

Annex B to 6

Financial Report 2023-24 (nine months to December 2023)

Key messages from the report:

- Registration fees are on track to meet budget expectations.
- Expenditure is just over £2m and is line with budget forecasts for the nine-month position.
- The Balance Sheet is in a strong position, meaning we can face future challenges from a position of financial health.
- Cash at bank is up on the year-end position, reflecting that the spend will take place in the latter part of the financial year.

Background information

1. The General Osteopathic Council's current financial year commenced on 1 April 2023 and will conclude on 31 March 2024. In this report it will be described as FY2023-24.
2. The budget for FY2023-24 was approved by Council in February 2023.
3. Council receives a financial report at each meeting which presents the cumulative financial results for a given period. Where possible, the reports try to cover quarterly periods within the financial year.
4. In circumstances where the Council papers are being dispatched close to the end of a quarter, it may not always be possible for the financial report to cover the full period. To give Council more robust financial information, we may from time to time shorten the reporting period and issue reports outside of the Council meeting cycle.
5. The financial quarters are as follows:

	Start	End
Quarter 1	1 April	30 June
Quarter 2	1 July	30 September
Quarter 3	1 October	31 December
Quarter 4	1 January	31 March

6. This financial report covers the period ending 31 December 2023, which is nine months into the financial year.
7. The structure of this report is:
 - Summary of financial position - income/expenditure narrative
 - Income and Expenditure Account (top-level department summary)

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- Balance Sheet, including explanatory notes
- Cash flow: overview and projection
- Annex A: Expenditure Account (detailed departmental summaries)

Summary of financial position

8. At the close of the nine-month period from 1 April 2023 to 31 December 2023 the income and expenditure account reports a surplus position (before spending from reserves) of £83k.
9. We forecast a small surplus position, before designated spending, by year-end.

Income

10. The primary source of income is from registration fees paid by osteopaths. The GOsC does not have a single registration date meaning that in every month there is a proportion of osteopaths due to renew their registration. In accordance with accounting rules, we need to ensure that we account for, and report, only the proportion of the fee relevant to the financial period.
11. At 31 December 2023, income totalled c.£2.1m, which is in line with our budget forecast for the same period. Registration fees accounted for 99% of the total income received.

Expenditure

12. At the nine-month position we have recorded actual expenditure of c.£2.06m. This is fractionally over the forecast expenditure for the same period, but is not significant and of concern.

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Income and Expenditure Account (top-level summary)

13. The Income and Expenditure Account is set out below:

	Year to Date 1 April 2023 – 31 December 2023				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Income					
Registration fees	2,136,932	2,150,000	(13,068)	2,871,850	2,870,000
Other income	12,434	12,000	434	32,000	15,000
Total	2,149,366	2,162,000	(12,634)	2,903,850	2,885,000
Expenditure					
Employment costs	1,263,597	1,237,988	(25,609)	1,650,650	1,685,000
Education and professional standards	120,997	125,000	4,003	151,800	171,800
Communications, research and development	77,851	80,000	2,149	137,000	125,000
Registration administration	2,089	2,500	411	11,000	3,500
IT infrastructure	75,214	77,500	2,286	77,500	95,000
Fitness to practise, including legal	199,668	203,000	3,332	444,000	350,000
Governance	156,790	160,000	3,210	181,822	185,000
Administration and establishment	170,200	175,000	4,800	235,000	245,000
Total	2,066,406	2,060,988	(5,418)	2,888,772	2,860,300
Surplus before designated spending	82,960	101,012	(18,052)	15,078	24,700
Designated spending	116,171	-	-	-	-
Surplus after designated spending	(33,211)				

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14. The detailed departmental expenditure accounts can be found at Annex A.

Balance Sheet

15. The Balance Sheet for the period ended 31 December 2023 shows total reserves of c.£2.77m (including designated funds). Cash held in hand and at bank totals c.£985k with a further c.£1.17m (balance as at 31 March 2023) in an investment portfolio. As is normal practice we have not recorded any changes to the investment portfolio in the figures below, as the valuations are fluctuating.

