

# HEALTH PROFESSIONS COUNCIL

## BUDGET 2006-7 VERSION 4

Notes **To be used in Conjunction with the budget summary 2006/07**

### Income

- 1 Chiropodists income is budgeted to be 29% lower in 2006/07 due to no grandparenting income. This also has a knock on effect of reducing initial registration fees.
- 2 Clinical Scientists income is budgeted to be 21% lower in 2006/07 due to no grandparenting income.
- 3 The Department of Health Grant Released budget is 58% lower due to the end of the 3 year period in which the LISA (registration system) was being depreciated. The grant released matched the depreciation period.
- 4 Re-admission fees are budgeted to be 39% lower in 2006/07 due to fewer professions beginning their 2 year cycle. At the end of each 2 year cycle a number of registrants are removed from the register for non payment or non signing of a declaration.
- 5 International scrutiny fees are budgeted to be 61% higher in 2006/07. This is mostly due to an anticipated increase in fee from £200 to £350 on 1st January 2007. Also, with no grandparenting applications, more resources can be used to process international applications.
- 6 Bank interest earned on surplus cash is partly dependant on the timing of the building work to refurbish 22-26 Stannary Street. An average bank balance of £3.1M has been used, with a minimum of £1M assumed to be kept in the business reserve for operational cash requirements.

### Expenses - Departments

- 7 Approvals and Annual Monitoring costs are budgeted to be higher, due to a full year of the annual monitoring and major/minor change process. Also a number of positions were recruited in 2005/06 which will have a full year salary impact in 2006/07.
- 8 Communication department costs are budgeted to be higher due to the holding of an annual conference event for all Partners which only occurs every 2 years.
- 9 The cost of Committees has been separated from the Secretariat budget. This will help to monitor trends as the cost for committees are not directly linked to the cost for the Secretariat function. This cost centre now includes all Committees and Professional Liaison Groups (PLG).
- 10 Human Resources department costs are budgeted to be higher due to holding Partner review days for all types of partner. Also a new position was recruited in 2005/06 which will have a full year salary impact in 2006/07.

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- 11 Information Technology department costs are budgeted to be lower due to a significant reduction in depreciation expense. This is due to the ending of the 3 year depreciation cycle of the LISA system.
- 12 The Office Services department includes some general property and office service costs for 22-26 Stannery St and some non capitalised expenditure for the proposed renovation (Surveyors costs etc).
- 13 The Policy and Standards department is a relatively new department. The increase in cost is some new positions and work on standards of proficiency and HPC Policies.
- 14 The Registration departments' increased budget is due to the need for some Business Process Re-engineering in the registration area as a whole. All processes will be reviewed with the aim to improve customer service and productivity.

### Expenses - Overheads

- 15 Basic Pay costs are budgeted to increase for the reasons mentioned earlier. Namely, positions with a full year salary impact in 2006/07 and some new positions filled. Out of the £553k basic pay increase, £439k is due to new positions.
- 16 The National Insurance cost to HPC also includes a tax liability for members of the Council who claim directly from HPC (Category One's).
- 17 The current renewals team (solely processing the renewal forms) are all temporary contractors. A full year for these temporary employees has been included in the budget. Once the finer details of the proposed BPR project have been produced, some of these employees maybe become permanent members of staff, so some of this budget maybe re-allocated to the basic pay budget. Also an IT contractor has been budgeted to develop inhouse some key databases including an approvals and annual monitoring database.
- 18 In total, payroll costs are to increase by 31%. The 3 main reasons are an increase in new positions with the added cost of increased NI and pension contributions, an increase in temporary / contractor employees and the tax costs for Council and Committee members (allowances and travel & subsistence expenses).
- 19 The approvals and annual monitoring department are intending to increase the number of approvals and annual monitoring visits. Whilst the majority of the detailed work is carried out by the visitors (partners), a member of the department will also be in attendance. The number of visits attended by HPC employees are significantly higher than the current financial year, hence the increase in travel and subsistence cost for HPC.

