

# HEALTH PROFESSIONS COUNCIL

## Budget 2003/4 – Version 4 (Potential Changes)

### COMMENTARY

#### INTRODUCTION

This commentary is to be read in conjunction with the detailed commentary produced for Budget Version 2 & 3. Budget Version 4 has been produced in light of the accounts produced up to August 2003 and if agreed will be reported against from September onwards.

Adjustments to income and expenditure have been suggested and the changes are outlined on page 2 of the budget summary. The changes are expanded by type as apposed to profession and cost centre below.

Unfortunately it has not been realistically practical to reduce the deficit and the committee is asked to decide the approach to take.

#### INCOME

##### Note 1: Registration Fees

Registration fees have decreased from the version 3 budget of £569,490 to a version 4 budget of £426,078, a decrease of 25%.

The difference is due to a reduced number of international and grandparenting applications. This has a knock-on effect on registration fees as applicants become registrants and pay the initial registration fee. Obviously not all applicants become registrants. The percentage that is accepted has been reduced from the original estimate.

##### Note 2: International Scrutiny Fees

International scrutiny fees have decreased from the version 3 budget of £639,400 to a version 4 budget of £532,600, a decrease of 17%.

Coupled with the volume of grandparenting applications the volume of international scrutiny fees has not been as high as expected. The volume should increase over the months as registration officers become more familiar with the LISA system (previously international applications were mainly paper based), but the overall level needs to be reduced for this financial year.

##### Note 3: Grandparenting Scrutiny Fees

Grandparenting scrutiny fees have decreased from the version 3 budget of £630,000 to a version 4 budget of £424,000, a decrease of 33%.

The number of Chiropodist grandparents has been significantly less than expected and despite the fact that the overall numbers may materialise over the next 2 years, for this financial year the income from Chiropodist grandparents needs to be reduced.

#### EXPENDITURE

##### Note 4: Assessor National Insurance Cost

From 9<sup>th</sup> July 2003, all assessors are self-employed and hence HPC will not be required to pay NI for these partners.

#### **Note 5: Temporary Staff**

Due to the volume of telephone calls and the additional work that registration officers are required to do (more information captured under the new rules), a support team has been set-up to mainly enter applications and take renewal payments.

#### **Note 6: Council and committee expenses**

For version 3, Council and committee allowances and travel have been over-budgeted. This was due to estimating a higher attendance by council members to the various meetings. Also the council review included some potential training costs, it seems likely that this financial year only the review will happen, followed by training (if any) next financial year.

#### **Note 7: Building Refurbishment**

The building refurbishment cost has increased by 33% for this financial year. This is due to additional work being undertaken; mainly a new staircase in Stannary Street and steel works in the council chamber area. Whilst the DoH grant has been spent for this year, HPC will try and obtain a grant for this overspend.

#### **Note 8: Systems Support**

The LISA project is not to be capitalised until September (when fully signed off) and hence the support for the system will start later than budgeted for.

#### **Note 9: Hardware Depreciation**

The hardware depreciation associated with the LISA project and covered by grant is reduced for this financial year as the system is not to be capitalised until September.

#### **Note 10: Communications**

Various savings have become apparent in the communications area. Also communications to students / graduates will not begin until next financial year.

#### **Note 11: Partners Recruitment**

Further expenditure is required for partners recruitment due to the volume of partners to recruit and a second round of recruitment to fill any shortfalls in particular areas.

#### **Note 12: Grandparenting & International Assessments**

These two areas of expenditure are linked to income and as the income for applications has been reduced, hence these two areas have been reduced accordingly.

#### **Note 13: Panels & Screeners**

The role of screeners will not be required so the budget for this type of expense will be added to panels.

#### **Note 14: Auditors' fees**

The requirement to have the NAO audit HPC's accounts has led to an increase in audit fees. The costs for this financial year include NAO's cost for the 2002/3 audit, which was not accrued.

#### **Note 15: Legal insurance**

The legal insurance cost was over-budgeted for in version 3. Only limited cover has been secured.

**Note 16: Other Professional fees**

Due to the introduction of the LISA system, a reporting consultant has been required to enable all the necessary reports to be produced. Also training on a software package (crystal reports) has been undertaken so that HPC can meet their reporting requirements for the future.

**Note 17: Professional Liaison Groups**

The number of these types of groups used this financial year is less than initially budgeted for.

