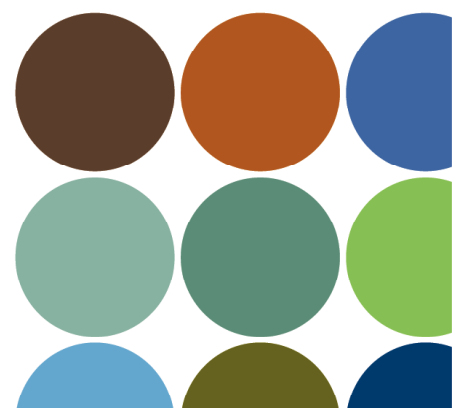


# Q3 Forecast Report for 12 months to 31 March 2020



# General Optical Council

## Q3 Forecast Analysis Report – 2019/20

<b>Contents</b>	<b>Page</b>
Highlights	3
Changes in the annual financial performance 2019-20 (from initial projection in November 2018 to Q3 forecast)	4 - 5
Detailed Analysis of Q3 Forecast Variance	5 – 6
Cash-flow forecast	7

# General Optical Council

## Q3 Forecast Analysis Report – 2019/20

### Highlights

2019-20 was first forecasted in November'18 as part of the three-year forecasting. The budget was approved in February 2019 and was re-visited in June'19 to incorporate the savings from the efficiency programme. The current Q3 forecast, prepared at the end of Q3 for the Council approval is stated below, with comparisons against the previous quarterly forecast.

The original projection made in November'18 started with a deficit of £1,043k before unrealised gains. Greater investment of £485k in IT was made in the approved budget, increasing the deficit to £1,390k. The latest forecast deficit at £723k is a £667k improvement from the approved budget.

**General Optical Council**  
**Q3 Forecast Analysis Report – 2019/20**

**Income and Expenditure Accounts**

	2019-20					Variance from Q2 forecast
	Nov'18 forecast	Feb'19 Approved Budget	June'19 Budget re-visit	Q2 19-20 Forecast	Q3 19-20 Forecast	
	£'000	£'000	£'000	£'000	£'000	
<b>Income</b>						
Registration	9,320	9,590	9,396	9,322	9,322	0
Dividend Income	240	218	218	252	252	0
Bank & Deposit Interest	24	24	21	25	28	3
Other Income	16	18	23	24	21	(3)
<b>Total Income</b>	<b>9,600</b>	<b>9,850</b>	<b>9,657</b>	<b>9,623</b>	<b>9,623</b>	<b>0</b>
<b>Expenditure</b>						
<b>CEO's Office</b>	<b>307</b>	<b>307</b>	<b>280</b>	<b>241</b>	<b>225</b>	<b>16</b>
<b>Strategy</b>						
Director of Strategy	168	168	166	161	153	7
Governance	750	716	696	715	696	19
Policy	238	208	191	189	187	1
Communications	208	256	244	217	210	6
CET & Standards	535	536	498	507	455	51
Education	997	995	842	765	710	55
<b>Total Strategy</b>	<b>2,895</b>	<b>2,878</b>	<b>2,636</b>	<b>2,552</b>	<b>2,412</b>	<b>141</b>
<b>FTP</b>						
Director of FTP	157	157	131	131	133	(1)
Case Progression	2,044	2,061	2,050	2,098	2,066	32
Legal	429	429	415	369	362	7
Hearings	1,313	1,318	1,326	1,277	1,291	(13)
<b>Total FTP</b>	<b>3,942</b>	<b>3,966</b>	<b>3,922</b>	<b>3,875</b>	<b>3,851</b>	<b>24</b>
<b>Resources</b>						
Director of Resources	226	227	229	228	228	1
Facilities	1,057	1,041	1,004	1,011	1,019	(7)
Human Resources	371	392	455	491	529	(38)
Finance	378	376	358	359	348	12
IT	439	456	480	530	592	(62)
Registration	611	625	615	540	526	14
<b>Total Resources</b>	<b>3,083</b>	<b>3,116</b>	<b>3,141</b>	<b>3,159</b>	<b>3,241</b>	<b>(82)</b>

