

Annex B to Item 6

Financial Report 2023-24 (two months to May 2023)

Key messages from the report:

- Income and expenditure levels are consistent with the existing expectations for the two months to 31 May 2023.
- The Balance Sheet is in a strong position meaning we can face future challenges from a position of financial health.
- The Debtors position has increased, reflecting the registrants shift from advanced payment to instalments, a reactive trend subsequent to the cost-of-living crisis.

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 May 2023, which is two 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)

Annex B to Item 6

- 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 2023 to 31 May 2023. The accounts show a deficit (before spending from reserves) of £18k against a budgeted surplus of £26k 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 2023, income totalled circa £496k, which is lower than the 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 £515k meaning spending is higher than the budget forecasts, before designated spending from reserves.
12. Expenditure is higher than the predicted forecast, with a spend of 18% 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.

Annex B to Item 6

Income and Expenditure Account (top-level summary)

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

	Year to Date			FY Budget	FY Forecast
	1 April 2023 – 31 May 2023				
	Actual	Budget	Variance from budget		
Income					
Registration fees	492,853	504,540	(11,687)	2,871,850	2,871,850
Other income	3,944	2,000	1,944	32,000	32,000
Total	496,797	506,540	(9,743)	2,903,850	2,903,850
Expenditure					
Employment costs	294,943	276,700	(18,243)	1,650,650	1,650,650
Education and professional standards	37,171	21,600	(15,571)	151,800	151,800
Communications, research and development	16,080	15,949	(131)	137,000	137,000
Registration administration	(1,298)	500	1,798	11,000	11,000
IT infrastructure	14,811	14,000	(811)	77,500	77,500
Fitness to practise, including legal	73,536	71,900	(1,636)	444,000	444,000
Governance	39,978	39,600	(378)	181,822	181,822
Administration and establishment	39,531	40,550	1,019	235,000	235,000
Total	514,752	480,799	(33,953)	2,888,772	2,888,772
Deficit before designated spending	(17,955)	25,741	43,696	15,078	15,078
Designated spending					
- CPD	-	-	-		
- IT	18,440	-	18,440		
Deficit after designated spending	(36,395)	25,741	25,256		

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

Annex B to Item 6

Balance Sheet

15. The Balance Sheet for the period ended 31 May 2023 shows total reserves of £2.82m (including designated funds). Cash held in hand and at bank totals £771k with a further £1.17m (balance as at 31 March 2023) in an investment portfolio.

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

	31 March 2023		31 May 2023	
	£	£	£	£
Non-current assets				
Assets (fixed/intangible)		1,590,580		1,582,045
Investment (portfolio)		1,167,992		1,167,992
Current assets				
Debtors	393,947		746,082	
Cash in bank and in hand	791,404		771,229	
	1,185,351		1,517,311	
Liabilities				
Creditors – within one year	(1,019,659)		(1,379,478)	
	(1,019,659)		(1,379,478)	
Net Current Assets/Liabilities		165,692		137,833
Provisions		(65,500)		(65,500)
Total assets less total liabilities		2,858,764		2,822,370
Reserves				
General reserve		2,636,671		2,618,717
Designated funds		222,093		203,653
Total Reserves		2,858,764		2,822,370

Annex B to Item 6

Balance Sheet explanatory notes

Debtors

17. At the 31 May 2023, the total of Debtors had increased to £746k from the year-end position of £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 May 2023, the total of Creditors has also increased to £1.38m from the year-end position of £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 £791k. At 31 May 2023, the bank balance was £771k, a reduction of £20k. The reason for the reduction is that we have a cyclical registration year, so an increased number of registrants are renewing their registration now and paying in instalments, which means a reduction in the cash balance.

Investment portfolio

21. At 31 May 2023, the investment stood at £1.17m. There is fuller investment and reserve paper on the July 2023 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 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 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 2023– 31 May 2023			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
Quality assurance	35,053	20,000	(15,053)	120,000	120,000
CDP	870	800	(70)	2,800	2,800
Publication and subscriptions	-	-	-	-	-
Osteopathic Practice Standards	1,248	800	(448)	8,500	8,500
Research projects	-	-	-	20,500	20,500
Total	37,171	21,600	(15,571)	151,800	151,800

3. The two-month position reports that a total expenditure of £37.2k has been incurred against a budget allocation of £21.6k. The cost of the quality assurance contract increased substantially beyond the budget expectation upon renewal. Historically most of the departmental spend happens in the latter months of the financial year, we have seen this year commence with intensified activity.

