

Summary

1. This report identifies the main features of the Management Accounts for the six-months ended 30 September 2014. The six-month accounts show a surplus (before designated spending) of £164k against a budgeted forecast of £161k.

Income and Expenditure Account

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

	Year to Date 30 September 2014			FY Budget	FY Forecast
	Actual	Budget	Variance		
Income					
Registration fees	1,497,228	1,485,750	11,478	2,568,000	2,593,000
Other income	54,954	40,075	14,879	65,400	75,800
Total	1,552,182	1,525,825	26,357	2,633,400	2,668,800
Expenditure					
Employment costs	608,297	591,938	(16,359)	1,172,476	1,217,974
Education and professional standards	4,700	5,075	375	140,650	90,500
Communications, research and development	95,062	98,925	3,863	245,734	245,734
Registration administration	13,101	12,900	(201)	42,990	42,990
IT infrastructure	56,629	56,750	121	66,880	70,000
Fitness to practise, including legal	361,712	347,000	(14,712)	480,000	585,270
Governance	75,365	76,550	1,185	163,500	163,500
Administration and establishment	173,028	175,874	2,846	305,250	305,250
Total	1,387,894	1,365,012	(22,881)	2,617,400	2,721,218
Surplus	164,288	160,813	3,476	16,000	(52,418)

Income

3. As at 30 September 2014, income totalled £1.552m, which was £26k ahead of forecast. Registration Fees accounted for £1.497m, which was equal to 96% of the total income received. Registration fees actually received totalled £1.615m; however, the process of accruals accounting requires that only those fees relevant to the six-months be reported.

4. We anticipate that by the year-end total registration fees will be ahead of the budgeted position. Other income is forecast to be £10k greater than the budget at the year-end. This is due to an individual, who owed GOsC costs following a s32 prosecution, settling their outstanding balance in full.

Expenditure

5. At the six-month position we have recorded actual expenditure of £1.388m against a budgeted position of £1.365m, meaning we are overspent against forecast by £23k. This main area of overspend is employment costs where pressure has arisen due to the increased level of recruitment in the first half of the financial year, compared to prior years when the turnover was minimal, and additional staff resources being required within the fitness to practise team.
6. The year-end forecast has also been adjusted to reflect these cost pressures and predicts that, prior to the identification of any offsetting savings, Council will have a deficit at the year-end of £52k compared to its budgeted surplus position of £16k.
7. While it is not ideal to be reporting a forecast deficit position, Council can take some assurance that prudent financial management in past financial periods where substantial surpluses were accrued, means that the reserve position can withstand these one-off events.

Education and professional standards

	Year to Date 30 September 2014			FY Budget	FY Forecast
	Actual	Budget	Variance		
Expenditure					
Working groups	313	300	(13)	3,500	3,500
Quality assurance	713	1,000	287	112,000	61,850
Continuing fitness to practise framework	1,662	1,700	38	10,000	10,000
Student fitness to practise	1,412	1,575	163	6,000	6,000
Osteopathic pre- registration education	600	500	(100)	6,000	6,000
Publications and subscriptions	0	0	0	3,150	3,150
Total	4,700	5,075	375	140,650	90,500

8. The six-month position shows that expenditure £4.7k has been incurred. However, the year-end forecast has been adjusted to reflect a reduction in the expected spend on quality assurance. The budget was prepared to be consistent with expenditure patterns of previous financial years but a review of the planned

quality assurance work in FY2014-15 has indicated that the £112k budget is unlikely to be required.

Communications, research and development

	Year to Date 30 September 2014			FY Budget	FY Forecast
	Actual	Budget	Variance		
Expenditure					
Publication production	38,062	38,550	488	79,523	79,523
Engagement activities	8,657	8,725	68	67,660	67,660
Website	7,994	8,000	6	19,051	19,051
Public and international affairs	8,852	9,000	148	9,200	9,200
Publications and subscriptions	0	150	150	300	300
<i>Research</i>					
NCOR infrastructure (net)	12,062	12,000	(62)	25,000	25,000
IJOM	19,435	22,500	3,065	45,000	45,000
Total	95,062	98,925	3,863	245,734	245,734

9. Expenditure of £95k is within budget by £4k. Communication with the profession through GOsC publications (£38k) includes *the osteopath* magazine and e-bulletins. Expenditure of £32k reflects the investment in research activities around the infrastructure costs of NCOR and the cost of subscribing to the *International Journal of Osteopathic Medicine*.

Registration administration

	Year to Date 30 September 2014			FY Budget	FY Forecast
	Actual	Budget	Variance		
Expenditure					
Registration documentation	2,816	2,500	(316)	2,500	2,816
Registration assessments	10,285	10,400	115	40,490	40,174
Total	13,101	12,900	(201)	42,990	42,990

10. The six-month position for Registration administration is fractionally over budget; however, the amount is immaterial and the expenditure will be brought within budget by the year-end.

