

CQC's fee consultation for 2018/19

CQC high level messages and Q&As

[Note, we will add further questions and answers to this document during the period of the consultation, in response to questions asked by respondents]

Main messages

Overview and background

- The Health and Social Care Act 2008 includes powers for the CQC to set regulatory fees, subject to consultation.
- We are consulting on the fee amounts for the 2018/19 fee scheme.
- Last year, following consultation, we completed the path to achieve full chargeable cost recovery, set over a two-year period for most providers in line with government requirement.
- The exception was for community social care providers (which include homecare agencies) whose trajectory was set over four years. We intend to continue that path for them.
- Now that we have reached full chargeable cost recovery for most sectors, we are continuing our review of the fees scheme to ensure that fees are charged in better alignment with our use of resources, distributed proportionately, and that the distribution of fees across sectors captures current developments within each sector.

Key proposals

- One proposal will increase fees. In line with the trajectory to full chargeable cost recovery, fee income from the community social care sector will rise by £3 million, with an equivalent decrease in our grant-in-aid.

- We are reviewing the fee scheme structures for community social care, NHS trusts, NHS GPs and urgent care providers.
- These four proposals are tailored for each sector we are focusing on, but are broadly based on two common themes:
 - to charge fees in proportion to a provider's size, removing the current banding structure.
 - an introduction of a minimum fee (floor) and a maximum fee (ceiling) across providers within a sector may be appropriate. We have offered a number of options in each sector.
- For all other sectors the fee scheme remains unchanged, which means a provider's fee will remain the same as that for 2017/18, providing their registration remains unchanged. We will review and consult as appropriate on fees for other sectors in the coming years.

Provider impact

- We recognise the financial challenges that providers face, and we do not underestimate the impact of fees on providers. Our proposals for 2018/19 seek to ensure that our fees scheme continues to distribute fees in a proportionate way for all our registered providers.
- Apart from the required increase to community social care providers, no sector sees an increase in their total fees. However, our proposals will change the fees for individual providers affected by the structural changes, depending on the options chosen (some providers' fees will increase and some decrease).

Consultation process

- We have always consulted widely on any proposed changes to the fees we charge and we will continue to give providers and their representatives the opportunity to review and be able to plan for any changes that will affect them.
- When we have analysed the feedback from this consultation in January 2018, we will prepare a response and a final fees scheme. CQC's Board will recommend the scheme to the Secretary of State, whose consent is required in order for the scheme to come into effect. We expect to publish our response and our final fees scheme in March 2018, for implementation on 1 April 2018.
- The consultation is open for responses until midday on 18 January 2018.

Where to find key information

- Full details and descriptions of each of our proposals are given in the consultation document and draft regulatory impact assessment.
- The consultation document and our online survey form can be found on the fees consultation page on our website:
www.cqc.org.uk/FeesConsultation2017
- The draft regulatory impact assessment sets out how we will evaluate the impact of different options for fees. It also provides the analysis behind our proposals and details of our budget. It can also be found on the consultation page on our website:
www.cqc.org.uk/FeesConsultation2017

Proposals for 2018/19

Proposal 1

We propose to change the fees scheme structure for community social care providers by:

- replacing the current banding structure
- charging fees in proportion to the size of a provider in the sector (using a measure chosen through this consultation).

Proposal 2

We propose to increase fees for community social care for 2018/19. This is the third year of our four year trajectory to full chargeable cost recovery.

Proposal 3

We propose to change the fees scheme structure for NHS GP providers by:

- removing the current banding structure based on patient list size for providers with one location
- removing the current banding structure based on the number of locations for providers with more than one location
- charging fees in proportion to the size of a provider in the sector
- using patient list size per location as the sole measure of size for all NHS GP providers (using an option chosen through this consultation).

Proposal 4

We propose to change the fees scheme structure for urgent care providers by:

- removing the current banding structure for providers with one location
- removing the current banding structure based on the number of locations for providers with more than one location
- adopting a new method of charging fees (using an option chosen through this consultation).

Proposal 5

We propose to change the fees scheme structure for NHS trusts by:

- removing the current banding structure
- charging fees in proportion to the size of a provider in the sector
- continuing to use annual turnover as the measure of this size for all NHS trusts (using an option chosen through this consultation).

