

HFEA fees 2016/17

Strategic delivery: Setting standards Increasing and informing choice Demonstrating efficiency economy and value

Details:

Meeting	Authority
Agenda item	11
Paper number	HFEA (11/11/2015) 778
Meeting date	11 November 2015
Author	Sue Gallone, Director of Finance and Resources

Output:

For information or decision?	For decision
------------------------------	--------------

Recommendation	<ul style="list-style-type: none"> To increase the IVF treatment fees the HFEA charges licensed clinics from £75 to £80 and remove the eSET discount. Other fees would remain unchanged.
----------------	---

Resource implications	The fee increase is necessary to provide sufficient income to cover the costs of regulation. Removing the eSET discount will be simpler to administer.
-----------------------	--

Implementation date	The increase, and end of eSET discounts, would take effect for all embryo transfers from 1 April 2016.
---------------------	--

Communication(s)	The new fees would be communicated to establishments in December, subject to Treasury approval.
------------------	---

Organisational risk	<p>Due to uncertainties, the change in fee could generate a small surplus or loss and this will be monitored carefully.</p> <p><input type="checkbox"/> Low <input type="checkbox"/> Medium <input type="checkbox"/> High</p>
---------------------	---

Annexes	Annex A: Current fees
---------	-----------------------

1. Background

- 1.1.** The HFEA is funded from a combination of fees from the sector we regulate and Grant-in-aid (GIA) from the Department of Health (DH). Fees are expected to cover the full cost of regulation; GIA should cover the cost of wider public policy purposes. The HFEA currently receives around 80% of our funding from fees. We charge fees for:
- new licences and renewals
 - premises changes
 - IVF treatments
 - Donor Insemination (DI) treatments
- 1.2.** There are different fee levels for new licences and renewals for storage, research involving stem cells and IUI centres (who pay an annual fee rather than fees per treatment). A list of current fees is at Annex 1.
- 1.3.** 98% of income is from IVF treatment fees. Currently £75 is charged per embryo transfer, or when gametes are mixed or ISCI takes place but there is no fertilisation, with no fee charged for subsequent transfers from the same batch of eggs where the initial embryo transfer was an elective single embryo transfer (the eSET discount).

Previous fees

- 1.4.** The current fees structure has been in place since 2001. We last increased fees in 2006. In the years that followed treatment numbers increased more than forecast to a degree that fee income exceeded needs. Following a review, we decreased fees in 2012 from £104.50 to £75 and introduced the eSET discount. The surplus income from fees that was built up between 2006 and 2012 is now being used to fund the Information for Quality programme.

Future needs

- 1.5.** We have cut costs drastically since 2010, and absorbed inflation. But it is now clear that fees will no longer meet our costs from 2016. This is mainly because of treatment numbers falling below forecast and rising accommodation costs. It is, therefore, necessary to consider the fee levels required going forward.

2. Approach to fee setting

- 2.1.** Each year we consider the total funding required for the HFEA, reflecting future needs and making efficiencies where possible. We determine how much is to be funded by GIA and how much by fees. The amount of GIA required is based on a long-standing agreement with the DH of what GIA funds, which we have embedded into our costs model.

- 2.2.** The structure of our fees (what activities we charge for) as set out in Annex 1, is well established. It serves us well and is understood and accepted by the clinics and research centres who pay fees. We charge relatively small amounts for new licences and renewals with income from treatment fees contributing to the cost of all our fee funded activities, reflecting all of the regulation around treatment.
- 2.3.** In making any changes to fees, we consider whether the present structure remains appropriate and what the fee levels should be, based on the funds required.

3. 2016/17 fees

Funding required

- 3.1.** A high level estimate of requirements is as follows. The detailed allocations will be considered as part of business planning but would be contained within this total.

		£000s
Salaries		3,800
Other Staff costs		260
Authority/Committee costs		150
Other Compliance costs		60
Other Strategy costs		175
Accommodation	1	350
Office costs		35
IT costs	2	100
Legal costs		300
Professional Fees		<u>80</u>
Total		5,310

Notes:

1 –The office will move in April 2016 and costs of rent, rates, service charge and external meeting rooms are not yet certain. A most likely estimate of an extra £90k has been included.

