

Background

1. The budget for FY2017-18, 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 £10,054.

	FY2017-18	FY2016-17	Variance
	£	£	£
Income			
Registration fees	2,835,000	2,790,000	45,000
Other income	46,500	48,500	(2,000)
Total	2,881,500	2,838,500	43,000
Expenditure			
Employment costs	1,411,373	1,329,827	81,546
Education and professional standards	152,393	135,946	16,447
Communications, research and development	219,180	219,420	(240)
Registration administration	50,000	59,200	(9,200)
IT infrastructure	70,000	72,000	(2,000)
Fitness to practise, including legal	580,000	580,000	-
Governance	158,250	160,750	(2,500)
Administration and establishment	230,250	270,750	(40,500)
Total	2,871,446	2,827,893	43,553
Surplus	10,054	10,607	(553)

3. Registration fees are forecast to be £2.835m which represents an increase against the 2016-17 budget of £45k. The registration fee forecast is based on Council's decision in November 2016 that registration fees should be held at their current level in 2017-18. Additionally, the fee forecast recognises the reduction in the number of graduates due to the course closure at Oxford Brooks and Leeds Beckett Universities and factors in caution around overseas applications which may, or may not, be affected by Brexit.

4. Other income of £46.5k is primarily made up of bank interest (£12k) 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

	FY2017-18	FY2016-17	Variance
	£	£	£
Expenditure			
Staff salaries, incl. NI	1,252,853	1,184,256	68,597
Pension costs	116,020	111,521	4,499
Training and development	15,000	15,000	-
Recruitment	15,000	10,000	5,000
Other employment costs	12,500	9,050	3,450
Total	1,411,373	1,329,827	81,546

6. A provision allowing for an increase in staff salaries and associated employment costs is factored into the budget. The budget also factors in an increase for the cost of recruitment and premiums for health insurance and death in service cover.

Education and professional standards

	FY2017-18	FY2016-17	Variance
	£	£	£
Expenditure			
Quality assurance	94,473	99,146	(4,673)
Continuing fitness to practise framework	2,000	8,000	(6,000)
Osteopathic Practice Standards	15,000	20,000	(5,000)
Student fitness to practise/professionalism	5,000	2,000	3,000
Guidance for osteopathic pre-registration education	-	6,000	(6,000)
Research projects	35,000	-	35,000
Publications and subscriptions	920	800	120
Total	152,393	135,946	16,447

7. The increase in the overall expenditure masks what represents significant change within the individual project budget lines.
8. The cyclical nature of the work around 'Quality Assurance', specifically the varying number of scheduled RQ visits, sees the budget provision decrease marginally from £99k to £94k. This budget provision includes two 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 is based on known expenditure and excludes any unscheduled visits.
9. There is a reduction in expenditure around the guidance for osteopathic pre-registration education which reflects work completed in the prior business year.
10. The budget provides for £15k for the review of the *Osteopathic Practice Standards* with further engagement activity around this project sitting within the Communications department. Specifically the budget includes costs of a full consultation including provision for external consultation analysis if required.
11. The budget includes a new provision (£35k) which relates to two specific research projects being Values work £15k and Boundaries research £20k.
12. The values work would include some exploratory work with patients and allows for expertise from a behavioural change expert. We currently assume around 20 days of input.
13. The boundaries research has a commitment from the General Chiropractic Council of £10k and we anticipate that we may be able to obtain some other funding from other regulators. However, if this does not prove possible, £20k will be required to commence work in the budget year. The budget allows for a literature review and qualitative research to respond to our research questions.
14. Finally, Council is also 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.

Communications, research and development

	FY2017-18	FY2016-17	Variance
	£	£	£
Expenditure			
Publication production	82,230	76,518	5,712
Engagement activities	34,150	43,785	(9,635)
Website	34,650	30,967	3,683
Public and international affairs	1,600	1,600	-
Subscriptions and publications	300	300	-
<i>Research</i>			
NCOR infrastructure (net)	26,500	26,500	-
IJOM	39,750	39,750	-
Total	219,180	219,420	(240)

15. Total expenditure for Communications, research and development is scheduled to be consistent with the previous financial year.
16. Publication production £82k primarily consists of expenditure for the production and distribution of the osteopath magazine, the bi-monthly journal (£65k) and for a re-order/re-print of GOsC publications including the osteopathic standards folder and GP consent forms (£12k). The balance of £5k is attributable to expenditure on the Welsh Language Scheme, the production of the Annual Report and Accounts, e-bulletins and development of new online resources for registrants.
17. Council will be aware from previous discussions that we may be required to translate a significant number of documents and information on our website if we are required to comply with the Welsh language standards in full. For the purposes of the budget we have not made a provision for what this may cost the GOsC. Once we have clearer information about what we need to do to comply with the regulations, we will be able to cost the impact and bring a paper to Council for consideration.
18. Engagement activity is scheduled to cost £34k, a reduction of £9k on the previous year. Included within the budget is £15k for engagement on the Osteopathic Practice Standards, including focus groups and design and printing of consultation materials. The budget also includes provision of £10k to host a meeting of the Regional Communication Network at Osteopathy House with the balance of expenditure being for final year student presentations and attendance at national exhibitions. Council should also note that a range of engagement activities will be ongoing in the year around the new CPD scheme, which is being funded from reserves.

