

To Designated Individuals and Licence Holders

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Dear Colleague

### **Licence fee rebate**

You may be aware that the HTA holds surpluses, arising from the collection of licence fees from April 2006 to the present time. These have arisen because more establishments than expected have paid licence fees and because of the steps the HTA has taken to reduce costs.

In the HTA's early years, there was a lot of uncertainty about the number of establishments that would need to be licensed and the work required to implement new legislation. This made fee modelling quite difficult and gave rise to the higher income levels than expected. In addition, as a proportionate regulator, we only recruit staff for the regulatory work we need to do and spend as necessary. We have looked to be as efficient as possible and have been able to make savings. This has contributed to the net surplus.

In July 2009, the Authority agreed that we should rebate unused licence fees and HTA staff began discussions with the Department of Health and HM Treasury. Making a rebate of this sort has required Treasury approval, which we received in September 2010.

We will repay surplus licence fees generated in the financial years from 2006/07 to 2009/10 inclusive (a total of £1.1m) to the establishments that paid licence fees in those years. We are making the calculations for each year and aim to notify each establishment later this month of the total amount owing to them, and make arrangements for repayment. Refunds will be broadly proportionate to the fees paid.

At present, the HTA is also making a surplus in 2010/11. The exact amount of the surplus will not be known until the end of the financial year so we will refund this separately.

From 2011/12, the HTA has a new fees model, which we announced on 27 September 2010. We have significantly reduced the amount of income we seek to generate, taking into account the further efficiencies we intend to make. So surpluses should not arise in the same way in future.

I regret that our assumptions resulted in surplus fees being collected but I am glad to be able to make refunds to you now.

Yours sincerely

Sue Martin



**Director of Resources**