

Clear and certain: A new framework for fee-setting

Consultation outcome report

Clear and certain: A new framework for fee-setting Consultation outcome report

Published November 2018

© Copyright General Dental Council 2018

The General Dental Council is a public body created by statute.

This information is licensed under the Open Government Licence v3.0. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence



This publication is available in clear print, large print or audio formats on request.

This publication is available in Welsh and other languages on request.

Any enquiries regarding this publication should be sent to:
General Dental Council, 37 Wimpole Street, London W1G 8DQ

Phone: 020 7167 6000

Fax: 020 7224 3294

Email: information@gdc-uk.org

Web: gdc-uk.org

When you use this information under the Open Government Licence, you should include the following attribution:
Clear and certain: A new framework for fee-setting, Consultation outcome report, GDC, November 2018, licensed under the Open Government Licence www.nationalarchives.gov.uk/doc/open-government-licence

1. Introduction

In January 2017, the General Dental Council (GDC) published [Shifting the balance: a better, fairer system of dental regulation](#)¹ (Shifting the balance), in which we set out our vision for a more proportionate system of regulation, with a clear focus on preventing harm and maintaining public confidence. That publication marked the opening of a debate with registrants, stakeholders and the public on the future of professional regulation in dentistry.

In the discussion document we set out our ambition to work as part of a collaborative system; moving towards a more supportive model based on providing dental professionals with the tools needed to meet and maintain high standards of professionalism. In addition, we undertook to consult as early as possible on the GDC's approach to setting fees.

Our first step in this process has been to develop a proposed new policy on fees and consult upon it with the professions and other stakeholders. Our intentions include:

- Improving how we explain the use of income generated through fees.
- Seeking to bring additional clarity to the fee structure, to ensure that the costs of any particular activity are borne by those most closely associated with that activity, while being as fair and practical as we can.
- Being clear about the cross subsidy which arises when money raised from one group of registrants is used to pay for regulatory activity generated by, or for the benefit of, others - and reducing it where we can.

The consultation document [Clear and certain: A new framework for fee-setting](#)² laid out our policy proposals for establishing fee levels in future. It addressed the following areas:

- Our overall principles in setting fees.
- How we will calculate the overall amount that needs to be raised.
- How we will decide how much different groups and subgroups of registrants should contribute to that amount (essentially 'fee bands').
- How we prioritise allocation of resources.
- What we will consult on, what we do not propose to consult on, and why.
- What we will do in exceptional circumstances.

It is important to emphasise that this consultation was not about the current fee levels themselves. Nevertheless, a proportion of the responses we received focused upon that issue. We do not disregard the feeling that lay behind those responses, but this report focuses upon the policy principles we put out for consultation. We will discuss this further in the responses below.

¹ <https://www.gdc-uk.org/about/what-we-do/shifting-the-balance>

² <https://www.gdc-uk.org/api/files/Consultation-clear-and-certain.pdf>

2. Background

The GDC is the regulator of dental professionals in the UK, and one of nine professional healthcare regulators. The GDC is a statutory body established by the Dentists Act 1984 ('the Act') and has a broad statutory remit.

In common with all other healthcare professional regulators, our overarching objective, added to the Act by the Health and Social Care (Safety and Quality) Act 2015, is the protection of the public, in pursuit of which we must aim to achieve the three following objectives:

- To protect, promote and maintain the health, safety and well-being of the public.
- To promote and maintain public confidence in the regulated professions.
- To promote and maintain proper professional standards and conduct for members of those professions.

Within our legal framework we have a significant degree of discretion in how we achieve those objectives. It provides opportunities for us, in partnership with the professions, to develop an approach to regulation that focuses on promoting a positive vision of professionalism in dentistry. Parliament has also set out four functions (our 'statutory functions') that we must carry out in pursuit of these objectives. They are:

- To maintain a register of dental professionals who are 'fit to practise'.
- To set standards for the dental team.
- To set standards for dental education.
- To investigate allegations of 'impaired fitness to practise' and take appropriate action where necessary.

The Act also gives us a specific power to assist in the resolution of complaints about a registered professional or a corporate body delivering dental services. We currently exercise that power through the Dental Complaints Service (DCS), which assists in the resolution of complaints about privately funded dentistry. The DCS has no remit in respect of complaints about NHS dentistry, which are governed by a statutory scheme, but does provide information and signposting to NHS patients, to assist them in expressing and directing complaints appropriately.

Within our statutory functions and specified powers we have specific duties, but also significant discretion, about how we achieve our objectives. We exercise this discretion in a number of ways. For example, we have stated our intention to increase activity aimed at preventing harm to patients before it occurs, such as promoting high standards of professionalism. We refer to this type of activity as 'upstream' regulation, and it is a key component of the ideas set out in *Shifting the Balance*.

