# Consultation document: regulatory fees for integrated care system assessments

This is consultation has closed. Read the consultation outcome.

## Integrated care systems

Integrated care systems are partnerships of organisations that come together to plan and deliver joined-up health and care services to improve the lives of people who live and work in their area.

Each integrated care system is made up of 2 key elements:

- integrated care board: a statutory body responsible for planning NHS services, including ambulances, primary care, mental healthcare, hospital (acute), community and specialist care.
- integrated care partnership: a statutory committee made up of a number of smaller bodies. It has a broader focus, covering public health, social care and wider issues impacting the health and wellbeing of their local populations.

Our new assessments aim to understand how integrated care systems are improving outcomes for people and tackling health and care inequalities. We have published our legal duties and the Secretary of State's objective and priorities for this work. We will consider how services are working together within an integrated care system, as well as how systems are performing overall.

# Our proposed approach

## We are expected to charge a fee for any new regulatory activity we undertake.

This is to comply with section 6 of HM Treasury's managing public money guidance. We propose to recover our regulatory costs for assessing integrated care systems by charging integrated care boards an annual regulatory fee.

Integrated care boards receive:

- funding for commissioning NHS services from NHS England
- a separate allowance for their day-to-day management and administration costs, known as a running cost allowance. This is based on the population served by each integrated care board's area.

# Proposed fee calculation

**We propose each integrated care board to pay an annual regulatory fee proportionate to its running cost allowance**.

We consider the running cost allowance is an effective and equitable indicator of the integrated care board's regulatory effort and therefore cost.

In our proposed approach:

- **no further regulatory fee is charged** to any other stakeholder for integrated care system assessments, including local authorities or any health and social care providers.
- the amount of an integrated care board's regulatory fee is in proportion to its running cost allowance.

## The formula we propose

**CQC regulatory cost**
divided by
**total integrated care board running cost allowance**

Multiply this total by
**integrated care board's running cost allowance**

Result gives
**integrated care board annual regulatory fee**.

We propose to use these variables:

- **CQC regulatory cost**. The estimated total costs of our integrated care system regulatory oversight during a financial year. We used data from our pilot integrated care system assessments to financially model our regulatory costs for 2024/25. Our regulatory cost forecast for assessing integrated care systems in 2024/25 is £5.5 million.
- **total integrated care board running cost allowance.** The total of all 42 integrated care board running cost allowances for a financial year (published by NHS England for 2024/25 as £908.76 million)

- **integrated care board's running cost allowance.** An integrated care board's running cost allowance for a financial year (running cost allowances published by NHS England for 2024/25)
- **integrated care board annual regulatory fee.** The regulatory fee CQC will charge to an integrated care board for the relevant financial year

## Illustrative examples

We have used these figures for a financial year to produce these example integrated care board regulatory fees:

- all integrated care board running cost allowance = £900 million
- CQC's regulatory cost for integrated care system assessment = £5.5 million

Example integrated care board A

- running cost allowance = £48 million
- calculation: £5.5 million divided by £900 million, multiplied by £48 million. This gives a regulatory fee of £293,333

Example integrated care board E

- running cost allowance = £7 million
- calculation: £5.5 million divided by £900 million, multiplied by £7 million. This gives a regulatory fee of £42,778

## Illustrative examples for 5 example integrated care boards

| Integrated care board | Integrated care board running cost allowance for a financial year | Proposed regulatory fee for the financial year |
|---|---|---|

| | | |
|---|---|---|
| A | £48,000,000 | £293,333 |
| B | £34,000,000 | £207,778 |
| C | £22,000,000 | £134,444 |
| D | £15,000,000 | £91,667 |
| E | £7,000,000 | £42,778 |

We have used our proposed formula to calculate proposed regulatory fees for 2024/25 for all 42 integrated care boards.

# Analysis and rationale for this proposal

Integrated care systems involve extensive partnership working. We currently regulate many partners within the health and social care system. For example, we carry out inspections and assessments of health and social care providers as part of our statutory duties. We are also starting local authority assessments.

We expect to use inspection and assessment findings about these partners as an evidence source within our approach to assessing integrated care systems. We have existing funding arrangements in place to carry out these functions and therefore some partners, for example NHS trusts, are already paying a fee for our regulatory oversight. We took this into account as we developed our proposed approach. We consider our proposed approach to be fair and equitable, with the regulatory fee proportional to the population in an integrated care system's area.

