

Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal	Adult Social Care Provider Inspection Handbook
Lead Regulator	Care Quality Commission
Contact for enquiries	BITA@cqc.org.uk

Date of assessment	<i>28 June 2018</i>
Commencement date	<i>1 November 2017</i>
Origin	Domestic
Does this include implementation of a Cutting Red Tape review?	No
Which areas of the UK will be affected?	England

Section 1: Brief outline of proposed new or amended regulatory activity

CQC has produced a handbook for regulated social care providers since October 2014. The handbook sets out what providers can expect during inspections of their services. It covers our end to end inspection methodology. This includes how we gather information about and monitor services, the information we ask providers to regularly submit, when we will inspect, the different types of inspection, the impact of the Mental Capacity Act on inspections, and how we take equality and human rights issues into account. The handbook also sets out how we report after inspections, how providers can challenge factual inaccuracies at the draft stage, how we rate services, when and how providers can challenge our ratings, requirements about displaying ratings, introductory information about how we enforce when needed, our special measures process, and how to complain about CQC. The handbook is designed to be read by service level registered managers and by senior provider managers who have specific responsibility for compliance, quality and safety in how regulated activity is provided.

We revised our handbook to reflect changes in our inspection methodology introduced for inspections from November 2017 onwards. The changes were introduced after a public consultation. They were not sufficiently different to yield large costs or savings for providers, and are described briefly in our Non-Qualifying Regulatory Provisions report.

The length and the format of the handbook have changed. The new guidance is 6,444 words long, whereas the previous handbook was 27,525 words long. The new guidance is embedded on our website; the previous handbook was a standalone PDF document. A downloadable PDF version is also available. We do not think that the change to an on-line format either increases or decreases the impact on providers; the same content has to be read whatever the medium.

Section 2: Which type of business will be affected? How many are estimated to be affected?

All adult social care services regulated by CQC will be affected by the changes. According to data from our Information Management system as of November 2017 there were 13,263 providers, delivering regulated adult social care (ASC) at or through 25,316 locations. These locations are either:

- Care homes (with or without nursing): 16,183
- Providers of 'Care at home' (regulated care for people living in their own homes): 9,133

The main practical impact of the handbook changes is that relevant managers will have to read it to understand how CQC will inspect their services going forward. The impact will also depend on how many 'locations' each organisation runs. A location is a setting where regulated activity is carried on at or from; for example a care home or domiciliary care agency office. Each has a registered manager. In addition to registered managers, organisations must also specify a nominated senior manager for the regulated activities they provide. This manager would also need to read the handbook. Adult Social Care (ASC) providers range in size from those with hundreds of locations and thousands of staff, to others with just one location and a very small number of staff.

We sent out a survey to ASC provider trade association members to find out which staff are most likely to read the revised handbook. We received six responses, all from larger providers. They confirmed that 'Nominated Individuals' and registered managers do so. Some said that more junior managers also read the handbook and one said that they encourage all staff to read it. Most adult social care providers, however, are significantly smaller and more medium sized businesses with flat hierarchies.

CQC designed the handbook to be read by Nominated Individuals (the director, manager or secretary of the body who is responsible for supervising the management of the carrying on of the regulated activity by that body), individual owners, lead partners of partnerships and registered managers. It is these groups that carry legal responsibility for how regulated activity is provided. We think it is reasonable to assume that managers and others in these groups do so.

Our legal register of information on providers includes data on each group. Our register shows that in November 2017 there were:

9,931 nominated individuals
1,168 providers who are individuals
907 partnership lead partners
22,242 registered managers

The Department of Health and Social Care proposes that we treat between 87% and 94% of Adult Social Care services as private based on information held by DHSC policy officials on public/private splits in their respective areas. For the purposes of this assessment, we therefore use the mid-point of these estimates and assume that 90.5% of managers and owners in Adult Social Care services work in private providers.

Using these Department of Health estimates, we therefore calculate the following approximate numbers of managers and owners are therefore in scope of the target:

8,988 nominated individuals (90.5% x 9,931 = 8,988)
 1,057 providers who are individuals (90.5% x 1,168 = 1,057)
 821 partnership lead partners (90.5% x 907 = 821)
 20,129 registered managers (90.5% x 22,242 = 20,129)

Summary of costs and benefits

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Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2017	2017	10	-53.3	53.3	-6.2	-31.0

Section 3: Please set out the impact to business clearly with a breakdown of costs and benefits

Impacts

We believe the impacts of the revised handbook on providers are that:

1. Providers will need to read the new guidance, leading to a one-off cost of familiarisation.
2. Providers will need to refer to this document on an ongoing basis. Since it is significantly shorter this will yield savings.

Assumptions

Costing assumptions are based on:

- How long it takes to read the guidance – both old and new;
- How often the document is read; and
- Who reads the document (see section 2) and how much they earn.

We can use existing conventions about the speed of reading documents to estimate how long it takes to read our guidance – both old and new. As this is technical guidance for health and social care professionals, we have assumed that the guidance is pitched at a graduate reading level, which according to the Oxford Guide to Plain English is an average reading speed of 75 words per minute. The existing handbook has 27,525 words. The revised handbook has 6,444 words. It would therefore take a reader 6 hours and 7 minutes to read the current handbook and just 1 hour 26 minutes to read the revised handbook.