Communications, research and development

	Year to Date 1 April 2023 – 31 May 2023			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
Publications	21	-	(21)	27,500	27,500
Engagement and events	1,340	1,150	(190)	7,000	7,000

Annex A

Digital	4,077	3,800	(277)	36,500	36,500
<i>Research</i>					
NCOR infrastructure	4,356	4,666	310	28,000	28,000
IJOM	6,286	6,333	47	38,000	38,000
Total	16,080	15,949	(131)	137,000	137,000

4. Expenditure of £16k is on budget.

5. The total cost of research activities is £16k 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) (£6.3k). These activities support the delivery of our statutory responsibility to develop the profession.

Registration administration

	Year to Date 1 April 2023 – 31 May 2023			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
Registration documentation	-	-	-	-	-
Registration assessments	(1,298)	500	1,798	11,000	11,000
Total	(1,298)	500	1,798	11,000	11,000

6. The two-month position for Registration administration is under budget. The cost of registration assessments is offset by the fees paid by applicants applying for registration. This process is currently under review.

IT infrastructure

	Year to Date 1 April 2023 – 31 May 2023			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
IT infrastructure (Cloud) / CRM support	8,279	8,000	(279)	60,000	60,000
IT sundries/consultancy	6,532	6,000	(532)	34,000	17,500
Total	14,811	14,000	(811)	94,000	77,500

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

Fitness to practise, including legal

	Year to Date 1 April 2023 – 31 May 2023			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
Other legal costs	-	-	-	-	-
Statutory committee costs					
- Investigating Committee	15,423	14,300	(1,123)	70,000	70,000
- Professional Conduct Committee	58,113	57,600	(513)	368,000	368,000
- Health Committee	-	-	-	5,000	5,000
Section 32 cases	-	-	-	1,000	1,000
Total	73,536	71,900	(1,636)	444,000	444,000

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:

July 2023

1 x3 day PCC substantive hearing
 1 x1 day PCC case management hearing
 1 x1 day IC Interim suspension hearing
 1 x1 day IC Meeting

August 2023

1 x1 day PCC review hearing
 1 x2 day HC substantive hearing
 1 x1 day IC meeting

September 2023

1 x1 day PCC review hearings
 1 x1 day IC Meeting

October 2023

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 2023 – 31 May 2023				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Honorariums/responsibility allowances	17,532	17,500	(32)	105,000	105,000
Council costs including reappointments	17,830	17,300	(330)	51,322	51,322
Tax liability (expenses) PSA	-	-	-	1,000	1,000
Other committee costs	2,321	2,300	(21)	14,500	14,500
Council Associates Programme	2,295	2,300	5	10,000	10,000
	-	-	-	-	-
Total	39,978	39,600	(378)	181,822	181,822

11. Honorarium and responsibility allowances of £17.5k represent 44% of the total expenditure for the opening two-months. The recruitment campaigns to fill arising vacancies within the governance structure has increased the spend by £15.3k to date.

Administration and establishment

	Year to Date 1 April 2023 – 31 May 2023				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Premises	18,368	17,400	(968)	67,000	67,000
Office administration	6,812	8,550	1,738	53,000	53,000
Financial audit	-	-	-	22,000	22,000
Financing	4,139	4,300	161	34,000	34,000
Depreciation	10,036	10,000	(36)	60,000	60,000
Publications and subscriptions	176	300	124	2,000	2,000
Total	39,531	40,550	1,019	235,000	235,000

12. The three main areas of expenditure within Administration and establishment are the cost of premises – rates and service contracts – (£18.4k) – office administration – insurance, postage, photocopying – (£6.8k) - and depreciation - (10k). These areas represent 64% of the total expenditure at the two-month position.

13. As we formalise a hybrid way of office working, we continue 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.