



Council
6 February 2025
Osteopathy House

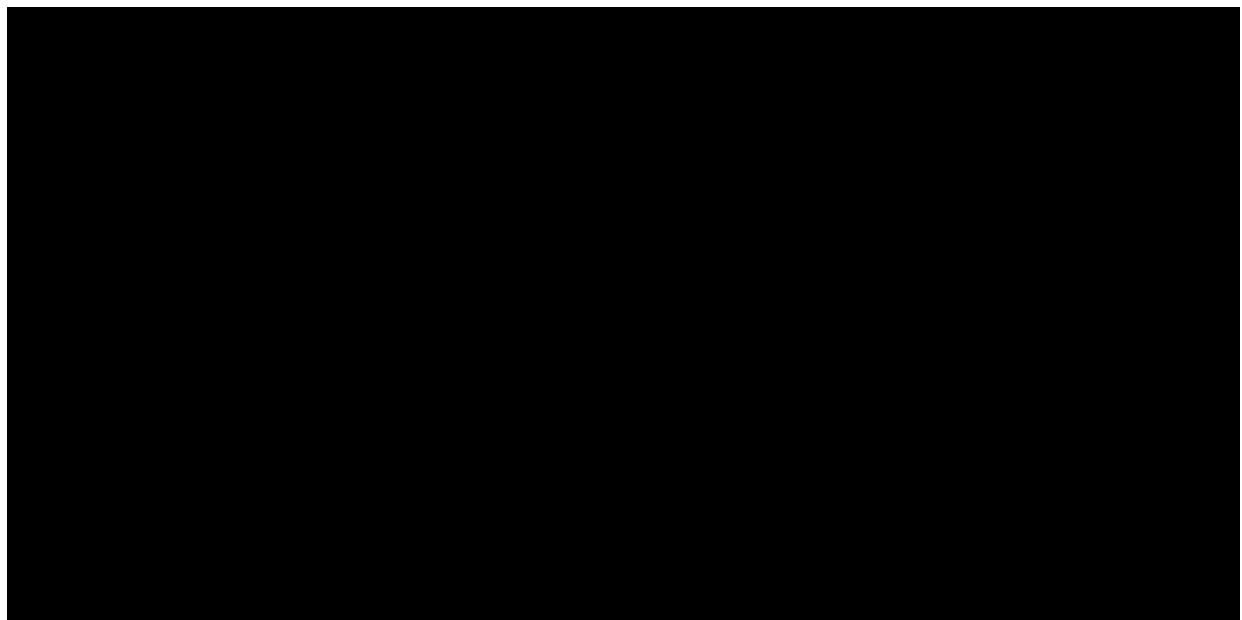
Classification	Private
Purpose	For decision.
Issue	A decision on the future of Osteopathy House is required.
Recommendations	<ol style="list-style-type: none">1. To agree that rental of the building is not financially advantageous.2. To agree that GOsC begin the process of marketing the building for sale.3. To consider the future operating model for the GOsC, as an organisation which either has a hub location or one which is home-based.
Financial and resourcing implications	Rental of Osteopathy House is not a financially advantageous option. Estimated sale proceeds of Osteopathy House are [REDACTED] Further information is set out in the paper.
Equality and diversity implications	An equality impact assessment was produced to support discussions at Audit Committee in October 2024. This has not been annexed to this paper.
Communications implications	If Council agree to proceed with the sale of the building, we will develop a timetable for outlining the decision to our stakeholders.
Annexes	A. Future GOsC strategic operating considerations: 2030 and beyond
Author	Matthew Redford

Key messages from this paper:

- Council discussed matters connected to the future financial position of the GOsC at the November 2024 meeting. It was agreed that doing nothing and allowing the status quo in respect of the future financial situation was not an option.
- This paper sets out the financial impact of renting all or part of the building and provides financial data related to the sale of the building.
- The financial analysis shows that rental of the building, in full or in part, is not a financially advantageous option.
- Options for how GOsC might operate in the future are set out in the paper for Council to consider.
- Future strategic operating considerations have been developed to inform discussion about how we may work in the future.

Background

1. Council considered its future financial position at the Council meeting in November 2024. That paper demonstrated that doing nothing was not financially sound (see graph below) and consideration needed to be given to the future of the building [REDACTED].



