

# HEALTH PROFESSIONS COUNCIL

## Budget 2003/4 – Version 3

### COMMENTARY

#### INTRODUCTION

This commentary is to be read in conjunction with the detailed commentary produced for Budget Version 2. Budget Version 3 is based on the operation of the new register from 9<sup>th</sup> July 2003. Version 2 had assumed that the operation would have commenced at the beginning of May. Council requested that a revised budget should be prepared, reviewed by representatives of the Finance & Resources Committee and reported to Council at its next meeting. Some adjustments to overheads have been made and these are noted below.

#### INCOME

##### Note 1: Registration Income

The overall registration income has decreased from the version 2 budget of £6,489,280 to a version 3 budget of £6,232,466, a decrease of 4%.

The main difference between the two versions is the income for Chiropodists, which is explained in note 2. The rest of the professions changes in income are due to a review of the expected numbers of registrants for each profession. This was done by using more up to date base figures in version 3. The split between types of income can be seen in notes 3-8.

##### Note 2: Chiropodists

Chiropodist income has decreased from the version 2 budget of £1,223,083 to the version 3 budget of £881,986, a decrease of 28%. This is due to Chiropodists now having to pay the original fee of £22 and not £60 (which was originally budgeted for). This is due to the timing of the rules being agreed: the chiropody year starts before 9<sup>th</sup> July and therefore we are obliged to claim at the lower rate. Also, the number of grandparenting applications has been re-estimated at 2,500, rather than the original estimate of 3,000. This reduction has been calculated by using more up to date information than previously.

##### Note 3: Registration Fees

From 9<sup>th</sup> July 2003, HPC will not be charging a part year fee. Hence the full year registration fees have increased from the version 2 budget of £468,090 to a version 3 budget of £569,490, an increase of 22%. Another reason for the increase is that all the professions will be paying £60 (students - £30) for initial registration, irrespective of when the profession's fee year commences. It was initially thought that this was just for the professions paying the new renewal fees (8 professions).

##### Note 4: Readmission Fees (Renamed from restoration fee)

From 9<sup>th</sup> July 2003, HPC will not be charging a restoration fee. Registrants who come off the register will pay a readmission fee of £60. This effectively moves any renewal fee that they would pay if they were still registered to this new category.

##### Note 5: Renewal Fees (Renamed from retention fee)

Renewal fee income has decreased from version 2 budget for 2003/4 of £4,591,152 to a version 3 budget for 2003/4 of £4,129,890 a decrease of 10%. This is due to the introduction of the readmission fee category, Chiropodists now paying £22 (Note 2) and a review of the expected number of registrants paying the renewal fee.

**Note 6: International Scrutiny Fees (Renamed from application fee)**

International scrutiny fees are no longer split between EU and non-EU.

**Note 7: Letter of Good Standing**

From 9<sup>th</sup> July 2003, HPC will not be charging for a letter of good standing. The budget figure represents charges made until the end of June.

**Note 8: Grandparenting Scrutiny Fees**

Grandparenting scrutiny fee income has decreased from the version 2 budget of £730,000 to a version 3 budget of £630,000, a decrease of 14%. This is due to a reduction in expected Chiropodists applying via grandparenting, as mentioned in note 2.

**Note 9: Department of Health Revenue Grant**

The Department of Health has pledged HPC a revenue grant of £1,125,000 for 2003/04. HPC has used £95,000 for some of the last financial year's uncovered revenue spend. This leaves £1,030,000 for this financial year. This will be used *inter alia* for the building refurbishment, legal advice (Bircham Dyson Bell) and project work. These costs will be included in HPC's cost centres in the normal way.

**EXPENDITURE**

**Note 10: Education and Policy**

The expenditure has increased from the version 2 budget of £317,120 to a version 3 budget of £487,820, an increase of 54%. This is due to increased resources committed to producing the standards of proficiency.