We believe that a more upstream approach to regulation is likely to include improved partnership with the professions and others to promote a vision of professional life that inspires those joining the professions to deliver for patients primarily because they want to, and not because they fear regulatory enforcement action or litigation.

As discussed in *Shifting the balance*, we propose to utilise a broader range of regulatory tools, reducing our need to rely on enforcement action, which may not be the most appropriate mechanism for protecting the public, can be onerous and stressful for the registrant and which is a complex and costly activity. Where risk to patients or public confidence is best managed by restricting a registrant's ability to practise, such investigations must, of course, remain within the regulatory toolkit, as part of a wider set of options enabling a proportionate response to the issue at hand.

Fee levels are, and will continue to be, based on an assessment of all our proposed activity, both obligatory and discretionary, in pursuit of our statutory objectives of protecting patients and ensuring public confidence in dental services.

Our commitment to date has been to consult registrants and stakeholders on our fees only when we are proposing a change. We do not think this offers sufficient opportunity to help shape the GDC's programme of regulatory activity. In future, therefore, as set out in the consultation, we will consult every three years on the high-level objectives and associated expenditure plans that will underpin the annual retention fee (ARF). The consultation documents will be reasoned, costed and clear about the assumptions on which they are based, particularly in relation to efficiency gains.

The consultation documents will be informed by our corporate planning process. The cost of the work programmes necessary to deliver the high-level objectives will represent the overall amount we seek to recover from fees over the three-year period.

We believe basing fee levels on a three-year programme of activity will bring greater certainty to registrants, prospective registrants and the GDC about the likely costs of regulation and income over the period, subject to any action necessary to manage exceptional circumstances (see section 8 of this document). Fluctuations in the GDC's financial position, whether due to variations in cost or income received, which lie within identified parameters will be dealt with by drawing on our reserves.

On 20 February 2018, we published *Clear and certain: A new framework for fee-setting*. The consultation was open for a period of 12 weeks, concluding on 15 May 2018. Stakeholders were able to submit formal written responses and to engage with us on the issues via focused bilateral meetings. Only the British Association of Dental Nurses (BADN) took up that opportunity.

In the consultation we set out the rationale for, and asked specific questions on, the key principles for fee-setting, how we propose to calculate fees in future, and how we propose to distribute the costs among different groups and sub-groups of registrants.

3. Headline analysis of consultation responses

We received 105 responses to the consultation. Ninety-five of these were submitted by individuals, the majority of whom were dentists. Ten were from organisations including the BADN, the British Dental Association (BDA), the Society of British Dental Nurses (SBDN), the Medical and Dental Defence Union of Scotland (MDDUS) and the British Association of Oral & Maxillofacial Surgeons (BAOMS).

Not all respondents answered each question, and not all answers addressed the question that was posed. We have therefore provided, in the analysis of the individual questions, details of the number of respondents and, where a yes/no answer was called for, the breakdown of these.

In general, responses from organisations contained more detail than those from individuals, and this is reflected in the analysis. However, not all organisations answered every question and two organisations provided a short response to the consultation as a whole - the Faculty of Dental Surgery of the Royal College of Physicians and Surgeons of Glasgow (RCPSG) and the BDA Benevolent Fund.

A significant proportion of the responses related to the current fee level, and we recognise the need to ensure transparency in how we calculate the cost of regulation and how we allocate those costs through the fee structure. Indeed, one of the key intentions of the revised policy is to do just that, and this has been welcomed by a large number of the respondents to the consultation, particularly those responding on behalf of an organisation. There was also significant support for the plans to reduce cross subsidy and for allocating costs where they fall, although some respondents, particularly the individual respondents, maintained that there was a case for differentiated fees according to income levels.

4. Core principles of the new framework for fee-setting

We asked for comments on the proposed core principles that we will apply when determining fee levels.

Our proposed principles in setting fees:

Fee levels should be primarily determined by the cost of regulating each registrant group: We will seek to minimise the ways in which registrants fund regulatory activity that is not generated by them by removing, as far as practicable, cross subsidy between different groups. We will do this by allocating costs, as far as possible, where they fall. Where a degree of cross subsidy is necessary, we will explain this through our policy.

The method of calculating fee levels should be clear: We will be open with registrants about how we allocate the income we receive from them and why, and provide sufficient information about cost drivers, giving them the opportunity to contribute to the debate. We will seek to show a clearer link between fee income and regulatory activity.

Supporting certainty for registrants and the workability of the regulatory framework: We need to make sure that decisions on the allocation of costs do not lead to undesirable outcomes in the form of unacceptably high or variable costs for some groups of registrants. For example, in determining whether cross subsidy is necessary or desirable we will need to consider the impact on the volatility of fee levels (i.e. how much small changes in workload would cause the fee to change). This is likely to be of particular relevance to small registrant groups, where distribution of costs among small numbers of registrants has the potential to give rise to significant levels of volatility (and therefore uncertainty) and/or prohibitively high fees.