2. This paper focuses on the future of the building and specifically, at Council's request, an analysis of rental options for all or part of the building, and for its potential sale.

Discussion

Renting all, or part, of Osteopathy House

3. In order to ensure we are being evidence-informed, a marketing report, prepared by [REDACTED] was commissioned last year and which provides the basis for the rental calculations.
4. Identification of a rental partner would require us to bring in relevant expertise as we do not have the internal capacity, skills or resources available to source an appropriate partner and undertake relevant due diligence. It is estimated that letting costs might be up to 12% of the annual rent ignoring any rent-free periods, with marketing costs being £6,000 for a single floor or £11,400 for the whole building.
5. A reconfiguration of the building so that each floor was secured with door passes, that the lift only stopped on the floor that an individual should have access to, and that the upper floor also had some form of kitchen/refurbishment facilities, would be required. This is conservatively estimated at requiring an upfront investment of £22,638.
6. If we were to rent out part, or all, of the building, the return we are likely to receive is as follows - per the [REDACTED] report:

Rental space	Net Internal Area rental price	Annual rental income
Ground floor	£37.50 per Net Internal Area (NIA) sq. ft. but after modifications including the removal of the reception area to maximise the letting space.	£48,750 per annum excluding any initial rent-free periods.
First floor	£37.50 per NIA although the lack of toilets on the same floor may put off some tenants, meaning a lesser rent may be achieved.	£68,750 per annum excluding any initial rent-free periods.
Second floor	£40 per NIA as this is the most attractive floor with the natural light and minimal spaces required.	£73,325 per annum excluding any initial rent-free periods.
Whole building	£40 per NIA sq. ft.	£220,000 per annum excluding any initial rent-free periods.

7. Lettings would likely be for three or five years, reflecting current tenant demand. The lease(s) would need to exclude tenant renewal rights, so that we would be guaranteed possession at the end of the term for our potential re-occupation or sale of the building with full vacant possession.
8. With full or partial rental, rent-free periods would be expected. For partial rental these would be 5-6 months rent-free for a three year lease and 9-10 months rent-free for a five year lease. For a full rental, longer leases would be expected meaning a 12 month rent-free period with a five year lease or a 24 month rent-free period with a ten year lease.
9. If tenants were interested in a lower rent with no rent-free period, then the quoting rents would be £32 per sq. ft. instead of £37.50 and £34 instead of £40 per sq. ft. We have not provided any analysis of these figures within the paper.
10. An analysis of expected rental returns¹ over a five year period, assuming a tenant could be found immediately, which cannot be guaranteed, is set out below.

Rental space	OH running costs x5 years²	One-off costs to reconfig. OH³	Letting fee and marketing cost	5-year rental income⁴	Five-year operational cost requirement
Ground floor	£839,877	£22,638	£11,850	£207,188	£667,177
First floor	£839,877	£22,638	£14,250	£292,188	£584,577
Second floor	£839,877	£22,638	£14,799	£311,631	£565,683
Whole building	£839,877	£22,638	£37,800	£880,000	£20,315

11. There are other considerations which have not been factored into this paper such as a future tenant(s) paying a service charge to cover things such as electricity as the floors are not separately metered, and whether there would be any impact on our business rate assessment and insurance premiums if any future tenant was not a charity.
12. Based on the evidence presented, the best case rental option would be a whole building rental; however, in this scenario there would still be a £20k commitment

¹ GOsC would be able to rent part, or all, of the building without any tax implications as rental income is not tax liable for charities as long as the rental income is reinvested for furthering the charitable objectives.

