

Registration Fees Implementation Programme: Implementation of Fees Model

<p>Purpose of paper</p>	<p>This paper provides an overview of work carried out to develop a fees model including a detailed breakdown of application and assessment fees structure to inform and support Council decision on the approach implementation of registration fees on 2 January 2020.</p>
<p>Action</p>	<p>For decision</p>
<p>Corporate Strategy 2016-19</p>	<p>Corporate Strategy 2016 – 2019 02 To improve our performance across all our functions so that we are highly effective as a regulator</p> <p>Costed Corporate Plan 2019 – 2021 02 To improve our management of resources so that we become a more efficient regulator</p> <p>Corporate Strategy 2020 – 2022 01 Operate a regulatory system which protects patients and is fair to registrants, while being cost-effective and proportionate; which begins with education, supports career-long learning, promotes high standards of care and professional conduct and is developed in the light of emerging evidence and experience. 05 Continue to develop an outcome-focused, high-performing and sustainable organisation</p> <p>Alignment to SPF – Corporate Strategy 2020-2022 Alignment to SPF – Costed Corporate Plan 2020-2022</p>
<p>Decision Trail</p>	<ul style="list-style-type: none"> i. Fees policy effective from 1 January 2019 ii. Fees implementation project initiated Q1 2019 iii. Update to FPC on implementation plans 21 May 2019 iv. Update to FPC on implementation plans 17 July 2019 v. Review of Fees Model at SLT Workshop 12 Aug 2019 vi. Review and endorsement of Fees Model at SLT Meeting 3 Sep 2019 vii. Review and endorsement of Fees Model at FPC Meeting 10 Sep 2019 viii. Review of Fees Model at Special Council 11 Sep 2019

Next stage	This paper seeks approval of the proposed model for registration fees implementation from the Council at its meeting on 3 October 2019.
Recommendations	The Council are asked to formally approve the registration model and specified fee levels (introducing application and assessment fees) for implementation on 2 January 2020.
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Appendices	<p>Appendix 1: Fees model slide-deck (v03/09/2019)</p> <p>Appendix 2: Registration Fees Implementation Equality Impact Assessment September 2019</p>

1. Executive summary

- 1.1. This paper sets out our approach to registration fees, including an overview of work carried out to develop a fees model that introduces application and assessment fees. Supplementary information within the slide-deck (appendix 1) explains the journey of building the fees model and provides visibility of each of its components, as well as detailed breakdown of fees structures and calculations.
- 1.2. The contents of this paper (including appendices) references the alignment to GDC fees policy (following a change to fees policy, effective from 1 January 2019). There are a number of elements of the new policy which have required changes to the way the GDC operates, most particularly the introduction of the new application and assessment fees.
- 1.3. This work has been developed and sponsored by the Fees Implementation Programme Board and was formally reviewed and recommended by the SLT board on 3 September 2019. FPC has also formally reviewed and endorsed this work on 10 September 2019 with an update provided to Council on 11 September 2019

2. Background (see appendix 1, slides 3 to 4)

- 2.1. Early work on registration scrutiny fees was presented to Council in 2016, when four indicative models for a potential approach to fee charging were reviewed.
- 2.2. GDC Fees Policy was developed through 2018 and came into effect from 1 January 2019 which included principles to guide the setting of registration scrutiny fees.

- 2.3. During Q2 2019, the Strategic Planning Framework set 2 January 2020 as the implementation date for the introduction of new fees (application and assessment fees).
- 2.4. This work has evolved significantly to establish a policy compliant fees model since Registration Fees Implementation Programme Board was formed in June 2019. Programme board sponsorship and management has progressed this work through several discretionary management decisions.
- 2.5. The assurance process has included formal review and discussion in monthly programme board meetings, as well as formal governance meetings; SLT workshop of 12 Aug 2019, SLT board meeting of 3 Sep 2019; FPC board meeting of 10 Sep 2019 and Council meeting of 11 Sep 2019. Ongoing feedback and recommendations have led to an FPC endorsed fees model.

