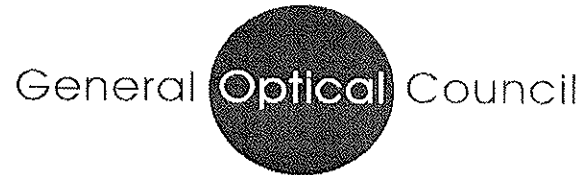


Confidential

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# GENERAL OPTICAL COUNCIL

## BUDGET 2007-2008

## Budget 2007/8 Summary

### **Overview**

The 2007/8 Business Plan details the key areas of work Council is expected to undertake in the coming year. The Budget 2007/8 assigns the costs and income to this Plan.

The 2007/8 budget projects a pre-tax surplus of £50k after consideration of both income and expenditure estimates.

Income is projected to reach £3.29m in the coming year, the bulk of this (85%) generated from annual retention fees.

Council's total expenditure is expected to reach £3.2m which is an increase of £125k on the 2006/7 budget.

The budget for staff costs is £1.206m, an increase of £89k over the 2006/7 budget and +£58k over the expected year outturn for 2006/7.

### **Income**

Total income over the past three years has continued to increase as a result of the rise in the number of both individual and business registrants. Student registration also came into effect from 2005.

However the rate of increase has slowed to 2% over the latest comparable period (2006/7 latest estimate vs 2005/6). It is also noted that Council agreed to hold retention fees unchanged for a third successive year at its meeting in November 2006.

A conservative view has been taken of the levels of retention income expected in 2007/8 due to the uncertainty of those registrants who will not renew their registration because of the CET requirement. The assumptions used in projecting income for 2007/8 is that approx. 800 registrants, particularly dispensing opticians, will not renew and consequently retention income has been reduced by 3.5% or £133,000 compared the latest year end estimate for 2006/7.

It is expected there will be an increase in restoration fees in 2007/8 from registrants who restore after completing their CET shortfall, and a higher than usual number of restorations from the requirement for fees to be paid by the earlier date of 15 March 2007.

Investment income is expected to reach £170,000 in 2007/8 as Council has continued to add to its reserves over recent years.

### **Expenditure**

The projection for expenditure of £3.205m has been compiled by working through departmental budgets for each area of the organisation. Expenditure can be broken down as follows:

Staff costs	£1.206m compared to a year end estimate for 2006/7 of £1.148m (+5%)
Training & Education	£172k which includes an increased budget for educational visits of £92k and the department taking its share of the proportion of members fees of £72k

Legal Services	£419k of which £200k is accounted for by legal expenses in the fitness to practise area, plus an increased residual budget of £150k for criminal prosecution costs
Standards	in recent years the Standards budget has been included in Legal Services, but for 2007/8 is now a stand alone budget totalling £129k
Hearings Costs	always a difficult area to forecast due to the uncertainty of exactly how many cases are likely to reach the FTP Panel. Similar assumptions have been used as in previous years, (see the detailed breakdown) although a significant underspend of £94k is anticipated in 2006/7 compared to forecast
IT Services	costs are expected to be consistent with the current year at £29k
Communications	an area where both activity and costs have increased since the Council introduced a dedicated communications function. A budget of £135k is expected to deliver the communications strategy in 2007/8
Business Services	this budget includes all the administrative costs of running the Council (see detailed breakdown). A budget of £911k is anticipated which is £217k lower than the full year estimate for 2006/7. All Members fees and expenses costs were previously included in this area, but for 2007/8 will be incorporated into individual departments.

### **Capital Expenditure**

The sum of £25k has been allocated to provide additional facilities and new equipment of which £15k is allocated to replacement of the furnishings in the main meeting room, £5k to the purchase of replacement PC's and printers and £5k for the cost of replacement of non- IT items on the premises.

### **Reserves**

Reserves at 31 March 2006 stood at £1.9m. The anticipated surplus at 31 March 2007 of £469k will further increase reserves leaving the Council in a strong financial position to meet the challenges of meeting its prime objective of public and patient protection.

### **Summary**

In 2007/8 the Council will continue to meet its statutory obligations as set out in the Opticians Act 1989 and proceed with the implementation of the work which is anticipated from the governments response to Foster/Donaldson.