Question 1: Do you agree that these principles should underpin decision-making with regard to fee-setting for dental professionals?

There were 89 responses to this question.

Forty-three answered yes, including eight of the 10 organisations who responded to the question (the Association of Dental Groups (ADG), the BADN, the British Society of Dental Hygiene and Therapy (BSDHT), the RCPSG, the British Society of Periodontology (BSP), the MDDUS, the BDA Benevolent Fund). The BDA broadly agreed with some aspects but not with others see below.

Thirty-nine answered no, including two of the organisations who responded to the question (the BAOMS and the SBDN).

Seven answered with comments on the current fee level.

Of the 10 organisations that responded to this question, eight were broadly supportive of the proposed principles, particularly in respect of our intention to be open about how we allocate the income we receive and to provide registrants with clear information about cost drivers. The BSP welcomed this open approach, stating that it would go some way toward improving the GDC's relationship with the profession. The BDA agreed that planned, costed activity discussed and agreed in advance with the profession would be helpful in explaining how the fee is used, and this point was echoed by the RCPSG.

There was strong support across the responses for ensuring that the allocation of costs was effective in minimising cross subsidy between different groups of registrants.

The BDA questioned the proposal to consult on a three-year programme of activity, enquiring whether this would provide sufficient scope for debate, and proposed that a form of ‘annual performance review’ should take place in addition. The SBDN acknowledged the efforts made by the GDC to become more cost effective but expressed concerns about the financial impact of the fees on dental nurses. The BAOMS considered that the principles should incorporate different fee levels for part-time workers, those on maternity leave, sick leave or in full-time study. The BAOMS also called for recognition of the position of dentists registered with both the GMC and the GDC.

A significant number of individuals, particularly those who disagreed with the proposed principles, did not offer reasons for their answers, with many focusing on the fee level and the impact of the existing fee on part time workers and those on maternity leave.

Question 2: What, if any, other key matters do you think should affect decision-making on fees? Please explain your rationale.

There were a range of matters highlighted by the 84 respondents to this question.

Looking first at those from organisations, these included setting the fees according to income to consider dental nurses in particular, with the SBDN describing the current system as inappropriate and unfair to the lowest paid groups. The BADN and the BAOMS queried the situation of part time workers and those on maternity leave. The BADN additionally raised concerns that, as the majority of dental care professionals (DCPs) are female and more likely to work part time, this should be reflected in the fee-setting principles. These views were supported by some of the individual respondents who also suggested that hours worked, or periods of absence from work (e.g. through maternity leave), should affect the fee payable.

The BDA made a number of points including the impact of any work the GDC undertakes on the fee levels and called for published evidence for the need of reserves at the level set.

Some individual respondents called for dentists to be divided into hospital/community-based dentists and high street dentists and charged accordingly, arguing that the earning capacity of the latter was considerably higher. Others called for a risk-based approach with a lower fee for lower risk groups of professionals.

In addition, a number of the individual respondents highlighted the GDC’s fee level, compared with those set by other regulators, and also remarked on the cost of the GDC’s fitness to practise process, expressing the view that costly hearings were held for trivial matters. Respondents also questioned why the reduction in complaints received by the GDC had not translated into a reduction of the current fee to 2013 levels.

GDC response:

The consultation responses demonstrated support for the proposed principles. They also demonstrated support for the GDC's proposal to undertake planned, costed activity that would be discussed in advance with the professions in order to provide certainty and clarity for fees.

We are mindful of the comments made by the professional associations. As we move forward with our corporate planning process, we will canvas the views of the professions and other stakeholders to develop a clear model for expressing our planned activity and the associated costs.

We intend that this level of ongoing engagement, in tandem with our evolving data and performance management intelligence, will secure an evidence base for ensuring professionals' confidence in the structures underpinning fees.

We recognise the BDA's point about the need for regular communication of progress in relation to the strategy, and we will address this as part of our continuing communications and engagement programme.

In response to points raised about the reduction in complaints resulting in a corresponding reduction in the fee level, as we have previously explained, there is a significant time lag between a complaint being made to us and the majority of costs in a fitness to practise investigation being incurred. The majority of costs in fitness to practise cases arise in the final stages, which usually takes between 12 and 24 months from referral. That time lag means that it will be the end of 2018 at the earliest before we see the real benefits in terms of costs-reductions from the 2017 drop in cases reported.

Given that we operate a cost-based system of regulation, and that we now propose to set the fee according to our planned programme of work, the fee will be calculated so as to meet the costs of those plans, the high-level objectives of which will be consulted upon every three years.

