

Financial Report 2024-25 (three months to June 2024)

Key messages from the report:

- Registration fees are on track to meet budget expectations.
- Expenditure is around £673k and is £62k favourable to budget for the first quarter on a straight-line basis.
- The Balance Sheet is in a strong position, meaning we can face future challenges from a position of financial health.
- Cash at bank is currently around £35k higher than at year end; however, we are expecting the cash position to return to a level similar to the March 2024 position by the end of the year.

Background information

1. The General Osteopathic Council's current financial year commenced on 1 April 2024 and will conclude on 31 March 2025. In this report it will be referred to as FY2024-25.
2. The budget for FY2024-25 was approved by Council in May 2024.
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 30 June 2024, which is three months into the financial year.
7. Forecast figures will be provided from the second quarter onwards once we have progressed more into the year, and can reanalyse the figures based on actual income and expenses.

8. 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

9. At the close of the three-month period from 1 April 2024 to 30 June 2024, the income and expenditure account reports a surplus position (before designated spending from reserves) of £163k.
10. We have budgeted a surplus position of around £4k, before designated spending, by year end.

Income

11. 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.
12. At 30 June 2024, income totalled around £836k, which is slightly below budget for the same period, with the phasing of income across the year based on the previous year's figures. Registration fees accounted for 98% of the total income received.

Expenditure

13. After the first quarter we have recorded actual expenditure of around £673k. This is approximately £62k favourable to budget for the same period, but we are expecting this to level off as the year progresses.

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Income and Expenditure Account (top-level summary)

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

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Income				
Registration fees	819,352	830,000	(10,648)	2,840,000
Other income	16,319	7,500	8,819	30,000
Total	835,671	837,500	(1,829)	2,870,000
Expenditure				
Employment costs	381,223	438,216	56,993	1,752,864
Education and professional standards	34,771	40,625	5,854	162,500
Communications, research and development	21,229	23,250	2,021	93,000
Registration administration	5,472	2,000	(3,472)	8,000
IT infrastructure	36,271	29,250	(7,021)	87,000
Fitness to practise, including legal	79,411	90,000	10,589	360,000
Governance	55,391	51,789	(3,602)	165,000
Administration and establishment	59,193	59,375	182	237,500
Total	672,961	734,505	61,544	2,865,864
Surplus before designated spending	162,710	102,995	59,715	4,136
Designated spending	3,381	-	(3,381)	-
Surplus after designated spending	159,329	102,995	56,334	4,136

15. The detailed departmental expenditure accounts can be found further down the document.

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Balance Sheet

16. The Balance Sheet for the period ended 30 June 2024 shows total reserves of £3.04m (including designated funds). Cash held in hand and at bank totals £762k with a further £1.28m in the managed investment portfolio. The balance sheet below reflects the June 2024 valuation of the investment portfolio

17. The Balance Sheet as at 30 June 2024 is set out below:

	30 June 2024			31 March 2024	
	£	£		£	£
Non-current assets					
Assets (fixed/intangible)		1,592,234			1,547,271
Investment (portfolio)		1,277,707			1,269,682
Current assets					
Debtors	392,658			407,610	
Cash in bank and in hand	762,264			726,897	
	1,154,922			1,134,507	
Liabilities					
Creditors within one year	(983,105)			(1,069,030)	
	(983,105)			(1,069,030)	
Net Current Assets/Liabilities		171,817			65,477
Provisions		-			-
Total assets less total liabilities		3,041,758			2,882,430
Reserves					
General reserve		2,542,320			2,386,217
Designated funds		499,439			496,213
Total Reserves		3,041,759			2,882,430

Balance Sheet explanatory notes

Debtors

18. Debtors have decreased to £393k from the year end position of £408k. This is predominately due to prepayments being released over time. We would expect to see a fluctuation throughout the year as expenses are processed through the system.

Creditors

19. Creditors have decreased to £983k from the year end position of £1.07m. The main contributor to this movement is in relation to the year end accruals, which have since been released and the relevant expenses paid; this change from year end is around £63k. The other main change (£19k) since year end is in relation to invoices payable; we have a lower creditor balance than we did at year end.

Cash flow and investments

20. Council closely monitors its cashflow and reserves. The following section provides an overview of the cash flow position and current cash flow projection.
21. The cash at bank balance has increased to £762k from the year end position of £727k. The main reason for this is due to the non-linear nature of registration renewals, so a higher proportion of registrants have renewed their registration in the first quarter. We are expecting the cash position to level off as we progress through the year.

Investment portfolio

22. At 30 June 2024, the investment portfolio stood at £1.28m. Withdrawals from the portfolio would need approximately 10 day's notice, although our expectation is that we will not need to draw down on the investment this year.

Charity Commission reporting

23. 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.
24. We do not foresee any need to make a report to the Charity Commission during financial year 2024-25.

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Departmental Expenditure Accounts

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

Education and professional standards

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Expenditure				
Quality assurance	31,987	36,125	4,138	144,500
Publications & subscriptions	503	-	(503)	-
Osteopathic Practice Standards	761	536	(225)	2,145
Research projects	1,520	3,964	2,444	15,855
Total	34,771	40,625	5,854	162,500

26. The first quarter position shows a total expenditure of £35k, against a budget allocation of £41k. The underspend is predominately due to QA work, but we expect this to come more into line with budget as the year progresses.