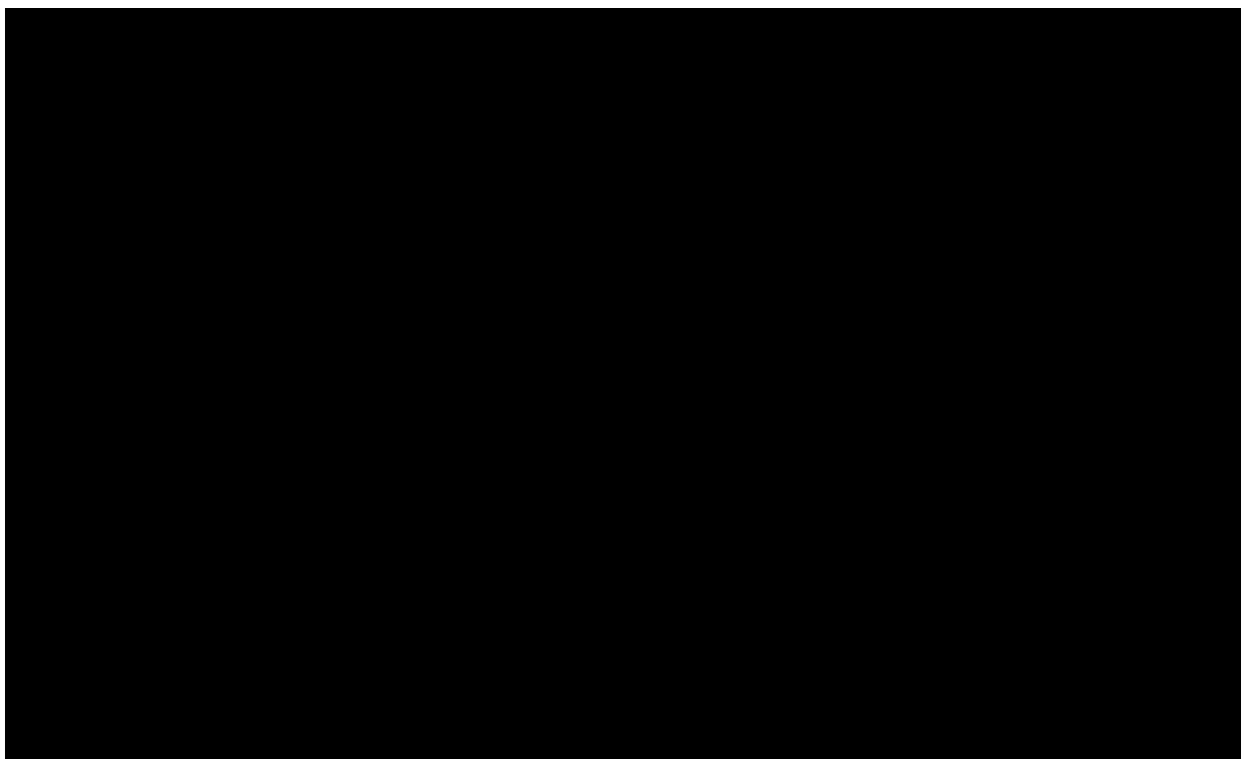
² Excludes staff costs and assumes inflation increases costs at a rate of 3% per annum.

³ Additional costs required to remove reception area to maximise ground floor space excluded from the ground floor and whole building calculations.

⁴ Rent-free period of 9 months for ground, first and second floor built in. Rent-free period of 12 months for whole building rental built in.

from the GOsC across a five-year period. Additionally, a whole building rental would also require GOsC to relocate to a different set of premises incurring its own rental/service costs, which increases the financial outlay assuming we did not become a home-based organisation (see data later in the report).

13. There is also no guarantee that we would be able to find a suitable tenant quickly, particularly at a time where many organisations have adopted more flexible, hybrid ways of working.
14. Based on the evidence presented, the impact of rental options on our overall financial forecasts, with key caveats set out below the graph, is as follows:



NB (1): these figures do not include any service charges potentially levied on tenants nor any additional rental costs of new premises for the GOsC if required.

NB (2): the assumption is that rental starts on 1 April 2026

NB (3): for clarity, the figures for rental of individual floors are very similar. The key at the bottom of the graph shows them in order of surplus from largest to smallest.

15. Using the [redacted] report, the evidence for renting the building, in part or in full, does not represent a financially viable option. Therefore, it is recommended that Council discount this as an ongoing option. In doing so, it is recognised that this moves the discussion onto sale of the asset.

