

Background

1. The budget for FY2018-19, which supports the delivery of the Business Plan activity, is presented below in two ways. First, by setting out the total cost of delivering each department's programme of work and second by the category of expenditure within each department.

Income and Expenditure Account

2. The total cost of delivering each department's programme of work is set out in the Income and Expenditure Account below. The budget presented shows a small surplus of £10,098.

	FY2018-19	FY2017-18	Variance
	£	£	£
Income			
Registration fees	2,872,000	2,835,000	37,000
Other income	39,500	46,500	(7,000)
Total	2,911,500	2,881,500	30,000
Expenditure			
Employment costs	1,432,609	1,411,373	21,236
Education and professional standards	172,793	167,393	5,400
Communications, research and development	204,750	204,180	570
Registration administration	42,000	50,000	(8,000)
IT infrastructure	70,000	70,000	-
Fitness to practise, including legal	580,000	580,000	-
Governance	155,250	158,250	(3,000)
Administration and establishment	244,000	230,250	13,750
Total	2,901,402	2,871,446	29,956
Surplus	10,098	10,054	44

3. Registration fees are forecast to be £2.872m which represents an increase against the 2017-18 budget of £37k. The registration fee forecast is based on Council's decision in November 2017 that registration fees should be held at their current level in 2018-19. Additionally, the fee forecast recognises the reduction in the number of graduates due to recent course closures and the uncertainty around overseas applications which may, or may not, be affected by Brexit.
4. Other income of £40k is primarily made up of bank interest (£10k) and advertising income and leaflet sales (£27.5k).

Categories of expenditure by department

5. The expenditure budget for each department is set out below with comments where appropriate.

Employment costs

	FY2018-19 £	FY2017-18 £	Variance £
Expenditure			
Staff salaries, incl. NI	1,272,381	1,252,853	19,528
Pension costs	117,728	116,020	1,708
Training and development	15,000	15,000	-
Recruitment	15,000	15,000	-
Other employment costs	12,500	12,500	-
Total	1,432,609	1,411,373	21,236

6. Salary, national insurance and pension costs have been estimated at approximately £1.39m. A recent staff restructure has allowed the Executive to rebalance resources and ensure a greater emphasis on stakeholder engagement and in-house IT expertise. The budget incorporates the existing staff team, allows for an increase in salary (to be determined by the Remuneration and Appointments Committee), and ensures the Regulation team have the ongoing staff costs to fulfil their statutory responsibilities. Overall, this can be achieved at a small increase of £20k on the FY2017-18 budget.
7. The budget also maintains the cost of training, recruitment and the premiums for health insurance and death in service cover.

Education and professional standards

	FY2018-19 £	FY2017-18 £	Variance £
Expenditure			
Quality assurance	101,473	94,473	7,000
CPD scheme	10,400	2,000	8,400
Osteopathic Practice Standards	25,000	30,000	(5,000)
Student fitness to practise/professionalism	-	5,000	(5,000)
Research projects	35,000	35,000	-
Publications and subscriptions	920	920	-
Total	172,793	167,393	5,400