On the assumptions set out below the Council will achieve a projected year-end surplus at 31 March 2008 of £50k. Should new costs arise during the year (e.g. higher legal costs or reduced income) a call upon the general reserve may be required.

This Budget is commended to Council for approval.

## Budget 2007/8

### Year on Year Historical Comparison

	<b>2007/8 BUDGET</b>	<b>2006/7 FULL YEAR ESTIMATE</b>	<b>2006/7 BUDGET</b>	<b>2005/6 ACTUAL</b>	<b>2004/5 ACTUAL</b>
<b>INCOME</b>	£3,289,693	£3,410,530	£3,109,935	£3,340,070	£2,503,082
<b>STAFF COSTS</b>	£1,205,760	£1,147,970	£1,116,439	£959,142	£891,455
<b>OPERATING EXPENDITURE*</b>	£3,205,557	£2,908,593	£3,077,410	£2,604,754	£2,273,080
<b>PRE-TAX SURPLUS</b>	£84,135	£501,937	£32,525	£735,316	£230,002
<b>Corporation Tax</b>	£34,000	£32,518	£30,000	£28,971	£22,688
<b>POST TAX SURPLUS</b>	<u><u>£50,135</u></u>	<u><u>£469,419</u></u>	<u><u>£2,525</u></u>	<u><u>£706,345</u></u>	<u><u>£207,314</u></u>

\* includes Staff Costs

## Income Budget 2007/8

	2007/8					Total Budget £	2006/7 Full Year Estimate £	2006/7 Budget £	2005/6 Actual £
	Number	Fees	OCCS	CET	Admin				
		£	£	£	£				
<b>New Registrations</b>							<b>162,768</b>	<b>101,400</b>	<b>157,107</b>
BC	75	135.00	7	27		12,675			
DO (SO) to OO	50	70.00				3,500			
SO to OO/SD to DO	250	126.75				31,688			
SO to OO/SD to DO	275	84.50				23,238			
SO to OO/SD to DO	<u>50</u>	42.25				<u>2,113</u>			
	700					73,213			
<b>Retention Fees</b>	16,600	135.00	7	27		<b>2,805,400</b>	<b>2,938,023</b>	<b>2,746,250</b>	<b>2,908,044</b>
DO	4,500								
OO	10,800								
BC	1,300								
<b>Overseas Fees</b>									
Registration EEA	10	135.00	7	27	100	2,690			3,328
Registration Non EEA	10	135.00	7	27	100	<u>2,690</u>			<u>3800</u>
						5,380	<u>4,469</u>	<u>5,380</u>	<u>7,128</u>
<b>Restoration Fees</b>									
DO	150	205.00	7	27		35,850			
OO	350	205.00	7	27		83,650			
BC	50	205.00	7	27		<u>11,950</u>			
						131,450	<u>30,246</u>	<u>34,655</u>	<u>36400</u>
<b>Specialties</b>									
DO Contact Lens						0			
Additional Supply						0			
Therapeutics Prescribing						0	0		
<b>Student Registration</b>	4,000	20.00				<b>80,000</b>	<b>90,000</b>	<b>80,000</b>	<b>49397</b>
<b>Other Income</b>									
Register sales	0	0.00				0			15,969
Data Sales / Royalties	9,000	0.00				9,000			7,996
Rent	14,000	0.00				14,000			13,832
Dup Certificates	250	5.00				1,250			1,390
Other	0	0.00				0			<u>1,140</u>
						24,250	<u>22,432</u>	<u>22,250</u>	<u>40,327</u>
<b>Investment</b>									
Interest Receivable	170,000					170,000	162,592	120,000	141,667
<b>TOTAL INCOME</b>						<b>3,289,693</b>	<b>3,410,530</b>	<b>3,109,935</b>	<b>3,340,070</b>

### Notes:

1. New Registrations income reflects new sliding scale fee basis as agreed in the Fees Rules 2007/8.
2. Retention fees budget reduced to £2.805m to include estimate of registrants who will fail to achieve CET Target.
3. Restoration income increased to 131k due to CET restorations and earlier retention deadline of 15 March 2007.