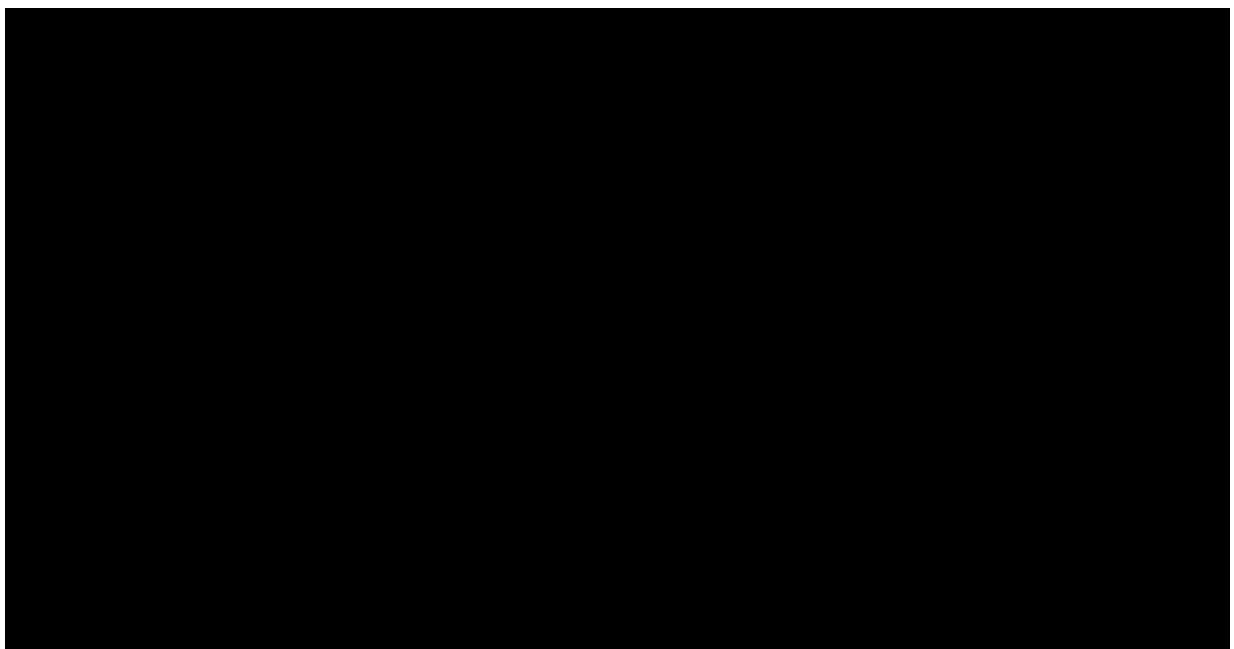
Sale of Osteopathy House

16. The marketing report produced by [redacted] and that we should allow for around 9 months from

commencement of marketing to exchange/completion. The cost of the sale would be c.1%+VAT equal to [REDACTED].

17. [REDACTED]
[REDACTED]
[REDACTED]

18. The graph below shows that the sale of the asset, [REDACTED] [REDACTED] does provide the GOsC with an improved financial position through to 2031, with surplus positions bolstered by investment returns on an increased portfolio valuation of [REDACTED]



19. In considering a decision to market the building for sale, Council will want to reflect on how GOsC may operate in the future. To assist, the future GOsC strategic operating considerations - 2030 and beyond - has been developed and is presented at the Annex.

20. Members will notice, when reviewing the Annex that there are no dependencies on holding property or having a physical or geographical location. Indeed, our recent history as an organisation, triggered by the pandemic, has seen us move away from operating in a central location to home-based working.

21. Looking over the past five years, we have been predominately a home-based organisation and we have continued to deliver our statutory responsibilities, deliver on the Business Plans agreed by Council and we have met all Standards of Good Regulation as set by the Professional Standards Authority.

22. So, while a defined physical office location is seen, or has been seen, as 'traditional', we need to instead ask ourselves what works best in our context now and in the future in order to ensure the future financial viability of the GOsC.

23. It is suggested there are three main options for how GOsC may work in the future, being:

- Purchase/full rental of a smaller set of premises
- Rental of desks in a hub setting
- Becoming a home-based organisation

Purchase/rental of a smaller set of premises

24. Using data provided within the [REDACTED] report, based on properties local to the GOsC current location with suitable floor space availability, we can calculate average rental prices as follows:

Quoting rent £49 per sq. ft.
Service charge £7 per sq. ft.