8. The cyclical nature of the work around quality assurance, specifically the varying number of scheduled RQ visits, sees the budget provision increase marginally from £101k to £96k. This budget provision includes existing recognition visits at a cost of c.£20k per review, follow-up on action plans £7k contract management costs £13k, training of new visitors £7k, performance reviews £6k, and annual report and handbook analysis £15k. The budget provision excludes any unscheduled visits. In addition, the budget includes provision of £5k to support and facilitate a thematic review with the OEIs exploring public and patient involvement with undergraduate curricula.
9. There is a reduction in expenditure around student fitness to practice/ professionalism which reflects work completed in the prior business year.
10. The budget provides for £25k for the *Osteopathic Practice Standards* which is to be published in FY2018-19, one year before it comes into force. The budget provision allows for publication and printing costs as well as ongoing engagement activity.
11. The budget includes a research provision of £35k which relates to two specific projects being values work (£15k – a project in conjunction with the General Dental Council) and boundaries research (£20k – a project being completed in conjunction with the General Chiropractic Council).
12. The provision for the values research in FY2018-19 is proposed to pilot tools that were developed in the previous business year and to allow for appropriate workshops and engagement. The boundaries research follows the literature review which was undertaken in the previous business year, the results of which are to be considered by Council in May 2018. The budget provision allows for further qualitative research; however, this will be dependent on Council discussion of the literature review.
13. An increase in engagement around the new CPD scheme is budgeted for FY2018-19 which will see the scheme launch. The budget provision includes engagement with CPD providers as well as with registrants, OEI faculty and other stakeholders. This allocation from the revenue budget is to support engagement undertaken by colleagues from within Professional Standards as we approach the launch of the new scheme. Other engagement activity, undertaken by colleagues from within the Communications team and also the Chief Executive, will be funded from the reserves allocation.
14. Council is asked to note that the implementation of the new CPD scheme is being funded from reserves (£100k over three years) and those costs are not shown in the Professional Standards budget set out in the table above. A fuller note of the CPD budget can be found from paragraph 37.

Communications, research and development

	FY2018-19	FY2017-18	Variance
	£	£	£
Expenditure			
Publications	85,650	82,230	3,420
Engagement and events	21,600	19,150	2,450
Digital	30,015	34,650	(4,635)
Subscriptions and publications	575	300	275
<i>Research</i>			
NCOR infrastructure (net)	26,500	26,500	-
IJOM	40,410	39,750	660
Total	204,750	204,180	570

15. Total expenditure for Communications, research and development is scheduled to be consistent with the previous financial year, although the budget contains new thinking and activities.
16. Publication production £86k primarily consists of expenditure for the production and distribution of the osteopath magazine, the bi-monthly journal (£73k) and for a re-order/re-print of GOsC publications including the osteopathic standards folder and GP consent forms (£7k). Council should note that we have prudently increased the budget provision for the osteopath magazine production to take account of any price increases that may occur following a re-tender exercise which is scheduled for this year. The balance of spend in this area (£6k) is attributable to expenditure on the Welsh Language Scheme and the production of the Annual Report and Accounts and the Fitness to Practise Annual Report.
17. Engagement and events is scheduled to cost £22k, an increase of £3k on the previous year. The budget includes provision of £10k for a patient perception survey, with initial planning already completed in the current financial year. A budget allowance of £4.5k has been made for attendance and engagement and events around the UK including the iO conference and the Scottish Government Regulatory Conference, with a further £1.5k allocated for international collaboration events including attendance at FORE.
18. Additionally within Engagement and events, an allocation of £3k has been set aside to review the GOsC branding and to highlight ways to make it more consistent across the full range of GOsC activities. Expenditure has been reduced around the Regional Communications Network as it is no longer felt that a single annual meeting costing c.£10k is the best method of engagement with this group. The Executive considers that GOsC attendance at local community meetings ran by the regional networks would be a better use of time and resources.

19. An allocation of £30k for digital activity has been made within the Communications budget. Of this amount, £17k relates to the public and o zone hosting and maintenance, with a further £10k allocated for usability testing. The purpose will be to improve the navigation and cohesion of the websites and to enhance and improve on the visual design. The balance of expenditure is for webinars, e-bulletins and other digital communication channels.
20. Expenditure for the International Journal of Osteopathic Medicine and the funding for the National Council for Osteopathic Research remain consistent with the prior year.

Registration administration

	FY2018-19	FY2017-18	Variance
	£	£	£
Expenditure			
Registration documentation	4,500	4,500	-
Renewal form printing and postage	17,500	16,000	1,500
Registration appeals	5,000	5,000	-
Registration assessments	15,000	24,500	(9,500)
Total	42,000	50,000	(8,000)

21. Total expenditure for Registration assessments has reduced by £8k. The budget has been prepared on the basis that in FY2018-19 the costs for international applications will be met by the applicants directly. Council will consider the results of the consultation at its meeting in May 2018.
22. A small increase in printing and postage costs has been added to the Registration administration budget, with all other areas of expenditure remaining the same as in the prior year.

