

Registrant Fees Rules and future fee strategy

Meeting: 13 November 2019

Status: For decision

Lead responsibility and paper author: Mark Webster (Director of Resources)

Purpose

1. For Council to set the Registrant fee rules for 2020-21.

Recommendations

2. Council are asked to:
 - **agree** that we continue the approach of raising fees in line with inflation over the medium term
 - **consider** and **approve** draft fee rules, as set out in **annex one**.
 - **authorise** the Chair and the Registrar to **sign** the Registration fee rules for 2020-21.

Strategic objective

3. This work contributes towards the achievement of the following strategic objective: organisational transformation. It is also included in our 2019/20 Business Plan.

Background

4. Council are required to set a budget each year in order to adequately manage the resources to run the business and deliver services in a sustainable way. At its meeting in November 2016 (Paper ref C58(16)), Council approved the annual fee for 2017-18 and agreed that the annual fee increase for the next 3 years should be very modest and consistent (subject to annual review / approval).
5. We are now at the end of that 3-year cycle, having met the objective of modest and consistent increases, amounting to a £10 increase per annum for the main registrant fee, and need to set fees for next year. Ideally, we should also signal our approach for the following two years.
6. The above recommendations are consistent with the assumptions underpinning our second quarter projections for 2020-21 and 21-22, which will be considered by ARC at its meeting on 4 November 2019 and at Council itself .

Analysis

7. In recommending these fees, we have taken account of the following:
- fees need to reflect inflation (including pay inflation) as a minimum;
 - the PSA's strong steer of ensuring that fees and fee increases are not unreasonable;
 - an expectation that we will deliver our core business within our income each year from 2021-22 onwards (breakeven or better);
 - relevant statutory requirements and wider public law considerations; and
 - legal advice in relation to the EU Directive to ensure that we are compliant in setting our fees for applicants wishing to apply from within the EEA or Switzerland.
8. The proposal is to again increase the main annual registrant fee by £10; from £350 to £360, representing a 2.85 per cent increase.
- Whilst CPI, the main Government measure of annual inflation, has been between 1.7.- 2.4 per cent over the last 12 months (it dropped to 1.7 per cent in September), wage inflation is running at 3.4% (ONS). Salary costs represent over 50% of the GOC's regular running costs.
 - There are also commercial cost pressures in other areas, such as office rentals, where having benefited from a relatively low rent for 5 years we are expecting an increase of c10% from April 2020. The PSA are also consulting on a 7.1% increase in their fees to us from April.
9. We therefore believe a 2.85% increase is justified.
10. In line with our aim of modest and consistent fees for future years, the indicative fee, based on continued low inflation, for 2021-22 will be £370 (2.8%) and 2022-23 £380 (2.7%). This should remain subject to annual review.
11. The key fee changes are highlighted in the table below

Registrant Type	2020-21	2019-20
Fully Qualified & Body Corporate prompt payment fee	£360	£350
Fully Qualified & Body Corporate standard renewal fee	£360	£350
Student renewal fee	£30	£30
Application for Initial Registration or Restoration (not on student register) fee	£75	£70
Application for Initial Registration (transfer from student register) fee	£40	£35
Low income discount	£100	£100

12. Some of the lower fees (e.g. the restoration fee above) have not been increased for a number of years. We are proposing increases to these this year but would not revisit these annually going forward.
13. We are progressing well developing our new strategic plan and business plans for 2020-21 and have commenced the preparation of a full draft budget which will be presented for consideration in February 2020. The fee income generated by this proposal and anticipated investment returns will be sufficient to cover business as usual expenditure, with judicious use of reserves for explicit investment in strategic projects.

Finance

14. There are no additional financial implications of this work.

Risks

15. The following risks are associated with the issue, as identified in the corporate risk register.
 - The GOC is unable to deliver its strategic plans, programme of change, and business as usual either sufficiently quickly or effectively.
 - there is an inherent risk in setting the fee level based on an outline budget as we are only half a year into the current financial year. As the full impact of trends and changes cannot be reflected fully in our financial performance for the year to date;
 - there is some risk in assuming investment income will provide a consistent five per cent annual return. This is in line with the remit of the Investment Manager but is based on long-term performance and could fluctuate year on year; and
 - our work around legislative reform may impact the way we charge registrants in future years, but this will require further detailed planning and consultation across stakeholders
 - The PSA itself has proposed a significant increase in its own fees for 2020-21. This may be covered by their own reserves in year 1 but it is unclear how this will impact regulators from 2021-22. They have also indicated that they are reviewing the whole basis of their charging structure. (currently based on the total number of registrants). This may have an impact in the future.

Equality Impacts.

16. No equality impact has been undertaken as this is a continuation of current practice to raise fees broadly in line with inflation.

Devolved nations

17. There are no implications for the devolved nations.

Communications

External communications

18. Normal communications regarding fees will take place; including in our 'News from Council' and publication of the fees on the website.

Next steps

19. The 2020-26 strategy and associated Business Plan for 2020-21 will be presented for approval at the Council meeting in February 2020. Both plans will reflect the decisions taken here.
20. Financial reporting will continue to be considered by both ARC and Council quarterly including relevant forecasts.