## Staff Costs Budget 2007/8

	2007/8						2006/7 Full Year Estimate £	2006/7 Budget £	2005/6 Actual £
	Salary 1.03.07 £	Salary 1.04.07* £	Employer s NI	Pension £	Benefits £	Total £			
Registrar & Business Services Total 10.3 staff	393,499	405,304	51,879	48,886	12,600	518,668		489,224	422,442
<b>Education</b> Total - 4 staff	161,343	166,183	21,271	18,422	4,800	210,677		180,760	165,895
Legal Services Total - 2.3 staff + 1 P.T.	104,069	107,191	13,720	10,289	3,000	134,200		202,424	181,306
Standards Total 1.3 staff	65,244	67,201	8,602	6,720	2,401	84,924		0	0
Registration Total - 5 staff	125,383	129,144	16,530	4,611	6,000	156,286		149,789	136,886
<b>TOTAL 23 staff + 1 PT</b>	<b>849,538</b>	<b>875,024</b>	<b>112,003</b>	<b>88,927</b>	<b>28,801</b>	<b>1,104,756</b>	<b>1,092,970</b>	<b>1,022,197</b>	<b>906,529</b>
<i>Proposed Permanent Appointments:</i>							0	0	0
Legal Officer		25000	3,200	2,500	1200	31900			
Legal Part time		-4,305	-551	0	0	-4,856			
<i>Proposed Short Term Appointments:</i>							0	35242	0
Registration Assistant - 6 months		10,000	1,280	0	1,200	12,480			
Registration Assistant - 6 months		10,000	1,280	0	1,200	12,480			
Staff Training						30,000	30000	30000	20165
Staff Recruitment						15,000	21000	25000	28448
Consultants - Pension Advisers						4,000	4000	4000	4000
Total Other						101,004	55000	94242	52613
<b>TOTAL</b>						<b>1,205,760</b>	<b>1,147,970</b>	<b>1,116,439</b>	<b>959,142</b>

### Notes:

- Staff salaries (excluding new appointments, training etc) budgeted to increase to £1.105m.
- New appointments include a full time Legal Officer to replace current part time person and two fixed term Registration Assistants to cover the retention period in Jan-March 2008.

\* The salaries quoted at 1 April 2007 include an illustrative 3% cost of living increase.

## Departmental Budgets 2007/8

DEPARTMENT	2007/8 Budget	2006/7 Full Year Estimate	2006/7 Budget	2005/6 Actual
	£			£
<b><u>TRAINING &amp; EDUCATION</u></b>				
Expenses of Visits	92,000	92,000	70,012	49,454
<u>Committee Projects from 2006/7</u>				
Movement of professionals across boundaries	)			
Project 2 ESDO	)			
Project 3 SfR, Optom/therapeutic prescribing assessment	) See 1			
Project 4 ECOO Diploma	)			
CET Advisory Group	)			
<u>New Initiatives for 2007/8</u>				
Indep. Prescribing (writing of handbook)	3,000			
PQE1 Students < 2:2 degree	2,500			
Monitoring Training & Qual. Exams	2,500			
1. Members fees and expenses	71,821	0	0	
Other	0	25,000	42,220	302,065
<b>Training &amp; Education Total</b>	<b>171,821</b>	<b>117,000</b>	<b>112,232</b>	<b>351,519</b>
 <b><u>LEGAL SERVICES</u></b>				
Solicitor Fees and disbursements	200,000	180,000	200,000	238,150
Document Disclosure	5,000	2,000	10,000	
Investigation Costs	10,000	1,000	15,000	
Assessment fees	20,000	4,000	20,000	
Criminal Prosecution Costs	150,000	50,000	75,000	14,000
Members Fees and expenses	34,498	0	0	0
<b>Legal Services Total</b>	<b>419,498</b>	<b>237,000</b>	<b>320,000</b>	<b>252,150</b>
 <b>STANDARDS</b>				
Therapeutic prescribing consultancy	10,000	0	10,000	
Contact Lens consultancy	10,000	10,000	10,000	
Sale of Optical Appliances consultancy	20,000	10,000	20,000	
Competancies	5,000	0		
Revalidation consultancy	10,000	2,000	10,000	
Other		8,108		
Response to Foster Donaldson White paper	20,000	0	0	
European Directive consultancy	15,000	0	0	
Members Fees and expenses	38,980	0	0	
<b>Standards Total</b>	<b>128,980</b>	<b>30,108</b>	<b>50,000</b>	<b>28,223</b>

Notes:

Members fees and expenses to be allocated in 2007/8 according to the area of work applicable e.g. Education Committee costs included in Training & Education Department.