25. On the basis of a total of £56 per sq. ft. and a requirement of 3,200 sq. ft. as an ideal space (Osteopathy House is a c.6,000 sq. ft. building), this would work out to be £182,000 per annum. This is greater than what we are paying at the moment to maintain our own building and therefore full rental of another office is not a viable option for consideration.

26. While we could explore purchase of a smaller set of premises we would in effect be creating the same challenges as with our current set up albeit on a smaller scale and without the financial cost saving benefits or the improvement in our investment portfolio.

Rental of desks in a hub setting

27. This option offers the opportunity for a set number of desks to be held for the GOsC in a hub setting. This may be in a dedicated office solution or there may be potential to hold desk space with another regulator.

28. [REDACTED], as an example, offer a dedicated office solution at a variety of locations. Based on data from their website as at January 2025, a 12-month contract for 1 desk, held every day, is £360. If we were to hold seven desks⁵ (the size of our largest single team) this would be £30,240 per year. This location is held in [REDACTED]
[REDACTED] although other locations exist such as [REDACTED] for example.

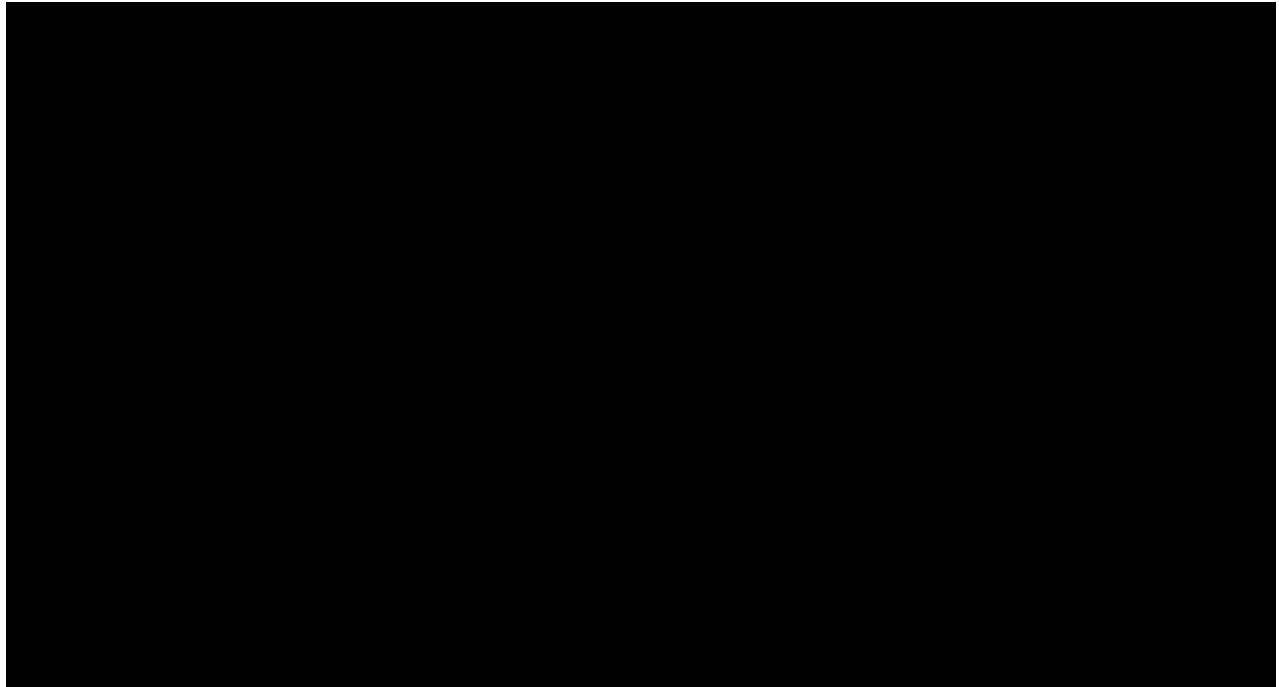
29. It should be noted that we would still need to hire space for Council/Committee meetings and for any in-person Fitness to Practise hearings. However, as with this option, and the option for becoming a home-based organisation, there is an

⁵ NB: we may choose to hold a smaller number of desks based on our evidence of the current hybrid system.

opportunity for Council to embrace an alternative way of working which could see country-wide meetings happening, opening up the possibility of greater regional engagement and a visibility to the GOsC operation which some osteopaths may not have seen before. As we consider the response to the Registrants Perception Survey, Council should be open to new and bold ideas about how we operate. This approach would bring the GOsC's strategic priorities of trust, inclusivity and innovation into regional spaces.