Further details are in our consultation documents. These can be found at: www.cqc.org.uk/FeesConsultation2017

Q&A about the consultation

How do providers work out what their fee will be from 1 April 2018?

Providers in the three sectors where we propose changing the fee scheme (ie community social care provider, NHS trusts, NHS GPs and urgent care providers) need to go to the appropriate section within the consultation document where the proposed methodologies are described.

These are:

- Proposals 1 and 2 for community social care providers
- Proposal 3 for NHS GPs
- Proposal 4 for urgent care providers
- Proposal 5 for NHS trusts

It is possible to calculate indicative fees based on the options that we are consulting on.

For all other providers, the current fee scheme will apply and this can be found on the fees page on our website (www.cqc.org.uk/fees). This also has a fees calculator.

Since full cost recovery has been reached for most sectors, why is there a review of what some providers pay?

We are continuing our review of the fees scheme to ensure that fees are charged in better alignment with our use of resources, distributed proportionately, and that the distribution of fees across sectors captures current developments within each sector.

The sectors most in need of this review are community social care, NHS trusts, NHS GPs and urgent care providers.

Our proposals are tailored for each sector we are focusing on, but are broadly based on two common themes.

- to charge fees in proportion to a provider's size, removing the current banding structure.
- an introduction of a minimum fee (floor) and a maximum fee (ceiling) across providers within a sector may be appropriate. We have offered a number of options in each sector.

We do not underestimate the impact of fees on providers. Our proposals for 2018/19 seek to ensure that our fees scheme continues to distribute fees in a proportionate way for all our registered providers, taking in to account the financial challenges that providers face.

Could fees change again?

Community social care has a four year trajectory to full chargeable cost recovery so this sector will see a final fee increase in 2019/20. No other sector will see an overall fee increase.

However fees for individual providers may change as we continue our review of the fees scheme focusing on those sectors that seem most in need of review. We are including a question in this year's survey seeking respondents' advice on which sectors to consider for future years' consultations.

We have reduced costs successfully over the past two years, initially as part of the spending review, but now under our own control. As a public body we have always been conscious of the need to spend wisely and demonstrate our value for money. We have consistently spent within our budget and are now reducing costs year on year. Our challenge in moving to a position where providers fund 90% of our work is to secure an overall reduction in income, while continuing to invest to improve our efficiency and effectiveness in the future.

Why will some providers see fee increases and other providers see decreases, and all of such different values?

In our review of the fees scheme we are trying to ensure that fees are charged in better alignment with our use of resources, distributed proportionately, and that the distribution of fees across sectors captures current developments within each sector. We have focused on the three areas we believe to be in most need of this review.

See answer to the question on page 5 – “could fees change again?”

CQC’s next phase approach is moving towards a more targeted approach to regulation, focusing on the areas of greatest concern. What does this mean for fees?

We are obliged to recover our full chargeable costs through fees in the most appropriate way possible.

Our assessment of the cost of regulating each sector is measured by the data we collect from our current methodology, modified by our understanding of future changes. Our next phase approach will change some elements of our methodology, but others will remain unchanged. We have factored these in to the calculation of our proposed fees for 2018/19 and will continue to do so for future years.

General Q&A about fees

There are a number of general questions that providers may be interested in, which include:

- Why and how fees are charged
- The justification for charging a fee
- What the fee covers
- Fee scheme categories
- How fees are calculated under the current fee scheme
- The position for registered charities
- Administrative questions around the issuing of invoices and the means of payment
- What happens if a provider can't pay or refuses to pay

Answers to these questions and many others specific to individual sectors can be found in our “Regulatory fees 2017/18 Guidance for providers” at:

http://www.cqc.org.uk/sites/default/files/20170313_CQC_fees_2017_18_provider_guidance_PUBLICATION.pdf

Sector-specific Q&A about fees

NHS GPs

Why are changes to the fees structure proposed for NHS GPs?

Changes in the way that primary care is organised and provided in the sector combined with changes to our approach to regulation of the sector mean that the current structure does not align well with how we charge fees. The most immediate problems include:

- Providers with two or three locations are charged significantly more than providers with one location even though they might look after a smaller number of patients overall.
- Over 90% of providers have one location and the current four bandings mean that the range of fees charged is small compared to the range in size of practices. The differentiation in fees charged does not adequately reflect the differentiation in size of providers.

