

# Annex B to 11

## Background

1. The budget for financial year 2021-22, 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 £14,000.

	<b>FY2021-22</b>	<b>FY2020-21</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>			
Registration fees	2,875,000	2,940,000	(65,000)
Other income	25,000	49,500	(24,500)
<b>Total</b>	<b>2,900,000</b>	<b>2,989,500</b>	<b>(89,500)</b>
<b>Expenditure</b>			
Employment costs	1,525,280	1,488,320	36,960
Education and professional standards	143,170	139,670	3,500
Communications, research and development	119,400	204,000	(84,600)
Registration administration	5,000	15,000	(10,000)
IT infrastructure	100,000	90,000	10,000
Fitness to practise, including legal	585,000	585,000	-
Governance	152,500	169,000	(16,500)
Administration and establishment	255,650	285,750	(30,100)
<b>Total</b>	<b>2,886,000</b>	<b>2,976,740</b>	<b>(90,740)</b>
<b>Surplus</b>	<b>14,000</b>	<b>12,760</b>	<b>1,240</b>

3. Registration fees are forecast to be £2.875m. This reflects Council's decision in November 2020 that registration fees should be held at their current level for the seventh successive year, whilst acknowledging that by doing so, the GOsC was absorbing lost income. Over the same seven year period, GOsC has absorbed c.£250,000 of lost registration fee income.
4. Registration fees are forecast to be at a lower level than in previous years which reflects the impact of the global pandemic on our financial position. Other income is primarily made up of investment income and other miscellaneous income streams. Other income is forecast to be lower than in previous years as

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we will no longer receive advertising income from the osteopath magazine which has been discontinued.

### Categories of expenditure by area/department

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

### Employment costs

	<b>FY2021-22</b> <b>£</b>	<b>FY2020-21</b> <b>£</b>	<b>Variance</b> <b>£</b>
<b>Expenditure</b>			
Staff salaries and pensions	1,461,280	1,437,070	24,210
Training and development	20,000	20,000	-
Recruitment	15,000	15,000	-
Other employment costs	29,000	16,250	12,750
<b>Total</b>	<b>1,525,280</b>	<b>1,488,320</b>	<b>36,960</b>

- Salary, national insurance and pension costs have been estimated at £1.461m. The budget allows for an increase in salary to be determined by the Remuneration and Appointments Committee.
- 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. There is an increase in other employment costs which to provide for a job evaluation refresh. This work will be under consideration by the Remuneration and Appointments Committee in the business year.
- Employment costs can be broken down per department as follows:

<b>Department</b>	<b>£</b>	<b>%</b>
Professional Standards	313,091	21.43
Communications	218,077	14.92
Registration and Resources	311,167	21.29
Fitness to Practise	397,035	27.17
Governance	221,910	15.19

### Education and professional standards

	<b>FY2021-22</b> <b>£</b>	<b>FY2020-21</b> <b>£</b>	<b>Variance</b> <b>£</b>
<b>Expenditure</b>			
Quality assurance	116,750	106,750	10,000
Osteopathic Practice Standards	6,000	3,000	3,000

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Research projects	3,000	23,000	(20,000)
GOPRE engagement	1,500	3,000	(1,500)
Patient engagement	15,000	3,000	12,000
Publications and subscriptions	920	920	-
<b>Total</b>	<b>143,170</b>	<b>139,670</b>	<b>3,500</b>

9. The cyclical nature of the work around quality assurance, specifically the varying number of scheduled RQ visits, includes the costs outlined in the Quality Assurance Contract with Mott MacDonald. The budget provision excludes any unscheduled visits.
10. In the prior year budget we had a research provision which related to a project around our values work (piloting of questionnaires, engagement work and report writing). As this was deferred due to the pandemic, at the year end we will create a reserves provision for the underspend. Within the budget for 2021-22 we have included expenditure on our boundaries research which will be £3k, being the cost of disseminating a discussion document and associated engagement.
11. This year we have significantly increased our budget allocation for our work connected to our patient, partnership involvement. This will be specifically for the co-production of resources to ensure that the patient is always at the centre of our regulatory approach.
12. A separate budget, of £1.5k, has been allocated for engagement activity connected to the review of the Guidance of Osteopathic Pre-Registration Education and standards of training.
13. It is planned that costs associated with the CPD scheme are funded from reserves as previously approved by Council and are not included within the operational budget set out above.

### Communications, research and development

	<b>FY2021-22</b>	<b>FY2020-21</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expenditure</b>			
Publications	10,500	90,100	(79,600)
Engagement and events	3,500	9,600	(6,100)
Digital	38,650	33,550	5,100
Subscriptions and publications	750	750	-
<i>Research</i>			
NCOR infrastructure (net)	28,000	28,000	-
IJOM	38,000	42,000	(4,000)

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<b>Total</b>	<b>119,400</b>	<b>204,000</b>	<b>(84,600)</b>

14. Publication production reduces significantly this year as Council agreed in November 2020 to discontinue production of the osteopath magazine, enabling the team to reuse staff resources on other communication and engagement activities.
15. The bulk of our engagement costs arise from staff time/costs and are represented in the employment costs budget. Without needing to focus on the magazine production, the team can this year introduce new activities such as working with the Regulation team on a series of webinars to help demystify the fitness to practise process.
16. An allocation of £39k for digital activity has been made within the Communications budget. Of this amount, c.£20k relates to the public and ozone hosting and maintenance, with a further c.£12k allocated for usability testing which can help 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 (IJOM) and the funding for the National Council of Osteopathic Research (NCOR) is included within this directorate. The cost of NCOR remains unchanged although we have budgeted for a small reduction in the cost of IJOM. The current two-year IJOM contract concludes in December 2021 and we anticipate that if we continue to provide this corporate subscription, we can do so on new terms.

