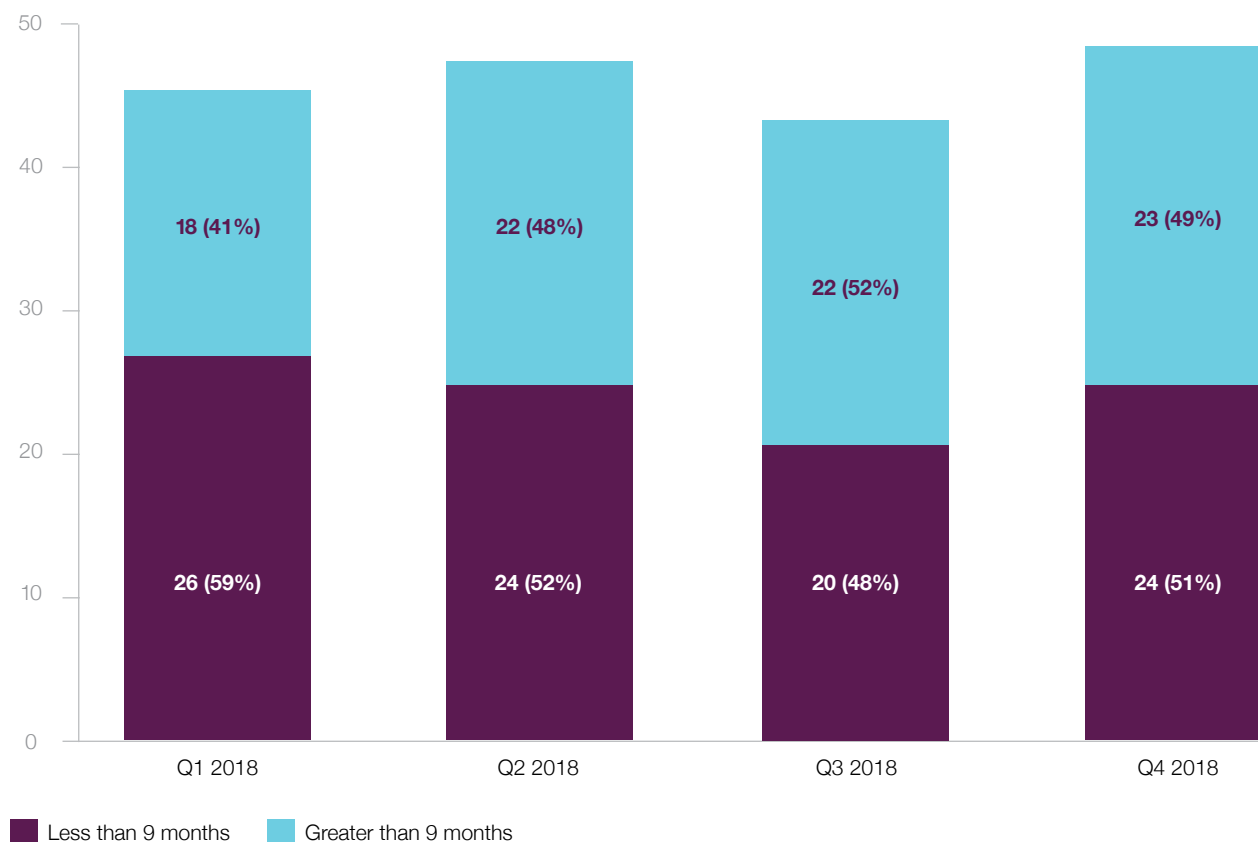


## Number of FtP cases completing investigation stage within six months of receipt



On average, 57% of investigation stage cases were completed within six months in 2018 (2017: 65%).

## Number of FtP cases by registrant that received an initial hearing within nine months of referral from case examiners



On average, 52% (2017: 50%) of cases received an initial hearing within nine months of referral from case examiners.

The number of live cases awaiting a first hearing, which had missed our nine-month target, stood at 60 at the end of December 2018. This is in comparison to 71 in the previous year, a decrease of 16%. The number of cases in the queue awaiting an initial hearing was 200 at the end of 2018, compared to 175 at the end of 2017 – an increase of 14%.

### Committee Hearings<sup>21</sup>

The most serious cases are referred to a committee to consider the matters put to them either on the basis of potential risk of harm – dealt with through the Interim Orders Committee – or the substantive consideration of a registrant’s conduct performance or health. Once an initial hearing has taken place, the matter may subsequently be reviewed by a committee on one or more occasions, for example to determine whether a registrant is complying with any conditions of practice.

<sup>21</sup> Committee hearings sections are listed in order of case volume with highest first, this is different to the order presented in the 2017 annual report.

