

Annex B to Item 7

Financial Report 2021-22 (two months to May 2022)

Key messages from the report:

- Income and expenditure levels are consistent with our expectations for the two months to 31 May 2022.
- 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 we have a number of registrants renewing their registration and paying in full.
- The investment portfolio has recovered and stabilised following a period of market volatility during the early part of the pandemic.

Background information

1. The General Osteopathic Council's current financial year commenced on 1 April 2022 and will conclude on 31 March 2023. In this report it will be described as FY2022-23.
2. The budget for FY2022-23 was approved by Council in February 2022.
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 May 2022, which is two months into the financial year.

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7. The structure of this report is:

- Summary of financial position - income/expenditure narrative
- Income and Expenditure Account (top-level department summary)
- Balance Sheet, including explanatory notes
- Cash flow: overview and projection
- Annex A: Expenditure Account (detailed departmental summaries)

Summary of financial position

8. This report covers the two-month period from 1 April 2022 to 31 May 2022. The accounts show a surplus (before spending from reserves) of £133k against a budgeted surplus of £129k 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 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.
10. At 31 May 2022, income totalled circa £571k, which is roughly in line with our budget forecast for the same period. Registration fees accounted for 99.9% of the total income received.

Expenditure

11. At the two-month position we have recorded actual expenditure of £438k meaning spending is roughly in line with the budget forecasts, before designated spending from reserves.
12. Expenditure is marginally below the predicted forecast, with a spend of 15% of the FY budget. We have not made any changes to the year-end forecast at this stage, but we will report to Council on our forecasted position as the year progresses.

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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 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Income					
Registration fees	570,588	572,500	1,912	2,963,750	2,963,750
Other income	207	350	143	32,500	32,500
Total	570,795	572,850	2,055	2,996,250	2,996,250
Expenditure					
Employment costs	274,198	274,500	302	1,561,000	1,561,000
Education and professional standards	9,218	9,250	32	163,250	163,250
Communications, research and development	15,193	16,400	1,207	204,250	204,250
Registration administration	4,753	4,700	(53)	10,000	10,000
IT infrastructure	15,724	17,300	1,576	132,900	132,900
Fitness to practise, including legal	49,625	52,000	2,375	500,000	500,000
Governance	27,161	27,450	289	153,000	153,000
Administration and establishment	42,185	42,310	125	257,400	257,400
Total	438,057	443,910	5,853	2,981,800	2,981,800
Surplus before designated spending	132,738	128,940	(3,798)	14,450	14,450
Designated spending					
- CPD	-	-	-		
- IT	-	-	-		
Surplus after designated spending	132,738	128,940	(3,798)		

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

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Balance Sheet

15. The Balance Sheet for the period ended 31 May 2022 shows total reserves of £3.04m (including designated funds). Cash held in hand and at bank totals £843k with a further £1.25m (balance as at 31 March 2022) in an investment portfolio.

16. The Balance Sheet as at 31 May 2022 is set out below:

	31 March 2022		31 May 2022	
	£	£	£	£
Non-current assets				
Assets (fixed/intangible)		1,650,250		1,639,240
Investment (portfolio)		1,249,568		1,249,568
Current assets				
Debtors	384,449		729,884	
Cash in bank and in hand	825,254		842,625	
	1,209,703		1,572,509	
Liabilities				
Creditors – within one year	(1,139,103)		(1,423,661)	
	(1,139,103)		(1,423,661)	
Net Current Assets/Liabilities		(70,600)		121,307
Provisions		(65,500)		(65,500)
Total assets less total liabilities		2,904,918		2,949,025
Reserves				
General reserve		2,722,825		2,666,932
Designated funds		182,093		282,093
Total Reserves		2,904,918		2,949,025

Balance Sheet explanatory notes

Debtors

17. At the 31 May 2022, the total of Debtors had increased to £729k from the year-end position of £384k. This increase is in line with expectations. The reason for

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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 May 2022, the total of Creditors has also increased to £1.42m from the year-end position of £1.14m. 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 2022, the bank balance was £825k. At 31 May 2021, the bank balance was £842k, an increase of £17k. The reason for the increase 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 31 May 2022, the investment stood at £1.25m. There is fuller investment and reserve paper on the July 2022 Council agenda.

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 2021-22.

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 pandemic, a short narrative is provided.

