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## Registration Business Process Change

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### Executive Summary

As part of the Registration Transformation and Improvement project work, we have identified an area of business process change which will simplify the process of on-boarding new graduates who are joining towards end of the current professional cycle. This change does not constitute a change of fee rules but a change to the application of the rules. It will also save development costs and time for the organisation.

This paper is to ensure the Audit Committee is sighted on the proposed change and the associated risks and benefits. The Audit Committee is asked to discuss and recommend approval to Council.

### Background information

Currently, the HCPC offers to waive registration fees to the current professional cycle, if a new graduate joins the register with less than 6 months to the end of the professional cycle. This change relates specifically to new graduates joining in the last 6 months of the 2 year professional cycle.

Under the current process, new graduate registrants are still asked to pay the scrutiny fee (£63) plus one graduate year's registration fee (£45), if a signed direct debit is provided with the application, or two graduate years registration fees upfront (£90). This means the registration fee they pay are towards the first year, or both years of the upcoming professional cycle. The rationale for this historic approach has not been documented but is thought to be associated with the minimising the payment processing for new applicants.

The registration transformation project team has been working with our external new system supplier and have identified that to replicate this early payment into a future cycle, and to automate the process in the new system, will cost a further £87,000 plus a further 6 weeks delay to the project. A manual workaround was considered where intervention to the first renewal invoicing is required to manage this type of application together with other exceptions. However this was considered to present an unacceptable risk of error.

The project board agreed that in order to significantly reduce the risk of introducing errors resulting from the manual approach, a change in the business process was proposed. The new process would mean the HCPC only charging those new UK graduates who are entitled to a free period in year 2 of the profession cycle a £63 scrutiny fee with no registration fee. These new registrants will be invited to renew 3 months before the start of the next professional cycle and their registration fee payment will be collected as part of the renewal process.

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As the decision to waive the fees with the condition that new registrant pays one or two years upfront was originally made by the Council, the Council is invited to approve this change in how the fee rules are being applied.

### **Benefit of the change**

An analysis to the proposed business change was conducted by the Business Improvement Team Lean Six Sigma Consultant who identified the following benefits:

- Simplifies orders/invoices and provides a more transparent view for applicants.
- Aligns all registrant fee payments with already designed automated renewal invoices.
- Eliminates the need for manual intervention of orders/invoices at renewal.
- Significantly decreases the need for manual intervention of direct debit collection dates manipulation.
- Eliminates the need for refunds of future year's fees if this type of registrant deregisters/does not renew.
- New development of online application forms will only need to factor invoicing for applications as renewals will be automated.

The change will also be beneficial to the new graduate registrants as they have less to pay up front at the point of joining the register in a free period.

### **Risk associated**

While this is a positive change for the registrants, the change does pose some risks.

New applicants who join the register just before the renewal window may have to pay a scrutiny fee and registration fee separately within a short period of time. Guidance on applying via the UK application route will be updated to explain this.

Registration advisors will need to manually amend initial templates for fees order creation at the point of processing of applications, which is covered in system training and monitored by the registration process managers.

We will continue to monitor these types of risks.

Future phases of the registration project and the regulatory reform could provide opportunities for the HCPC to review the current fee collection processes in the medium term.

### **Impact on cash flow**

To understand the cash flow impact, a review of the proposed process identified a negative cash flow of £12,060 per month for the first 5 months which then stabilises to be a permanent delay to cash inflow of £60,300.

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For simplicity, the current financial forecasting (F1F9) model already assumes that these type of new UK graduates pay only £63 scrutiny fee and no registration fee. This means that there is no impact to the cashflow that Council considered as part of the financial strategy/reserves policy discussion.

An improved financial forecast model is currently being developed to ensure accurate reflection of the actual processes. The improved financial forecast model will need to be adjusted for the revised process.

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Previous consideration	Project board reviewed and agreed to recommend the business change to SMT on 12 August 2020. SMT considered and approved this paper on 25 August 2020.
Decision	The Audit Committee is asked to discuss and recommend approval to Council.
Next steps	Council to approve on 24 September 2020.
Strategic priority	Strategic priority 1- Performance - Improve our performance to achieve the Professional Standards Authority's Standards of Good Regulation  Strategic priority 3 - Effective and efficient organisation - Ensure the organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment
Risk	Strategic risk 4 - Failure to be an efficient regulator.  Risks associated to the change in interpretation has been documented above. If the change does not go ahead, there is either a risk of delay to the current registration project and increased costs or a higher risk of error due to manual intervention.
Financial and resource implications	The change in business process will save £87,000 and 6 weeks in development cost and time on the Registration Transformation and Improvement Project. It will cause a permanent delay in cash flow for HCPC of £60,300. Additional time will be needed to manually intervene a targeted pool of renewal orders at the start of every renewal. Resource requirements will vary depending on the size of the profession going into renewal.
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