19. Expenditure for the International Journal of Osteopathic Medicine and the funding for the National Council for Osteopathic Research is consistent with the prior year.

Registration administration

	FY2017-18 £	FY2016-17 £	Variance £
Expenditure			
Registration documentation	4,500	3,000	1,500
Renewal form printing and postage	16,000	16,000	-
Registration assessments	29,500	40,200	(10,700)
Total	50,000	59,200	(9,200)

20. Total expenditure for Registration assessments has reduced by £9k which reflects a reduction in the provision for registration appeals as well as a more prudent calculation for the cost of the registration assessment process, which includes registration assessor training, appraisal as well as the cost of the actual assessments.

IT infrastructure

	FY2017-18 £	FY2016-17 £	Variance £
Expenditure			
IT infrastructure	43,150	40,650	2,500
CRM support	25,850	23,850	2,000
IT sundries and support	1,000	7,500	(6,500)
Total	70,000	72,000	(2,000)

21. The total budget for IT expenditure has been reduced by £2k when compared to the prior year.
22. In the prior year, the Executive commissioned an IT audit which will not be required in the 2017-18 year. This reduces expenditure by £6.5k, which offsets some small increases in the costs of the IT infrastructure (£43k) and CRM support (£26k).

Fitness to practise, including legal

	FY2017-18	FY2016-17	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	-

23. While there is again no change to the overall budget, it is 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 exploring the use of remote IC meetings incurring half day fees with a view to placing an exploratory paper on this to the Policy Advisory Committee in February 2017.
 - c. 23 substantive Professional Conduct Committee (PCC) hearings (90-100 hearing days) forecast. While fewer substantive hearings have been forecast, we have seen a rise in complex multi-day hearings and adjournments generally. The Executive has actively looked at offsetting costs by more accurately forecasting hearing length to prevent adjournments in cases through the introduction of a new listings protocol and exploring the implementation of standard case directions for all cases referred to a final hearing which will streamline how cases are listed. Additionally, the Head of Regulation has implemented fixed external legal provider fees in all final hearings which will lower external legal costs.
 - 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.
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 up to 90/100 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 is exploring the move to electronic bundles during 2016 in all cases, which will require less reading time at hearings shortening the hearing lengths. Additionally, the Executive has introduced fixed external legal provider fees which will lower external costs. Council is asked to note however, that the Executive team has prudently chosen not to rely on any savings as part of the budget exercise for this year. Other costs include provision for general legal advice (£15k).

Governance

	FY2017-18	FY2016-17	Variance
	£	£	£
Expenditure			
Honorariums/responsibility allowances	99,750	99,750	-
Tax liability on Council expenses	9,000	9,000	-
Council costs including reappointment	20,000	22,500	(2,500)
Other committee costs	12,500	12,500	-
PSA Levy	14,000	14,000	-
Internal operations, including training	3,000	3,000	-
Total	158,250	160,750	(2,500)

28. Members' fees and responsibility allowances account for 63% of the Governance budget. The tax liability on Council expenses continues because HMRC consider Council members to be officeholders.
29. Members will note that the budget includes provision for the PSA levy (£14k), which is the full year-effect.

Administration and establishment

	FY2017-18	FY2016-17	Variance
	£	£	£
Expenditure			
Premises	72,000	99,000	(27,000)
Office administration	74,500	72,500	2,000
Financial audit	16,000	21,500	(5,500)
Financing	16,000	16,000	-
Depreciation	50,000	60,000	(10,000)
Publications and subscriptions	1,750	1,750	-
Total	230,250	270,750	(40,500)

30. The total budget provision for FY2017-18 is lower when compared to the prior financial period by £40k for three main reasons.
31. Firstly, the budget has prepared on the assumption that GOsC will become a registered charity and will benefit from a reduction in its business rates. This is demonstrated by the £27k reduction in premises costs. Council should note that if the GOsC was not to become a registered charity then its business rates will be affected by the significant increase in rates affecting a number of business in London from April 2017. Secondly, the provision for the cost of external financial audit has been reduced by £5.5k following the recent tender exercise. Finally, the depreciation charge is expected to reduce by £10k in the budget year.
32. The budget takes account of inflationary pressures and cost rises. Office administration includes the cost of printing and postage and telephone, fax and photocopying with the budget line 'financing' covering bank charges.

Capital expenditure

33. Capital expenditure (i.e. the purchase of fixed assets) is a Balance Sheet Item. A provision of £15k is budgeted for some IT equipment which may be required during the year, with the bulk of the expenditure possibly required for upgrading the boilers within Osteopathy House which have been experiencing some difficulties/breakdowns over recent months.