

Financial Report 2019-20 (six months to September 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 second financial report of FY2019-20 covers the period ending 30 September 2019, which is six 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 six-month period from 1 April 2019 to 30 September 2019 which is the half-year financial report. The accounts show a surplus (before spending from reserves) of £175k against a budgeted surplus of £154k 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

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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 30 September 2019, income totalled £1,597k, which was £2k ahead of the budget forecast. Registration fees accounted for 99% of the total income received. For the budget and this financial report, any movement in the value of the GOsC's stock market investments has been excluded.

Expenditure

11. At the six-month position we have recorded actual expenditure of £1,422k against a budgeted position of £1,441k meaning we have spent less than budget forecasts before designated spending from reserves by £19k.

Income and Expenditure Account (top-level summary)

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

	Year to Date 1 April 2019 – 30 September 2019			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Income					
Registration fees	1,590,941	1,590,000	941	2,910,000	2,910,000
Other income	5,998	4,700	1,298	39,500	39,500
Total	1,596,939	1,594,700	2,239	2,949,500	2,949,500
Expenditure					
Employment costs	726,947	733,375	6,428	1,471,250	1,471,250
Education and professional standards	67,879	68,860	981	137,945	137,945
Communications, research and development	87,560	91,875	4,315	202,500	202,500
Registration administration	6,659	6,750	91	15,000	15,000
IT infrastructure	67,972	69,750	1,778	74,843	74,843
Fitness to practise, including legal	233,533	236,400	2,867	595,000	595,000
Governance	72,086	73,300	1,214	174,282	174,282
Administration and establishment	159,462	160,362	900	268,250	268,250
Total	1,422,098	1,440,672	18,574	2,939,070	2,939,070

	Year to Date 1 April 2019 – 30 September 2019				
Surplus before designated spending	174,841	154,028	20,813	10,430	10,430
Designated spending - CPD	18,519	-	-	13,979	-
Surplus after designated spending	156,322	-	-	-	-

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

	Year to Date 1 April 2019 – 30 September 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Quality assurance	61,736	62,000	264	94,625	94,625
Osteopathic Practice Standards	5,980	6,000	20	21,000	21,000
Research projects	163	400	237	21,400	21,400
Publications and subscriptions	-	460	460	920	920
Total	67,879	68,860	981	137,945	137,945

14. The six-month position reports that expenditure of £68k has been incurred against a budget allocation of £69k. 90% of the expenditure relates to the quality assurance process, with expenditure on research projects and the Osteopathic Practice Standards incurred later in 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, £18k has been spent, leaving a balance of £14k.

Communications, research and development

	Year to Date 1 April 2019 – 30 September 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Publications	39,052	41,600	2,548	90,100	90,100
Engagement and events	3,345	3,400	55	9,600	9,600
Digital	11,664	12,250	586	33,550	33,550
Publications and subscriptions	-	375	375	750	750
<i>Research</i>					
NCOR infrastructure	13,296	13,750	454	27,500	27,500
IJOM	20,203	20,500	297	41,000	41,000
Total	87,560	91,875	4,315	202,500	202,500

16. Expenditure of £88k is under budget by £4k. 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 (£39k) equal to 72% of expenditure, excluding spend research activities (NCOR and IJOM).

17. The total cost of research activities is £33k which is made up of the GOsC contribution to NCOR (£13k) and the cost of the subscription to IJOM (£20k).

Registration administration

	Year to Date 1 April 2019 – 30 September 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Registration documentation	2,547	2,500	(47)	5,000	5,000
Registration assessments	4,112	4,250	138	10,000	10,000
Total	6,659	6,750	91	15,000	15,000

18. The six-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) which will include training and appraisal of assessors.