**Note 11: IT and Project Management**

The expenditure has increased from the version 2 budget of £620,459 to a version 3 budget of £919,130, an increase of 48%. This is due to the LISA Project. Project management is now disclosed in the budget within IT. Digital Steps will be used as IT consultants for the implementation of the LISA system. As part of the LISA project is not covered by DoH grant as none of this years grant is capital, the IT depreciation charge is going to be £203,300 higher than expected. (For the majority of the depreciation, the already-received capital grant will be released to the income and expenditure account.)

**Note 12: Human Resources Department**

HR expenditure has increased from the version 2 budget of £169,742 to a version 3 budget of £261,499, an increase of 54%. This is due to the recruitment of partners, being considerably more expensive than initially expected. Due to the volume of partners that are to be recruited, additional temporary staff are needed to administer the whole partners recruitment process. This has subsequently increased the cost for interviewing and training of partners as well.

**Note 13: Communications Department**

Communications expenditure has decreased from the version 2 budget of £1,371,847 to a version 3 budget of £1,091,728 a decrease of 20%. Due to the reduced income for 2003/4, substantial savings were needed within the communications budget. The advertising campaign has deferred until 1<sup>st</sup> January 2004. This means that some of the original advertising budget will be incurred in the next financial year. Originally HPC was to undertake a major re-design of its web site but the communications team have managed to adapt the current web site and are currently updating the information available. A review and possible enhancement of the web site will be put off until the next financial year. Further savings have been made for brochures and registrant communications. There has been an additional area of

expenditure included in the budget for standards of proficiency (design, production and distribution).

#### **Note 14: National Insurance Cost**

NI expenditure has decreased by 18% from the version 2 budget of £267,333 to a version 3 budget of £218,955. This is due to a decrease in expected grandparenting assessments as mentioned in note 8. Also not all assessments are subject to NI employers costs (if only a few assessments are done in a month, the income will not be above the threshold for paying NI).

#### **Note 15: Staff Recruitment**

Staff recruitment expenditure has decreased from version 2 budget of £32,500 to a version 3 budget of £15,000, a decrease of 54%. This is due to a decrease in staff recruitment cost in operations. These funds have been moved to temporary staff costs.

#### **Note 16: Temporary Staff**

Temporary staff expenditure has increased from version 2 budget of £56,200 to a version 3 budget of £154,200, an increase of 174%. For technical reasons the salary of the Project Manager has been re-allocated as he is now paid through an agency. Also there is increased expenditure in human resources (partner recruitment) and operations (new rules and the opening of the grandparenting process).

#### **Note 17: Other Office Services**

Other office services expenditure has increased from the version 2 budget of £8,000 to a version 3 budget of £20,000, an increase of 150%. Due to the various office moves and continuing refurbishment of Park House and Stannary Street, sundry items will be significantly higher e.g. hire of crates for movement of departments.

#### **Note 18: Depreciation of Office Equipment**

Depreciation of office equipment has increased from the version 2 budget of £46,000 to a version 3 budget of £70,000, an increase of 52%. This is due to the capitalisation of furniture which was initially to have been expensed through the income and expenditure account.

#### **Note 19: Depreciation of Computer Equipment**

Depreciation of computer equipment has increased from the version 2 budget for 2003/4 of £215,000 to a version 3 budget of £418,300, an increase of 95%. This is due to the depreciation assigned to the LISA Project. As can be seen from note 9, there is no capital grant from the department of health for this financial year. The LISA project will go live in July 2003, so any costs from April – June are to be capitalised and depreciated accordingly.

### **CONCLUSION**

The overall deficit of HPC has decreased from the version 2 budget of £647,200 to a version 3 budget of £645,041.

The Department of Health revenue grant increase more than compensates for the reduction in registration income, thus boosting the result. Significant savings have been made in the communications area to compensate for increases in other departments and the reduction in registration income.

This budget will be used for all reporting purposes.