3. Structuring the fees model (see annex 1, slides 5 to 22)

3.1. Consideration of fees policy

- 3.1.1. This work is underpinned by and seeks to align with three core principles set out in the GDC fees policy and an additional six key points that were recognised and addressed within the post-consultation outcome report.
- 3.1.2. The fees policy adopted by Council and supplementary internal legal advice on its application has been at the core of the work to develop the fees options presented within this paper, and alignment of these models to the policy has been a primary focus of our work.
- 3.1.3. The three core principles within the GDC fees policy are;
 - Principle 1: Fee levels should be primarily determined by the cost of regulating each registrant group
 - Principle 2: The method of calculating fee levels should be clear
 - Principle 3: Supporting certainty for registrants and the workability of the regulatory framework
- 3.1.4. The six key points from the GDC consultation outcome report are;
 - Key Point 1: A cost-based system of regulation, setting fees according to planned programme of work, therefore fees to be calculated to meet the costs of those plans
 - Key Point 2: Fee per application is an effective way to eliminate cross-subsidy between successful and non-successful applications
 - Key Point 3: Introduction of an assessment fee for applications that require a considerably higher degree of scrutiny (as the cost of processing these applications is higher)
 - Key Point 4: Cross-subsidy could be reduced by implementing a model which sets different fees for different applicant groups (depending on route to registration)
 - Key Point 5: UK registrants currently subsidise the costs of overseas applications; however, due consideration must be given to the need not to create barriers to free-movement within EEA (higher fees for EEA/non-EEA applicants could potentially be a disincentive for those nationals applying to the register)
 - Key Point 6: To consider the introduction of pro-rata fees for those who restore their name to the register following a break from practice (particularly relevant to those registrants with unforeseen and/or exceptional circumstances)

3.2. Discretionary Decisions

The Fees Implementation Programme Board has used their discretion where necessary to make several decisions to allow fees structuring and calculations to progress without undue delay; aligning the fees model as practicably as possible with as many of the fees policy principles and key points. An overview of key decisions is provided below;

- (i) Some applicant routes have been excluded from fees implementation on the basis of legal advice indicating that the risk of challenge would be high if we were to charge fees in connection with an application for registration.
- (ii) Through the work of the fees programme we have discovered gaps where we do not currently collect activity measurement data, and therefore the programme board has not been able to make certain evidence-based decisions. Where programme board felt that inclusion of such activity would only impact fees slightly, these activities were excluded from fees calculations.

It has been suggested that these activities are monitored and captured to then be further explored at a later stage when fees are revised in line with the review of the costed corporate plan.

- (iii) There are additional costs related to processing applications from certain applicant groups, specifically those that have declared health conditions and/or criminal convictions. A decision has been made to exclude these costs of additional processing from new fees, for reasons (a) because the number of such applicants is very small and the impact on the registration fee when shared across all applicants would be negligible, and (b) in our conscientious approach to promote equality of opportunity.
- (iv) For planning purposes, we have used 2018 as a base measure for applicant volume data.
- (v) Whilst seeking alignment to fees policy through the work of this programme, the programme board excluded alternative approaches to fees models that (a) demonstrated weak alignment to the revised fees policy (b) were based on theoretical and/or inaccurate data (c) were not modelled on current GDC costs and corporate planning (d) were regarded legally as potentially disproportionate in terms of the level of cost they sought to recover and (e) were not based on costs that are directly attributable to processing and assessing applications.

3.3. Development of the fees model

3.3.1. The expended effort (staff resource and time) to process and assess applications has been used as base data to calculate exact costs of registration activity. Processing has been categorised into three main areas of relevant activity;

- (i) UK Registration Team
Applicant routes assessed by this team; DCP UK Application, Dentist UK Application and DCP Additional Titles.

Processing these applications requires an average overall time of 30mins. They do not require complex assessment or panel activity.

- (ii) DCP Casework Team
Applicant routes assessed by this team; EEA DCP Assessment Application, Non-EEA DCP Assessment Application, EEA DCP Assessment Additional Titles, Non-EEA DCP Assessment Additional Titles and Temporary Dentist Registration Applications.

Processing these applications requires an average time of between 1hr 15mins to 3hrs 30mins depending on application, which includes for some routes, panel costs including reading time.

(iii) Dentist Casework Team

Applicant routes assessed by this team; Dentist EEA Application, Dentist Overseas Application and Dentist Assessment Applications.