Attachments

Annex one: Registration fee rules 2020-21

THE REGISTRATION FEES RULES 2020-21

Note: Clean copies of Fees Rules documents will be available at the meeting for signing.

Each application falling within a category set out in the table below shall be accompanied by the fee shown for the period 1 April 2020 – 31 March 2021:

Applications for annual renewal of registration	17/18 Fee	18/19 Fee	19/20 Fee	20/21 Fee
<u>Annual renewal fee</u> Application for annual renewal of registration in the register of: <ul style="list-style-type: none"> • Optometrists • Dispensing opticians • Bodies corporate carrying on business as an optometrist or dispensing optician or both for the year commencing on 1 April 2019 and ending on 31 March 2020 received on or before 31 March 2019. 	£330	£340	£350	£360 (Approx 3% increase)
<u>Low income earners annual renewal fee</u> Application for annual renewal of registration in the register of: <ul style="list-style-type: none"> • Optometrists • Dispensing opticians for the year commencing 1 April 2019 and ending on 31 March 2020 applications received on or before 31 March 2019.	£230	£240	£250	£260
Application for annual renewal in the register of student optometrists or the register of student dispensing opticians for the year commencing 1 September 2019 and ending on 31 August 2020 received on or before 31 August 2019.	£30	£30	£30	£30
Applications for annual renewal of registration when entering, transferring or restoring to the register	17/18 Fee	18/19 Fee	19/20 Fee	20/21 Fee
Annual renewal fee for the period 1 April 2019 and ending on 31 March 2020, pro rata rate based on date of entry to the register of: <ul style="list-style-type: none"> • Optometrists • Dispensing opticians • Bodies corporate carrying on business as an optometrist or dispensing optician or both 	£87.50 per quarter or part thereof	£85 per quarter or part thereof ¹	£87.50 per quarter or part thereof	£90 per quarter or part thereof

Annual renewal fee for low income earners for the period 1 April 2019 and ending on 31 March 2020, pro rata rate based on date of entry to the register of: <ul style="list-style-type: none"> • Optometrists • Dispensing opticians 	£57.50 per quarter or part thereof	£60 per quarter or part thereof	£62.50 per quarter or part thereof	£65 per quarter or part thereof
Applications for Registration	17/18 Fee	18/19 Fee	19/20 Fee	20/21 Fee
Initial application to be entered on the register of: <ul style="list-style-type: none"> • Optometrists • Dispensing opticians • Bodies corporate carrying on business as an optometrist or dispensing optician or both including low income earners. 	£70	£70	£70	£75 (suggested increase)
Application for registration in the register of student optometrists or the register of student dispensing opticians for all or part of the year commencing 1 September 2019 and ending on 31 August 2020. No annual renewal fee will be charged for the year in which they are applying for registration.	£30	£30	£30	£30
Application for entry of a specialty in the register of optometrists or the register of dispensing opticians.	£35	£35	£35	£40 (suggested increase)
Applications for transfer of registration	17/18 Fee	18/19 Fee	19/20 Fee	20/21 Fee
Application for transfer between full registers for all or part of the year commencing on 1 April 2019 and ending on 31 March 2020.	£35	£35	£35	£40 (suggested increase)
Application for transfer from the register of student optometrists to the register of optometrists or from the register of student dispensing opticians upon completion of a GOC accredited route to registration.	£35	£35	£35	£40 (suggested increase)

Applications for restoration of registration	17/18 Fee	18/19 Fee	19/20 Fee	20/21 Fee
Initial application to be restored on the register of: <ul style="list-style-type: none"> • Optometrists • Dispensing opticians • Bodies corporate carrying on business as an optometrist or dispensing optician or both including low income earners. 	£70	£70	£70	£75 (suggested increase)
Application for restoration to the register of student optometrists or the register of student dispensing opticians following removal or erasure from the registers for all or part of the year commencing on 1 September 2019 and ending on 31 August 2020. No annual renewal fee will be charged for the year in which they are applying for registration.	£30	£30	£30	£30
Applications for Certificates of Current Professional Status	17/18 Fee	18/19 Fee	19/20 Fee	20/21 Fee
Application for a certificate of current professional status.	£15	£15	£15	£25 (suggested increase)
Applications for assessment of qualifications gained from outside of the UK to gain entry to the register of dispensing opticians or optometrists	17/18 Fee	18/19 Fee	19/20 Fee	20/21 Fee
A scrutiny fee for processing documentation for applications for applicants qualified outside of the United Kingdom who wish to join either the register of optometrists or the register of dispensing opticians. A separate fee will be charged for each register applied to.	£120	£110	£115	£125 (suggested increase)
For those that have passed the scrutiny stage and require an equivalency assessment, a fee will be charged for: Assessment of equivalency of qualifications and experience for applicants qualified outside of the United Kingdom who wish to join either the register of optometrists or the register of dispensing opticians. A separate fee will be charged for each register applied to.	n/a (included in scrutiny fee)	£405	£425	£450 (suggested increase)
An interview fee for non-EEA applicants (this is the cost of a telephone interview between the applicant and GOC assessors)	n/a	£200	£200	£200