Employment costs

2. Employment costs include those expenses associated with pay, pensions, recruitment and staff training.

Education and professional standards

	Year to Date 1 April 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Quality assurance	8,453	8,500	47	126,800	126,800
CDP	751	750	(1)	2,800	2,800
Publication and subscriptions	-	-	-	900	900
Osteopathic Practice Standards	14	-	(14)	4,000	4,000
Research projects	-	-	-	28,750	28,750
Total	9,218	9,250	32	163,250	163,250

3. The two-month position reports that a total expenditure of £9.2k has been incurred against a budget allocation of the same amount. Historically most of the departmental spend happens in the latter months of the financial year and we expect FY2022-23 to be the same.

Communications, research and development

	Year to Date 1 April 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Publications	1,542	2,000	458	34,800	34,800
Engagement and events	557	700	143	53,350	53,350
Digital	2,562	3,000	438	50,100	50,100

Annex A

<i>Research</i>					
NCOR infrastructure	4,429	4,500	71	28,000	28,000
IJOM	6,103	6,200	97	38,000	38,000
Total	15,193	16,400	1,207	204,250	204,250

- Expenditure of £15.2 k is just below budget.
- The total cost of research activities is £10.5k which is made up of the GOsC contribution to the National Council for Osteopathic Research (NCOR) (£4.4k) and the cost of the subscription to the International Journal of Osteopathic Medicine (IJOM) (£6.1k). These activities support the delivery of our statutory responsibility to develop the profession.

Registration administration

	Year to Date 1 April 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Registration documentation	1,218	1,200	(18)	4,000	4,000
Registration assessments	3,535	3,500	(35)	6,000	6,000
Total	4,753	4,700	(53)	10,000	10,000

- The two-month position for Registration administration is marginally over budget. The cost of registration assessments is offset by the fees paid by applicants applying for registration.

IT infrastructure

	Year to Date 1 April 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
IT infrastructure (Cloud) / CRM support	15,724	17,300	1,576	88,900	88,900
IT sundries/consultancy	-	-	-	44,000	44,000
Total	15,724	17,300	1,576	132,900	132,900

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

Fitness to practise, including legal

	Year to Date 1 April 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Other legal costs	-	-	-	20,000	20,000
Statutory committee costs					
- Investigating Committee	10,828	12,000	1,172	60,000	60,000
- Professional Conduct Committee	38,797	40,000	1,203	410,000	410,000
- Health Committee	-	-	-	-	-
Section 32 cases	-	-	-	10,000	10,000
Total	49,625	52,000	2,375	500,000	500,000

8. Statutory committee costs represent 100% of the department expenditure and reflect the work of the Investigating, Professional Conduct and Health Committees at the two-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.

9. The events that we currently have scheduled for the next four months are:

June 2022

3 x1 day IC Meetings
2 x1 day ICISO hearings

July 2022

1 x5 day PCC substantive hearing
1 x1 day PCC substantive review hearing

August 2022

1 x6 day PCC substantive hearings
2 x1 day IC Meetings

September 2022

1 x6 day PCC substantive hearing
1 x1 day IC meeting

10. We have a good understanding of unit costs per day for IC, HC and PCC hearings, along with the associated legal costs for cases held in Osteopathy House. However, these cost units will change, as we continue to use online technology to host meetings. We will keep this cost under close review.

Governance

	Year to Date 1 April 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Honorariums/responsibility allowances	16,523	17,000	477	105,000	105,000
Council costs including reappointments	3,419	3,500	81	12,500	12,500
Tax liability (expenses)	-	-	-	2,000	2,000
PSA	2,409	2,450	41	14,500	14,500
Other committee costs	4,810	4,500	(310)	15,000	15,000
Council Associates Programme	-	-	-	4,000	4,000
Total	27,161	27,450	289	153,000	153,000

11. Honorarium and responsibility allowances of £16.5k represent 61% of the total expenditure for the opening two-months. We will be incurring a greater level of expenditure in this area within the next quarter as we begin recruitment campaigns to fill arising vacancies within the governance structure.

Administration and establishment

	Year to Date 1 April 2022 – 31 May 2022				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Premises	16,861	16,675	(186)	79,000	79,000
Office administration	9,781	10,100	319	53,000	53,000
Financial audit	-	-	-	18,500	18,500
Financing	3,747	3,750	3	30,000	30,000
Depreciation	11,010	11,000	(10)	75,900	75,900
Publications and subscriptions	786	785	(1)	1,000	1,000
Total	42,185	42,310	125	257,400	257,400

12. The three main areas of expenditure within Administration and establishment are the cost of premises – rates and service contracts – (£16.9k) – office administration – insurance, postage, photocopying – (£9.8k) - and depreciation - (11k). These areas represent 63% of the total expenditure at the two-month position.

13. As we return to a hybrid way of office working, we will need to monitor our expenditure patterns to ensure that we have made the correct assumptions about office expenditure when setting the budget. We will advise Council as the year progresses.