Fitness to practise, including legal

	Year to Date 1 April 2019 – 30 September 2019			FY Budget	FY Forecast
	Actual	Budget	Variance from budget		
Expenditure					
Other legal costs	1,346	1,500	154	30,000	30,000
Statutory committee costs					
- Investigating Committee	25,934	25,500	(434)	80,000	80,000
- Professional Conduct Committee	204,858	208,000	3,142	470,000	470,000
- Health Committee	1,395	1,400	5	10,000	10,000
Section 32 cases	-	-	-	5,000	5,000
Total	233,533	236,400	2,867	595,000	595,000

19. Statutory committee costs represent 99% of the department expenditure and reflect the work of the Investigating, Professional Conduct and Health Committees at the six-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 six-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. Looking ahead, we have the following events scheduled.

October

2 x 2-day PCC
1 x 3-day PCC
1 x 4-day PCC
1 x 1-day IC ISO

November

1 x 1 day PCC
1 x 2 day PCC
1 x 3 day PCC
1 x 1-day IC
1 x 1-day PCC ISO
1 x 1 day HC

December

1 x 5-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. Further information on this can be found in the Fitness to Practise Report under Item 8 on the November 2019 Council agenda.

IT infrastructure

	Year to Date 1 April 2019 – 30 September 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
IT infrastructure (Cloud) / CRM support	63,219	65,000	1,781	68,125	68,125
IT sundries/consultancy	4,753	4,750	(3)	6,718	6,718
Total	67,972	69,750	1,778	74,843	74,843

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. Further information on this can be found in the Acting Chief Executive and Registrar Report under Item 6 on the November 2019 Council agenda.

Governance

	Year to Date 1 April 2019 – 30 September 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Honorariums/responsibility allowances	48,867	50,000	1,133	100,000	100,000
Tax liability on council member expenses	-	-	-	7,282	7,282

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	Year to Date 1 April 2019 – 30 September 2019				
Council costs including reappointments	9,280	9,300	20	20,000	20,000
Other committee costs	6,693	6,750	57	15,000	15,000
PSA levy	7,246	7,250	4	14,500	14,500
Consultancy	-	-	-	17,500	17,500
Total	72,086	73,300	1,214	174,282	174,282

26. Honorarium and responsibility allowances of £49k represent 68% of the total expenditure for the opening six-months. Overall expenditure of £72k is slightly under the budget forecast.

Administration and establishment

	Year to Date 1 April 2019 – 30 September 2019				
	Actual	Budget	Variance from budget	FY Budget	FY Forecast
Expenditure					
Premises	56,810	56,870	60	83,116	83,116
Office administration	54,519	54,550	31	90,000	90,000
Financial audit	1,867	2,000	133	18,000	18,000
Financing	16,874	17,000	126	19,000	19,000
Publications and subscriptions	1,200	1,750	550	1,750	1,750
Depreciation	28,192	28,192	-	56,384	56,384
Total	159,462	160,362	900	268,250	268,250

27. The two main areas of expenditure within Administration and establishment are the cost of premises – rates and service contracts – (£57k) – and office administration – insurance, postage, photocopying – (£55k). These areas represent 70% of the total expenditure at the six-month position.

Balance Sheet

28. The Balance Sheet for the period ended 30 September 2019 shows total reserves of £2.764m. 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 £521k with a further £1.16m being split between an investment portfolio and a 120-day bond with Secure Trust.

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

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	31 March 2019		30 September 2019	
	£	£	£	£
Non-current assets				
Assets (fixed/intangible)		1,808,968		1,785,723
Investment (portfolio)		571,845		571,845
Current assets				
Debtors	550,733		1,365,676	
Cash in bank and in hand	183,059		521,388	
Investment (120-day bond)	584,819		584,819	
	1,318,611		2,471,883	
Liabilities				
Creditors – within one year	(1,091,583)		(2,065,288)	
	(1,091,583)		(2,065,288)	
Net Current Assets		227,028		406,595
Total assets less total liabilities		2,607,841		2,764,163
Reserves				
General reserve		2,575,343		2,750,183
Designated funds - CPD scheme implementation		32,498		13,980
Total Reserves		2,607,841		2,764,163

Balance Sheet explanatory notes

Debtors

31. At the 30 September 2019, the total of Debtors had increased to £1.366m 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 30 September 2019, the total of Creditors has also increased to £2.065m 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.