## Professional Conduct Committee

A statutory committee which is one of the three practice committees. It considers allegations of misconduct against a dental professional to decide if this misconduct, if proven, amounts to an impairment of their FtP.

**Total number of hearings in 2018:** 227

(284 PCC hearings in 2017)

**No of hearings involving dentists:** 164

(222 dentist hearings in 2017)

**No of hearings involving DCPs:** 63 (39 dental nurses, 17 dental technicians, 3 clinical dental technicians and 1 dental hygienist)<sup>22</sup>

(62 DCP hearings in 2017)

Outcome	No. of Outcomes	% of Total <sup>23</sup>
Suspension extended (with a review)	36	16%
Suspended with immediate suspension (with a review)	33	15%
Erased + Immediate suspension	27	12%
Conditions revoked; FtP no longer impaired	19	8%
FtP not impaired, case concluded	17	7%
FTP impaired. Reprimand	14	6%
Conditions with immediate conditions (with a review)	11	5%
Suspension revoked; FtP no longer impaired	10	4%
Suspended indefinitely	10	4%
Suspension (with a review)	9	4%
Facts found proved did not amount to misconduct. Case Concluded	7	3%
Conditions revoked and suspension imposed (with a review)	7	3%
Conditions extended and varied (with a review)	6	3%
Suspension revoked and conditions imposed (with a review) and immediate conditions	5	2%
Suspension allowed to lapse; ftp no longer impaired	5	2%
Facts not proved; case concluded	3	1%
Suspension	3	1%
No case to answer	2	1%
Conditions (with a review)	1	0%
Conditions extended (with a review)	1	0%
Did not proceed	1	0%
<b>Total</b>	<b>227</b>	

<sup>22</sup> N.B. Same registrant may appear in multiple hearings.

<sup>23</sup> N.B Percentages may not add up to 100%, as they are rounded to the nearest whole number

## Interim Orders Committee

A statutory committee that considers serious allegations to decide whether it is appropriate to either prevent or to place conditions on a registrant's practice until their case is heard.

**Total number of hearings (including review hearings) in 2018:** 392

(371 hearings in 2017)

**No of hearings involving dentists:** 302

(280 dentist hearings in 2017)

**No. of hearings involving DCPs:** 90 (45 dental nurses, 13 dental technicians, and 2 clinical dental technicians)<sup>24</sup>

(91 DCP hearings in 2017)

Outcome	No. of Outcomes	% of Total <sup>25</sup>
Interim Suspension Continued	97	25%
Interim conditions continued	79	20%
No interim order imposed	67	17%
Interim Conditions	47	12%
Interim Suspension	42	11%
Interim Conditions varied	36	9%
Interim Conditions revoked and suspension imposed	7	2%
Interim suspension revoked and conditions imposed	7	2%
Interim Suspension revoked	6	2%
Interim Conditions Revoked	4	1%
<b>Total</b>	<b>392</b>	

<sup>24</sup> N.B. Same registrant may appear in multiple hearings.

<sup>25</sup> N.B Percentages may not add up to 100%, as they are rounded to the nearest whole number.

## Professional Performance Committee

A statutory committee which is one of the three practice committees. It considers allegations of deficient performance against a dental professional to decide if this deficiency amounts to an impairment of their fitness to practise.

**Total number of hearings (including review hearings) in 2018:** 6 (all were dentists)  
(12 dentist hearings in 2017) representing a 50% decrease from 2017.

Outcome	No. of Outcomes	% of Total
FtP not impaired, case concluded	1	17%
Conditions revoked; FtP no longer impaired	2	33%
Suspension extended (with a review)	1	17%
Suspended indefinitely	2	33%
<b>Total</b>	<b>6</b>	

## Health Committee

A statutory committee which is one of the three practice committees. It considers cases where it appears that a dental professional's fitness to practise is affected by either a physical or mental health condition.

Total number of hearings: 26  
(36 hearings in 2017)

No of cases involving dentists: 17 (21 dentist hearings in 2017)

No of cases involving DCPs: 9 (8 dental nurses and 1 dental hygienist)  
(15 DCP hearings in 2017)<sup>26</sup>

Outcome	No. of Outcomes	% of Total
FtP not impaired, case concluded	1	4%
Conditions with immediate conditions (with a review)	2	8%
Conditions extended and varied (with a review)	1	4%
Conditions revoked; FtP no longer impaired	3	12%
Suspended with immediate suspension (with a review)	4	15%
Suspension extended (with a review)	6	23%
Suspension revoked and conditions imposed (with a review) and immediate conditions	4	15%
Suspended indefinitely	5	19%
<b>Total</b>	<b>26</b>	

<sup>26</sup> N.B. Same registrant may appear in multiple hearings.