Communications, research, and development

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Expenditure				
Publications	1,028	6,250	5,222	25,000
Engagement and events	5,703	1,750	(3,953)	7,000
Digital	4,957	8,125	3,168	32,500
<i>Research</i>				
IJOM	9,541	7,125	(2,416)	28,500
Total	21,229	23,250	2,021	93,000

27. The first quarter position shows a total expenditure of £21k, against a budget allocation of £23k. This is mainly due to an underspend in the Publications budget. So far only £1k of the budget for Publications has been spent; we would expect to see this catch up through the rest of the year.

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Registration administration

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Income				
Registration assessment income	4,996	-	4,996	-
Total	4,996	-	4,996	-
Expenditure				
Registration assessments	5,472	2,000	(3,472)	8,000
Total	5,472	2,000	(3,472)	8,000
Net expenditure	476	2,000	1,524	8,000

28. The first quarter position shows a total net expenditure of less than £1k, against a budget allocation of £2k. The cost of registration assessments is offset by the fee-paying applicants applying for registration assessments, with the year to date amount being £5k.

IT infrastructure

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Expenditure				
Software - Licensing	4,406	3,750	(656)	15,000
CRM and infrastructure	17,848	14,250	(3,598)	57,000
IT Consultancy cover	-	1,250	1,250	5,000
IT Security	12,840	10,000	(2,840)	10,000
Other IT costs	1,177	-	(1,177)	-
Total	36,271	29,250	(7,021)	87,000

29. The first quarter position shows a total expenditure of £36k, against a budget allocation of £29k. The overspend is predominately due to spending on CRM & Infrastructure costs. In addition, we conducted penetration testing on the GOsC website and external infrastructure, which contributed £3k of the overspend in IT security, and has taken the entire budget for the year.

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Fitness to practise, including legal

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Expenditure				
Other legal costs	365	-	(365)	-
Statutory committee costs:				
- Investigating Committee	23,113	12,500	(10,613)	50,000
- Professional Conduct Committee, incl. Health Committee	55,933	77,250	21,317	309,000
Section 32 cases	-	250	250	1,000
Total	79,411	90,000	10,589	360,000

30. The first quarter position shows a total expenditure of £79k, against a budget allocation of £90k. There is an overspend of £11k in costs for the Investigating Committee in the first quarter; however, this is more than offset by an underspend in costs for the Professional Conduct Committee & Health Committee of £21k.
31. Statutory committee costs represent over 99% of the department expenditure and reflect the work of the Investigating, Professional Conduct and Health Committees after the first quarter. Council members are aware that this area of business represents the most significant area of risk to the expenditure forecasts in terms of volatility.
32. As of 1 July 2024, the following hearings and meetings for the next six months are scheduled:

July 2024	August 2024
x1 5 day PCC hearing (which concluded in 3 days) x1 1 day IC meeting	x1 5 day PCC hearing x1 4 day PCC hearing x1 1 day IC meeting
September 2024	October 2024
x1 4 day PCC resumed hearing x1 1 day IC meeting	x1 1 day IC meeting
November 2024	December 2024
x1 1 day IC meeting	x1 1 day IC meeting

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33. In addition to the hearings and meetings above, ECHR and Equality Act training days will be held on 10th and 25th July for all IC and PCC panellists, and legal assessors. These sessions will be held remotely.

Governance

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Expenditure				
Honorariums & responsibility allowances	27,607	28,029	422	112,116
Council costs including reappointments	22,194	19,760	(2,434)	36,884
Tax liability (expenses)	-	250	250	1,000
PSA levy	3,564	3,750	186	15,000
Other committee costs	2,026	-	(2,026)	-
Total	55,391	51,789	(3,602)	165,000

34. The first quarter position shows a total expenditure of £55k, against a budget allocation of £52k. This is primarily due to some overspends on Council costs and appointments, and other committee costs. A lot of work is currently being conducted to appoint Council and Committee members, which is generating the increase in costs.

35. Honorarium and responsibility allowances of £28k represent 50% of the total expenditure for the opening quarter.

Administration and establishment

	Year to Date 1 April 2024 – 30 June 2024			
	Actual	Budget	Variance from budget	FY Budget
Expenditure				
Premises	20,879	15,875	(5,004)	63,500
Office administration	10,390	12,500	2,110	50,000
Financial audit fee	1,574	6,000	4,426	24,000
Financing	9,068	9,500	432	38,000
Publications and subscriptions	1,003	500	(503)	2,000
Depreciation	16,279	15,000	(1,279)	60,000
Total	59,193	59,375	182	237,500

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36. The first quarter position shows a total expenditure of £59k, against a budget allocation of £59k. The £5k overspend on Premises is due to an increase in Council Tax for the office building, along with other increases in energy and other utilities.
37. We are expecting the underspend in Audit fees to reduce once the year end accounts are signed off and the final fee is paid.
38. The two principal areas of expenditure within Administration and establishment are the cost of premises including rates and service contracts (£21k), and office administration including insurance, postage, and photocopying (£10k). These two areas represent 95% of the total expenditure after the first quarter.