

### Financial Report 2019-20 (nine months to December 2019)

#### Background information

1. The General Osteopathic Council's current financial year commenced on 1 April 2019 and will conclude on 31 March 2020. In this report it will be described as FY2019-20.
2. The budget for FY2019-20 was approved by Council in February 2019.
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.
5. The financial quarters are as follows:

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. The third financial report of FY2019-20 covers the period ending 31 December 2019, which is nine months into the financial year.
7. The structure of this report is:
  - a. Summary of financial position – fuller income/expenditure narrative
  - b. Income and Expenditure Account (top-level department summary)
  - c. Income and Expenditure Account (detailed departmental summaries)
  - d. Balance Sheet
  - e. Explanatory notes to the Balance Sheet

#### Summary of financial position

8. This report covers the nine-month period from 1 April 2019 to 31 December 2019. The accounts show a surplus (before spending from reserves) of £187k against a budgeted surplus of £167k for the same period.

#### Income

9. The primary source of income is from registration fees paid by osteopaths. The GOsC does not have a single registration date meaning osteopaths renew their registration every month. In accordance with financial rules we need to ensure

that we account for, and report, only the proportion of the fee relevant to the financial period.

10. At 31 December 2019, income totalled £2.267k, which was £15k ahead of the budget forecast. Registration fees accounted for 99% of the total income received.

### Expenditure

11. At the nine-month position we have recorded actual expenditure of £2.079k against a budgeted position of £2.085k meaning we have spent less than budget forecasts before designated spending from reserves by £5k.

### Income and Expenditure Account (top-level summary)

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

	<b>Year to Date 1 April 2019 – 31 December 2019</b>				
	<b>Actual</b>	<b>Budget</b>	<b>Variance from budget</b>	<b>FY Budget</b>	<b>FY Forecast</b>
<b>Income</b>					
Registration fees	2,242,218	2,240,000	2,218	2,910,000	2,910,000
Other income	24,576	12,000	12,576	39,500	39,500
<b>Total</b>	<b>2,266,794</b>	<b>2,252,000</b>	<b>14,794</b>	<b>2,949,500</b>	<b>2,949,500</b>
<b>Expenditure</b>					
Employment costs	1,116,064	1,108,437	(7,627)	1,471,250	1,471,250
Education and professional standards	73,591	75,090	1,499	137,945	137,945
Communications, research and development	117,700	123,013	5,313	202,500	202,500
Registration administration	6,503	6,850	347	15,000	15,000
IT infrastructure	82,405	82,843	438	84,843	84,843
Fitness to practise, including legal	350,094	352,650	2,556	595,000	595,000
Governance	115,090	116,907	1,817	161,782	161,782
Administration and establishment	218,178	219,217	1,039	270,750	270,750
<b>Total</b>	<b>2,079,625</b>	<b>2,085,007</b>	<b>5,382</b>	<b>2,939,070</b>	<b>2,939,070</b>

	<b>Year to Date 1 April 2019 – 31 December 2019</b>				
<b>Surplus before designated spending</b>	<b>187,169</b>	<b>166,993</b>	<b>20,176</b>	<b>10,430</b>	<b>10,430</b>
Designated spending - CPD	19,762	-	-	19,762	
<b>Surplus after designated spending</b>	<b>167,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### **Income and Expenditure Account (detailed departmental summaries)**

13. The individual departmental accounts are listed below with further narrative to support each business area.

### **Education and professional standards**

	<b>Year to Date 1 April 2019 – 31 December 2019</b>				
	<b>Actual</b>	<b>Budget</b>	<b>Variance from budget</b>	<b>FY Budget</b>	<b>FY Forecast</b>
<b>Expenditure</b>					
Quality assurance	67,319	68,000	681	94,625	94,625
Osteopathic Practice Standards	6,104	6,000	(104)	21,000	21,000
Research projects	168	400	232	21,400	21,400
Publications and subscriptions	-	690	690	920	920
<b>Total</b>	<b>73,591</b>	<b>75,090</b>	<b>1,499</b>	<b>137,945</b>	<b>137,945</b>

14. The nine-month position reports that expenditure of £74k has been incurred against a budget allocation of £75k. 91% of the expenditure relates to the quality assurance process, with expenditure on research projects and the Osteopathic Practice Standards incurred in the last quarter of the financial year.