Education budget reflects the increase in the number of visits to training establishments and stricter internal coding of these costs to this area than in 2006/7.

Legal Services - increased contingency for criminal prosecutions.

Standards increase in budget necessary to provide consultancy input into White Paper workstreams.



## Departmental Budgets 2007/8

DEPARTMENT	2007/8 Budget	2006/7 Full Year Estimate	2006/7 Budget	2005/6 Actual
<b><u>HEARINGS PANEL COSTS</u></b>				
<b><u>Panel Costs</u></b>				
Panel Members fees and expenses	78,750	54,300	77,175 )	
Tax on Members Expenses	6,071	inc. above	5,950 )	40763
Employers NI on Members Fees	6,000	inc. above	5,880 )	
Panel Training	15,000	25,592	30,000	14,280
Panel Appraisals	5,000	2,000	6,000	
Other costs	4,000	0	4,000	1,719
<b>Panel Total</b>	<b>114,821</b>	<b>81,892</b>	<b>129,005</b>	<b>15,999</b>
<b><u>Hearing Costs</u></b>				
Venue Costs	45,581	19,000	50,634	
Legal Advisers	25,695	15,000	25,228	
Clinical Adviser	5,000	incl. above	5,000	
Transcriber	13,125	13,500	12,863	
<b>Total</b>	<b>89,401</b>	<b>47,500</b>	<b>93,725</b>	<b>56,838</b>
<b>HEARINGS PANEL TOTAL</b>	<b>204,223</b>	<b>129392</b>	<b>222,730</b>	<b>72,837</b>
<b><u>IT SERVICES</u></b>				
IT Consultancy costs	7,690	7,690	3,000	9,858
Software and licence fees	17,317	17,317	20,000	10,047
IT Equipment	4,171	4,993	2,000	1,450
<b>IT SERVICES TOTAL</b>	<b>29,178</b>	<b>30,000</b>	<b>25,000</b>	<b>21,355</b>
<b><u>COMMUNICATIONS</u></b>				
Corporate identity	8,000	4,000	9,800	
Website	25,000	5,000	22,000	
Information	15,000	18,000	10,850	
Publications	75,000	60,000	25,900	
Stakeholder relations	10,000	2,500	2,000	
General expenditure	2,000	0	3,965	
<b>COMMUNICATIONS TOTAL</b>	<b>135,000</b>	<b>89,500</b>	<b>74,515</b>	<b>19,143</b>
<b>BUSINESS SERVICES TOTAL</b>	<b>911,098</b>	<b>1,127,623</b>	<b>1,136,497</b>	<b>1,183,808</b>
(see detailed breakdown on following page)				
<b>TOTAL EXPENDITURE</b>	<b>2,002,558</b>	<b>1,760,623</b>	<b>1,940,974</b>	<b>1,629,519</b>

Notes:

Hearings Panel budget of £204,223 slightly lower than 2006/7 budget but full programme of hearings budgetted for 2007/8.

Communications budget of £135,000 reflects costs of meeting 2007/8 communications strategy in the areas shown.

Business Services budget reduced to £911,098 due to Members fees and expenses costs allocated across individual department areas in 2007/8.

## Business Services Budget 2007/8

Item	2007/8 Budget £	2006/7 Full Year Estimate £	2006/7 Budget £	2005/6 Actual £
Rent/Rates/Water	40,000	35,638	38,325	35,242
Commercial Insurance Premiums	73,000	70,079	71,225	69,715
Insurance and Financial Services	1,500	1,500	1,500	1,500
Total Office Services	96,300	125,000	84,550	162,230
Travel & Subsistence	20,000	30,000	8,000	12,464
Hospitality	1,500	1,300	1,000	884
Expenses of meetings (venues, subsistence, hotels)	22,500	27,000	18,300	31,442
Audit and Accountancy fees	13,000	13,571	13,000	13,237
Subscriptions to Professional bodies	15,000	21,000	34,000	47,867
Bank charges	6,500	6,500	6,000	6,180
Professional and legal advice	38,500	20,000	40,000	26,320
Other Misc Expenditure	5,000	2,500	0	0
OCCS	100,000	105,000	100,000	100,000
<u>Members Fees and Expenses:</u>				
Council meetings and Seminars	100,952			
Finance & Procedure Committee	15,812			
Companies Committee	15,812			
Registration Committee	<u>25,113</u>			
Total	157,688	300,000	329,418	329,202
Depreciation costs	30,000	30,000	40,000	47,272
CET Management Costs	£290,610	£313,000	£311,839	£300,253
Election Costs 2006	£0	£25,535	£39,340	£0
<b>Total</b>	<b><u>911,098</u></b>	<b><u>1,127,623</u></b>	<b><u>1,136,497</u></b>	<b><u>1,183,808</u></b>