**CONCLUSION**

The overall deficit of HPC has increased from the version 3 budget of £645,041 to a version 4 budget of £842,933.

All the reductions in income have been matched with reductions in expenditure. However there are not enough savings within the budget to compensate for the increase in building refurbishment. As mentioned HPC will try and obtain a grant for this expenditure, but feels it is prudent not to include this as budgeted income at this stage.

If agreed, this budget will be used for all reporting purposes.

**RICHARD BALLARD**  
**Management Accountant**  
September 2003

# **HEALTH PROFESSIONS COUNCIL**

**Budget: 1st April 2003 to 31st March 2004**

**Version 3 v Version 4:**

## Budget 2003-04 Potential Changes

Description	Amount (£'000)
<b><u>INCOME</u></b>	
DoH Capital Grant Released - Reduced	43
International Applications - Reduced	107
Grandparenting Applications - Reduced	206
Registration Fees - Reduced Due to Reduced Applications	94
Registration Fees - Reduced Due to Lower % of Applicants being Registered	50
<b>Total Income Change</b>	<b><u>499</u></b>
<b><u>EXPENDITURE</u></b>	
<b>Additions:</b>	
Partner Recruitment	20
Audit - NAO 2002/03 & 2003/04	8
Other Professional Fees	15
Other Office Services	5
Panels (Practice Committees)	20
UK & International Registration Temporary Staff	20
<b>Savings:</b>	
International Assessments - Reduced Applications	(69)
OT International Assessments - Through Oxford Brookes (Registrant pays assessment fee)	(20)
Grandparenting Assessments - Reduced Applications	(134)
Assessors NI Cost - All Self Employed from 9th July 2003	(44)
Communications - Listening Events	(20)
Communications - Students / Graduates - Program to start next year	(55)
Communications - Reg Comms & Internal	(15)
Repairs & Maintenance	(10)
Office Manager - Telephone Calls	(10)
Office Equipment < £500	(5)
Physiotherapists JVC Costs	(5)
Legal Insurance	(15)
System Support - Starting later than budgeted for	(20)
DoH Capital Grant Released - Depreciation	(43)
Council & Committee Expenses Allowances & Subs	(68)
Professional Liaison Groups	(24)
Screeners (Not Required)	(20)
Taxation Assistance	(5)
Lecturing	(6)
<b>Total Expenditure Change</b>	<b><u>(499)</u></b>
<b>Total Difference</b>	<b><u>(0)</u></b>
<b><u>DOH EXPENDITURE</u></b>	
<b>Additions:</b>	
Building Work - Parkeray (Largely Stannary Street & Includes Retention Fee)	158
DEGW (Architects)	10
BWA (Surveyors)	30
<b>Shortfall to be claimed under grant, but to be budgeted without grant</b>	<b><u>198</u></b>

HEALTH PROFESSIONS COUNCIL

BUDGET 2003-04: Version 4  
DETAILED SUMMARY

	2003/04 Budget Version 3 £	2003/04 Budget Version 4 £	2003/04 Variance £	2003/04 Variance %	Note
<b>INCOME</b>					
Arts Therapists	52,615	52,574	(41)	0	
Chiropodists	881,986	649,327	(232,659)	(26)	
Clinical Scientists	165,193	155,347	(9,846)	(6)	
Dietitians	181,672	172,307	(9,365)	(5)	
Medical Laboratory Scientific Officers	874,345	849,399	(24,946)	(3)	
Orthoptists	60,070	59,748	(322)	(1)	
Occupational Therapists	1,123,894	1,090,550	(33,344)	(3)	
Paramedics	444,455	439,329	(5,126)	(1)	
Physiotherapists	1,209,505	1,114,094	(95,411)	(8)	
Prosthetists & Orthotists	35,500	34,907	(593)	(2)	
Radiographers	683,798	653,250	(30,548)	(4)	
Speech and Language Therapists	459,433	445,422	(14,011)	(3)	
New Profession A	60,000	60,000	0	0	
<b>Registration Income</b>	6,232,466	5,776,254	(456,212)	(7)	
<b>Investment Income (Excluding Unrealised Gains)</b>	66,000	66,000	0	0	
	6,298,466	5,842,254	(456,212)	(7)	
<b>Department of Health Revenue Grant</b>	1,030,000	1,030,000	0	0	
<b>Department of Health Capital Grant Released</b>	188,338	145,338	(43,000)	(23)	
	7,516,804	7,017,592	(499,212)	(7)	
<b>EXPENDITURE</b>					
<b>Departments</b>					
President	61,600	61,600	0	0	
Council	268,331	223,331	45,000	17	
Chief Executive	198,205	198,205	0	0	
Education and Policy	487,820	487,820	0	0	
Operations	1,613,446	1,366,626	246,820	15	
Directors	470,031	429,531	40,500	9	
IT and Project Management	919,130	856,130	63,000	7	
Finance	359,134	365,134	(6,000)	(2)	
Administration	1,575,027	1,753,027	(178,000)	(11)	
Legal Services	855,894	840,894	15,000	2	
Human Resources	261,499	281,499	(20,000)	(8)	
Communications	1,091,728	996,728	95,000	9	
<b>Operating Expenses</b>	8,161,845	7,860,525	301,320	4	
	8,161,845	7,860,525	301,320	4	
<b>TOTAL EXPENDITURE</b>	8,161,845	7,860,525	301,320	4	
<b>SURPLUS/(DEFICIT) (Excluding Unrealised Gains)</b>	(645,041)	(842,933)	(197,892)	(31)	
<b>Investment - Unrealised Gains / (Losses)</b>	0	0	0	0	
<b>SURPLUS/(DEFICIT)</b>	(645,041)	(842,933)	(197,892)	(31)	

