

## **Budget Assumptions**

### **2023/24**

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

Our 2023/24 draft staff costs budget includes the assumptions detailed below.

- The budget assumes that the pay offer approved by Scottish Government for 2022/23 is accepted by staff.
- We have not yet received guidance on Scottish Government Pay Policy for 2023/24 so have applied what we believe to be a realistic increase to apply from 1 April 2023.
- 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 and the 2023/24 pay award are budgeted to total c£600k.
- We have included provision for employer pension (17%), national insurance contributions are at the same level as last year and the apprenticeship levy £44k (0.5% of paybill over £3m). The most recent actuarial valuation of the pension fund was carried out as at 31 March 2020. This set the contribution rate at 17% for 2021/22 to 2023/24. The next valuation of the fund will be carried out based on scheme data as at 31 March 2023.
- We set a vacancy management target of 4% (£402k). 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 paused the rewards review mid 2022 as changes to the pay and grading structure were unaffordable. We agreed to review the position in a year's time and have included six months of a project manager's role and consultancy costs. We won't know financial implications of the review until the work is complete.

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

Following a court of appeal judgement in the case of a NMC panel member, our panel members will have 'worker' status and are entitled to holiday pay and access to a workplace pension. We have increased the budget by £312k to provide for this and an increase in fees.

### **3. Accommodation costs**

Scottish Ministers approved the renewal of a lease for our office accommodation from April 2023. We intend to reduce our office space by 50%, although have reduced the budget from £800k to £524k. We will not know the space we will occupy and cost until the final tenant is confirmed so there is still a risk to budget.

### **4. Running costs**

We increased our digital systems budgets by £68k to cover day to day running costs, maintenance, licences and some inflationary increases of 3%.

### **5. Service Level Agreement – Shared Services**

We have a Service Level Agreement in place for shared services with the Care Inspectorate. The Care Inspectorate recharges us for costs in relation to services eg estate management, and staff. We have assumed 20% increase in energy costs for energy in 2023/24 and broadly the same pay assumptions as SSSC staff.

### **6. Uncertainties**

We have not included any costs arising as a result of the rewards review, the Independent Review of Inspection, Scrutiny and Regulation or the National Care Service as there is still uncertainty in all of these areas.

### **7. Income**

Scottish Government funding of £16.035m grant in aid for 2023/24 is the same level as 2022/23.

The registration fee income budget of £5.902m reduced by £59k from 2022/23. We included an assumption of 6.2% 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 (£366k) to our registration income budget. We have included £2.592m for registration fees to be paid by Scottish Government for registrants working for Local Authorities (around 40% of registrants) as well as £3.310m direct from registrants. Scottish Government haven't yet confirmed whether they will pay fees via grant in aid.

The modern apprenticeship budget remains the same at £240k.

### **8. 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 2023/24 draft budget (2022/23: £900k).

We administer postgraduate bursaries on behalf of Scottish Government (budget £2.655m in 2022/23 and 2023/24).

We pay practice learning fees to universities to arrange practice placements for students (budget £2.352m in 2022/23 and 2023/24).

## **9. Specific grants**

We excluded specific grant funding such as workforce development grant from the 2023/24 draft budget as this is agreed separately with Scottish Government.

## **10. 2023/24 – 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 and Workforce Education and Standards) 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 include the budget by strategic outcomes in the next draft of the budget on 27 March 2023 and will continue to refine the allocations for time and cost over the coming year.

## **2024/25 and 2025/26**

### **11. Staff costs**

We have made the same assumptions on the pay award for 2024/25 and 2025/26 indicative budgets as 2023/24.

We included provision for employer pensions (17%), National Insurance contributions 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 2024/25 and 2025/26 include the full year effect of new permanent posts included in the 2023/24 draft budget and any temporary posts that may continue past 31 March 2024.

## **12. Other costs**

We included accommodation and running costs at similar expenditure levels to 2023/24 (see 2023/24 assumptions above), although we applied 25% inflation to energy costs in 2024/25 and no further increases in 2025/26.

There is minimal digital development included in our budgets for 2024/25 and 2025/26.

We have not included any costs arising as a result of the rewards review, the Independent Review of Inspection, Scrutiny and Regulation or the National Care Service as there is still uncertainty in all of these areas.

## **13. Income**

Registration fee income is based upon projected annual, renewal and re-registration numbers for the 2024/25 and 2025/26 financial years. We have not included any increase to registration fees from 1 April 2024 for budget purposes and assumed that Scottish Government will pay fees for registrants working for Local Authorities. Scottish Government haven't yet confirmed whether they will pay fees via grant in aid.

We assume registration fee write offs will stay the same as 2023/24 at 6.2% of registration income (2024/25: £356k and 2025/26 £355k) and we added a corresponding amount to registration fee income.

Disbursement income and expenditure assumptions are in line with current expenditure and income levels for 2024/25 and 2025/26. We have not included any inflationary increases to disbursement budgets.