Notes:

1. Overall budget reduced to £911k to reflect re-allocation of Members fees and expenses across all department areas.

2. Total Office Services includes office maintenance and refurbishments, utilities, cleaning, postage, telephones.

3. Travel and subsistence budget increased due to more staff involved in more external meetings.

4. Professional and legal advice costs includes all non-FTP advice e.g. employment, property, contractual.

**Detailed Breakdown of Members Fees and Expenses Budget  
for 2007/8**

Meeting	Council	Seminars	Co-Ord Grp	F&P	CO's	Audit	Educa	Invest	Reg	Remun	Stand	CET Audit	ESDO	OQSC	ECOO	EU Dir	PQE1	WG2	WG3	£ Total	
No. of attendees	28 + 1*	28 + 1*	8	11	11	3	14	9	9	4 + 2*	9 + 4*	6	4	8	5	5	5	5	5	5	67
Fees	£7,250	£7,250	£2,000	£2,750	£2,750	£750	£4,750	£2,250	£2,250	£3,250	£3,250	£1,500	£1,000	£2,000	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£48,000
Expenses *	£5,800	£5,800	£1,600	£2,200	£2,200	£600	£2,800	£1,800	£1,800	£2,600	£2,600	£1,200	£800	£1,600	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£35,800
Total	£13,050	£13,050	£3,600	£4,950	£4,950	£1,350	£7,550	£4,050	£4,050	£0	£5,850	£2,700	£1,800	£3,600	£2,250	£2,250	£2,250	£2,250	£2,250	£2,250	£81,800
No. of Meetings pa	3	3	3	3	3	2	3	8	3	3	3	4	3	2	6	4	3	4	4	4	67
Gross Fees + Exp.	£39,150	£39,150	£10,800	£14,850	£14,850	£2,700	£22,650	£32,400	£12,150	£0	£17,550	£10,800	£5,400	£7,200	£13,500	£9,000	£6,750	£9,000	£9,000	£9,000	£276,900
Less 10% reduction *	£3,523.5	£3,523.5	£9,720	£12,623	£12,623	£2,700	£18,120	£27,540	£10,328	£0	£14,918	£9,720	£4,860	£6,480	£12,150	£8,100	£6,075	£8,100	£8,100	£8,100	£242,625
Dept Category	BS	BS	BS	F&P	CO	ED	Educ	Legal	Reg	BS	Stand	Reg	Educ	Educ	Educ	Educ	Educ	Stand	Stand	Stand	
Members Fees	£19,575	£19,575	£5,400	£7,013	£7,013	£1,500	£11,400	£15,300	£5,738	£0	£8,288	£5,400	£2,700	£3,600	£6,750	£4,500	£3,375	£4,500	£4,500	£4,500	£136,125
Members Expenses	£15,660	£15,660	£4,320	£5,610	£5,610	£1,200	£6,720	£12,240	£4,490	£0	£6,630	£4,320	£2,160	£2,880	£5,400	£3,600	£2,700	£3,600	£3,600	£3,600	£108,500
Tax on Members Expenses @ 16%	£2,983	£2,983	£823	£1,069	£1,069	£229	£1,280	£2,331	£874	£0	£1,263	£823	£411	£549	£1,029	£686	£514	£686	£686	£686	£20,286
Employers NI on Members Fees	£2,506	£2,506	£553	£718	£718	£154	£860	£1,567	£588	£0	£849	£553	£276	£369	£691	£461	£346	£461	£461	£461	£14,133
Employees/ers NI on Members Exp. @ 20%	£3,915	£3,915	£1,080	£1,403	£1,403	£300	£1,680	£3,060	£1,148	£0	£1,658	£1,080	£540	£720	£1,350	£900	£675	£900	£900	£900	£26,625
Total	£9,403	£9,403	£2,456	£3,189	£3,189	£682	£3,820	£6,958	£2,609	£0	£3,769	£2,456	£1,228	£1,637	£3,070	£2,047	£1,535	£2,047	£2,047	£2,047	£61,044
Fee	250	250																			
Expenses (average)	200	200																			£122,088
				Bus Serv	£100,952																
				F&P	£15,812																
				Comp	£15,812																
				Educ	£71,821																
				Legal	£34,498																
				Stand	£38,980																
				Registration	£25,113																
				Total	£302,987																

