

## **Budget Assumptions**

### **2022/23**

#### **1. Staff costs**

Our 2022/23 draft staff costs budget includes the assumptions detailed below.

- We included the following pay increases in line with Scottish Government Pay Policy. The increases apply from 1 April 2022.
  - Pay floor £10.50 per hour
  - £775 for salaries up to £25,000
  - £700 - £25,000 to £40,000
  - £500 - £40,000 or more.
- We assume that all staff not already at the top of their salary scale will perform satisfactorily and will receive an increment. Increases for increments total £78k and the pay award £289k.
- We have included provision for employer pension (17%), national insurance contributions (additional 1.25% £105k) and the apprenticeship levy £44k (0.5% of paybill over £3m).
- We set a vacancy management target of 4% (£567k). This is a reduction to our staff costs budget to account for the time delay when filling posts that become vacant during the year.
- We are currently carrying out a rewards review that includes organisational design, phase 2 of job evaluation and broader rewards. We included a contingency of £51k in the draft budget for increases to pay resulting from the job evaluation exercise, although we won't know any financial implications until the work is complete.

#### **2. Other staff costs**

We pay panel members allowances for holding fitness to practise hearings. Due to the success of opt-in hearings, we reduced the draft budget for 2022/23 by £237k. We also removed the £40k hired agency staff budget.

#### **3. Accommodation costs**

Our office accommodation lease ends in April 2023. We are considering how we will work in the future and the type of accommodation and space we will need.

We know accommodation costs will increase per square metre after the review, but we will need less space than we currently occupy. We have budgeted for 2022/23 accommodation costs at 2021/22 levels as a prudent estimate. We have a provision of £466k for dilapidations. If dilapidation costs are less than the provision, the balance will increase our general reserve. We will have a clearer idea of the cost during the next financial year.

#### **4. Running costs**

We increased our digital systems budgets by £116k to cover day to day running costs, maintenance, licences and some inflationary increases.

#### **5. Income**

Scottish Government funding of £16.035m grant in aid for 2022/23 is the same level as 2021/22.

The registration fee income budget increased by £318k between 2021/22 and 2022/23. We included an assumption of 6% of registration income for write off of registration debt in our running costs budget because we must write off registration debt for registrants removed from the register after their registration anniversary date. We added a corresponding increase (£337k) to our registration income budget.

We increased the modern apprenticeship budget by £100k as the take up of modern apprenticeship opportunities is rising post pandemic.

#### **6. Disbursements**

On behalf of the Scottish Government, we disburse Voluntary Sector Development Funds (VSDF) to voluntary organisations to support their employees to meet their registration training requirements. Scottish Ministers announce this budget during each financial year, so we cannot include the related expenditure and income in our 2022/23 draft budget (2021/22: £900k).

We administer postgraduate bursaries on behalf of Scottish Government. In 2021/22 we budgeted for £213k additional costs associated with the COVID-19 pandemic (carried forward from 2020/21 financial year). We reduced our budget for 2022/23 to normal levels.

We pay practice learning fees to universities to arrange practice placements for students. In 2021/22 we budgeted for £918k extra practice learning fees (carried forward from 2020/21 financial year), due to the impact of the COVID-19 lockdown delaying placements. We reduced our budget to normal levels for 2022/23.

#### **7. Specific grants**

We excluded specific grant funding such as workforce development grant from the 2022/23 draft budget as this is agreed separately with Scottish Government. We received £450k in specific grants in 2021/22 with a further £383k carried forward from 2020/21.

## **8. 2022/23 – budget allocated by outcome**

The analysis of the budget across the strategic outcomes is based on estimates from budget holders of the time staff spend on departmental objectives, as well as the proportion of budgeted expenditure that relates to each activity. This is used to identify the direct cost for each departmental objective. Direct costs are the cost of our 'front line' departments (Regulation, Development and Innovation) activities' relating to each strategic objective.

Indirect costs comprise the cost of our 'supporting' directorates (Finance and Resources, including Shared Services with the Care Inspectorate; Strategy and Performance); as well as corporate expenditure such as accommodation, utilities, Executive Management Team and Council Members.

We base overhead apportionments for human resources, organisational development and time spent supporting staff on departmental staffing levels, whilst we apportion costs that support our business based upon departmental direct costs.

We will continue to refine the allocations for time and cost over the coming year.

## **2023/24 and 2024/25**

### **9. Staff costs**

We applied Public Sector Pay Policy 2022/23 staff cost assumptions to our 2023/24 and 2024/25 indicative budgets. The assumptions are set out in the assumptions for 2022/23 above.

We included provision for employer pensions (17%), National Insurance contributions (including the additional 1.25%) and the apprenticeship levy (0.5% of paybill over £3m).

We assume that all staff not already at the top of their salary scale will perform satisfactorily and will receive an increment.

Our vacancy management target is set at 4%.

Staff costs for 2023/24 and 2024/25 include the full year effect of new permanent posts included in the 2022/23 draft budget and any temporary posts that may continue past 31 March 2023.

### **10. Other costs**

We included accommodation and running costs at similar expenditure levels to 2021/22 and 2022/23. (See 2022/23 assumptions above).

We removed all one-off development project expenditure from the budget for 2023/24, leaving £50k to fund continued development of our Mattersphere and

D365 systems. There is no provision for developments in the 2024/25 indicative budget.

## **11. Income**

Registration fee income is based upon projected annual, renewal and re-registration numbers for the 2023/24 and 2024/25 financial years. We assumed an increase to registration fees from 1 April 2023 for budget purposes, which would increase income by £326k in 2023/24 and £800k in 2024/25 (full year impact). However, there is still consideration around registration fees.

We assume registration fee write offs will remain at 6% of registration income (2023/24: £382k and 2024/25 £416k) and we added a corresponding amount to registration fee income to account for people who are removed from the register after their registration anniversary.

Disbursement income and expenditure assumptions are in line with current expenditure and income levels for 2023/24 and 2024/25. We have not included any inflationary increases to disbursement budgets.