**RICHARD BALLARD**  
Management Accountant  
June 2003

## HEALTH PROFESSIONS COUNCIL

BUDGET 2003-04: Version 3  
DETAILED SUMMARY

	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
<b>INCOME</b>					
Arts Therapists	47,768	52,615	4,847	10	
Chiropodists	1,223,083	881,986	(341,097)	(28)	2
Clinical Scientists	168,271	165,193	(3,078)	(2)	
Dietitians	171,260	181,672	10,412	6	
Medical Laboratory Scientific Officers	883,753	874,345	(9,408)	(1)	
Orthoptists	60,623	60,070	(553)	(1)	
Occupational Therapists	1,135,525	1,123,894	(11,631)	(1)	
Paramedics	445,545	444,455	(1,090)	0	
Physiotherapists	1,118,684	1,209,505	90,821	8	
Prosthetists & Orthotists	36,039	35,500	(539)	(1)	
Radiographers	675,973	683,798	7,825	1	
Speech and Language Therapists	462,759	459,433	(3,326)	(1)	
New Profession A	60,000	60,000	0	0	
<b>Registration Income</b>	6,489,280	6,232,466	(256,814)	(4)	1
<b>Investment Income (Excluding Unrealised Gains)</b>	78,000	66,000	(12,000)	(15)	
	6,567,280	6,298,466	(268,814)	(4)	
<b>Department of Health Revenue Grant</b>	600,000	1,030,000	430,000	72	9
<b>Department of Health Capital Grant Released</b>	0	188,338	188,338	0	
<b>TOTAL INCOME</b>	<b>7,167,280</b>	<b>7,516,804</b>	<b>349,524</b>	<b>5</b>	
<b>EXPENDITURE</b>					
<b>Departments</b>					
President	61,600	61,600	0	0	
Council	243,082	268,331	25,249	10	
Chief Executive	197,203	198,205	1,003	1	
Education and Policy	317,120	487,820	170,700	54	10
Operations	1,765,375	1,613,446	(151,929)	(9)	
Directors	473,098	470,031	(3,067)	(1)	
IT and Project Management	620,459	919,130	298,671	48	11
Finance	341,180	359,134	17,955	5	
Administration	1,506,359	1,575,027	68,668	5	
Legal Services	747,417	855,894	108,477	15	
Human Resources	169,742	261,499	91,757	54	12
Communications	1,371,847	1,091,728	(280,119)	(20)	13
<b>Operating Expenses</b>	<b>7,814,480</b>	<b>8,161,845</b>	<b>347,365</b>	<b>4</b>	
<b>TOTAL EXPENDITURE</b>	<b>7,814,480</b>	<b>8,161,845</b>	<b>347,365</b>	<b>4</b>	
<b>SURPLUS/(DEFICIT) (Excluding Unrealised Gains)</b>	<b>(647,200)</b>	<b>(645,041)</b>	<b>2,159</b>	<b>0</b>	
<b>Investment - Unrealised Gains / (Losses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>SURPLUS/(DEFICIT)</b>	<b>(647,200)</b>	<b>(645,041)</b>	<b>2,159</b>	<b>0</b>	

HEALTH PROFESSIONS COUNCIL

BUDGET 2003-04: Version 3

DETAILED SUMMARY

	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Income</b>					
Registration fees	468,090	569,490	101,400	22	3
Registration fees (part year)	40,312	0	(40,312)	(100)	3
Readmission fees	0	258,600	258,600	0	4
Renewal fees	4,591,152	4,129,890	(461,262)	(10)	5
International scrutiny fees	639,400	639,400	0	0	6
Letter of good standing fees	20,325	5,086	(15,239)	(75)	7
Grandparenting scrutiny fees	730,000	630,000	(100,000)	(14)	8
	<u>6,489,280</u>	<u>6,232,466</u>	<u>(256,814)</u>	<u>(4)</u>	

HEALTH PROFESSIONS COUNCIL

BUDGET 2003-04: Version 3

**INVESTMENT & OTHER INCOME**

CODE

BUDGET MANAGER

**Paul Baker**

	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Income</b>					
Bank interest - Business Reserve	6,000	6,000	0	0	
Bank interest - Money Market	12,000	0	(12,000)	(100)	
Portfolio income	60,000	60,000	0	0	
P & L on disposal of investments (Realised)	0	0	0	0	
	<u>78,000</u>	<u>66,000</u>	<u>(12,000)</u>	<u>(15)</u>	
P & L on disp of investments (Unrealised)	0	0			