IT infrastructure

	Year to Date 30 September 2014				
	Actual	Budget	Variance	FY Budget	FY Forecast
Expenditure					
IT infrastructure (Cloud)	32,564	32,750	186	36,300	36,300
CRM support	16,645	16,500	(145)	23,000	26,280
Disaster recovery facility	2,783	3,000	217	3,000	2,783
IT sundries	4,637	4,500	(137)	4,500	4,637
Total	56,629	56,750	121	66,800	70,000

11. Expenditure of £56k is in line with the budgeted expectations for the six-month position. In the opening six-months £32k was spent on IT cloud infrastructure; £17k has been spent on CRM support and service contracts, with the remaining balance of expenditure being spent on the premium for the disaster recovery site and IT sundry expenses. The year-end forecast has been increased to account for additional IT support around the website re-platform project.

Fitness to practise, including legal

	Year to Date 30 September 2014				
	Actual	Budget	Variance	FY Budget	FY Forecast
Expenditure					
Other legal costs	7,680	7,750	70	15,500	15,500
Statutory committee costs					
- Investigating Committee	48,499	45,000	(3,499)	45,000	60,000
- Professional Conduct Committee	297,628	285,750	(11,878)	400,000	490,270
Section 32 cases	4,081	4,000	(81)	15,000	15,000
Law library subscription	3,824	4,500	676	4,500	4,500
Total	361,712	347,000	(14,712)	480,000	585,270

12. Statutory committee costs represent 96% of the department expenditure and reflect the work of the Investigating Committee and the Professional Conduct Committee. A likely increase in the number of hearings, as reported to Council by the Head of Regulation through the fitness to practise reports, will lead to greater cost pressures being placed on this area of the business.
13. When the budget envelope was agreed by Council in October 2013, there was a caveat that fitness to practise represented the greatest risk to the expenditure

forecast in terms of volatility and, although a modest budget reduction was made in the annual budget, the Executive reported to Council at the earliest opportunity that expenditure is likely to exceed budget.

14. As reported to Council in July 2014, it is prudent to forecast the year-end financial position to be greater than budget because of the increased workload. This remains true at the half-year position.

Governance

	Year to Date 30 September 2014			FY Budget	FY Forecast
	Actual	Budget	Variance		
Expenditure					
Honorariums/responsibility allowances	57,649	58,500	851	117,000	117,000
Tax liability on council member expenses	0	0	0	8,000	8,000
Council costs including reappointments	9,818	10,050	232	21,000	21,000
Other committee costs	7,899	8,000	101	14,500	14,500
Internal operations, including training	0	0	0	3,000	3,000
Total	75,365	76,550	1,185	163,500	163,500

15. Honorarium and responsibility allowances of £58k represent 76% of the total expenditure for the six-months to 30 September 2014, with total expenditure of £75k in line with the budget forecast.

Administration and establishment

	Year to Date 30 September 2014			FY Budget	FY Forecast
	Actual	Budget	Variance		
Expenditure					
Premises	58,284	56,999	(1,285)	85,000	85,000
Office administration	52,076	56,000	3,924	82,500	82,500
Financial audit	0	0	0	20,000	20,000
Financing	11,793	12,000	207	16,000	16,000
Publications and subscriptions	875	875	0	1,750	1,750
Depreciation	50,000	50,000	0	100,000	100,000
Total	173,028	175,874	2,846	305,250	305,250

16. The two main areas of expenditure within Administration and establishment are the cost of premises – rates and service contracts – (£58k) – and office

Annex B to 5

administration – insurance, postage, photocopying – (£52k). These areas represent 64% of the total expenditure at the six-month position.

17. Total expenditure in this area was £173k and is marginally underspent by £2.8k against the budget forecast.

Balance Sheet

18. The Balance Sheet for the six-months to 30 September 2014 shows total reserves of £2.682m. The Balance Sheet position remains healthy and demonstrates that the GOsC is well placed to meet its future obligations and the challenges ahead.

19. Cash held in hand and at bank totals £1.074m as at 30 September 2014 of which £500k is being held in a bond with Secure Trust Bank generating a greater level of interest for the GOsC (2% AER) than retaining it in a current account.

	31 March 2014		30 September 2014	
	£	£	£	£
Non-current assets				
Fixed assets	1,857,935		1,808,671	
Investments	500,000		500,000	
		2,357,935		2,308,671
Current assets				
Debtors	341,973		1,110,177	
Cash in hand and at bank	860,224		1,074,401	
	1,202,197		2,184,579	
Liabilities				
Creditors – within one year	(983,701)		(1,811,148)	
Creditors – over one year	-		-	
	(983,701)		(1,811,148)	
Net Assets		218,496		373,431
Total assets less total liabilities		2,576,431		2,682,102
Reserves				
General reserve		2,406,559		2,552,250
Designated funds				
- Governance arrangements		100,000		100,000
- Effectiveness of regulation research		69,872		29,852
Total Reserves		2,576,431		2,682,102