Processing these applications requires an average time of between 1hr to 4hrs depending on application, which includes for some routes, panel costs including reading time.

3.3.2. In line with the fee policy principles, the basic cost of an application has been separated from the additional costs of assessment. All models considered have been developed on this basis of charging separate fees for applications and assessments.

3.3.3. UK applicant routes (processed by the UK Registration Team in 3.3.1) have been deemed as the baseline for processing applications, and therefore, 30 minutes has been set as the minimum expended effort initially required to process an application.

Any complex assessment and/or panel costs including reading time that are beyond the initial application processing of 30 minutes would then introduce the need for an assessment fee for those specific applicant routes.

3.3.4. There are two components that make up both the application and the assessment fee, summarised below:

(iv) Application fee:

- 1) Staff resource and time that is directly related to application processing activity
- 2) Staff resource and time that is related to associated registration activity

(v) Assessment fee:

- 1) Staff resource and time that is directly associated to assessing applications (post-initial application processing activity which is contained within the application fee)
- 2) Staff resource and time that is directly associated with the costs of panels (for those applicant routes that panel costs are relevant to)

3.3.5. Components 1 and 2 are elemental components where costs are computed purely based on processing time and associated activity, these components are essential to the fees model.

3.3.6. The building of components 1 and 2 within the application fee leads to two distinct application fees (a fee for applicant routes assessed by the UK registration team and a fee for applicant routes assessed by the two casework teams).

A blended rate for application fees has been derived by calculating the total income achieved from charging the two variable application fees to the individual registrant groups, then averaging this cost across the total number of registrant applicants.

3.3.7. It is important to note, that additional information has been added to the table to demonstrate the impact of these fee levels to numbers of applicants as a percentage of total applicants (in 2018). The percentages add up to 81.5% (not 100%) due to a number of out of scope routes that make up the remaining 18.5% of total applicant numbers. It is also important to note that 65% of total applicants are UK applicants (in context of the model and the included applicant routes, UK applicants constitute 80% of total applicants we are considering implementing new fees for).

3.4. The proposed fees model:

REGISTRATION APPLICANT CATEGORY	APPLICATION FEES (WITH NO OVERHEADS CONTRIBUTION)				ASSESSMENT FEES (WITH NO OVERHEADS CONTRIBUTION)			TOTAL FEES	IMPACT
	Part 1 DIRECT REG PROCESSING	Part 2 ASSOCIATED REG ACTIVITY	TOTAL Application Fee	APPLICATION FEE BLENDED RATE	Part 1 COMPLEX ASSESSMENT	Part 2 ASSESSMENT PANEL COSTS	TOTAL Assessment Fee	APPLICATION FEE (BLENDED) + ASSESSMENT FEE	% Applicants 2018
1 UK Reg Dentist	£7.86	£14.62	£22.48	£22.95	£0.00	£0.00	£0.00	£22.95	11.0%
2 Dentist Assessment Application	£7.86	£17.01	£24.87		£459.56	£202.83	£662.38	£685.34	2.0%
3 Dentist EEA Application	£7.86	£17.01	£24.87		£65.65	£0.00	£65.65	£88.61	4.5%
4 Dentist Overseas Application	£7.86	£17.01	£24.87		£65.65	£0.00	£65.65	£88.61	4.5%
5 UK Reg DCP	£7.86	£14.62	£22.48		£0.00	£0.00	£0.00	£22.95	51.0%
6 EEA DCP Assessment Application	£7.86	£17.01	£24.87		£317.10	£189.11	£506.21	£529.16	2.0%
7 Non-EEA DCP Assessment Application	£7.86	£17.01	£24.87		£317.10	£189.11	£506.21	£529.16	2.0%
8 Temporary Dentist Registration Application	£7.86	£17.01	£24.87		£79.27	£0.00	£79.27	£102.23	0.5%
9 EEA DCP Assessment Additional Titles	£7.86	£17.01	£24.87		£264.25	£189.11	£453.36	£476.31	0.5%
10 Non-EEA DCP Assessment Additional Titles	£7.86	£17.01	£24.87		£264.25	£189.11	£453.36	£476.31	0.5%
11 UK DCP Additional Titles	£7.86	£14.62	£22.48		£0.00	£0.00	£0.00	£22.95	3.0%