HEALTH PROFESSIONS COUNCIL

BUDGET 2003-04: Version 4

DETAILED SUMMARY

	2003/04 Budget Version 3 £	2003/04 Budget Version 4 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Income</b>					
Registration fees	569,490	426,078	(143,412)	(25)	1
Registration fees (part year)	0	0	0	0	
Readmission fees	258,600	258,600	0	0	
Renewal fees	4,129,890	4,129,890	0	0	
International scrutiny fees	639,400	532,600	(106,800)	(17)	2
Letter of good standing fees	5,083	5,083	0	0	
Grandparenting scrutiny fees	630,000	424,000	(206,000)	(33)	3
	<u>6,232,463</u>	<u>5,776,251</u>	<u>(456,212)</u>	<u>(7)</u>	

HEALTH PROFESSIONS COUNCIL

BUDGET 2003-04: Version 4

**INVESTMENT & OTHER INCOME**

CODE

BUDGET MANAGER

**Paul Baker**

	2003/04 Budget Version 3 £	2003/04 Budget Version 4 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Income</b>					
1404 / / Bank interest - Business Reserve	6,000	6,000	0	0	
1404 / / Bank interest - Money Market	0	0	0	0	
1403 / / Portfolio income	60,000	60,000	0	0	
1404 / / P & L on disposal of investments (Realised)	0	0	0	0	
	<b>66,000</b>	<b>66,000</b>	<b>0</b>	<b>0</b>	
1405 / / P & L on disp of investments (Unrealised)	0	0			



## HEALTH PROFESSIONS COUNCIL

## BUDGET 2003-04: Version 4

## OVERHEAD TOTAL

Code	2003/04 Budget Version 3 £	2003/04 Budget Version 4 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Payroll</b>					
Basic	1,514,594	1,514,594	0	0	
Overtime	34,600	34,600	0	0	
National Insurance (Includes Assessors)	218,954	174,954	44,000	20	4
Pension costs	242,726	242,726	0	0	
Medical insurance	1,000	1,000	0	0	
Staff recruitment	15,000	15,000	0	0	
Temporary staff	154,200	174,200	(20,000)	(13)	5
Other payroll expense	0	0	0	0	
	<u>2,181,074</u>	<u>2,157,074</u>	<u>24,000</u>	<u>1</u>	
<b>Staff travelling and subsistence</b>					
Fares	21,900	21,900	0	0	
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	24,000	24,000	0	0	
Lecturing	10,000	4,000	6,000	60	
Other travelling and subsistence	0	0	0	0	
	<u>87,450</u>	<u>81,450</u>	<u>6,000</u>	<u>7</u>	
<b>Council and committee expenses</b>					
Allowances	205,780	188,280	17,500	9	6
Travelling and subsistence	239,008	204,008	35,000	15	6
Conference expenses	4,500	4,500	0	0	
Training & Council Review	30,000	15,000	15,000	50	6
	<u>479,288</u>	<u>411,788</u>	<u>67,500</u>	<u>14</u>	
<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	15,000	10,000	40	
Maintenance contracts	5,000	5,000	0	0	
Security	55,000	55,000	0	0	
Other property costs	0	0	0	0	
Building Refurbishment	600,000	798,000	(198,000)	(33)	7
Property depreciation	26,000	26,000	0	0	
	<u>767,720</u>	<u>955,720</u>	<u>(188,000)</u>	<u>(24)</u>	

