

Background

1. The budget for FY2019-20, 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 £10,430

	FY2019-20	FY2018-19	Variance
	£	£	£
Income			
Registration fees	2,910,000	2,872,000	38,000
Other income	39,500	39,500	-
Total	2,949,500	2,911,500	38,000
Expenditure			
Employment costs	1,471,250	1,432,609	38,641
Education and professional standards	137,945	172,793	(34,848)
Communications, research and development	202,500	204,750	(2,250)
Registration administration	34,000	42,000	(8,000)
IT infrastructure	73,125	70,000	3,125
Fitness to practise, including legal	595,000	580,000	15,000
Governance	176,000	155,250	20,750
Administration and establishment	249,250	244,000	5,250
Total	2,939,070	2,901,402	37,668
Surplus	10,430	10,098	332

3. Registration fees are forecast to be £2.91m which represents an increase against the 2018-19 budget of £38k. The registration fee forecast is based on Council's decision in November 2018 that registration fees should be held at their current level in 2019-20.
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 area/department

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

Employment costs

	FY2019-20	FY2018-19	Variance
	£	£	£
Expenditure			
Staff salaries, incl. NI	1,300,657	1,272,381	28,276
Pension costs	119,343	117,728	1,615
Training and development	20,000	15,000	5,000
Recruitment	18,000	15,000	3,000
Other employment costs	13,250	12,500	750
Total	1,471,250	1,432,609	38,641

6. Salary, national insurance and pension costs have been estimated at £1.42m. The budget includes the existing staff team and allows for an increase in salary to be determined by the Remuneration and Appointments Committee. This can be achieved at a small increase of £30k on the previous year's budget.
7. The budget also allows for increases in the cost of training, the cost of recruitment and the premiums for health insurance and death in service cover.

Education and professional standards

	FY2019-20	FY2018-19	Variance
	£	£	£
Expenditure			
Quality assurance	94,625	99,873	(5,248)
CPD (non-reserves)	-	7,000	(7,000)
Osteopathic Practice Standards	21,000	25,000	(4,000)
Research projects	21,400	40,000	(18,600)
Publications and subscriptions	920	920	-
Total	137,945	172,793	(34,848)

8. The cyclical nature of the work around quality assurance, specifically the varying number of scheduled RQ visits, sees the budget provision remain at a similar level to the prior year. 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.

9. The budget provides for £21k for the *Osteopathic Practice Standards* which is made of three key workstreams. The first is for the cost of consultation and subsequent training for registration assessors as they undertake assessments against the new OPS (£15k). The second workstream provides £3k for engagement events for staff and faculty to support the establishment of a Society of Educators. Thirdly, is a provision of £3k for the co-production of resources to support communication and consent.
10. The budget includes a research provision of £21k which relates to two specific projects being values work (£11k – a project in conjunction with the General Dental Council) and boundaries research (£10k – a project being completed in conjunction with the General Chiropractic Council).
11. The provision for the values research in FY2019-20 is proposed to pilot tools that were developed in the previous business year and to allow for appropriate workshops and engagement. There is an underspend against the budget for FY2018-19 and it is proposed that this allocation is ring-fenced within reserves and utilised in FY2019-20 to help fund a researcher to support the pilot.
12. The boundaries research provides for the cost of disseminating the research and engagement work to commission a larger piece of research planned for 2020.
13. It is planned that costs associated with the CPD scheme are funded solely from the reserves allocation and are not included within the operational budget. We anticipate that around £35k-£40k will be spent from reserves in 2019-20 and includes attendance at engagement events with CPD providers, registrants and the iO and the development of animations and resources.