## HEALTH PROFESSIONS COUNCIL

## BUDGET 2003-04: Version 3

<b>OVERHEAD TOTAL</b>					
Code	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Payroll</b>					
Basic	1,570,614	1,514,594	(56,020)	(4)	
Overtime	34,600	34,600	0	0	
National Insurance (Includes Assessors)	267,333	218,955	(48,378)	(18)	14
Pension costs	247,563	242,726	(4,837)	(2)	
Medical insurance	1,000	1,000	0	0	
Staff recruitment	32,500	15,000	(17,500)	(54)	15
Temporary staff	56,200	154,200	98,000	174	16
Other payroll expense	0	0	0	0	
	<b>2,209,810</b>	<b>2,181,075</b>	<b>(28,735)</b>	<b>(1)</b>	
<b>Staff travelling and subsistence</b>					
Fares	25,900	21,900	(4,000)	(15)	
Car expenses and car park	5,150	5,150	0	0	
Subsistence	19,825	19,825	0	0	
Entertaining	6,575	6,575	0	0	
Conferences	19,000	24,000	5,000	26	
Lecturing	10,000	10,000	0	0	
Other travelling and subsistence	0	0	0	0	
	<b>86,450</b>	<b>87,450</b>	<b>1,000</b>	<b>1</b>	
<b>Council and committee expenses</b>					
Allowances	205,780	205,780	0	0	
Travelling and subsistence	239,008	239,008	0	0	
Conference expenses	4,500	4,500	0	0	
Training & Council Review	4,100	30,000	25,900	632	
	<b>453,388</b>	<b>479,288</b>	<b>25,900</b>	<b>6</b>	
<b>Property services</b>					
Business rates	9,000	9,000	0	0	
Water	770	770	0	0	
Electricity	10,000	10,000	0	0	
Gas	750	750	0	0	
Cleaning contractors	25,800	25,800	0	0	
Cleaning materials	7,800	7,800	0	0	
Waste disposal	2,600	2,600	0	0	
Repairs and maintenance	25,000	25,000	0	0	
Maintenance contracts	5,000	5,000	0	0	
Security	24,000	55,000	31,000	129	
Other property costs	0	0	0	0	
Building Refurbishment	600,000	600,000	0	0	
Property depreciation	26,000	26,000	0	0	
	<b>736,720</b>	<b>767,720</b>	<b>31,000</b>	<b>4</b>	