Some respondents took the opportunity in question two to express that fee-setting should acknowledge differing incomes/hours worked/settings/risk profile across registrants. Question 10 of the consultation addresses income-related fee setting and we have consolidated all responses about this issue at that stage of this report.

5. Managing cross subsidy: First registration

This section described the way in which cross subsidy arises in the registration process and the GDC's proposals to eliminate this at the registration stage by introducing a non-refundable application fee, payable by all applicants.

The consultation explained that there are a number of ways in which cross subsidy can occur. One form of cross subsidy currently occurs on first registration, where unsuccessful applicants to the register are effectively subsidised by successful applicants, because we do not currently separately charge applicants for the effort incurred in processing an application. Currently, approximately 20% of applications to the register do not result in the applicant being registered, with some individuals making several unsuccessful applications. The cost of this work is borne by the GDC, using fee income from registrants. Not only does this create a cross subsidy, it also fosters an environment in which there is no disincentive to serially unsuccessful applicants who are unlikely ever to be registered in the UK.

Question 3: Do you agree that the cross subsidy between successful and unsuccessful applicants to the register should be eliminated?

There were 83 responses to this question.

Sixty-five respondents answered yes, including seven of the eight organisations who responded to the question (the BDA, the ADG, the BAOMS, the BSP, the BADN, the MDDUS and the BSDHT).

Twelve responded no.

Six of the respondents, including the SBDN, did not provide a clear indication of their answer to the question posed in the consultation. In responding, the SBDN expressed concern about the impact of any further fees on dental nurses.

Question 4: Do you agree that the levying of a fee per application is an effective way of doing this?

There were 81 responses to this question.

Fifty-nine respondents answered yes, including seven of the eight organisations who responded to the question (the ADG, the BADN, the BSDHT, the BAOMS, the MDDUS, the RCPSG and the BDA).

Eighteen responded no.

Four of the respondents did not provide a clear indication of their answer to the question posed in the consultation.

There was strong support from both individual respondents and those responding for organisations for the elimination of cross subsidy between successful and unsuccessful applicants to the register. There was also agreement that an application fee was an effective way of achieving this. The BDA offered

cautious support, emphasising that the proposed fee should be proportionate, taking into account that applicants were unlikely to be working at the point of registration. The SBDN, although in agreement with the proposed fee, considered that costs should be in proportion to potential earning capacity.

The responses which were unsupportive of the proposals were from individuals who largely focused on the ARF level and expressed concerns about the existence, and level, of any new fee.

Question 5: What do you see as the advantages and disadvantages of such an approach?

There were 67 responses to this question and a number of positive comments on the proposed approach to the application fee, from both organisations and individuals. Looking first at the responses from organisations, the ADG suggested that the GDC should compile and share common errors leading to rejected applications to facilitate an improved standard of application. The BADN, the BDA and the BSP considered that a fee would be fairer for all registrants and would serve to improve the standard of applications. Additionally, the BDA, although broadly in agreement with the approach, suggested that an indication of the registration fee level would have been helpful.

Many of the individual respondents echoed the point made by some of the organisations in relation to the quality of applications. A minority of individual respondents expressed concerns about the approach stating that a fee could present a barrier to entry to the profession.

GDC response

We welcome the endorsement of the proposed approach to eliminating this form of cross subsidy. In light of that support, we have commenced work to develop an implementation timetable for the application fee and will provide more information on this, and the level of the new fee, in due course.

Our intention is to engage with professionals across the UK as we develop our approach to the costed corporate plan so that these principles can be embedded in the fees we set across the three-year period.

This engagement will be of particular significance in the short-to-medium term as the GDC begins to see any impact from the United Kingdom leaving the European Union and, specifically, how it may affect the profile of applicants to our registers.

6. Applications requiring greater scrutiny

The consultation described a further way in which cross subsidy arises on first registration, related to the level of effort required to assess and process different types of application, and the cost that this incurs. As described above, the cost of processing applications is borne by all registrants. Some applications, particularly from individuals outside the UK/EU, require a considerably higher degree of scrutiny, and the cost of processing these applications, whether successful or not, is therefore higher. That cross subsidy could be reduced or eliminated by implementing a model which sets different fees for different applicant groups, depending largely on their route to registration.

In the consultation it was proposed that we would develop a framework of non-refundable assessment fees for applications which require a greater level of scrutiny.

Question 6: Do you agree that the cross subsidy resulting from the difference in processing costs of the various routes to registration should be addressed?

There were 78 responses to this question.

Fifty-three respondents answered yes, and this included all of the organisations who responded to the question (the ADG, the BADN, the BAOMS, the BSP, the MDDUS, the BDA and the SBDN). Fifteen responded no.

Ten of the respondents said they were unsure or did not provide a clear indication of their answer to the question.

Question 7: Do you agree that the introduction of an assessment fee for certain types of application is an effective way of doing this?