Communications, research and development

	FY2019-20	FY2018-19	Variance
	£	£	£
Expenditure			
Publications	90,100	85,650	4,450
Engagement and events	9,600	21,600	(12,000)
Digital	33,550	30,015	3,535
Subscriptions and publications	750	575	175
<i>Research</i>			
NCOR infrastructure (net)	27,500	26,500	1,000
IJOM	41,000	40,410	590
Total	202,500	204,750	(2,250)

14. Publication production £90k primarily consists of expenditure for the production and distribution of the osteopath magazine, the bi-monthly journal (£80k) and for a re-order/re-print of GOsC publications including the osteopathic standards folder and GP consent forms (£6k). The balance of spend in this area (£4k) 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.
15. Engagement and events is scheduled to cost £10k, a decrease of £12k on the previous year. The budget no longer includes provision of £10k for a patient perception survey, or work for rebranding, which was completed in the previous 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.
16. An allocation of £34k for digital activity has been made within the Communications budget. Of this amount, £18k relates to the public and o zone hosting and maintenance, with a further £12k 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.
17. 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

	FY2019-20 £	FY2018-19 £	Variance £
Expenditure			
Registration documentation	5,500	4,500	1,000
Renewal form printing and postage	18,500	17,500	1,000
Registration assessments	10,000	20,000	(10,000)
Total	34,000	42,000	(8,000)

18. Total expenditure for Registration assessments has reduced by £8k. The reduction in the budget considers that international registration assessment costs will be broadly cost-neutral as Council agreed to increase the fees levied on international applicants from May 2018.
19. A small increase in printing and postage costs has been added to the Registration administration budget.

IT infrastructure

	FY2019-20	FY2018-19	Variance
	£	£	£
Expenditure			
IT infrastructure	41,980	43,150	(1,170)
CRM support	23,145	25,850	(2,705)
IT security testing	7,000	-	7,000
IT sundries	1,000	1,000	-
Total	73,125	70,000	3,125

20. The total budget for IT expenditure is slightly higher than the prior year due to the inclusion of additional funding for IT security testing (£7k), which is included at the request of the Audit Committee.
21. Audit Committee is keen to ensure that the new IT arrangements, implemented in 2018-19, are subject to appropriate security and audit measures. The cost of this work has been matched to the IT audit fee which was completed in January 2016 and which led to IT expertise being reintroduced into the GOsC staff team.
22. The cost of IT infrastructure, including a home working solution, and CRM support are less than the prior year and reflect cheaper operating costs of the new IT cloud environment.

Fitness to practise, including legal

	FY2019-20	FY2018-19	Variance
	£	£	£
Expenditure			
External commissioned audit	15,000	-	15,000
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	595,000	580,000	15,000

23. The cost of the statutory committees remain unchanged and it is once again worth reminding Council of the journey over recent years to reach this position.

24. 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.
25. 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. Up to 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. Up to 12 Interim Suspension Orders (relating to six cases: assume six IC hearing days and six PCC/HC hearing days).
 - h. Two Section 32 prosecutions.
26. 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.
27. 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).

28. The externally commissioned audit (£15k) is for an independent review of the decisions reached at the initial stages of the fitness to practise process. The scope of the audit will be considered by the Audit Committee prior to the work being commissioned.

Governance

	FY2019-20	FY2018-19	Variance
	£	£	£
Expenditure			
Honorariums/responsibility allowances	100,000	99,750	250
Tax liability (expenses)	9,000	9,000	-
Council costs including reappointment	22,500	20,000	2,500
Other committee costs	12,500	12,500	-
PSA Levy	14,500	14,000	-
Consultancy: new working	17,500	-	17,500
Total	176,000	155,250	20,000

29. Members' fees and responsibility allowances account for 57% of the Governance budget with the tax liability on Council expenses continues because HMRC consider Council members to be officeholders.
30. Additional funds have been allocated this year to allow for consultancy that can be used to support the thinking around how activities might be undertaken differently as GOsC develops a new long-term financial strategy to rebalance its resources across a new five-year Corporate Strategy.

Administration and establishment

	FY2019-20	FY2018-19	Variance
	£	£	£
Expenditure			
Premises	22,000	20,000	2,000
Office administration	138,500	138,500	-
Financial audit	18,000	16,500	1,500
Financing	19,000	18,000	1,000
Depreciation	50,000	50,000	-
Publications and subscriptions	1,750	1,750	-
Total	249,250	244,750	4,500

31. The total budget provision for FY2019-20 is higher when compared to the prior financial period by £4.5k.
32. An allowance for a small increase in business rates has been made, as well as an increase in the external financial audit fee. The cost of office administration costs (printing, postage, telephone, photocopying and insurance) takes into account inflationary pressures and cost rises.
33. Finally, the budget line 'financing' covering bank charges which is forecast to be £19k.

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.
35. 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.