2 – IT arrangements are changing towards the end of 2015/16 and costs are not yet certain. Current costs have been included.

- 3.2.** Of the £5310k, our costs model indicates that the HFEA requires GIA admin funding of £938k for 2016/17. This is a saving of over 4% from 2015/16, before the share of additional accommodation costs. (Admin GIA in 2015/6 was £960k, £920k plus £18k for accommodation required for 2016/17.)
- 3.3.** On this basis £4372k is required from fees for 2016/17.

Fees structure

- 3.4.** We propose to retain the present agreed structure for charging fees, for the reasons set out in section 2 above. However, we believe that the time has come to recommend that the eSET discount should cease from 1 April 2016.
- 3.5.** We introduced the eSET discount in 2012 with the aim of encouraging the take up of eSET and so reduce the incidence of multiple births, which are the largest single health risk to mothers and babies from IVF. It is difficult to be sure how much the discount has helped encourage single embryo transfer (but the number has increased significantly from 3583 eSETs in 2012/13 to 6248 in 2014/15) and multiple births have now fallen to 17% and the downward trend is continuing.
- 3.6.** There is now accepted evidence that eSET leads to better pregnancy rates and it is embedded into clinical practices. This suggests that the modest eSET discount may no longer be needed to drive behaviour (if it ever did). In addition, we know that the eSET discount is complex to administer for clinics.
- 3.7.** If the Authority agrees to remove the eSET discount we will need to make it clear that the HFEA is not reducing the drive to reduce multiple births further, to the target of 10%. Rather, we believe that the eSET discount has done its job in giving initial encouragement and is no longer needed. We will continue to monitor multiple births and maintain a strong focus on clinic's performance in this area.
- 3.8.** A decision to remove the eSET discount would also mean that the overall increase in treatment fees would be lower than it would have been otherwise.

Fees for 2016/17

- 3.9.** With the current fees structure, which we propose to retain, the vast majority of fee income is from treatment fees, as noted earlier. Therefore we propose to leave all fees except IVF treatment fees unchanged.
- 3.10.** Around £70k of the cost of regulating would be recovered from fees that are not for IVF treatments. In order to recover the remaining costs of £4302k from IVF treatments, we need to estimate future numbers of treatments.
- 3.11.** Although treatment numbers which were billable or attracted the eSET discount have been increasing since 2012, in 2015/16 to date there has been a decrease. Embryo transfer statistics have also varied in recent times and it is hard to make accurate predictions. Our best estimate at present is that we might expect around 55,000 treatments in 2016/17, from which we need to

recover £4302k. This reflects recent decreases and assumes that they will continue.

- 3.12.** On this basis, IVF treatment fees would need to increase to £78.22 for 2016/17, assuming we also stopped the eSET discount. In view of the uncertainty about accommodation costs and treatment numbers, and for simplicity, we suggest that IVF treatment fees increase to £80.
- 3.13.** If we retained the eSET discount, the increasing take up of eSET would mean that chargeable IVF treatment fees would have to rise more significantly. Under this scenario fees would need to increase to £90.
- 3.14.** On balance, we recommend that the removal of the eSET discount and an increase in IVF treatment fees to £80 is the most sustainable option, for the reasons set out above.

4. Next steps

- 4.1.** Our proposals have been put to DH for agreement with Treasury, in parallel with bringing them to the Authority.
- 4.2.** We have discussed the likely change with the Fees group (on 4 November) and will feed back views to the Authority at the meeting.

Annex A: Current fees

DI/IVF treatment and storage centres

Chargeable IVF treatment	£75
DI treatment	£37.50
New/renewal licence application	£500

Storage only centres

New/renewal licence application	£200
---------------------------------	------

Research establishments

New/renewal licence application	£500
Involving stem cells	£750

IUI treatment only centres

New licence application	£975
Renewal licence application	£500
Annual activity	£2950

All

Chargeable variations (premises)	£500
----------------------------------	------