There were 79 responses to this question.

Forty-nine respondents answered yes, including four of the eight organisations that responded (the ADG, the BSP, the BAOMS, and the MDDUS). Twenty-one respondents, including the BADN, answered no.

Nine respondents, including the BDA, were uncertain.

Question 8: What do you see as the advantages and disadvantages of this approach?

There were 55 responses to this question.

Again, a majority of respondents, both individuals and organisations, supported addressing the cross subsidy resulting from the difference in costs of the various routes to registration by introducing an assessment fee. The SBDN considered that the process needed to be considerably more robust and that a level of mentoring was needed to support registrants in completing their applications.

In terms of the advantages and disadvantages, the BDA cautioned that the fee could prove a potential disincentive for EEA nationals applying to the register which could have workforce implications. This point was echoed by some individual respondents. The BADN questioned the GDC's willingness to apply different fees for certain types of applications whilst at the same time not applying a similar principle to the retention fee to address the lower salaries of dental nurses.

GDC response

We welcome the support for this proposal.

Again, our intention is to engage with professionals and providers across the UK as we develop our approach to corporate planning, so that these principles can be embedded in the fees we set across the three-year period. As with the application fee, we have commenced work to develop an implementation timetable for the assessment fee, and will provide more information on this, and the levels of the new fee, in due course.

In addition to the short-to-medium term question about the impact of the UK leaving the EU and how it may affect the profile of applicants to our registers, there is also a question as to whether or not the terms of that exit may fundamentally alter the routes to registration available to individuals.

We are working with a range of interested parties to understand these issues and will ensure our responses to EU-exit outcomes form part of our ongoing engagement around fee-setting with the professions, bearing in mind the concerns raised in relation to disincentives and the implications for the dental workforce. The GDC is clear, however, that its statutory powers and responsibilities do not extend to securing supply of dental workforce. While it is important to understand whether fees represent a barrier to entry, UK registrants currently subsidise the costs of overseas applications.

In relation to determining different fee levels according to types of application as opposed to income, this reflects the cost of processing the application and is therefore consistent with a cost-based system of fee-setting, such as that currently operated by the GDC. A fee-setting framework which incorporates reductions in fee levels according to income would be a departure from a cost-based system and would involve increased, rather than reduced, cross subsidy.

7. Attributing costs: Enforcement activity

In this section, the consultation explained that the effort, and therefore cost incurred as a result, of enforcement activity is not attributable equally across the registers. The financial information provided on page 13 of the consultation showed that prosecutions and hearings accounted for more than 40% of the GDC's total costs. The majority of these costs are generated, and therefore funded, by dentists. In developing the financial analysis, and the policy that emerges from it, we gave detailed consideration to the question of whether the current two-band system, with one fee for dentists, and another for DCPs, is still the best model. In doing so, we explored the implications of dividing the registers differently, for example by individual title, or groups of titles.

Question 9: Do you agree that we should maintain the current two-band fee structure for fee setting?

There were 81 responses to this question.

Thirty-five answered yes, including five of the nine organisations who responded to the question (the BAOMS, the BSP, the RCPSPG, the MDDUS and the BDA).

Thirty-six answered no, including four of the nine organisations who responded to the question (the SBDN, the BADN, the ADG, and the BSDHT).

Ten indicated they were unsure or didn't know.

The figures above illustrate that respondents were divided fairly equally in their answers to this question. The main reason cited for changing the two-band system was the income levels of DCPs compared to dentists. This was reflected in the responses from organisations as well as the individuals.

There were also calls to focus on the relative risks posed by different types of DCPs, for example hygienists and therapists who were involved with patients more directly than nurses or dental technicians, irrespective of the volume of complaints they might receive.

The BADN and the SBDN called for a three-tier system which would separate out higher earning DCPs, for example hygienists and therapists, from lower earning DCPs, such as dental nurses and dental technicians.

The BDA considered that the increased use of direct access by certain DCP groups could result in greater complaints being raised against these groups over time and expected that this would be reflected in the fees levied in due course.

Some individual respondents called for higher fees for those who were subject to fitness to practise proceedings and some took the opportunity to question the GDC's presence in London, calling for a move to more cost-effective premises.

GDC response

In response to the comments about direct access and the relative risk inherent in the different professions, as stated above, and in common with several other regulators, the GDC operates a cost-based model for setting fees, which focuses on costs generated by groups of registrants. In the absence of a clear consensus across the profession on real (as opposed to theoretical) risk associated with individual groups, and of meaningful data on which to base such a consideration, a cost-based model remains the most pragmatic basis on which to apportion fees.

Requiring individuals who were subject to fitness to practise proceedings to bear the costs of that via a higher fee is not a viable proposal for reasons which we have explained previously, namely that it would give the process an unjustifiably punitive character and is, in any event, unlikely to be viable in practical terms.

