

# Our plans for the year ahead 2006/2007

23 March 2006

## Introduction

We published our budget for the financial year 2006/07 on 12 January 2006, and invited comments and feedback by 17 February. The budget document included:

- an update on the forecasts for the financial year 2005/06 that we had made in the previous year's budget;
- an overview of complaint trends and our estimate for our workload in 2006/07;
- a forward look at estimated workload figures for 2007/08; *and*
- our proposed financial budget for 2006/07 for consultation.

## Summary of responses

The response to our public consultation was favourable. There was general agreement with the financial aspects of our proposed budget and funding.

A number of responses also noted our plans - which we announced in our corporate plan, published in January alongside the budget - to review our funding arrangements this year.

This will involve discussing with our stakeholders ways in which we can increase the flexibility of our finances, as well as reviewing the structure of our annual levy and case fee. In particular, we will consider ways to:

- further mitigate small firms' concerns about case fees;
- improve the way in which costs are allocated among the large firms which provide most of our income; *and*
- allow for the firms that will be brought in by the proposed consumer credit jurisdiction.

## Conclusion

Following earlier approval by our own board, the board of the FSA has now also formally approved our budget. Accordingly, we can now confirm that the standard case fee and special case fee for 2006/07 will again be £360 and £475 respectively.

The FSA's own consultation on regulatory fees and levies 2006/07 ([cp 06/02](#)) - which includes consultation on the levy rates that apply in relation to the financial ombudsman service - will close on 29 March 2006. The FSA expects to publish its [statement on fee-raising arrangements](#) - including levies for the financial ombudsman service - in May 2006.

Financial ombudsman service 2006/07 budget (approved by FSA)

|                                      |               |
|--------------------------------------|---------------|
| Income                               |               |
| Annual levy                          | £15.8m        |
| Case fees                            | £43.3m        |
| Other income                         | £0.6m         |
| Provision for bad and doubtful debts | (£0.4m)       |
| Total income                         | <b>£59.3m</b> |
| Expenditure                          |               |
| Staff and staff-related costs        | £46.0m        |
| Professional fees                    | £0.6m         |
| It costs                             | £2.2m         |
| Premises and facilities              | £6.2m         |
| Other costs                          | £0.7m         |
| Depreciation                         | £3.3m         |
| Operating costs                      | <b>£59.0m</b> |
| Financing costs                      | £0.3m         |
| Total costs                          | <b>£59.3m</b> |
| Surplus/(deficit)                    | <b>£0.0m</b>  |
|                                      |               |
| Cases resolved                       | 125,000       |
|                                      |               |
| Unit cost                            | <b>£472</b>   |