

**70 St Mary Axe**  
**London**  
**EC3A 8BD**  
**Telephone: 020 3102 4030**  
**Facsimile: 020 3102 4476**  
[www.thehearingaidcouncil.org.uk](http://www.thehearingaidcouncil.org.uk)

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Dear registrant

It has been another notable year with much achieved. We are advised by the Government that the transfer to the Health Professions Council (HPC) should now take place in 2009 so I would like to take this opportunity to inform you of what to expect in the year ahead. In this letter then I would like to cover four issues: why the retention fee is rising; our transfer to the HPC; recent changes to our regulations; and our Statement of Regulatory Intent.

**Why the retention fee is changing- rising complaints and delayed transfer**

The Secretary of State has approved raising the retention fee up to £695. The Council consulted on a fee rise and understands the impact it can have on business costs and retail prices. However we felt the increase was necessary to uphold consumer protection and to fund the transfer to the HPC.

The Council exists primarily to protect consumers. In 2007-8, consumers made twice as many complaints about registrants than they had in 2006-7. Furthermore, the complaints made contained a more serious case mix than in previous years. It is too early to tell whether this disturbing 100 per cent increase is the result of falling standards amongst some registrants or of consumers' growing faith in the Council's disciplinary procedures but such a surge deeply concerns us. I hope it serves as an alarm bell for employers and the professional bodies that they need to work more effectively with the regulator and consumer groups to protect not just consumers but the reputation of their industry.

The Council examines complaints, investigates them to an appropriate level and takes disciplinary action where necessary. When the Council agreed its budget for 2007-8, neither our members nor stakeholders foresaw such an increase in complaints. The number of complaints was double the number in 2006-7, increasing legal spending by half compared to the previous year. This created a funding gap that we must make up by increasing the fee this year before we are abolished in 2009. Had complaints not risen so dramatically then this year's fee would be £77 less.

The Council felt it was unfair that registrants who do not generate complaints should have to subsidise those who do. We looked at introducing a 'polluter pays' system to replace the flat retention fee. Unfortunately, having taken legal advice, we do not feel we have the power to introduce this scheme.

The second reason for the fee increase is the cost of transfer to the HPC. We have been told by the Government to prepare for to transfer in March 2009. However, the Government has not yet told us *how* the transfer and our close down will take place so we have to estimate the funding we will need to complete it. We aim to transfer in March 2009 but the Council will still have a significant amount of work to do after that date to close itself down. For example, it must lay final accounts before Parliament in

July. If 2008-9 is our final retention fee, then it is also our final opportunity to gather the revenue we need to fund our work this year and then to close the Council down. We are grateful to the Department of Business, Enterprise and Regulatory Reform (BERR), which has funded our transfer costs for 2007-8 which has enabled us to lower this year's retention fee by £61.

#### **Modernisation and transfer update**

The Council has strongly supported the move to the HPC and we are ready to transfer when asked. However, only Parliament can decide when the transfer takes place. This year, in conjunction with HPC, we will consult on the draft Standards of Proficiency that you will have to comply with when the register is transferred to the HPC. We will also be auditing CPD compliance to make sure dispensers are up to date and can be transferred when the time comes.

The Council has also agreed to end the HAC exams in 2008 (2). The move to the foundation degree will remove barriers between the public and private sectors, raise standards of training and support the move to the HPC.

#### **New regulations to support the foundation degree and EU legislation**

Following a consultation, the Minister has agreed changes our Code of Practice. These changes are vital to enable students on foundation degrees to 'earn as they learn' and then join our register when they graduate. Our changes also mean we can register dispensers who qualify under the Recognition of Professional Qualifications directive 2005/36/EU. You can read more about these changes in the note enclosed.

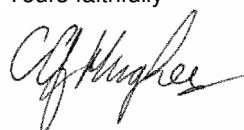
#### **Statement of Regulatory Intent- treating consumers fairly and safely**

The Council has published a Statement of Regulatory Intent, which you can read on our website. It outlines the principles underlying the Council's regulations to explain what we hope to achieve through our regulation. It highlights where we want to focus our work in the year ahead and why these are our areas of concerns. Finally, it gives details of the work we will do to raise standards in each area. Together with our annual complaints review, this is a useful indicator of where consumers are most at risk and where registrants may want to improve their education and practice.

#### **Keep up to date with our website**

Throughout the coming year I would ask you to keep an eye on our website for information on all these events and regular updates throughout the year. It is certain to be a challenging year as we ensure complaints are appropriately resolved, handle the closure of our exams, continue to push our modernisation and transfer to the HPC and continue to work to ensure that consumers will have justified confidence in their dispensers.

Yours faithfully



Chris Hughes  
Chairman