We recognise that we are at risk of differing from a proportion of our registrant base in this area and, as a result, we commit to maintaining a high level of stakeholder engagement to explain our approach and its merits and demerits for dental professionals.

8. Varying the fee according to income, hours worked, etc.

This section of the consultation explained that, as a matter of organisational policy, the GDC chose to adopt a fee structure based on effort expended and not on the income or other circumstances of dental professionals. It set out the reasons for pursuing this policy, including the lack of clear demand across the professions to introduce a cross subsidy of this nature, and the fact that the introduction of such systems would carry with them the cost of compliance, which would then also be borne by those on the register.

Question 10: Are the reasons for not introducing mechanisms to vary the fee according to income, hours worked, etc. sufficiently clear?

There were 84 responses to this question.

Thirty-one answered yes, including four of the nine organisations who responded to the question (the MDDUS, the BSP, the ADG and the RCPSG).

Forty-one answered no, including five of the nine organisations who responded to the question (the BADN, the SBDN, the BSDHT, the BAOMS and the BDA).

Twelve respondents did not provide a clear answer to the question or said they didn't know.

Most respondents who addressed the question considered that the principle merited further debate and called for fees to be varied for part-time workers in particular. This included organisations, principally those that represented DCPs.

The BDA raised the issue of a non-practising register for retired registrants in this section, putting forward the view that retired registrants are in a position to support colleagues through mentoring or peer review arrangements and requested an opportunity to discuss this aspect further with the GDC.

GDC response

We recognise, based on the responses to this section of the consultation, that there is more work to be done in developing the rationale for our approach and testing its acceptance with stakeholders, although there was no obvious or unanimous demand across registrant groups to use the fee structure as a method of redistributing income in the way that fee reductions based on income or hours worked would require.

We understand the appeal of the argument. However, as indicated above, we operate a model for charging fees based on the cost of regulation, not individuals' income. Indeed, the complexity that would arise from a fee system based on income would not only introduce a greater degree of cross subsidy, it would also likely increase costs significantly overall, due to the required introduction of means testing, compliance and enforcement mechanisms that would need to come with it.

Therefore, we plan to maintain a cost-based model. Within such a model, a coherent framework for attributing costs is needed, and we believe the best way to achieve this is to attribute the costs of regulation to the registrant group which generates them, while giving appropriate consideration to practical factors such as fee volatility. We acknowledge, however, that there may be room for some development in our approach, for example, in relation to payment of pro-rata fees for those who restore their name to the register following a break from practice. This may be particularly relevant to those registrants who experience periods of ill health or who take a break from their practise due to caring responsibilities, and we will carry out the necessary work to explore this when setting fees under the new policy.

In relation to non-practising registers, we would, as ever, be very open to meeting with the BDA and other stakeholders to discuss the potential role of retired professionals in supporting colleagues through mentoring or peer review arrangements, and how this could be facilitated. We acknowledge that there is a pool of resource and knowledge potentially available and look forward to learning more about the scope for development that the BDA has identified. We will work with all the professional associations to identify, where possible, proportionate means of realising this potential for the sector.

9. Paying fees by instalment

This section of the consultation explained our rationale for not introducing a facility for registrants to pay fees by instalments. In it we explained the legal and practical difficulties in introducing and operating such a system.

Question 11: Are the reasons for not introducing mechanisms to reduce the burden of paying fees for certain groups sufficiently clear?

There were 85 responses to this question.

Thirty-one answered yes, including four of the eight organisations who responded to the question.

Forty-five answered no, including four of the eight organisations who responded to the question.

Nine were uncertain.

Question 12: What, if any, other key matters do you think should affect decision-making on introducing a system for paying by instalments? Please explain your rationale.

There were 57 responses to this question. The BDA indicated that its members strongly supported payments by instalments because of the size of the fee, and this was echoed by a significant number of individual respondents.

In terms of other matters that should affect the GDC's decision making in this regard, the BDA cited the impact of the fee on new entrants to the register, maintaining that payment by instalments would ease the burden for newly qualified dentists who have to pay twice within a six-month timeframe. The SBDN argued that the cost of the ARF, in addition to indemnity fees and CPD costs, was particularly burdensome for registrants on lower incomes. The BDA Benevolent Fund called for a pro-rata fee to support dentists wishing to return to dentistry who were, in many cases, already facing financial pressures. Others, principally the individual respondents, cited the timing of the collection of the fee, remarking that the proximity to Christmas was particularly challenging for dentists, with suggestions for collection earlier in the year.

However, other respondents, notably the ADG, considered that payment by instalments could introduce an element of risk if registrants missed an instalment, thus becoming unregistered during the year. The MDDUS made a similar point and considered that monitoring payments by instalments could be resource-intensive for the GDC.