15. Council will note it ring-fenced £100,000 from reserves for the implementation and start-up of the CPD scheme, which came into effect from 1 October 2018. At the start of the financial year, £32,498 remained in the reserve fund. To date, £19k has been spent, leaving a balance of £13k.

## Communications, research and development

	Year to Date 1 April 2019 – 31 December 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
<b>Expenditure</b>					
Publications	51,095	54,800	3,705	90,100	90,100
Engagement and events	3,647	3,525	(122)	9,600	9,600
Digital	12,744	12,750	6	33,550	33,550
Publications and subscriptions	-	563	563	750	750
<i>Research</i>					
NCOR infrastructure	19,909	20,625	716	27,500	27,500
IJOM	30,305	30,750	445	41,000	41,000
<b>Total</b>	<b>117,700</b>	<b>123,013</b>	<b>5,313</b>	<b>202,500</b>	<b>202,500</b>

16. Expenditure of £118k is under budget by £5k. Communication with the profession through publications includes *the osteopath* magazine and e-bulletins and additionally the procurement of leaflets for sale and distribution and totals (£51k) equal to 43% of expenditure, excluding spend on research activities (NCOR and IJOM).

17. The total cost of research activities is £50k which is made up of the GOsC contribution to NCOR (£20k) and the cost of the subscription to IJOM (£30k).

## Registration administration

	Year to Date 1 April 2019 – 31 December 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
<b>Expenditure</b>					
Registration documentation	2,547	2,600	53	5,000	5,000
Registration assessments	3,956	4,250	294	10,000	10,000
<b>Total</b>	<b>6,503</b>	<b>6,850</b>	<b>347</b>	<b>15,000</b>	<b>15,000</b>

18. The nine-month position for Registration administration is fractionally under budget. Departmental expenditure is on registration documentation, including certificate production (£2.5k) and registration assessment activity (£4k). Expenditure will be incurred in the final quarter as the Executive provide registration training to our pool of assessors.

**Fitness to practise, including legal**

	<b>Year to Date 1 April 2019 – 31 December 2019</b>			<b>FY Budget</b>	<b>FY Forecast</b>
	<b>Actual</b>	<b>Budget</b>	<b>Variance from budget</b>		
<b>Expenditure</b>					
Other legal costs	17,397	18,000	603	30,000	30,000
Statutory committee costs					
- Investigating Committee	34,659	35,500	841	80,000	80,000
- Professional Conduct Committee	295,073	296,000	927	470,000	470,000
- Health Committee	2,965	3,150	185	10,000	10,000
Section 32 cases	-	-	-	5,000	5,000
<b>Total</b>	<b>350,094</b>	<b>352,650</b>	<b>2,556</b>	<b>595,000</b>	<b>595,000</b>

19. Statutory committee costs represent 95% 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.

20. The opening nine-months of the financial year continued to be busy for the Regulation team in terms of hearings, and at this early stage, we remain confident costs will continue to be contained within budget by the year-end. Looking ahead, we have the following events scheduled.

**January**

1 x 1-day PCC

1 x 4-day PCC

**February**

2 x 1-day PCC

1 x 5-day PCC

1 x 6-day PCC

1 x 1-day IC training

**March**

1 x 1-day PCC

1 x 2-day PCC

1 x 3-day PCC

1 x 1-day IC

21. Council will see that activity remains busy and based on our understanding of unit costs per day for IC, HC and PCC hearings, along with the associated legal costs, we are continuing to forecast that by the year-end, the costs will be contained within budget. This takes into account additional unknown factors such as any interim suspension orders, appeals against decisions of the PCC or additional days which may occur.

22. We shall continue to keep a close eye on the costs related to this area to identify any potential overspend if activity starts to outstrip the budgeted expenditure.

While there is some ability to find efficiency savings within individual cases and hearings, higher costs may be incurred depending on the complexity of individual cases.

23. The Regulation team commissioned an initial stages audit to test the quality of our processes and the report was considered by the Audit Committee at its October 2019 meeting and to Council in November 2019. The cost of the audit is covered under 'other legal costs'.