**Advantages of this proposal**

- We can legally charge integrated care boards a regulatory fee
- Our integrated care systems reviews and assessments will provide strategic benefits to integrated care boards
- The necessary data is easy to access, NHS England has published the running cost allowance for 2024/25 for integrated care boards
- The regulatory fee is proportionate to each integrated care board - the running cost allowance is proportional to the population in an integrated care system's area
- It calculates a relatively small regulatory fee proportionate to an integrated care board's annual running cost allowance. It is approximately 0.6% of the running cost allowance
- We already charge some health and social care partners a fee for our regulatory oversight. If we don't charge integrated care boards we may need to charge some partners an additional regulatory fee
- It is relatively straightforward and efficient to implement and administer

**Disadvantages of this proposal**

- Directly reduces the amount of money available to integrated care boards to deliver their objectives

# Other options we considered

We considered these other options before deciding on our proposed one.

## Do-nothing option

## Summary and analysis

We assess integrated care systems but do not seek to recover our chargeable regulatory costs

### Advantages of this option

- Integrated care boards have more money available to deliver their objectives

### Disadvantages of this option

- This is not consistent with our funding model of cost recovery. So we would not be able to fund the required regulatory oversight of integrated care systems.
- Our fee model would not be compliant with section 6 of the government's managing public money guidance. We wouldn't recover our full chargeable regulatory costs.

### Why we are not proposing this option

The do-nothing option is not consistent with our funding model of cost recovery. So we would not be able to fund the required regulatory oversight of integrated care systems.

# Other options

## Option 1

We charge health and social care providers and/or local authorities a regulatory fee for assessing integrated care systems.

**Advantages of this option**

- Integrated care systems involve a wide range of partners who contribute to health and social care in the system. So they would also financially contribute to the integrated care system assessment.

**Disadvantages of this option**

- Some partners will already pay a fee for our regulatory oversight, so we may charge them twice
- The wide range of partners makes this complex to develop, communicate and implement
- It is more complex and costly to administer than our preferred proposal

**Why we are not proposing this option**

Our proposed approach is more straightforward to implement and administer. It also avoids any potential additional regulatory fee for other integrated care system partners. Some of these may already be paying a fee for our regulatory oversight.

## Option 2

We charge all integrated care boards an equal regulatory fee.

**Advantages of this option**

- A simple regulatory fee calculation to develop and communicate

**Disadvantages of this option**

- The regulatory fee would not be proportionate to the population in an integrated care system area
- Smaller integrated care boards may perceive this is not a fair approach

**Why we are not proposing this option**

We consider our proposed approach is more equitable. The regulatory fee is proportionate to the population in an integrated care system area.

## Option 3

We calculate the integrated care board's regulatory fee proportionate to the integrated care system's population.

**Advantages of this option**

- Regulatory fee would be proportionate to population in the integrated care system area, and so to the integrated care board running cost allowance

**Disadvantages of this option**

- It is less straightforward to access integrated care system population datasets than integrated care board running cost allowances
- We would need to obtain and develop forecast population data to calculate the regulatory fee

**Why we are not proposing this option**

Our proposed approach uses the integrated care board's running cost allowance for 2024/25. This is proportionate to the population in an integrated care system area. This data is already available, published by NHS England.

# Regulatory impact assessment

Our purpose is to ensure health and social care services provide people with safe, effective, compassionate, high-quality care and to encourage those services to improve.

In doing our job, we have to be particularly careful about what we do and how we do it. We seek to identify regulatory solutions that do not impose unnecessary costs on those we regulate.

We consider the regulatory impact of our proposed approach to:

- integrated care boards
- health and social care providers
- local authorities
- the public
- innovation and sustainable economic growth.

This is our initial view for considering regulatory impact. We will use consultation responses to develop our view. We will publish a final regulatory impact assessment along with our consultation outcome.

# Impact on integrated care boards

In our proposed approach, each integrated care board will pay an annual regulatory fee to CQC for assessing integrated care systems.

We anticipate an integrated care board's direct costs associated with our proposed approach is likely to be the:

- administrative cost of paying an annual regulatory fee
- financial cost of the regulatory fee itself.

We consider the administrative cost of paying a regulatory fee to be minimal.

See:

- how we calculate fees for our proposed approach. The estimated total regulatory cost for 2024/25 (£5.5 million) includes data from our integrated care system pilot assessments. We used this data to financially model regulatory costs for 2024/25.
- the table of proposed regulatory fees for 2024/25 (These proposed fees are subject to change.)

Our calculations for our proposal for all integrated care boards in 2024/25 show:

- Shropshire, Telford and Wrekin has smallest running cost allowance. Proposed proportionate regulatory fee = £46,620.
- North East and North Cumbria has the largest running cost allowance. Proposed proportionate regulatory fee = £289,368.
- Greater Manchester has the second largest running cost allowance. Proposed regulatory fee = £275,217.