GDC response

We recognise, based on the responses to this section of the consultation, that our explanation of our approach to collecting fees has not been sufficiently clear to all registrants. We also acknowledge that the introduction of a system enabling payment by instalments has the potential to have a significant positive impact on registrants.

In light of that, and in response to the calls we have faced to introduce such a facility, we have explored ways in which our legislation might permit us to do so. As we have stated previously when discussing this matter, the GDC is bound by its legislation in relation to the way it operates. That legal framework includes provision as to how we may collect payment for registration and retention on the register, and the requirement is expressed differently for dentists and DCPs.

Previous legal advice provided to us on this matter suggested that the introduction of a facility to pay by instalments would require either a change to the legislation itself (for dentists), or the development of complex operational arrangements, involving a financial services partner, to fulfil the legal requirements. We therefore concluded that this was not feasible, as it would add considerable cost to the fee collection system, which would have to be passed on to registrants.

However, further examination of the legislative provisions, taken together with the interpretation of similar provisions by other regulators, has indicated that the legal position is more ambiguous than was previously thought.

Further detailed exploration of this issue will be necessary but will involve analysis of the legal, financial and operational constraints, including establishing the cost of introducing a mechanism, how that cost should be distributed, and the arrangements that would need to be in place in the event of missed payments.

In the meantime, we note that there are potential roles for others in assisting registrants with the payment of fees, either by bearing the cost, as some employers currently do, or through provision of interest-free or low interest annual loans, which might be offered by employers or professional associations.

10. Equality, diversity and inclusion considerations

The proposed policy will apply to all registrants, irrespective of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, religion or belief, sex/gender, sexual orientation or race. We recognise that equal application of the policy to all those with protected characteristics does not mean that there will be no differential impacts as a result of the proposed policy. Consultation, however, is an important element of undertaking a full equality impact assessment. We have taken account of the responses to the consultation as part of our continuing duties in respect of equality and diversity and to inform the subsequent implementation of the policy.

Question 13: Are there any aspects of the proposed policy and our approach to charging fees that you believe are likely to have a differential impact on certain groups of registrants? If so, please explain this impact and how you think this could be addressed.

There were 11 responses to this question. The majority of these were from organisations who considered the policy would have a differential impact on women - these points were strongly made by the BADN and the SBDN. In addition to women, respondents considered that older and part-time registrants as well as those who were on long term sick leave would be negatively impacted by the policy.

GDC response

We are grateful for the comments received and have completed and published an Equality Impact Assessment (EIA). The EIA recognises the impact of the policy on women due to pregnancy and maternity leave and who are likely to work part-time. In addition, it also recognises the impact on older registrants who are also more likely to work part-time.

The consultation document explained the rationale for retaining a fee structure based on cost/effort expended until and unless there is clear and unequivocal support for varying the fee according to the circumstances of dental professionals.

Nevertheless, we will consider the introduction of pro-rata fees for those who restore to the register after a break from practice as part of the fee-setting exercise.

11. Organisations that responded to the consultation

- Association of Dental Groups (ADG).
- BDA Benevolent Fund.
- British Association of Dental Nurses (BADN).
- British Association of Oral and Maxillofacial Surgeons (BAOMS).
- British Dental Association (BDA).
- British Society of Dental Hygiene and Therapy (BSDHT).
- British Society of Periodontology (BSP).
- Faculty of Dental Surgery of the Royal College of Physicians and Surgeons of Glasgow (RCPSG).
- Medical and Dental Defence Union of Scotland (MDDUS).
- Society of British Dental Nurses (SBDN).

Appendix 1. GDC fee setting policy

Key principles

The system of professional regulation in dentistry is, and will continue to be, funded almost entirely from fees paid by registrants. We have a duty to our registrants **to minimise the burden on them by seeking efficiencies wherever possible**. We will incorporate and adhere to the following principles:

Fee levels should be primarily determined by the cost of regulating each registrant group: We will seek to minimise the ways in which registrants fund regulatory activity that is not generated by them by removing, as far as practicable, cross subsidy between different groups. We will do this by allocating costs, as far as possible, where they fall. Where a degree of cross subsidy is necessary, we will explain this through our policy.

The method of calculating fee levels should be clear: We will be open with registrants about how we allocate the income we receive from them and why, and provide sufficient information about cost drivers, giving them the opportunity to contribute to the debate. We will seek to show a clearer link between fee income and regulatory activity.

Supporting certainty for registrants and the workability of the regulatory framework: We need to make sure that decisions on the allocation of costs do not lead to undesirable outcomes in the form of unacceptably high or variable costs for some groups of registrants. For example, in determining whether cross subsidy is necessary or desirable we will need to consider the impact on the volatility of fee levels (i.e. how much small changes in workload would cause the fee to change). This is likely to be of particular relevance to small registrant groups, where distribution of costs among small numbers of registrants has the potential to give rise to significant levels of volatility (and therefore uncertainty) and/or prohibitively high fees.