30. Additionally, it is suggested that we should be more purposeful with our all staff connection days as well as with other stakeholder events. For staff connection days these would be days, say once a month, where colleagues come together with a focus on training and development, cross-organisational learning and discussions on key workstreams / topics and ensuring that we had a consistent tone of voice and approach. The days would not be about bringing colleagues together to do day-to-day operational activities such as emails.
31. Cost estimates for this option are as follows:

Current building operational costs	£160,000
Rental of desks in a hub setting	(£30,000)
Forecast country-wide Council costs	(£33,000)
Forecast staff monthly connection days and ad-hoc room hire for staff and stakeholder events	(£40,000)
Fitness to Practice hearings – room hire	(£8,500)
Net saving to GOsC	£48,500



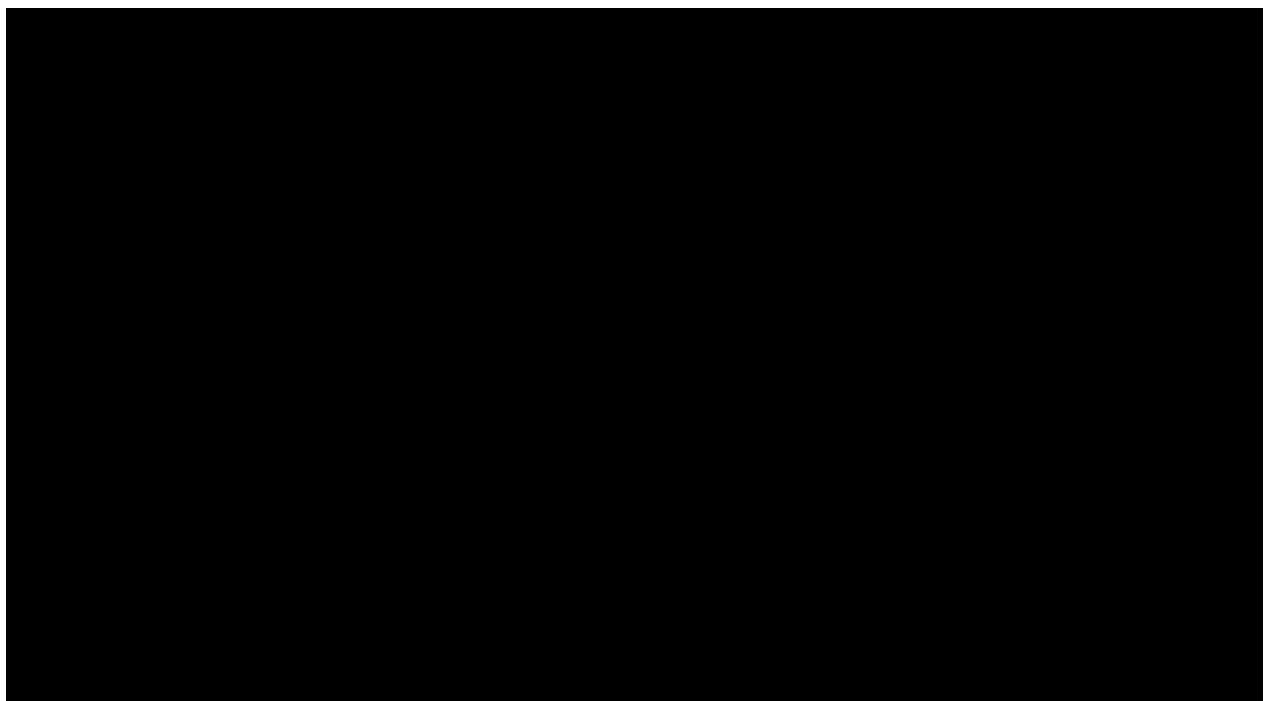
A home-based organisation

32. Since 2020 the GOsC has been operating either fully remotely (during the pandemic and lockdowns) or via a hybrid approach - we already a +80% home-based organisation with the main reason for in-person activity being Council/Committee meetings, staff together days and occasional Fitness to Practise hearings.
33. Our Fitness to Practise data shows that between April 2022 and December 2024, 13% of our hearings (7) were in-person with 87% (48) remote. The forecast until March 2025 is that 12% of hearings will be in-person (7) and 88% remote (51). We are demonstrating that such activity can continue to be undertaken online and this is consistent with other regulators across the healthcare system, some of whom have made online hearings their default position.