### Registration administration

	<b>FY2021-22</b> <b>£</b>	<b>FY2020-21</b> <b>£</b>	<b>Variance</b> <b>£</b>
<b>Expenditure</b>			
Registration documentation	-	5,000	(5,000)
Registration assessments	5,000	10,000	(5,000)
<b>Total</b>	<b>5,000</b>	<b>15,000</b>	<b>(10,000)</b>

18. The registration administration budget has been reduced this financial year. A consequence of the pandemic is that we have been able to operate our registration processes without incurring printing costs. Even if we are able to return to some form of office based work in 2021, we will not revert to our former ways of working.
19. The budget includes costs associated with the assessment of international registration applications and specifically the need to ensure that our registration

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assessors receive appropriate training and support. The Business Plan includes a review of how we undertake this activity and we will look to identify if there are alternative ways of operating.

### IT infrastructure

	<b>FY2021-22</b> <b>£</b>	<b>FY2020-21</b> <b>£</b>	<b>Variance</b> <b>£</b>
<b>Expenditure</b>			
IT infrastructure (Cloud) / CRM Support	95,000	85,000	10,000
IT sundries/consultancy	5,000	5,000	-
<b>Total</b>	<b>100,000</b>	<b>90,000</b>	<b>10,000</b>

20. The total budget for IT expenditure is higher than the prior year which reflects the additional costs we incurred moving to homeworking, and maintaining staff working remotely, which has been highly effective this year. We will continue to review our business process to identify where IT can help modernise and streamline our approach.

### Fitness to practise, including legal

	<b>FY2021-22</b> <b>£</b>	<b>FY2020-21</b> <b>£</b>	<b>Variance</b> <b>£</b>
<b>Expenditure</b>			
Other legal costs	15,000	15,000	-
Statutory Committee costs			
- Investigating Committee	85,000	85,000	-
- Professional Conduct Committee, incl. Health Committee	475,000	475,000	-
Section 32 cases	10,000	10,000	-
<b>Total</b>	<b>585,000</b>	<b>585,000</b>	<b>-</b>

21. The total budget for Fitness to Practise, including legal, represents the largest area of spend for the GOsC outside of employment costs. We have not amended the budget in financial year 2021-22, although we recognise the need for a complete review of this area as we start to normalise our approach to blended hearings and remote working.
22. 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. Council has been watchful in recent times to ensure this area has an appropriate level of resource. For this reason, the headline assumptions include:

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- 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).
  - 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 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.
23. The cost of the Investigating Committee (£85k) represents up to seven meetings, and some remotely held meetings (assuming we can hold face to face meetings in 2021-22), 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).
24. 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

	<b>FY2021-22</b> <b>£</b>	<b>FY2020-21</b> <b>£</b>	<b>Variance</b> <b>£</b>
<b>Expenditure</b>			
Honorariums/responsibility allowances	100,000	100,000	-
Tax liability (expenses)	0	9,000	(9,000)
Council costs including reappointment	10,500	20,000	(9,500)

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Other committee costs	12,000	15,000	(3,000)
Council 'Associates'	7,500	-	7,500
PSA Levy	15,000	15,000	-
Assurance activity	7,500	10,000	(2,500)
<b>Total</b>	<b>152,500</b>	<b>169,000</b>	<b>(16,500)</b>

25. Members' fees and responsibility allowances account for 66% of the Governance budget. There is no tax liability this year as Council has worked remotely and therefore incurred no expenses on which the tax would be payable.
26. Additional funds (£7.5k) this year have been allocated for the introduction of a Council 'Associates' programme. This concept, which needs to be developed with the Remuneration and Appointments Committee and approved by Council, would provide an opportunity for up to four osteopaths to shadow the work of Council as 'associate members', i.e. members without voting rights. Such a scheme would enable osteopaths with limited exposure to governance processes to expand their experience and have a better opportunity of successfully applying for future governance roles.

### Administration and establishment

	<b>FY2021-22</b>	<b>FY2020-21</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expenditure</b>			
Premises	78,500	86,000	(7,500)
Office administration	59,000	92,500	(33,500)
Financial audit	18,500	18,500	-
Financing	22,000	22,000	-
Depreciation	75,900	65,000	10,900
Publications and subscriptions	1,750	1,750	-
<b>Total</b>	<b>255,650</b>	<b>285,750</b>	<b>(30,100)</b>

27. The total budget provision for FY2020-21 is lower than the prior financial period. The pandemic has shown we can operate our business with a limited requirement for stationery, printing, photocopying and postage costs. We would not need to revert back to previous ways of working as and when we return to the office during 2021.

### Capital expenditure

28. Capital expenditure (i.e. the purchase of fixed assets) is a Balance Sheet Item with annual expenditure primarily being the upgrade of IT equipment which is no longer operational. We anticipate spend of no more than £10-£15k this year.