How we calculate the amount that needs to be raised

Parliament has set out the GDC's statutory objectives in the Dentists Act 1984 (as amended).

Our overarching objective, in common with all other healthcare professional regulators, is the protection of the public, in pursuit of which we must pursue the three following objectives:

- To protect, promote and maintain the health, safety and well-being of the public.
- To promote and maintain public confidence in the regulated professions.
- To promote and maintain proper professional standards and conduct for members of those professions.

Parliament has also set out four functions (our 'statutory functions') that we must carry out in pursuit of these objectives. They are:

- To maintain a register of dental professionals who are 'fit to practise.'
- To set standards for the dental team.
- To set standards for dental education.
- To investigate allegations of 'impaired fitness to practise' and take appropriate action where necessary.

However, the law leaves us with considerable discretion as to other activities that we may elect to carry out in pursuance of the objectives. For example, we invest significantly in engaging with the profession and other stakeholders; we investigate and prosecute illegal practice; and we run a resolution service for complaints about private dental care.

We will pursue activity that is designed to:

- improve public protection, including through measures designed to prevent harm from occurring
- reduce the burdens of the regulatory system on registrants and make it fairer
- reduce the costs of regulation.

We will publish, maintain and update a rolling three-year corporate plan, which will be costed at programme/function level, and will outline clear objectives. The plan will set out:

- how we will deliver the obligatory functions that we must carry out
- how we will use the discretion we have to fulfil our broad statutory objectives.

The plan will be accompanied by key assumptions, including those relating to our own efficiency gains and will set out the amount we seek to recover from fees over a three-year period.

In formulating the corporate plan, we will take full account of the impact of fees on registrants.

Every three years we will therefore invite views on the strategic priorities and overall resourcing of our corporate plan before approving it.

How we distribute the costs among different groups and subgroups of registrants

In distributing the costs among different groups and subgroups of registrants we will use the principles set out above to operate a system in which:

- costs will be allocated as far as possible where they fall. We will set out in our corporate plan, where possible, the share of the costs for each item for each registrant group
- we will seek to avoid cross subsidy between different groups and sub-groups of registrants. Where we consider a degree of cross subsidy to be necessary we will draw attention to it and explain the rationale
- where we implement measures that would increase the cost of administering a fee we will do so based on a rigorous analysis of the legal, financial and operational constraints, and will determine and allocate those costs in line with the key principles underpinning this policy.

How we prioritise allocation of resources

We deploy all our resources to meet our statutory objectives of protecting patients and ensuring public confidence in dental services. In meeting that principle we will prioritise our resources as follows:

- 1 Ensuring the financial viability of the organisation: this means that we will ensure that we have appropriate cash flow and reserves, in line with the relevant policies and procedures, to operate the GDC as a going concern and to reduce the need for exceptional changes to the fees. We will benchmark the main financial parameters against a range of appropriate comparators.

- 2 Complying with our legal and other obligations, including meeting the Professional Standards Authority standards of good regulation.
- 3 Investing in measures designed to improve public protection, including preventative measures, with a view to reducing, where we can, the costs and burden of enforcement action.

After meeting these priorities, if we are confident that we can reduce fees while delivering our statutory objectives, we will do so.

What we consult on, what we do not consult on, and why

- We will consult every three years on the high-level objectives and associated expenditure plans which will underpin the annual retention fee. The consultation documents will be reasoned, costed and clear about the assumptions on which they are based, particularly in relation to efficiency gains.
- We will consult on our proposals for distributing the costs of achieving the objectives among different groups and subgroups of registrants, including on any proposed cross subsidy, and any steps that might be taken to minimise the impact on those groups and subgroups.
- While we will provide information on how our distribution plans affect fees payable by different groups and subgroups of registrant, we will not consult on the level of the fees. Nor will we consult on a detailed annual operational budget, although information about the budget will be made public as part of the Council's budget setting process. This is for two reasons:
 - 1 The costs of regulation are influenced by a wide range of factors that go considerably beyond the GDC's detailed annual budget.
 - 2 Consulting on a detailed annual budget introduces severe constraints on the GDC's ability to manage resources efficiently and effectively.

Exceptional circumstances

Over any three-year period, we will seek to use reserves to smooth any in-year changes in cost. However, in exceptional circumstances we may need to increase fees to pay for significant unforeseen costs. We will not consult on such increases, although we will be clear about the reasons for them and will provide as much advance warning as possible about potential risks.

General Dental Council

37 Wimpole Street, London W1G 8DQ

Phone: 020 7167 6000

Fax: 020 7224 3294

Email: information@gdc-uk.org

Web: gdc-uk.org