34. During this period, we have demonstrated, and continue to demonstrate, we can work remotely without losing productivity and effectiveness. With the hybrid approach to work we have in effect been creating a high-trust culture - albeit without expressly describing it as such - whereby we have individual and team accountability without needing to micromanage each person or detail.
35. An article by Forbes sets out four ways to build and maintain a high-trust organisation and it is argued that GOsC can be measured positively in this regard. The four stages are:
 - Empower teams by sharing information
 - Promote accountability
 - Foster genuine relationships
 - Take prudent risks.

36. [REDACTED]

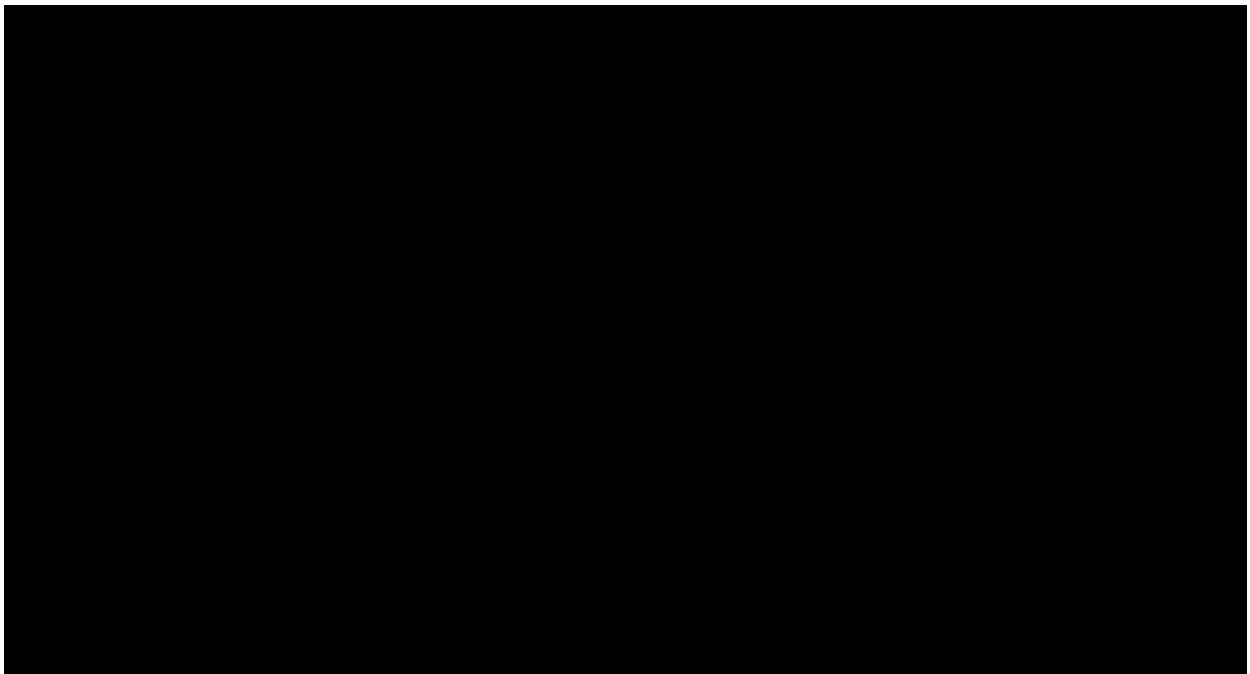
37. Cost estimates for this option are as follows:

Current building operational costs	£160,000
Forecast country-wide Council costs	(£33,000)
Forecast staff monthly connection days and ad-hoc room hire for staff and stakeholder events	(£40,000)
Fitness to Practice hearings – room hire	(£8,500)
Net saving to GOsC	£78,500



Summary

38. A decision around the future of the building is required as part of our approach to ensuring the future financial stability of the GOsC in the medium-long term. The paper demonstrates that options for renting the building are not advantageous, which leads the discussion into the sale of the asset and the future operation of the GOsC. Council are asked to consider and discuss these.



39. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Recommendations:

1. To agree that rental of the building is not financially advantageous.
2. To agree that GOsC begin the process of marketing the building for sale.
3. To consider the future operating model for the GOsC, as an organisation which either has a hub location or one which is home-based.

Future GOsC strategic operating considerations: 2030 and beyond

Legal	<ul style="list-style-type: none">• It is 2030 and our statutory responsibilities have not changed. Our overarching objectives remain the protection of the public which involves the pursuit of the following objectives:<ol style="list-style-type: none">a) protecting, promoting and maintaining the health, safety and well-being of the public;b) promoting and maintaining public confidence in the profession of osteopathy; andc) promoting and maintaining proper professional standards and conduct for members of that profession.• We continue to comply with the Osteopaths Act and its underpinning legislation.• We continue to be a high-performing regulator using the Professional Standards Authority Standards of Good Regulation as a benchmark.• We are proactive in engaging with Department of Health and Social Care on appropriate reform to our legislation where there are patient safety issues identified.
Political	<ul style="list-style-type: none">• It is 2030, and reform to the legislation of healthcare regulators is underway. The GMC have new legislation and HCPC and NMC are in the process of having their legislation amended.• We have greater clarity around the timetable for when regulatory reform will be rolled out for all other healthcare regulators, if indeed it will be.• If reform for all regulators is going ahead, we continue to be involved in the planned rollout. But importantly we are not reliant on reform to sustain our business model, or for this to be the driver for how we innovate, streamline and ensure cost effectiveness and operational/performance efficiency.• We continue to engage with, and positively influence, those with whom we collaborate in the UK, Europe and worldwide.

Annex A to 4

Economic	<ul style="list-style-type: none">• It is 2030 and while we are unable to independently amend our legislation without a Section 60 Amendment Order, including setting of registration fee levels, we have ensured the decisions taken leading to this point mean we are a financially viable organisation.• Our operation is focused and lean as expenditure efficiencies continue to be identified. We have not seen a large expansion of the staff team, instead we have used external expertise to support and enhance our work.• Our expenditure plans have normalised the approach to capital investment in our infrastructure.• We are innovative in our work, meaning we have regular ongoing development and improvement as part of our normal business operation.
Social	<ul style="list-style-type: none">• It is 2030 and we have acted upon the registrants perception survey (2024) and can demonstrate we have a greater engagement with the profession at a local level. This approach informs improvement in the trust and confidence osteopaths and stakeholder groups have in us although we continue to recognise that building trust takes time and involves ongoing commitment, time and resource.• Our patient perception surveys continue to demonstrate trust in our work.• The Register has not had significant change in the number of those registered and we can be as confident as we can in how the Register composition supports our financial modelling.• Our work on equity, diversity, inclusion and belonging continues to be normalised across all that we do.
Technological	<ul style="list-style-type: none">• It is 2030 and our approach to utilising technology has supported the delivery of our Strategy which ends in 2030.

Annex A to 4

	<ul style="list-style-type: none">• Technology has supported our ability to innovate and ensures the efficiency and effectiveness of our operation.• The routine use of automation ensures a streamlined service is available for our staff group, governance structure and service users including osteopaths, patients and stakeholders.• We have a system of routine cyber security/penetration testing which is appropriate to our operational context, in whatever form that may take, be it physical location, hybrid or home-based.
Environmental	<ul style="list-style-type: none">• It is 2030, and we continue to attract a diverse range of Executive and Non-Executive talent and we do not place geographical barriers on where we recruit from.• We recruit people into the organisation with a full understanding and expectation of how our working environment operates, whatever model that looks like in the future, be it hybrid or home-working.• We have developed a fully and more rounded understanding of Environmental Social Governance and how this relates to our work as a regulator, including how we can influence those we work and who we regulate, to develop their understanding.