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- 20 The level of attendance for Council members has been budgeted at 80%. This is higher than the current year, but as Council members could attend all meetings this seems quite prudent to allow for a higher figure. The approval panel is a relatively new panel which includes a full year of this panel in the budget. As mentioned in the key assumptions, Council and Committee allowances have been increased to £300.
- 21 The training budget for Council has been significantly increased for 2006/07. Areas included are inductions, media training, performance reviews, audit, chairman and HPO training.
- 22 Building renovation work will be carried out towards the second half of the financial year. However, currently there is a small team of employees working in the building, hence the increase in Property Service costs in general.
- 23 The building refurbishment cost relates to the non-capitalisable costs for 22-26 Stannery Street refurbishment (see Assumptions section). Some costs have also been included for some minor work to Park House (painting etc).
- 24 Printing and Stationery costs are budgeted to be lower in 2006/07. This is due to HPC renewing less Registrants than 2005/06 and consequently spending less on printing and sending out renewal forms. This reduction is offset by the printing of a CPD document for all registrants and the increased design and printing of policy documents.
- 25 Postage costs are budgeted to be higher in 2006/07. This is due to sending out CPD and Standard of Proficiency documents to all registrants which offsets the reduction on registration postage (renewals).
- 26 The increase in IT hardware over £1,000 is due to the purchase of small scanners for most departments to improve the storage life and retrieval time of documentation.
- 27 The increase in software license costs is due to the increase number of HPC employees (per user licenses).
- 28 The LISA registration system was depreciated over 3 years after development was completed. The 3 years come to an end at the end of August 2006. This will significantly reduce the depreciation charge to the IT department.
- 29 Increased advertising expenditure is budgeted for to increase public awareness under the following headings; Referers (regional/national), Radio advertising (regional), Registrant network (national), Secondary awareness locations (regional) as per HPC's communications strategy.
- 30 Increased brochure expenditure is required for a re-print of all standards of proficiency brochures for all professions and some new brochures in the area of fitness to practise.

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- 31 Stakeholder communications is a relatively new area and there was very limited expenditure in the current financial year. For 2006/07 there will be a "Fitness to practise versus fitness to purpose" event which will also require documentation to be produced after the event.
- 32 The increased website expenditure includes an improved search engine, upgrades to incorporate CPD and approvals, fitness to practise processes and upgrades to HPCs intranet.
- 33 The annual Partners conference costs include; venue hire, day delegate rates, accommodation, subsistence, partner travel and the cost of the production company.
- 34 The general events cost increase is due to the proposed hosting of a Launch event for disability guidance, plus smaller briefing events on specific issues.
- 35 Media relations is a relatively new cost area. The costs include a subscription to media disc, which are various contacts in the media industry. The majority of the expenditure is for agency support on possible issues that may arise as per the communications strategy.
- 36 The majority of partner roles are now filled. The majority of the recruitment cost is for the forthcoming Applied Psychologists joining the HPC register. All partner roles will be required for this new profession.
- 37 There a number of current visitors that require training. Also the budgeted costs include the training for the forthcoming Applied Psychologists partners.
- 38 Legal assessor allowances have been budgeted under panel costs for 2006/07.
- 39 The number of approval programs that are to be visited is budgeted to be higher than the current financial year.
- 40 Annual Monitoring and Major/Minor change are additional items of expenditure for 2006/07.
- 41 Increased auditor costs relate to additional expenditure required to hire Internal Auditors to assure the external auditors & Audit Committee about HPC levels of internal control.
- 42 Bank charges in the current financial year included the setting up of a loan to finance the purchase of 22-26 Stannery Street. Also, there is more banking of cheques, credit cards etc in the current financial year (linked to the renewal cycle), hence the 06/07 budgeted bank charges are lower than the latest 05/06 estimate.
- 43 Legal expenses are budgeted to increase in line with the increase in legal cases. Also HPC has budgeted for some legal expenses concerning CHRE.

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- 44       Other professional fees costs are lower due to the election scheme for 2006/07 not involving as many professions and the reduced need for audit work concerning fraud and internal control.
- 45       The pension administration cost in the current financial year included a number of years of unaccrued expenses. The budget reflects 1 year of cost.
- 46       The number of professional liaison groups is expected to be less in 2006/07.
- 47       Employee training costs are budgeted to increase and include the following areas; training and needs analysis, leadership, unfair dismissal, interviewing, media, mentoring, performance management etc