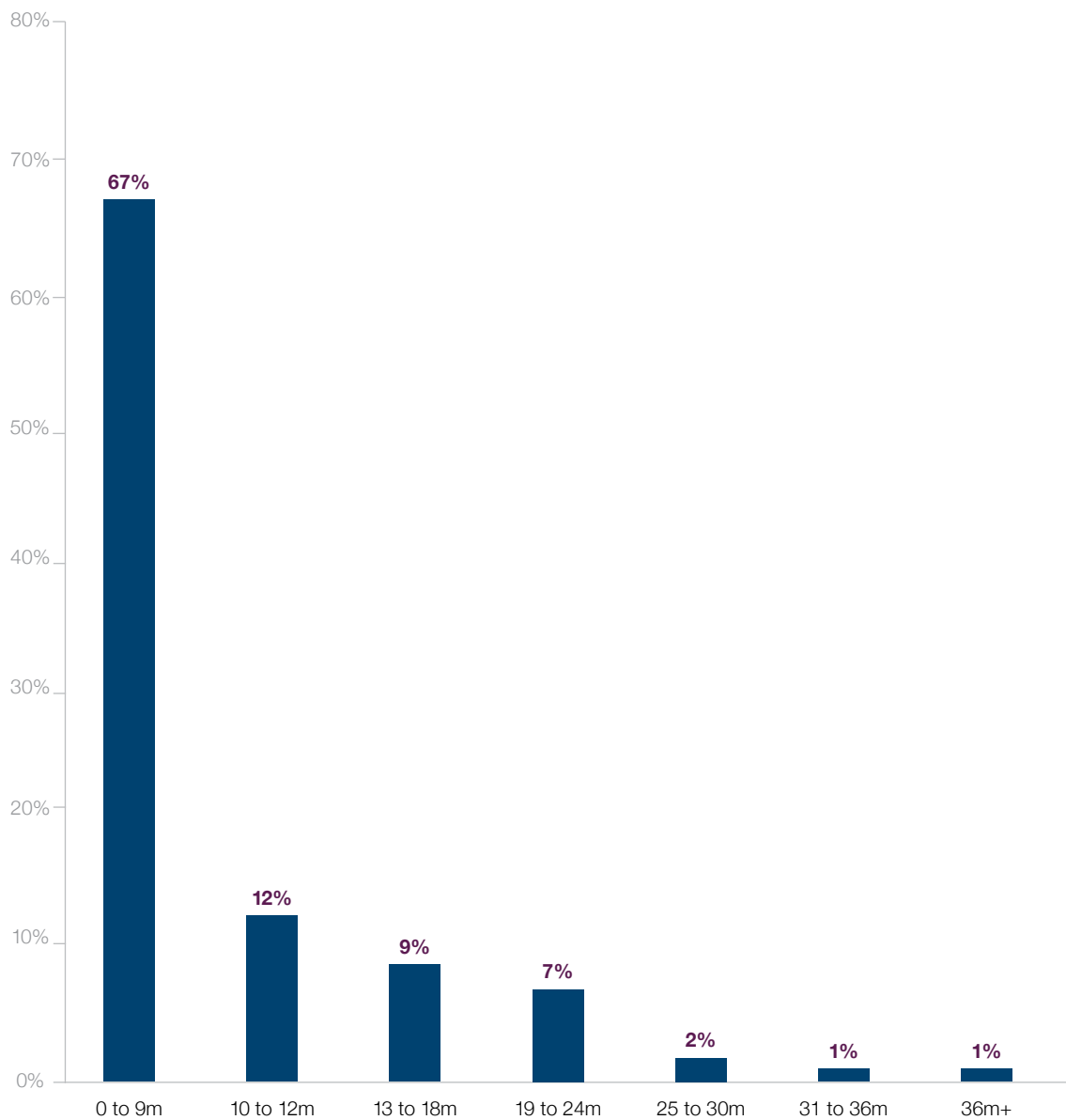
## Hearing days in 2018

Hearings adjourned part heard at end of year	5 (2017: 10)
Number of hearing days	1,079 (2017: 1,171)
Average length of an initial hearing	5.1 days (2017: 4.7 days)

## Restoration Applications

Restored	3 (of which, 2 had conditions)
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## Time taken to complete the initial hearing for individual cases<sup>27</sup>