4. Financial analysis

- 4.1. Fees model has been reverse tested to ensure that it generates the correct level of income to cover costs. Please note the following:
 - 4.1.1. Costs relate to the three years of the CCP for 2020-22 and are highest in the final year.
 - 4.1.2. Fees are calculated to be fixed for the term of the CCP on the basis of an average annual cost. They are therefore set to over-collect in the first year and under-collect in the third year.
 - 4.1.3. Registrant volumes are based on figures as at the end of 2018. This excludes the influx of overseas DCPs seen in the early months of 2019, as there is a risk that this may represent a temporary increase and therefore a distorting factor.
 - 4.1.4. Should the increase in registration applications be sustained, it is likely that an additional resource will be required to deal with the workload, the cost of which would broadly offset the additional income generated.
- 4.2. Impact to ARF: Due to the proposed model seeking to recover only the cost of activity that is directly and specifically related to application processing, there are other associated costs (such as staff training time, and registration estate overheads) that sit within this cost centre but will not be recovered through registration fees. The cost of this activity will be covered by the ARF and has been considered in the calculation of the ARF fee (with information on the ARF fee being presented to the Council as a separate item on the 3rd October agenda).

5. Consideration of Council feedback from previous fees discussions

- 5.1. Council members have raised a number of points in relation to the implementation of the fees policy during previous discussions at Council meetings and workshops. Three broad themes have emerged from these discussions in terms of Councils interest:
- 5.2. Impact of the fees policy on registrants who were taking a break from practice in circumstances such as maternity leave, sabbaticals, health issues.

As part of the output of the fees consultation, it was confirmed that the GDC would consider the introduction of pro-rata restoration fees so that people in these circumstances do not have to pay the equivalent of a full year's ARF at the point of registration. As a result, we are planning to introduce restoration fees on a pro-rata basis as part of the implementation of the scrutiny fee. It is important to note that this amendment does not extend to introducing refunds due to leaving the register in advance of the year for which the registration fee has been paid for. Pro-rata restoration fees would be introduced for both Dentists and DCPs from 1 January 2020.
- 5.3. Consideration of DCP earnings relative to fees charged.

The GDC's fees policy is a cost-based system rather than risk based/means tested and therefore it would not be in keeping with the policy to take this factor into account in the setting of fees.
- 5.4. Ensuring that an equality impact assessment has been carried out to review the fees policy and its implementation

An Equality Impact Assessment was carried out in the work leading to the new fees policy effective from 1 January 2019. Work has been carried out in September 2019 to update the Equality Impact Assessment to give consideration updated consideration specifically to the implementation of the policy.

6. Update on fees implementation work packages

6.1. Implementation of Technical Solutions

- 6.1.1. There has been ongoing work to consider technical solutions as part of the IT work package within the Fees Implementation programme.
- 6.1.2. A technical solutions business case was developed by IT to provide analysis on four available options for consideration, together with issues, risks, IT resource, timescales and applicant experience.
- 6.1.3. Programme board members reviewed options for a technical solution in board meeting of 5 September 2019 and have agreed that an option that processes the application assessment fee at online application submission stage is selected for implementation.
- 6.1.4. In summary, this option requires applicants to make a payment during the online application form process (as part of the online application applicants are directed to a payment screen before they submit the form). On receipt of a printed copy of the application form and necessary documents the registration team then continues to process the application as per current business process.
- 6.1.5. Implementation solution is underway and scheduled to be completed for regression testing (including User Acceptance Testing) to begin in November 2019

Refunds Options

- 6.1.6. There has been ongoing work to consider potential refund options related to application and assessment fees.
- 6.1.7. Programme board members reviewed options for a refund solution in board meeting of 5 September 2019 and have agreed that a non-refundable application fee and a refundable assessment fee (within exceptional extenuating circumstances) is the option selected for implementation.
- 6.1.8. To ensure consistency in our approach to refunds, assessment fees are to be refundable only in 'exceptional extenuating circumstances' broadly mirroring the current ORE refund policy. Guidance with clear set of principles to outline examples of exceptional circumstances for refunds will be developed in advance of implementation. We would also consider issuing a refund if a significant error is identified before any assessment work has commenced.