Frequency of re-reading depends on a number of factors, most importantly how often a provider expects to be inspected. Providers will not typically read the document the whole way through each time they refer to it. The website presentation format supports providers referring to sections as needed. Most CQC inspections of ASC services are not announced. Even when they are, the notice period is short. While standard inspection frequencies are published (linked to their current rating), a proportion of inspections are brought forward. In addition, where we receive information of concern, comprehensive inspections can be brought forward or additional

focused inspections undertaken. Providers therefore know that they may be inspected at any time, and that they must be ready for this. Hence our assumption that providers will need to accumulatively read the handbook twice per year, in order to be ready for an inspection that could take place at any time. Our survey of providers did not challenge this assumption, and some said they believed assumption was reasonable. This survey was a Word document form sent out to providers via Trade Associations for the Adult Social Care sector. We received six responses from providers. These responses also confirmed that these providers do refer to these documents on an ongoing basis..

We are not aware of any other impacts on providers arising from the publication of our new handbook.

We used data from the Office for National Statistics to estimate pay related costs associated with reading the handbook. We assume that the salary of a Registered Manager is captured by the job title "Managers and proprietors in health and care services". Provisional 2017 ONS data indicate that the median hourly salary for this role was £16.38 per hour. As for Nominated Individuals, lead partners and individual owners, we use the job title "Health and social services managers and directors" to determine the assumed salary. Their median hourly salary according to the ONS was £21.99. We account for overheads by using the Eurostat estimated non-wage costs in the UK for 2017 (17.1%). So the hourly cost we use in our assessment is £19.76 per hour for a Registered Manager, and £26.53 for a Nominated Individual or equivalent. We have used the same assumptions on ONS job titles as in our previous assessment on "Amendments to Adult Social Care Provider handbooks". The assumptions used in this assessment were based on survey responses from 22 ASC providers.

1. One-off cost of familiarisation

All Registered Managers, Nominated Individuals and equivalents will likely read the whole document once after it was first published to familiarise themselves with the new material.

We estimate the cost of reading the new handbook once as follows:

8,988 nominated individuals x £26.53 per hour x 1.4 hours = £341,394
1,057 providers who are individuals x £26.53 per hour x 1.4 hours = £40,152
821 partnership lead partners x £26.53 per hour x 1.4 hours = £31,180
20,129 registered managers x £19.76 per hour x 1.4 hours = £569,541

Total = £982,266 (£341,394 + £40,152 + £31,180 + £569,541 = £982,266)

So the cost of this one-off familiarisation is approximately £1 million in 2017/18.

Impact 2. Ongoing savings from shorter handbook

As discussed above we assume providers will refer to the guidance on an ongoing basis, which is proxied by two full reads a year. The new guidance is significantly shorter than the old guidance and so providers will save time undertaking this activity.

We estimate the cost of reading the existing handbook as follows:

8,988 nominated individuals x £26.53 per hour x 6.12 hours = £1,458,234
1,057 providers who are individuals x £26.53 per hour x 6.12 hours = £171,505
821 partnership lead partners x £26.53 per hour x 6.12 hours = £133,181

20,129 registered managers x £19.76 per hour x 6.12 hours = £2,432,745

Total = £4,195,664 (£1,458,234 + £171,505 + £133,181 + £2,432,745 = £4,195,664)

Total cost of two reads = £4,195,664 x 2 reads per year = £8,391,329

The cost of reading the new handbook is as follows:

8,988 nominated individuals x £26.53 per hour x 1.4 hours = £341,394

1,057 providers who are individuals x £26.53 per hour x 1.4 hours = £40,152

821 partnership lead partners x £26.53 per hour x 1.4 hours = £31,180

20,129 registered managers x £19.76 per hour x 1.4 hours = £569,541

Total = £982,266 x 2 reads per year = £1,964,531

Net saving from the new shorter handbook:

- £6,426,797 (£1,964,531 - £8,391,329 = - £6,426,797)

So we estimate that the annual savings from referring to the new shorter handbook are approximately £6.4 million per year.

Summary

In summary this change in provider handbook we estimate should save providers around £5.4 million in 2017/18 and around £6.4 million from 2018/19 onwards (see table below). These savings are reflected in the overwhelmingly positive feedback from our consultation on these changes which indicated that providers, in common with the public, people who use services, commissioners and professionals supported the changes we proposed as proportionate and robust.

Year	Impact 1. One-off familiarisation cost	Impact 2. Ongoing savings	Total net savings
2017/18	£982,266	- £6,426,797	-£5,444,532
2018/19	0	- £6,426,797	- £6,426,797
2019/20	0	- £6,426,797	- £6,426,797
2020/21	0	- £6,426,797	- £6,426,797
2021/22	0	- £6,426,797	- £6,426,797
2022/23	0	- £6,426,797	- £6,426,797
2023/24	0	- £6,426,797	- £6,426,797
2024/25	0	- £6,426,797	- £6,426,797
2025/26	0	- £6,426,797	- £6,426,797
2026/27	0	- £6,426,797	- £6,426,797

Please provide any additional information (if required) that may assist the RPC to validate the BIT Score

N/A