**General Optical Council**  
**Q3 Forecast Analysis Report – 2019/20**

**Income and Expenditure Accounts (Contd.)**

	2019-20					
	Nov'18 forecast	Feb'19 Approved Budget	June'19 Budget re-visit	Q2 19-20 Forecast	Q3 19-20 Forecast	Variance from Q2 forecast
	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation & Amortisation	139	136	136	131	131	0
<b>Total Expenditure</b>	<b>10,366</b>	<b>10,404</b>	<b>10,116</b>	<b>9,959</b>	<b>9,859</b>	<b>99</b>
<b>Surplus / (Deficit) before reserve expenditure</b>	<b>(766)</b>	<b>(555)</b>	<b>(458)</b>	<b>(336)</b>	<b>(236)</b>	<b>99</b>
<b>Project Expenditure</b>						
CET Evaluation Project	132	122	126	75	73	2
Education Strategic Review project	0	97	205	152	128	24
Standards Project	130	107	58	57	51	7
CRM Amortisation	15	15	15	15	15	0
IT Strategy Implementation	0	495	433	333	220	113
<b>Total Project expenditure</b>	<b>277</b>	<b>836</b>	<b>835</b>	<b>633</b>	<b>487</b>	<b>146</b>
<b>Surplus / (Deficit) after project expenditure</b>	<b>(1,043)</b>	<b>(1,390)</b>	<b>(1,294)</b>	<b>(968)</b>	<b>(723)</b>	<b>245</b>
<b>Surplus / Deficit</b>	<b>(1,043)</b>	<b>(1,390)</b>	<b>(1,294)</b>	<b>(968)</b>	<b>(723)</b>	<b>245</b>
Unrealised Investment gains	300	234	234	234	234	0
<b>Surplus / (Deficit)</b>	<b>(743)</b>	<b>(1,156)</b>	<b>(1,060)</b>	<b>(734)</b>	<b>(489)</b>	<b>245</b>

# General Optical Council

## Q3 Forecast Analysis Report – 2019/20

### Detailed analysis of the Q3 forecast against the previously approved forecast (Q2 forecast)

The latest forecasted results before unrealised investment gains at £723k have improved by £245k since the Q2 forecast made in October 2019. The deficit continues to improve with each iteration of the forecast.

#### Revenue

Overall revenue at £9,623k is in line with the previously approved forecast.

The overall portfolio forecast is summarised below.

	Q3 Forecast £'000	Q2 Forecast £'000	Variance £'000
Dividend income received	252	252	0
Unrealised Investment Gains / (losses)*	234	234	0
<b>Total Income from Investment</b>	<b>486</b>	<b>486</b>	<b>0</b>

<b>Total Investment Portfolio</b>	<b>8,400</b>	<b>7,528</b>	<b>872</b>
-----------------------------------	--------------	--------------	------------

\* The actual portfolio gain for the 9 months to 31 December is £567k. But the forecast value is kept as per the original budget due to the unpredictability of short-term market values.

The investment drawdown plan at £400k is lower than the Q2 predictions of £900k. The low drawdown from investments and favourable market value of portfolio both helped to increase the gain forecasted in portfolio value.

As highlighted in nine months' financial performance report, the refund of rent deposit and positive variance of Q3 results reduced the need for investment drawdowns which in turn increased the overall portfolio value forecasted at the end of the year.

#### Expenditure:

The total expenditure forecasted at £10,346k is lower than the previous forecast by £246k. Both delays and efficiencies contributed to reducing expenditure.

#### CEO

The favourable variance of £16k is due to the centralised contingency budget. This will be released to partially cover legal costs.

#### Governance

Delays in recruitments for several vacancies and the timing of an advisory panel meeting resulted in the overall positive variance of £19k. The vacancies are partially covered by temporary staff.

# General Optical Council

## Q3 Forecast Analysis Report – 2019/20

### CET & Standards

The positive variance of £51k is mainly due to lower CET approver costs and consultancy costs. Part of the planned consultancy costs were taken in the IT budget (£5k), contributing to the favourable variance.

### Education

Plans for more desk-based reviews of visits, reducing the number of panel members per visit, have increased the efficiency of visits. There is a management vacancy in Q4, reducing the costs further.

### Case Progression

There is an overall positive variance of £32k due to a number of reasons. The past trend of increase in expert reports has now reversed due to capped fees, reducing the forecast by £20k. Case examiner costs previously over-estimated, now reduced by £17k. The above savings are partially offset by the increase of legal charges committed to external solicitors by £19k. A review is being carried out to close several legal cases which may help in bringing down the cost.

### Hearings

There is an overall £13k negative variance mainly due to panel member fees (-£22k) and transcriber costs (-£16k) offset by panel member expenses (+£23k).

Hearing cancellation fees made for several cancelled hearing days increased the panel member fees. Plans for more parallel hearings increased the requirement of transcribers. Use of GOC second hearing room and out of office locations do not have recording facilities. Hotel and travel usage trends have improved from previous levels, contributing to some savings. The number of hearings planned for the year is unchanged at 300 days.

### Human Resources

HR has £38k negative variance mainly due to the current ongoing need for legal advice (-£32k). Part of the costs is being offset by the release of central contingency. Part of these costs will be claimed from insurance.

### IT

Net expenditure forecast across BAU and IT project has an overall £51k positive variance. This reflects slight delays and re-prioritisation of plans. The development of the new website is now partially delayed due to upgrade work required for the CRM system. The bulk of the SharePoint related work is postponed to 2020-21. These shifts are reflected in the 2020-21 draft budget.

# General Optical Council

## Q3 Forecast Analysis Report – 2019/20

### Projects

#### Education Strategic Review Project

The £24k positive variance is due to revisiting the project plan. Several stakeholder events have been re-scheduled and some are now held on-site.