IT infrastructure

	FY2018-19	FY2017-18	Variance
	£	£	£
Expenditure			
IT infrastructure	43,150	43,150	-
CRM support	25,850	25,850	-
IT sundries and support	1,000	1,000	-
Total	70,000	70,000	-

23. The total budget for IT expenditure has been held at £70k and represents the cost of maintaining and supporting the GOsC central management database.

Fitness to practise, including legal

	FY2018-19	FY2017-18	Variance
	£	£	£
Expenditure			
Other legal costs	15,000	15,000	-
Statutory Committee costs			
- Investigating Committee	80,000	80,000	-
- Professional Conduct Committee, incl. Health Committee	475,000	475,000	-
Section 32 cases	10,000	10,000	-
Total	580,000	580,000	-

24. While there is again no change to the overall budget, it is once again worth reminding Council of the journey over recent years to reach this position.
25. In FY2014-15, the fitness to practise area of the business required additional resources, in year, to support the delivery of this core regulatory function. To that end, the budget for FY2015-16 provided increased staff resources and an increase to the expenditure budget of £100k to its total value of £580k.
26. It is important to be conservative in this area as the potential for varying work loads represents the most risk in terms of expenditure forecasts. For this reason, the headline assumptions include:
 - a. Referred complaints and Interim Suspension Orders likely to stay at the same volume.
 - b. Seven Investigating Committee (IC) meetings scheduled (excluding the IC annual training day). The Executive are looking to implement a paperless meeting model for the IC which will lead to enhanced efficiency and cost savings.
 - c. 30 substantive Professional Conduct Committee (PCC) hearings (100 hearing days) forecast. We have seen a rise in complex multi-day hearings and adjournments generally and are planning for 30 hearings. The Executive has actively looked at off setting costs through the continued use of fixed external legal provider fees in all final hearings; introducing standard case directions for all cases referred to a final hearing which will streamline how cases are listed; and introducing a streamlined Rule 8 process and procedure.
 - d. Four PCC review hearings (four hearing days).
 - e. Two substantive Health Committee (HC) hearings (four hearing days).

- f. Two HC review hearings (two hearing days).
 - g. 12 Interim Suspension Orders (relating to six cases: assume six IC hearing days and six PCC/HC hearing days).
 - h. Two Section 32 prosecutions.
27. The cost of the Investigating Committee represents up to seven meetings, and some remotely held meetings, consisting of seven members and a legal assessor. The headline costs are for committee members who receive an attendance fee and reading allowance (£306/£75 per day – £24k in total) and the legal assessor who receives an attendance fee only (£720 per day – £6.5k in total). The Executive is exploring the possibility of remote IC meetings which will incur a reduced attendance fee and which may be more flexible and efficient.
28. The cost of the Professional Conduct Committee (£475k) represents c.100 days of hearing time. Panel member attendance fees (£306 per day) are estimated at up to £83k with the cost of the legal assessor (£720 per day) estimated at £65k. The Executive has introduced fixed external legal provider fees which will lower external costs and this continues to be monitored. Other costs include provision for general legal advice (£15k).

Governance

	FY2018-19	FY2017-18	Variance
	£	£	£
Expenditure			
Honorariums/responsibility allowances	99,750	99,750	-
Tax liability on Council expenses	9,000	9,000	-
Council costs including reappointment	20,000	23,000	(3,000)
Other committee costs	12,500	12,500	-
PSA Levy	14,000	14,000	-
Total	155,250	158,250	(3,000)

29. Members’ fees and responsibility allowances account for 64% of the Governance budget. The tax liability on Council expenses continues because HMRC consider Council members to be officeholders.