16. The Balance Sheet as at 31 December 2023 is set out below:

	31 March 2023		31 December 2023	
	£	£	£	£
Non-current assets				
Assets (fixed/intangible)		1,590,580		1,552,418
Investment (portfolio)		1,167,992		1,167,992
Current assets				
Debtors	393,947		817,734	
Cash in bank and in hand	791,404		984,664	
	1,185,351		1,802,398	
Liabilities				
Creditors – within one year	(1,019,659)		(1,687,832)	
	(1,019,659)		(1,687,832)	
Net Current Assets/Liabilities		165,692		115,016
Provisions		(65,500)		(65,500)
Total assets less total liabilities		2,858,764		2,769,926
Reserves				
General reserve		2,636,671		2,664,004
Designated funds		222,093		105,922
Total Reserves		2,858,764		2,769,926

Balance Sheet explanatory notes

Debtors

17. At the 31 December 2023, the total of Debtors had increased to £818k from the year-end position of c.£394k. This increase is in line with expectations. The reason for the increase is because 'registration fee debtors' spikes as the majority of the register renew their registration in the opening half of the financial year. The debtors' figure will decrease as the financial year progresses.

Creditors

18. At the 31 December 2023, the total of Creditors has also increased to c.£1.68m from the year-end position of c.£1.02m. Again, this is in line with expectations. The reason for the increase is because of deferred income, which is the proportion of registration fees invoiced but not yet recognised in the accounts. As registration fees which have been invoiced are recognised in the accounts, the total of creditors will decrease as the financial year progresses.

Cash flow and investments

19. Council closely monitors its cashflow and reserves. The following section provides an overview of the cash flow position and current cash flow projection.
20. At 31 March 2023, the bank balance was c.£0.79m. At 31 December 2023, the bank balance was £985k. The reason for the increase on the year-end position is that we have a cyclical registration year, so a larger number of registrants are renewing their registration now and paying in full, which means an increase in the cash balance.

Investment portfolio

21. At 30 March 2023, the investment stood at c.£1.17m. Withdrawals from the portfolio would need approximately 10 days-notice, although our expectation is that we would not need to draw down on our investment in this financial year.

Charity Commission reporting

22. As well as being a statutory regulator, the GOsC is also a registered charity, and there are certain circumstances where we must make reports to the Charity Commission, including for example, serious adverse events such as significant reduction in income.
23. We do not foresee any need to make a report to the Charity Commission during financial year 2023-24.

Departmental Expenditure Accounts

1. The individual departmental accounts are listed below with further narrative to support each business area. While the report would not normally comment on employment costs, due to the unprecedented nature of the economic climate, a short narrative is provided.

Employment costs

2. Employment costs include those expenses associated with pay, pensions, recruitment, and staff training.
3. There has been an increase in staff development and training costs above what was originally budgeted and additionally the budget was understated for employment costs meaning that by year-end an overspend is expected.

Education and professional standards

	Year to Date 1 April 2023 – 31 December 2023				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Quality assurance	110,011	110,000	(11)	124,500	144,500
Publications & subscriptions	-	-	-	-	-
Osteopathic Practice Standards	2,070	2,750	680	2,800	2,800
GOPRE	-	-	-	-	-
Research projects	8,916	12,250	3,334	24,500	24,500
Total	120,997	125,000	4,003	151,800	171,800

4. The nine-month position details that a total expenditure of c.121k has been incurred against a budget allocation of c.£125k. The overspend by year-end is in relation to the contract renewal for outsourced independent quality assurance services, dealing primarily with the periodic RQ visits and the annual report analysis. We also sought legal advice about an issue that arose during one of our visits to ensure that we acted correctly and finally, we had one additional unplanned visit that was agreed after the budget was set and is the reason the year end forecast has increased.
5. Work on the Professionalism project is anticipated to progress in the second half of the financial year, where we anticipate future resource outlay. The current spend on research projects is currently under budget.

Communications, research and development

	Year to Date 1 April 2023 – 31 December 2023				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Publications	11,163	12,000	837	27,500	17,500
Engagement and events	5,876	6,000	124	7,000	7,000
Digital	12,581	13,500	919	36,500	36,500
<i>Research</i>					
NCOR infrastructure	19,893	20,000	107	28,000	26,500
IJOM	28,338	28,500	162	38,000	37,500
Total	77,851	80,000	2,149	137,000	125,000

6. Expenditure of £78k is currently under budget.

7. The publications forecast costs will include the Welsh Language Scheme which is expected to exceed the budget allocated. This is because the costs of translating various documents, the website, the phone system, developing standard Welsh text correspondence and putting contracts in place to deliver our Welsh responsibilities is more than planned. However, these will be contained within the overall budget envelope of £27.5k by year-end.