# Impact on health and social care providers

We consider our proposed approach has no direct financial or regulatory impact on health and social care providers.

# Impact on local authorities

We consider our proposed approach has no direct financial or regulatory impact on local authorities.

# Impact on the public

We consider our proposed approach has no direct financial or regulatory impact on the public.

# Impact on innovation and economic growth

In our strategy we commit to driving improvements across individual services and systems of care. We recognise that innovative practice and technological change present an opportunity for rapid improvement in health and social care. We also have a role in creating a culture where innovation can flourish. We aim to be an outcomes-focused regulator. We want to encourage and champion innovation and technology-enabled services where:

- they benefit people
- the innovation results in more effective and efficient services.

The Deregulation Act 2015 imposes the 'Growth Duty' on any person exercising a regulatory function. This means we should have regard for the desirability of promoting economic growth. We must exercise our regulatory activity in a way that ensures any action we take is proportionate and only taken when needed.

We consider our proposed approach aligns with our legislative requirements in the Deregulation Act 2015. It is also consistent with our strategy commitment to encourage innovation.

Our proposed approach has a direct financial and regulatory impact for 42 integrated care boards. The financial cost is approximately 0.6% of an integrated care board's running cost allowance. This should not significantly reduce the opportunity for integrated care systems to promote innovation and support sustainable economic growth in the health and social care sector. We consider any administrative cost involved in paying an annual regulatory fee to be minimal. This is not withstanding the existing financial context within which the integrated care board is operating.

# Proposed regulatory fee for integrated care boards, 2024/25

## This table shows the running cost allowance for each integrated care board for 2024/25 and the proposed regulatory fee for that financial year.

These are draft figures and may change.

| **Integrated care board** | **Integrated care board running cost allowance 2024/25** | **Proposed regulatory fee 2024/25** |
|---|---|---|
| North East and North Cumbria | £48,259,000 | £289,368 |
| Greater Manchester | £45,899,000 | £275,217 |

| | | |
|---|---|---|
| Cheshire and Merseyside | £40,468,000 | £242,652 |
| West Yorkshire | £38,921,000 | £233,376 |
| North West London | £34,939,000 | £209,499 |
| North East London | £32,572,000 | £195,307 |
| Kent and Medway | £29,896,000 | £179,261 |
| South East London | £29,669,000 | £177,900 |
| Hampshire and Isle of Wight | £29,373,000 | £176,125 |
| Buckinghamshire, Oxfordshire and Berkshire West | £27,684,000 | £165,997 |
| Sussex | £27,663,000 | £165,871 |
| Humber and North Yorkshire | £27,476,000 | £164,750 |
| Lancashire and South Cumbria | £27,091,000 | £162,442 |
| South West London | £24,825,000 | £148,854 |

| | | |
|---|---|---|
| North Central London | £24,680,000 | £147,985 |
| Hertfordshire and West Essex | £24,376,000 | £146,162 |
| South Yorkshire | £22,845,000 | £136,982 |
| Birmingham and Solihull | £22,606,000 | £135,549 |
| Mid and South Essex | £19,163,000 | £114,904 |
| Devon | £18,981,000 | £113,813 |
| Black Country | £19,066,000 | £114,323 |
| Nottingham and Nottinghamshire | £18,614,000 | £111,612 |
| Staffordshire and Stoke-On-Trent | £18,153,000 | £108,848 |
| Derby and Derbyshire | £17,274,000 | £103,577 |
| Leicester, Leicestershire and Rutland | £17,136,000 | £102,750 |
| Surrey Heartlands | £17,083,000 | £102,432 |
| Norfolk and Waveney | £16,462,000 | £98,709 |

| | | |
|---|---|---|
| Suffolk and North East Essex | £15,846,000 | £95,015 |
| Bedfordshire, Luton and Milton Keynes | £15,530,000 | £93,120 |
| Bristol, North Somerset and South Gloucestershire | £15,491,000 | £92,886 |
| Coventry and Warwickshire | £15,024,000 | £90,086 |
| Bath and North East Somerset, Swindon and Wiltshire | £14,873,000 | £89,181 |
| Cambridgeshire and Peterborough | £14,098,000 | £84,534 |
| Dorset | £12,546,000 | £75,228 |
| Herefordshire and Worcestershire | £12,328,000 | £73,921 |
| Lincolnshire | £12,229,000 | £73,327 |
| Frimley | £12,046,000 | £72,230 |

| | | |
|---|---|---|
| Northamptonshire | £11,630,000 | £69,735 |
| Gloucestershire | £10,148,000 | £60,849 |
| Cornwall and The Isles of Scilly | £9,168,000 | £54,973 |
| Somerset | £8,854,000 | £53,090 |
| Shropshire, Telford and Wrekin | £7,775,000 | £46,620 |
| **Total** | **£908,760,000** | **£5,500,000** |