**OVERHEAD TOTAL**

Code	2003/04 Budget Version 3 £	2003/04 Budget Version 4 £	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	40,000	10,000	20	
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	20,200	5,000	20	
Office equipment rental	0	0	0	0	
Office equipment maintenance	0	0	0	0	
Catering	12,500	12,500	0	0	
Other office services	20,000	25,000	(5,000)	(25)	
Depreciation of office equipment	70,000	70,000	0	0	
	<b>618,950</b>	<b>608,950</b>	<b>10,000</b>	<b>2</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	52,860	20,000	27	8
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	8,100	8,100	0	0	
IT Security - Backup Offsite etc	14,500	14,500	0	0	
Hardware depreciation	418,300	375,300	43,000	10	9
	<b>612,310</b>	<b>549,310</b>	<b>63,000</b>	<b>10</b>	
<b>Communications</b>					
Advertising	150,000	150,000	0	0	
The Register (Design,Prod,Dist)	0	0	0	0	
Annual Reports (Design, Distribute)	190,000	190,000	0	0	
Brochures (Design, Distribute)	155,000	155,000	0	0	
HPC Launch Event	47,000	47,000	0	0	
Grandparenting Communications	20,000	20,000	0	0	
Listening Events	36,000	16,000	20,000	56	10
Lobbying	10,000	10,000	0	0	
PR Advisors	45,000	45,000	0	0	
Market Research	75,000	75,000	0	0	
Registrant Comms & Internal	62,000	47,000	15,000	24	10
Translations	8,000	8,000	0	0	
Students / Graduates	55,000	0	55,000	100	10
Web Site Design	0	0	0	0	
Standards of Proficiency (Design,Prod,Dist)	66,150	66,150	0	0	
Welsh Language Scheme	15,000	15,000	0	0	
	<b>934,150</b>	<b>844,150</b>	<b>90,000</b>	<b>10</b>	

**OVERHEAD TOTAL**

Code	2003/04 Budget Version 3 £	2003/04 Budget Version 4 £	2003/04 Variance £	2003/04 Variance %	Note
<b>Partners</b>					
Partners Recruitment	54,000	74,000	(20,000)	(37)	11
Partners Training	50,000	50,000	0	0	
Legal & Medical Assessments	30,000	30,000	0	0	
Grandparenting Assessments	409,500	275,600	133,900	33	12
International Reg Assessments	415,584	326,664	88,920	21	12
International Applicant Interviews	9,800	9,800	0	0	
Mediation - Panels	3,000	3,000	0	0	
Panels (Allowance & Travel )	50,000	70,000	(20,000)	(40)	13
Screening - Panels (Allow & Travel)	20,000	0	20,000	100	13
Visitors	36,179	36,179	0	0	
JVC Costs	95,864	90,864	5,000	5	
	<u>1,173,927</u>	<u>966,107</u>	<u>207,820</u>	<u>18</u>	
<b>Specific departmental expenses</b>					
Accountancy assistance	0	0	0	0	
Archive storage	11,000	11,000	0	0	
Auditors' fees	21,525	29,525	(8,000)	(37)	14
Bank charges and interest	60,000	60,000	0	0	
Books and publications	0	0	0	0	
Conferences	0	0	0	0	
General insurance	32,250	32,250	0	0	
Legal insurance	52,500	37,500	15,000	29	15
Health and safety	3,200	3,200	0	0	
Legal expenses	620,000	620,000	0	0	
Other professional fees	52,000	67,000	(15,000)	(29)	16
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	270,000	270,000	0	0	
Professional Liaison Groups	48,000	24,000	24,000	50	17
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	15,000	5,000	25	
Training	20,000	20,000	0	0	
	<u>1,306,975</u>	<u>1,285,975</u>	<u>21,000</u>	<u>2</u>	
<b>OVERHEAD TOTAL</b>	<u>8,161,844</u>	<u>7,860,524</u>	<u>301,320</u>	<u>4</u>	