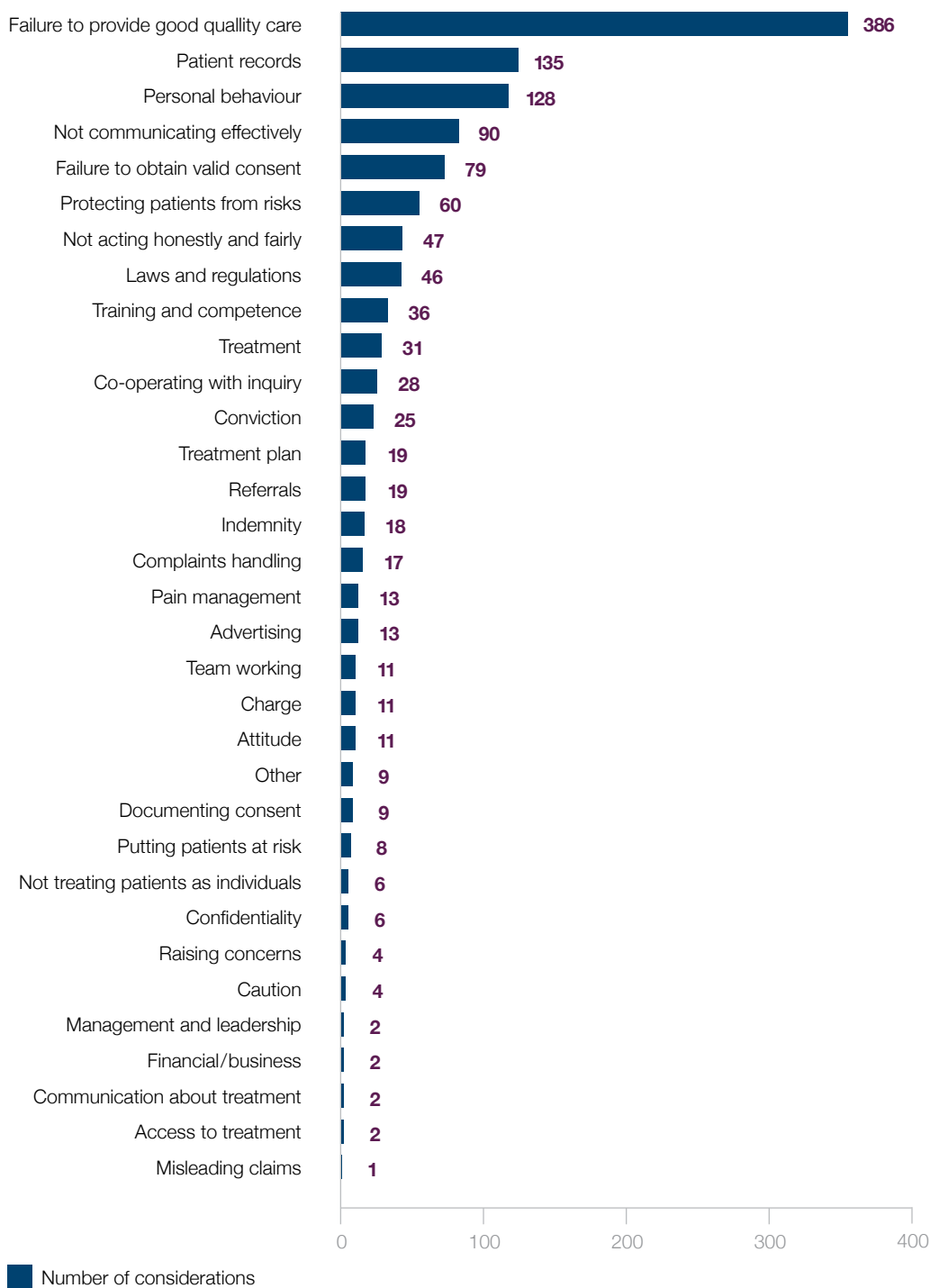


<sup>27</sup> N.B.: Percentages may not add up to 100%, as they are rounded to the nearest whole number.

## FtP “considerations” profile – 2018 PCC and PPC Hearings<sup>28</sup>

The GDC uses “considerations” to record details of the allegations or charges raised against a registrant’s fitness to practise within a case or hearing. Considerations are closely aligned with the Standards for the Dental Team<sup>29</sup> and are recorded by ‘group’, ‘sub-group’, and ‘particular’. The chart below references the specific number of considerations recorded within all sub-groups for those matters heard at GDC hearings during the year.

Up to date information about GDC hearings can be found on our website.<sup>30</sup>



<sup>28</sup> N.B.: A single case may have more than one consideration associated with it.

<sup>29</sup> <https://standards.gdc-uk.org/> [accessed March 2019].

<sup>30</sup> <https://www.gdc-uk.org/patients/hearings-appeals> [accessed April 2019]











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