8. The total cost of research activities is c.£48k which is made up of the GOsC contribution to the National Council for Osteopathic Research (NCOR) (£20k) and the cost of the subscription to the International Journal of Osteopathic Medicine (IJOM) (£28k). These activities support the delivery of our statutory responsibility to develop the profession.

Registration administration

	Year to Date 1 April 2022 – 31 December 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Registration documentation	-	-	-	6,000	-
Registration assessments	2,089	2,500	411	5,000	3,500
Total	2,089	2,500	411	11,000	3,500

9. The nine-month position for Registration administration is within budget. The cost of registration assessments is offset by the fee-paying applicants applying for registration assessments.

IT infrastructure

	Year to Date 1 April 2023 – 31 December 2023			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
Software - Licensing	17,475	13,500	(3,975)	13,500	19,000
CRM and infrastructure	49,875	60,000	10,125	60,000	55,000
IT Security	5,944	-	(5,944)	-	6,000
Cyber Security Essential Plus	-	-	-	-	10,000
IT Consultancy cover	1,920	4,000	2,080	4,000	2,000
Total	75,214	77,500	2,286	77,500	92,000

10. Expenditure includes the implementation of cyber security enhancements, achieving Cyber Essentials certification in September 2023. Additional costs include hosting fees and support costs for the cloud environment. Expenditure is also being incurred to ensure additional IT cover, by way of third-party support.
11. The forecast relates to the costs associated with securing Cyber Essentials Plus certification, and the increasing ongoing infrastructure legacy costs.

Fitness to practise, including legal

	Year to Date 1 April 2023 – 31 December 2023			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
Other legal costs	1,985	-	(1,985)	-	2,000
Statutory committee costs					
- Investigating Committee	66,829	70,000	3,171	70,000	70,000
- Professional Conduct Committee	106,548	130,000	23,452	368,000	252,000
- Health Committee	23,802	2,500	(21,302)	5,000	25,000
Section 32 cases	504	500	(4)	1,000	1,000
Total	199,668	203,000	3,332	444,000	350,000

12. Statutory committee costs represent 99% of the department expenditure and reflect the work of the Investigating, Professional Conduct and Health Committees at the nine-month position. Council members are aware that this area of business represents the most significant area of risk to the expenditure forecasts in terms of volatility.

13. The events that we currently have scheduled for the next five months are:

<p>January 2024 X2 1 day PCC training days x1 1 day PCC review hearing x1 1 day ICISO hearing x1 1 day IC meeting x1 1day ICISO hearing</p>	<p>February 2024 x1 2 day PCC hearing x1 1 day IC meeting</p>
<p>March 2024 x1 1 day IC meeting x1 d day HC review hearing</p>	<p>April 2024 x1 3 day PCC hearing x1 2 day PCC hearing x1 1 day IC meeting</p>

Governance

	Year to Date 1 April 2023 – 31 December 2023				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Honorariums/responsibility allowances	80,994	87,178	6,184	105,000	100,000
Council costs including reappointments	52,209	51,322	(887)	51,322	55,000
Tax liability (expenses)	-	1,000	1,000	1,000	1,000
PSA levy	10,598	10,500	(98)	14,500	14,500
Other committee costs	10,522	10,000	(522)	10,000	12,000
Equality and Diversity Consultancy Support	2,467	-	(2,467)	-	2,500
Total	156,790	160,000	3,210	181,822	185,000

14. Honorarium and responsibility allowances of c.£81k represent 51% of the total expenditure for the opening nine-months. We are incurring a greater level of expenditure in this area as we have begun recruitment campaigns to fill arising vacancies within the governance structure.

Administration and establishment

	Year to Date 1 April 2023 – 31 December 2023				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Premises	64,682	65,000	318	67,000	70,500
Office administration	31,297	32,000	703	50,000	50,000
Financial audit	-	-	-	22,000	22,000
Financing	27,039	30,000	2,961	34,000	40,000
Publications and subscriptions	2,020	2,000	(20)	2,000	2,500
Depreciation	45,162	46,000	838	60,000	60,000
Total	170,200	175,000	4,800	235,000	245,000

15. The two main areas of expenditure within Administration and establishment are the cost of premises – rates and service contracts – (£65k) – and office administration – insurance, postage, photocopying – (£31k). These areas represent c.56% of the total expenditure at the nine-month position.