Our initial proposals address these structural issues. There will be further development as we understand the impact of all the changes better.

Full details can be found in the consultation document on our website:

www.cqc.org.uk/FeesConsultation2017

Will NHS GPs also be reimbursed for the costs of fees in 2018/19?

This question is for the Department of Health.

Why are changes to the fee scheme for urgent care providers proposed?

Currently we charge urgent care providers with one location according to the highest banding for a single location NHS GP, which is equivalent to the fee for NHS GPs with a patient list size that is greater than 15,000 and those with multiple locations according to the fees scheme for NHS GPs with multiple locations.

Moving NHS GPs to a measure based on patient list size (see proposal 3) means that this is no longer possible. We therefore need to determine an appropriate measure and charge this group according to that.

NHS trusts

Why are changes to the fees structure proposed for NHS trusts?

The fees scheme structure for NHS trusts has not changed since 2010, except for fee increases for each band. It is in six wide bands, set by turnover.

The scheme needs some adjustment as the highest band is for trusts with a turnover of more than £500 million. Initially only a very small number of trusts fell in to this band. Since then the trend has been for trusts to merge into larger trusts, which means that we think that about 20% of trusts are likely to fall into the top band for 2018/19. Some adjustment is therefore needed to reflect the complexity of the sector and the cost of regulation of individual trusts.

Removing the banding structure and charging fees in proportion to the size of the provider ensures that the fee is aligned more closely to the turnover of the provider and so the complexity and resource demands of each trust.

Why are fees charged to NHS trusts, which are funded by the Department of Health?

We charge all providers irrespective of their status or funding streams. This means that all providers, including NHS trusts, are directly responsible and accountable for paying fees associated with their regulation. It also allows us to be transparent and accountable to all providers.

Community social care (including home care providers)

Why are changes to the fees structure proposed for community social care?

Our own assessment and comments from the sector show that the number of locations used by a provider is not a satisfactory measure of size. This, coupled with increasing fees as the sector moves to full cost recovery, exacerbates two existing issues:

1. Providers of very different size but registered with one location all pay a fee in 2017/18 of £2,192.
2. The use of locations for bandings and the significant differences between those bandings results in large step increases between providers: for example (using 2017/18 figures), a provider with 12 locations will pay £24,370, while a provider with 13 locations will pay twice that, at £48,740.

The approach to increasing fees for community social care (including home care) was agreed last year; why is this being consulted on again?

We must consult providers and the public whenever we propose to make any changes to our fees scheme.

What if a community social care provider doesn't agree with the policy of moving towards full cost recovery?

We are obliged to achieve full chargeable cost recovery by HM Treasury. This is a non-negotiable requirement. This policy position is clearly set out in the

Treasury's published document *Managing Public Money* which can be accessed by clicking [here](#). In CQC's case, full chargeable cost recovery relates to the costs of our regulatory functions, which include registering new providers and managers, making changes to existing registrations, monitoring and inspecting services and our activities associated with rating services

CQC's State of Care report indicated concern about the sustainability of social care provision. Aren't the increases for small community social care providers only going to exacerbate this?

We recognise the impact of the increases on small social care providers. This is one of the reasons that a four year trajectory was decided upon, rather than two. However we know that the smallest community social care providers are particularly affected by increases so, through this consultation, we are looking at better measurements for distinguishing the size of providers in a proportionate way.

In very broad terms, we expect under our proposals that around 70% of providers to see a reduction against their fee for 2017/18 and 30% to see an increase. The size of the increase/decrease will depend on the measure, the option chosen and the size of the provider.

All other providers

What does the consultation mean for:

- Residential social care providers?
- Hospice at home and hospices?
- Independent community healthcare?
- Diagnostic and imaging providers?
- Independent hospitals?
- Independent consulting doctors?
- Prison healthcare?
- Substance misuse services (community based and residential)?
- Dental providers?

The fee scheme remains unchanged for these providers, which means a provider's fee will remain the same as that for 2017/18, providing their registration remains unchanged.

How can these providers comment on the fees scheme?

We have asked some general questions on what providers as a whole think we should review in future fee consultations, suggestions as to how we should

charge fees and our approach to reviewing the fees scheme. We will review all comments and respond to them, and they will play a part in our approach going forward.