Notes:

- integrated care board running cost allowance for 2024/25 is published by NHS England
- total of regulatory fees = fully chargeable cost for our regulatory oversight of integrated care systems. This total includes
    - direct costs (for example, staff costs for an assessment)
    - indirect costs (for example, governance activity at a programme level)
    - overheads (for example, a proportion of IT and HR costs)

# Equality impact assessment

We are committed to promoting equality in all our regulatory activity, see our equality objectives 2021 to 2025. We want to tackle inequality to make sure everyone has good quality care. Also everyone should have equal access, experience and outcomes from health and social care services.

As a public body, we are subject to the public sector equality duty which requires us to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Equality Act 2010
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

There are 9 protected characteristics covered within the Equality Act 2010. These are:

- age
- disability
- gender reassignment
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation
- marriage or civil partnership.

The public sector equality duty sets out the list of 'relevant protected characteristics' for the second and third needs of the duty. This includes all 9 protected characteristics except marriage and civil partnership. In this equality impact assessment we consider the:

- protected characteristics
- potential impact of our work for carers and in relation to human rights.

We considered equality impact of every stage of our consultation development:

- developing our proposed approach
- considering a range of alternative options to recover our regulatory cost
- making the consultation accessible.

We are keen to understand:

- whether you consider there are other equality impacts for our proposed approach
- ways to mitigate these impacts.

We will use the consultation responses to develop our view. We will publish a final equality impact assessment along with our consultation outcome.

# Developing our proposed approach

Integrated care boards are statutory bodies created by the Health and Care Act 2022. So they must comply with the public sector equality duty and equalities legislation.

Tackling inequalities is a core purpose of integrated care systems. Our proposed approach for calculating a regulatory fee is proportionate to the running cost allowance for integrated care boards. It is the same calculation for all 42 integrated care boards. We do not anticipate our proposed approach will have a particular impact on any group with protected characteristics. We will make the consultation process accessible. We will review our equality impact assessment using consultation findings to check our approach.

# Considering alternative options

We do not propose the alternative option to charge all integrated care boards an equal regulatory fee. While assessing this option we considered how the regulatory fee may not be proportionate to the population of an integrated care system's area. Smaller integrated care boards would have proportionately less money than larger ones to achieve their objectives, including tackling inequalities.

We do not propose the alternative option to charge integrated care boards along with health and social care providers and/or local authorities a fee. While assessing this option, we considered how some partners already pay a fee for our regulatory oversight. We expect to use partner inspection and assessment findings as an evidence source within our approach to integrated care system assessments. We have existing funding arrangements in place to carry out these functions. Some partners may consider they are paying twice for our regulatory oversight. Also an additional regulatory fee would reduce money available to tackle health inequalities.

We considered the do-nothing option in our option assessments, which assesses whether we need to take any action. We appreciate taking no action would mean the integrated care system has more money available to achieve objectives, including tackling inequalities. If we took no action our fee model would not comply with section 6 of managing public money, as we wouldn’t recover our full chargeable regulatory costs. As a regulator we are expected to comply with section 6 of managing public money.

## Making the consultation accessible

We have published this consultation information as accessible web content. Contact us if you need this information in a different format and we'll consider your request.

# Review of our new legislative requirements

The Health and Social Care Act 2008 (as amended by the Health and Care Act 2022) gives us a new duty. This is to carry out **an independent review and performance assessment of integrated care systems**.

Our fee model is compliant with section 6 of HM Treasury's guidance on managing public money. It recovers the full regulatory cost associated with discharging our regulatory purpose and requirements. As such, and in the absence of funding from elsewhere, **we are expected to charge a fee for any new regulatory requirement we undertake**.

The Care Quality Commission (Fees) (Reviews and Performance Assessments: Integrated Care System) Regulations 2023 prescribes this new function for the purposes of section 85 of the Health and Social Care Act 2008. This enables CQC to charge fees to cover the cost of performing that function.

CQC is a statutory non-departmental public body, established by the Health and Social Care Act 2008. The Act requires us to:

- register providers of health and social care
- maintain a register through the exercise of our regulatory functions.

We have the power to charge a fee, which we charge annually to health and social care providers, through our statutory fee scheme. We are a predominantly fee-funded organisation. Approximately 90% of our revenue comes from provider fees.