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 9th 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 $\pounds 6,489,280$ to a version 3 budget of $\pounds 6,232,466$, 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 9th 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 9th 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 9th 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 9th 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 \pounds 730,000 to a version 3 budget of \pounds 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 \pounds 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 $\pounds 317,120$ to a version 3 budget of $\pounds 487,820$, 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 $\pounds 169,742$ to a version 3 budget of $\pounds 261,499$, 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 1st 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 $\pounds 267,333$ to a version 3 budget of $\pounds 218,955$. 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 $\pounds 46,000$ to a version 3 budget of $\pounds 70,000$, 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

BUDGET 2003-04: Version 3 DETAILED SUMMARY

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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 5 447,417 15 Legal Services 747,417 155,894 108,477 15 Legal Services 169,742 261,499 91,757 54 12 Communications 1,371,847 1,0941,728 (280,119) (20) 13 Operating Expenses 7,814,480 8,161,845 347,365 4 TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0			61,600	61,600	0	0	
Education and Policy 317,120 497,920 170,700 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 4 Administration 1,506,359 1,576,027 68,668 5 5 Legal Services 747,417 855,894 108,477 15 Human Resources 169,742 261,499 91,757 54 12 Communications 1,371,847 1093,728 (280,119) (20) 13 Operating Expenses 7,814,480 8,161,845 347,365 4 TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0				268,331	•	10	
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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 Operating Expenses 7,814,480 8,161,845 347,365 4 TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645;041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0		•					
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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 1091,728 (280,119) (20) 13 Operating Expenses 7,814,480 8,161,845 347,365 4 TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0				A DESCRIPTION OF A DESC			••
Legal Services 747,417 855,894 108,477 15 Human Resources 169,742 261,499 91,757 54 12 Communications 1,371,847 1091,728 (280,119) (20) 13 Operating Expenses 7,814,480 8,161,845 347,365 4 TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0							
Communications 1,371,847 1,0931,728 (280,119) (20) 13 Operating Expenses 7,814,480 8,161,845 347,365 4 TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0		Legal Services		855,894		15	
Operating Expenses 7,814,480 8,161,845 347,365 4 TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0							12
TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) ((645,041)) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0		Communications	1,371,847	1,091,728	(280,119)	(20)	13
TOTAL EXPENDITURE 7,814,480 8,161,845 347,365 4 SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) ((645,041)) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0		Onerating Expanses	7 814 480	8161 845	347 365	4	
SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0		operating Expenses	1,014,100		047,000		
SURPLUS/(DEFICIT) (Excluding Unrealised Gains) (647,200) (645,041) 2,159 0 Investment - Unrealised Gains / (Losses) 0 0 0 0 0							
Unvestment - Unrealised Gains / (Losses) 0 0 0		TOTAL EXPENDITURE	7,814,480	8,161,845	347,365	4	
Unvestment - Unrealised Gains / (Losses) 0 0 0							
Unvestment - Unrealised Gains / (Losses) 0 0 0		SURPLUS/(DEFICIT) (Excluding Unrealised Gains)	(647.200)	(645 (141)	2 159	0	
			(ender Grand Corr	2,100	v	
SURPLUS/(DEFICIT) (647,200) (647,200)	(Investment - Unrealised Gains / (Losses)	0	i ₽ in i	0	0	
SURPLUS/(DEFICIT) (647,200) 2,159 0				品。金红杨星			
		SURPLUS/(DEFICIT)	(647,200)	(645;041)	2,159	0	

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BUDGET 2003-04: Version 3

DETAILED SUMMARY

	2003/04 Budget Version 2	2003/04 Budget Version 3	2003/04 Variance	2003/04 Variance	Note
	£	£	£	%	
Income					
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	Ó	4
Renewal fees	4,591,152	4,129,890	(461,262)	(10)	5
International scrutiny fees	639,400	639,400	0	Ó	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
	6,489,280	6,232,466	(256,814)	(4)	

