

**GENERAL OPTICAL COUNCIL  
Budget 2008/9**

**Income Estimate 2008/9**

Total income of £3.558m is estimated in 2008/9.

Of this total, fee income represents £3.334m, or 94% of total income. This estimate reflects the recent trend over the past three years for fee income to increase slightly in each year from more applicants entering the profession. Other income consists of investment income of £200,000, rental income from Council's upper floor tenant of £14,000, and sales of the database records to commercial organisations.

Investment income is estimated at £200,000 (2007/8 = £185,000) due to the anticipated growth in reserves from the projected carried forward surplus at the end of 2007/8.

**Expenditure Estimate 2008/9**

a. Staff Costs

Estimated at £1.544m, a 14% increase above the 2007/8 estimated outturn of £1.355m. Council has increased the number of employees from 23 staff at the beginning of 2007/8 to 29 staff for 2008/9 in order to meet the increasing demands of fulfilling core functions plus the additional workload of implementing the legislative changes. Staff recruitment and staff training budgets are anticipated at £40,000 and £30,000 respectively for 2008/9.

b. Business Resources

A total budget of £999k is estimated, which is +5% above the 2007/8 forecasted outturn. This budget includes office costs, insurances, the expenses of Council meetings and seminars, and the costs of outsourced agreements for the management of the CET Scheme and a consumer complaints mediation service.

c. Education

A total budget of £184,000 is anticipated which is a 4% increase on the expected year-end outturn in 2007/8. As well as the costs associated with the Education Committee and the visits programme, in 2008/9 there will be additional costs of preparing consultations to the changes planned to the CET Scheme and Rules and, and the legal costs of implementing these changes.

d. Legal Services

A total budget of £320k is anticipated for 2008/9. The Investigations process will continue to be managed in-house but

the external legal costs in preparing FTP cases is estimated at £200k. The other significant element of costs in this area is that of Members fees and expenses on Investigations Committee for the consideration of allegations made against registrants.

e. Standards

In the coming year, Standards costs are expected to increase significantly to £184k with the inclusion of legal costs and advice needed for implementing the legislative changes resulting from the White Paper, Independent Prescribing, Revalidation, the European Directive and the Safeguarding Vulnerable Groups legislation.

f. Communications

The budget for communications is expected to remain stable in 2008/9 at £135k. Website development costs will reduce and stakeholder relations costs are expected to increase.

g. Hearings Panel

There remains uncertainty over whether and when the GOC might transfer its Hearings function to a new, separate adjudication body. Until the future of adjudication is settled, the GOC will continue to consider FTP cases through its present arrangements. However, it is thought prudent to include a contingency of £20k in the 2008/9 budget over the 2007/8 costs for the consideration of transferring the existing arrangements to a new body. Training costs of the FTP Panel in the change to the civil standard of proof are also included.

h. IT Services

No major IT projects are anticipated in 2008/9 but some IT equipment will be needed to be replaced as part of the usual upgrade cycle. The budget of £43k represents the costs of maintaining the registrant database, the GOC's server, email and all security/contingency/backups and all current software licence arrangements.

i. Legislative Change Costs

During 2007/8, Council has been monitoring the unbudgeted expenditure arising from the legislative changes brought about by the Government White Paper – 'Trust, Assurance and Safety'.

In 2008/9 these costs are expected to increase significantly and while the exact expenditure can only be estimated, an estimate of £100,000 has been included in the budget for 2008/9.

## **Summary**

On the basis of the above assumptions, a year end pre-tax deficit of £181,439 is anticipated which will deplete Council's reserves after tax by £227,439.

Council's reserves totalled £2.37m as at 31 March 2007, following a period when it had added to reserves over a number of years from operating surpluses. At its February 2008 meeting, the Finance and Procedure Committee agreed to recommend to March Council that the anticipated deficit for 2008/9 could adequately be met from current levels of reserves.

## **Recommendation**

**Council is asked to approve a deficit budget 2008/9 with the deficit to be met from reserves.**