### IT infrastructure

	<b>Year to Date 1 April 2019 – 31 December 2019</b>				
	<b>Actual</b>	<b>Budget</b>	<b>Variance from budget</b>	<b>FY Budget</b>	<b>FY Forecast</b>
<b>Expenditure</b>					
IT infrastructure (Cloud) / CRM support	77,034	76,125	(909)	78,125	78,125
IT sundries/consultancy	5,371	6,718	1,347	6,718	6,718
<b>Total</b>	<b>82,405</b>	<b>82,843</b>	<b>438</b>	<b>84,843</b>	<b>84,843</b>

24. Expenditure includes the hosting fees and support costs for the cloud environment.

25. An IT audit was commissioned to test our systems and processes and the report was considered by the Audit Committee at its October 2019 meeting and reported to Council in November 2019. The cost for the audit is covered under 'IT consultancy'.

### Governance

	<b>Year to Date 1 April 2019 – 31 December 2019</b>				
	<b>Actual</b>	<b>Budget</b>	<b>Variance from budget</b>	<b>FY Budget</b>	<b>FY Forecast</b>
<b>Expenditure</b>					
Honorariums/responsibility allowances	73,300	75,000	1,700	100,000	100,000
Tax liability on council member expenses	7,282	7,282	-	7,282	7,282
Council costs including reappointments	14,245	14,000	20	25,000	25,000
Other committee costs	9,390	9,750	360	15,000	15,000

## Annex B to 6

	Year to Date 1 April 2019 – 31 December 2019				
PSA levy	10,873	10,875	2	14,500	14,500
<b>Total</b>	<b>115,090</b>	<b>116,907</b>	<b>1,817</b>	<b>161,782</b>	<b>161,782</b>

26. Honorarium and responsibility allowances of £73k represent 64% of the total expenditure for the opening nine-months. Overall expenditure of £115k is slightly under the budget forecast.

### Administration and establishment

	Year to Date 1 April 2019 – 31 December 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
<b>Expenditure</b>					
Premises	77,715	81,554	3,839	83,116	83,116
Office administration	72,579	70,750	(1,829)	90,000	90,000
Financial audit	1,867	2,000	133	18,000	18,000
Financing	20,699	19,000	(1,699)	19,000	19,000
Publications and subscriptions	1,155	1,750	595	1,750	1,750
Depreciation	44,163	44,163	-	58,884	58,884
<b>Total</b>	<b>218,178</b>	<b>219,217</b>	<b>1,039</b>	<b>270,750</b>	<b>270,750</b>

27. The two main areas of expenditure within Administration and establishment are the cost of premises – rates and service contracts – (£77k) – and office administration – insurance, postage, photocopying – (£73k). These areas represent 69% of the total expenditure at the nine-month position.

### Balance Sheet

28. The Balance Sheet for the period ended 31 December 2019 shows total reserves of £2.775m. The Balance Sheet position remains healthy and demonstrates that the GOsC continues to be well placed to meet its future obligations.

29. Cash held in hand and at bank totals £1.142m with a further £572k in an investment portfolio. The 120-day bond with Secure Trust Bank closed in this quarter with the transfer from the bank account to the investment portfolio being completed in January 2020

30. The Balance Sheet as at 31 December 2019 is set out overleaf:

## Annex B to 6

	31 March 2019		31 December 2019	
	£	£	£	£
<b>Non-current assets</b>				
Assets (fixed/intangible)		1,808,968		1,774,917
Investment (portfolio)		571,845		571,845
<b>Current assets</b>				
Debtors	550,733		739,256	
Cash in bank and in hand	183,059		1,141,660	
Investment (120-day bond)	584,819		-	
	<b>1,318,611</b>		<b>1,880,916</b>	
<b>Liabilities</b>				
Creditors – within one year	(1,091,583)		(1,452,430)	
	<b>(1,091,583)</b>		<b>(1,452,430)</b>	
<b>Net Current Assets</b>		<b>227,028</b>		<b>428,486</b>
<b>Total assets less total liabilities</b>		<b>2,607,841</b>		<b>2,775,248</b>
<b>Reserves</b>				
General reserve		2,575,343		2,762,511
Designated funds - CPD scheme implementation		32,498		12,737
<b>Total Reserves</b>		<b>2,607,841</b>		<b>2,775,248</b>

### Balance Sheet explanatory notes

#### *Debtors*

31. At the 31 December 2019, the total of Debtors had increased to £739k from the year-end position of £551k. This is in line with expectations and should not be of concern for Council Members. 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.

#### *Creditors*

32. At the 31 December 2019, the total of Creditors has also increased to £1.452m from the year-end position of £1.092m. 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.