BUDGET 2003-04: Version 3

CODE

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INVESTMENT & OTHER INCOME

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

BUDGET 2003-04: Version 3

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OVERHEAD TOTAL

Code)	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
	Payroll					
	Basic	1,570,614	1,514,594	(56,020)	(4)	
	Overtime	34,600	34,600	0	0	
	National Insurance (Includes Assessors) Pension costs	267,333 247,563	218;955 242;726	(48,378)	(18)	14
	Medical insurance	1,000	1;000	(4,837) 0	(2) 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	
		2,209,810	2,181,075	(28,735)	(1)	
(· · · · · · · · · · · · · · · · · · ·			
\smile	Staff travelling and subsistence					
	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 0	
	Entertaining Conferences	6,575 19,000	6,575 24,000	5,000	26	
	Lecturing	10,000	10:000	3,000 0	20	
	Other travelling and subsistence	0		0	0	
		86,450	87,450	1,000	1	
	Council and committee expenses					
	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	<u>632</u> 6	
		453,388	479,288	25,900	0	
ć	Property services					
	Business rates	9,000	9,000	0	0	
	Water	770	77.70	0	0	
	Electricity	10,000	10,000	0	0	
	Gas	750	7,50	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 Other property costs	24,000 0	55,000 0	31,000 0	129 0	
	Building Refurbishment	600,000	600,000	0	0	
	Property depreciation	26,000	26,000	0	0	
		736,720	7,67,720	31,000	4	

OVERHEAD TOTAL

ode	2003/04 Budget Version 2 £	2003/04 Budget Version 3	2003/04 Variance	2003/04 Variance %	Note
Office services	L	£	£	70	
Printing and stationery	265,000	265,000	0	0	
Photocopying	11,000	1/1,000	0	0	
Microfilming	0	0	0	0	
Postage (Non Communications)	155,000	155,000	0	0	
Telephone	50,000	50,000	Õ	Õ	
Telephone system maintenance	3,200	13,200	Ő	Ő	
Mobile telephone	3,550	3,550	0 0	ů 0	
Fax	1,500	1,500	Õ	Ő	
Couriers	2,000	2,000	Õ	Õ	
Office equipment < £500	25,200	25,200	Ő	Ő	
Office equipment rental	20,200	O State	Õ	Ő	
Office equipment maintenance	ů 0		Õ	Ő	
Catering	12,500	12,500	Õ	õ	
Other office services	8,000	20,000	12,000	150	17
Depreciation of office equipment	46,000	70,000	24,000	52	18
	582,950	618,950	36,000	6	
			,		
Computer services					
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	
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
í.	402,510	612;310	209,800	52	
Communications				(10)	
Advertising	293,000	150,000	(143,000)	(49)	
The Register (Design, Prod, Dist)	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	······································	0	0 (29)	
Registrant Comms & Internal	100,000	62,000	(38,000) 0	(38) 0	
Translations Studente / Craduates	8,000 75,000	8,000 55,000	(20,000)		
Students / Graduates	75,000	0	(20,000) (105,750)	(27) (100)	
Web Site Design	105,750 0	66;150	66,150	(100) 0	
Standards of Proficiency (Design,Prod,Dist)	15,000	15,000	00,150	0	
Welsh Language Scheme	1,214,750	934,150	(280,600)	(23)	13
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OVERHEAD TOTAL

ode و	2003/04 Budget Version 2 £	2003/04 Budget Version 3 £	2003/04 Variance £	2003/04 Variance %	Note
Partners 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 Mediation - Panels	9,800 3,000	9,800 3,000	0	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	Ō	Ō	
JVC Costs	95,864	95,864	0	0	
	1,162,427	1,173,927	11,500	1	
Specific departmental expenses					
Accountancy assistance	0	10	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	
Conferences	0		0	0	
General insurance	32,250 52,500	32,250 52,500	0 0	0	
Legal insurance 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 0	
HPC Processes Reward Data	20,000 5,000	20,000 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	Ō	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	
	965,475	1,306,975	341,500	35	
OVERHEAD TOTAL	7,814,480	8,161,845	347,365	4	

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