7. Future review of fees

- 7.1. Applicant routes that have significantly higher fee levels should be monitored to understand whether there is any variance to previous trends of application numbers related to those specific routes.
- 7.2. Planning for a revision to fees to include costs that have currently been excluded should be further explored in due course to examine the difference cost recovery makes to fee levels.

8. Next steps

- 8.1. Policy instructions have been issued to ILAS laying out necessary amendments to fee structures so that first draft amended regulations can be prepared for review before proceeding to Council approval.
- 8.2. Council will need to make and seal amendments to fee regulations ahead of fees implementation; governance route:

- 3 October 2019 – Council decision on registration fee model principles, Council decision on ARF levels and Council making fees regulations in respect of the ARF
- December 2019 – Council Making Fees Regulations in respect of registration fees

9. Risks and considerations

<p>Communications</p> <ul style="list-style-type: none"> ▪ Communications have been discussed alongside the work of the fees in programme board meetings as well as within forward-planning sub-group meetings. ▪ A draft communications plan is currently underway to meet the communication and engagement requirements as a result of the work to implement new fees structure by 2 Jan 2020. This communications plan encompasses both communications and engagement related to the ARF and to registration fees
<p>Equality and Diversity</p> <ul style="list-style-type: none"> ▪ An Equality Impact Assessment was carried out in the work leading to the new fees policy effective from 1 January 2019. Work has been carried out in September 2019 to update the Equality Impact Assessment to give consideration updated consideration specifically to the implementation of the policy. The Registration Fees Implementation Equality Impact Assessment September 2019 is included as appendix 2 of this paper.
<p>Legal</p> <ul style="list-style-type: none"> ▪ Legal advice has been sought to understand legislative powers to make and charge fees for applicants on entry to the register; as a result, some applicant routes have been excluded on the basis of advice received. ▪ Policy and In-House Legal Advisory Service (ILAS) have informed of the urgency to commence work on amendments to fees within the programme timeframe. This is reliant on gaining approval to proceed with a recommended fees model and variant option.
<p>Delegations</p> <ul style="list-style-type: none"> ▪ Programme board have used their discretion to make decisions that have enabled the work of fees to progress seeking approval from appropriate governance meetings and committees on-route to scheduled Council decision in Oct 2019
<p>Policy</p> <ul style="list-style-type: none"> ▪ Policy and In-House Legal Advisory Service (ILAS) have informed of the urgency to commence work on amendments to fees within the programme timeframe. This was primarily reliant on gaining SLT approval and FPC endorsement to proceed with a recommended fees model
<p>Resources</p> <ul style="list-style-type: none"> ▪ Apart from staff resource and time which have been included in the financial update contained within the monthly programme board report, there are no additional costs or expenditure to be incurred.
<p>National</p> <ul style="list-style-type: none"> ▪ There is no recognised impact to the four countries within the UK as a result of this programme.
<p>Risks on registers</p>

This programme does not directly link to but has correlation with the following risks on the strategic risk register;

- CP5; Uncertainty over constitutional changes following the referendum result to exit the EU
- CP13; Loss of MRPQ mean GDC options for registering European Dentists are dependent on DHSC action

The Fees Implementation Programme is continuing to liaise closely with the owners of these risks, and further fees related implications will be presented as part of the paper seeking final approval from the Council in October.

10. Recommendations

The Council are asked to formally approve the registration model and specified fee levels (introducing application and assessment fees) for implementation on 2 January 2020.

11. Internal consultation

11.1. The following departments have membership on the programme board;

Department	Board Member
Registration & Corporate Resources	Executive Director of Registration & Corporate Resources
IT	Head of IT
Registration Team	Head of Registration
Registration Operations	Head of Registration Operations
Policy & Research Programme	Head of GDC Policy and Research Programme, Policy Manager
Communications & Engagement	Head of Communications and Engagement, Head of Nations and Engagement
In-House Legal Advisory Service	Head of In-House Legal Advisory Service, Senior Advisory Lawyer
Finance and Procurement	Head of Finance and Procurement, Senior Financial Planning and Analysis Manager
Governance	Governance Manager

12. Appendices

- Appendix 1: Fees model slide-deck (v13/09/2019)
- Appendix 2: Registration Fees Implementation Equality Impact Assessment September 2019