**OVERHEAD TOTAL**

Code	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Office services</b>					
Printing and stationery	265,000	265,000	0	0	
Photocopying	11,000	11,000	0	0	
Microfilming	0	0	0	0	
Postage (Non Communications)	155,000	155,000	0	0	
Telephone	50,000	50,000	0	0	
Telephone system maintenance	3,200	3,200	0	0	
Mobile telephone	3,550	3,550	0	0	
Fax	1,500	1,500	0	0	
Couriers	2,000	2,000	0	0	
Office equipment < £500	25,200	25,200	0	0	
Office equipment rental	0	0	0	0	
Office equipment maintenance	0	0	0	0	
Catering	12,500	12,500	0	0	
Other office services	8,000	20,000	12,000	150	17
Depreciation of office equipment	46,000	70,000	24,000	52	18
	<b>582,950</b>	<b>618,950</b>	<b>36,000</b>	<b>6</b>	
<b>Computer services</b>					
Hardware < £500	6,650	6,650	0	0	
Hardware maintenance	18,000	18,000	0	0	
Software	14,600	14,600	0	0	
Software maintenance	19,500	19,500	0	0	
Software development	0	0	0	0	
Systems support	72,860	72,860	0	0	
Internet development	0	0	0	0	
Internet maintenance	12,000	12,000	0	0	
Computer media and sundries	11,000	11,000	0	0	
Disaster contingency plan	8,500	8,500	0	0	
Computer training	8,300	8,300	0	0	
Other computer services costs	1,600	8,100	6,500	406	
IT Security - Backup Offsite etc	14,500	14,500	0	0	
Hardware depreciation	215,000	418,300	203,300	95	19
	<b>402,510</b>	<b>612,310</b>	<b>209,800</b>	<b>52</b>	
<b>Communications</b>					
Advertising	293,000	150,000	(143,000)	(49)	
The Register (Design,Prod,Dist)	0	0	0	0	
Annual Reports (Design, Distribute)	190,000	190,000	0	0	
Brochures (Design, Distribute)	180,000	155,000	(25,000)	(14)	
HPC Launch Event	47,000	47,000	0	0	
Grandparenting Communications	20,000	20,000	0	0	
Listening Events	36,000	36,000	0	0	
Lobbying	10,000	10,000	0	0	
PR Advisors	60,000	45,000	(15,000)	(25)	
Market Research	75,000	75,000	0	0	
Registrant Comms & Internal	100,000	62,000	(38,000)	(38)	
Translations	8,000	8,000	0	0	
Students / Graduates	75,000	55,000	(20,000)	(27)	
Web Site Design	105,750	0	(105,750)	(100)	
Standards of Proficiency (Design,Prod,Dist)	0	66,150	66,150	0	
Welsh Language Scheme	15,000	15,000	0	0	
	<b>1,214,750</b>	<b>934,150</b>	<b>(280,600)</b>	<b>(23)</b>	13



<b>OVERHEAD TOTAL</b>
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Code	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Partners</b>					
Partners Recruitment	7,500	54,000	46,500	620	12
Partners Training	20,000	50,000	30,000	150	12
Legal & Medical Assessments	30,000	30,000	0	0	
Grandparenting Assessments	474,500	409,500	(65,000)	(14)	8
International Reg Assessments	415,584	415,584	0	0	
International Applicant Interviews	9,800	9,800	0	0	
Mediation - Panels	3,000	3,000	0	0	
Panels (Allowance & Travel )	50,000	50,000	0	0	
Screening - Panels (Allow & Travel)	20,000	20,000	0	0	
Visitors	36,179	36,179	0	0	
JVC Costs	95,864	95,864	0	0	
	<u>1,162,427</u>	<u>1,173,927</u>	11,500	1	
<b>Specific departmental expenses</b>					
Accountancy assistance	0	0	0	0	
Archive storage	11,000	11,000	0	0	
Auditors' fees	21,525	21,525	0	0	
Bank charges and interest	43,500	60,000	16,500	38	
Books and publications	0	0	0	0	
Conferences	0	0	0	0	
General insurance	32,250	32,250	0	0	
Legal insurance	52,500	52,500	0	0	
Health and safety	3,200	3,200	0	0	
Legal expenses	500,000	620,000	120,000	24	9
Other professional fees	17,000	52,000	35,000	206	9
Pension administration	6,000	6,000	0	0	
Staff functions	5,250	5,250	0	0	
Staff Handbook	4,000	4,000	0	0	
Personal Performance Consultancy	6,500	6,500	0	0	
Investors in People	7,000	7,000	0	0	
Good Citizen Scheme	2,000	2,000	0	0	
Quality ISO 2002	21,000	21,000	0	0	
HPC Processes	20,000	20,000	0	0	
Reward Data	5,000	5,000	0	0	
Subscriptions to professional bodies	4,450	4,450	0	0	
Proficiency Standards - QAA	100,000	270,000	170,000	170	9
Professional Liaison Groups	48,000	48,000	0	0	
Examination Expenses	0	0	0	0	
Logbook Expenses	0	0	0	0	
Legal - Disc Trans Writer	15,300	15,300	0	0	
Taxation Professional Advice	20,000	20,000	0	0	
Training	20,000	20,000	0	0	
	<u>965,475</u>	<u>1,306,975</u>	341,500	35	
<b>OVERHEAD TOTAL</b>	<u>7,814,480</u>	<u>8,161,845</u>	347,365	4	