Fees and expenses actuals x 86.6% of total for non-attendance.  
 Meetings contingency of 5%  
 Honoraries  
 Hotel Accommodation - paid directly by GOC  
 Total

£242,625  
 £12,131  
 £32,500  
 £20,000  
 £307,256

## Hearings Panel Budget 2007/8 (detailed breakdown)

Venue	Dates of hearings	No of days	Weekly Venue Cost inc. VAT	Catering Costs	Total	FTP Panel Members Fees	FTP Panel Members Expenses	Legal Adviser costs	Weekly Transcriber Costs	Total Costs
GCC	16 - 20 April	5	7250	400	7650	6250	4250	£623	£350	23326
RIBA	21-25 May	5	4875	500	5375	6250	4250	£311	1750	21051
RIBA	18 -22 June	5	4875	500	5375	6250	4250	£3,426	1750	21051
GCC	16-20 July	5	7250	500	7750	6250	4250	£3,426	1750	23426
RIBA	17-21 September	5	4875	500	5375	6250	4250	£3,426	1750	21051
RIBA	22-26 October	5	4875	500	5375	6250	4250	£3,426	1750	21051
GCC	26-30 November	5	7250	500	7750	6250	4250	£3,426	1750	23426
RIBA	7-11 Jan	5	4875	500	5375	6250	4250	£3,426	1750	21051
RIBA	4 - 8 Feb	5	4875	500	5375	6250	4250	£3,426	1750	21051
RIBA	3-7 March	5	4875	500	5375	6250	4250	£3,426	1750	21051
<b>TOTAL</b>		<b>50</b>	<b>55875</b>	<b>4900</b>	<b>60775</b>	<b>62500</b>	<b>42500</b>	<b>34260</b>	<b>17500</b>	<b>217535</b>
	Reduction Factor x 25% *		£13,969	£1,225	£78,750	£15,625	£10,625	£8,565	£4,375	£54,384
<b>TOTAL</b>			<b>£41,906</b>	<b>£3,675</b>	<b>£45,581</b>	<b>£46,875</b>	<b>£31,875</b>	<b>£25,695</b>	<b>£13,125</b>	<b>£163,151</b>
	Tax on Members Expenses @16%						£6,071			
	Employers NI on Members Fees									

**Notes:**

1. Full calendar of FTP hearings will reach 75% of planned activity. Budgetted costs will reflect this figure.
2. Legal assessors rate of £530 + VAT per day plus reading day rate of £265 + VAT=£934 per day.

\* Reduced by 25% for hearings not held (some cancellation charges apply).

## Capital Expenditure Comparison 2007/8

Capital Items 2007/8	2007/8 Budget	2006/7 Year End Estimate	2006/7 Budget	2005/6 Actual
<b>Computer equipment</b>				
Network colour printer	£1,000			
New p.c.'s x 3	£2,700			
Laptop p.c.	£1,200			
<b>Total Computer</b>	<b>£4,900</b>	<b>£10,000</b>	<b>£10,800</b>	<b>£9,899</b>
<b>Office Furniture and Premises</b>				
Renew table and chairs in Room 1	£10,000			
New carpet and underfloor cabling	£5,000			
<b>Total Office and Premises</b>	<b>£15,000</b>	<b>£16,000</b>	<b>£22,500</b>	<b>£5,943</b>
<b>Leasehold Premises</b>	<b>£5,000</b>	<b>£0</b>	<b>£5,500</b>	<b>£12,545</b>
<b>TOTAL</b>	<b>£24,900</b>	<b>£26,000</b>	<b>£38,800</b>	<b>£28,387</b>