Administration and establishment

	FY2018-19	FY2017-18	Variance
	£	£	£
Expenditure			
Premises	80,000	72,000	8,000
Office administration	77,750	74,500	3,250
Financial audit	16,500	16,000	500
Financing	18,000	16,000	2,000
Depreciation	50,000	50,000	-
Publications and subscriptions	1,750	1,750	-
Total	244,000	230,250	13,750

30. The total budget provision for FY2018-19 is higher when compared to the prior financial period by £14k. This is because of three main increases in expenditure.
31. Following the staff restructure which took place last year, the Executive contracted with an external consultant to ensure that our health and safety obligations are met. This annual review will generate an action plan for the Executive with key findings reported to the Audit Committee. In addition, there are a number of online training courses for all staff, covering health and safety and fire risk assessments, which will be rolled out over the coming year.
32. The increase in office administration costs (printing, postage, telephone, photocopying and insurance) take into account inflationary pressures and cost rises as well as an increase in Insurance Premium Tax (IPT).
33. Finally, the budget line 'financing' covering bank charges which is forecast to be £18k. The Head of Registration and Resources is in communication with our bankers to see whether these charges can be reduced now that GOsC is a registered charity.

Capital expenditure

34. Capital expenditure (i.e. the purchase of fixed assets) is a Balance Sheet Item. The Executive team is considering some internal enhancements to meeting rooms which includes additional IT provision to facilitate hearings and webinars. This is likely to result in capital expenditure although at present this has not yet been costed in full. The Executive will report back to Council through the financial update papers when more information is known.

Designated spending

35. The reserves position contains provision for up to £100k to be spent across a three year period as the new CPD scheme is implemented. Information about the planned expenditure is set out below:

Continuing Professional Development

	£
Expenditure	
Engagement activity	10,000
Resource development	70,000
Process development	15,000
Evaluation and impact	5,000
Total	100,000

36. Council approved a total of £100k, allocated from reserves, for the implementation of the new CPD scheme, which subject to legislation will come into force on 1 October 2018. The Executive has identified four themes of activity, which cover:

- Engagement activity
- Resource development
- Process development
- Evaluation and impact

Engagement activity

37. Engagement with the profession around the new scheme involves colleagues from across the organisation. While funds have been allocated from the Revenue budget for colleagues in Professional Standards to engage with, for example, CPD providers, engagement activities do not stop there. Throughout 2018 and into 2019, there will be the need to continue to facilitate the CPD Partnership Board which will incur costs such as travel and accommodation as stakeholders attend these meetings. In addition, colleagues from the Communications team and particularly the Chief Executive will attend local regional meetings and events to speak directly with registrants about the launch of the new CPD scheme and how compliance with the scheme requirements can be fulfilled.

38. Additionally, the Communication and Registration teams are currently considering different methods of communicating with registrants to advise when individuals will progress into the new three-year scheme. While the communication methods are still to be finalised, this may include some direct mailing costs so that registrants receive an individual, personalised communication that is tailored to their own registration.

39. £10k has been allocated from the reserves fund for engagement.

Resource development

40. This is the largest allocation from the £100k fund and covers a range of important resource development activities which will support registrants as they

approach, enter and progress through the CPD scheme. Resource development includes:

- Development of a micro-website with interactive resources (£40k) to support, among other things, the new *Osteopathic Practice Standards*, how registrants can relate CPD activities to the standards and how to complete objective activities.
- Animations, presentations and new learning materials which will enable registrants to undertake CPD using resources made available on the GOsC CPD microsite (£20k).
- Initial print costs for CPD Guidelines, Peer Discussion Review Guidelines and other materials associated with the new CPD scheme (£10k). Future printing costs will be built into the Revenue budget.

Process and IT development

41. A total of £15k has been allocated for process and IT development specifically for the integration of a revised renewal of registration form into the CRM database, and for the development of a CPD diary which will be available to all registrants through their **o** zone login. While its use will not be compulsory, the CPD diary will allow registrants to record their activities and to track which elements of the CPD scheme have completed across the three-year period.
42. The renewal of registration form integration will deliver online renewal declarations into the CRM database. This will ensure the Registration team captures information that can be used to identify which elements of the CPD scheme are being met and whether there are any elements of the CPD scheme that might require additional resources or focus.

Evaluation and impact

43. The GOsC have internal resource and expertise which will enable the evaluation and impact of the scheme to be considered. An amount of £5k has been allocated from the reserves to support this internal expertise should a need arise.