HFMA response
December 2023

CQC consultation on regulatory fees for integrated care system assessments

Introduction

The Care Quality Commission (CQC) has a new duty to carry out an independent review and performance assessment of integrated care systems (ICSs). CQC reviews will focus on the following three Secretary of State priority areas:

- leadership
- integration
- quality and safety.[1]

In the CQC's proposed approach, each integrated care board (ICB) will pay an annual regulatory fee to the CQC for assessing integrated care systems. The estimated total cost for 2024/25 is £5.5 million with fees ranging from £46,620 for Shropshire, Telford and Wrekin ICB (the smallest ICB) to £289,368 for North East and North Cumbria ICB (the largest ICB)[2].

The CQC has issued a consultation on regulatory fees for these assessments. The consultation deadline for responses is Thursday 21 December 2023. The consultation sets out the proposed short-term approach with forecast regulatory costs for 2024/25 based on undertaking initial assessments within a two year period, before establishing a longer-term approach for ongoing assessment.

The HFMA's response to the consultation is based on discussions with members of the HFMA ICB Finance Group and HFMA Governance and Audit Committee. In summary we do not support the charging regime to ICBs for CQC costs.

[1] CQC, *Role and responsibilities for integrated care system assessments*, July 2023
[2] CQC, *Consultation: regulatory fees for integrated care system assessments*, October 2023

Q1: Do you agree with our proposed approach to recovering our regulatory costs for assessing integrated care systems by charging integrated care boards an annual regulatory fee?

~~A: Strongly agree~~
~~B: Agree~~
~~C: Neither agree nor disagree~~
D: Disagree
~~E: Strongly disagree~~

Q2: Please tell us the reasons for your answer

While the HFMA recognises that the CQC will incur costs to carry out the independent review and performance assessment of ICSs, as introduced by the *Health and Care Act 2022*, we do not agree with the proposal to charge ICBs for these costs because directly charging ICBs:

- removes an element of independence that would be in place if these costs were funded by the Department of Health and Social Care (DHSC) or NHS England
- increases the transactional costs of contracting and invoicing creating 42 arrangements rather than one if funded by the DHSC or NHS England
- leads to an additional reduction in running costs funds, on top of the existing exercise to make a 30% real terms reduction per ICB by 2025/26, with at least 20% to be delivered in 2024/25.[3]

All organisations within the ICS, other than ICBs, are already subject to CQC inspections and ICBs already have various ways of demonstrating accountability to the public for their activities, such as the annual report and accounts. It is reasonable to expect that the contract for services and costs therefore sits with the DHSC and NHS England as the main users of assurance from these inspections, rather than imposing an additional, significant overhead on NHS services.

Using the current allocation methodology, the charge for each ICB is based on a running cost pro rata basis. Part of the costs incurred will be fixed, regardless of size. For example, a review of leadership is likely to be largely the same across each of the 42 ICSs. By charging the DHSC or NHS England directly would also avoid overcomplicating the formula to develop an equitable approach.

It is also important to recognise that ICBs will also incur additional costs in the time taken for individuals from ICBs and across the wider ICSs to support the reviews. As well as this, NHS providers already make a payment for their organisational CQC inspections and would also be impacted by this cost for the ICS inspection.

In addition to disagreeing with the principle of a charging regime direct to ICBs, the HFMA would also query the level of annual regulatory fee being £5.5 million. In the current challenging financial climate, this level of cost will have a significant impact on the financial position of ICBs and could have a direct impact on funds available for patient care. ICBs will want to ensure value from the reviews, with the benefits justifying the costs. It is impossible to assess the impact the inspections will have and how they will add value to ICBs and the wider ICS. The cost may be more palatable if the benefits were clearer.

NHS England, ICBs and providers have all had to find significant cost savings for current and future years and we would expect the amount charged for CQC inspections to have an equivalent reduction.

Q3: Are there any other options we should consider?

As reflected in the response to Q2, we would like the CQC to consider:

- directly charging either the DHSC or NHS England
- identifying opportunities to reduce the overall costs of ICS reviews.

[3] NHS England, *Integrated care board running cost allowances: efficiency requirements*, March 2023

We would like the CQC to consider how the independent reviews could be carried out, but at a lower total cost. As the CQC already has a role in inspecting all the organisations in ICSs, the intelligence gained could be used to fulfil at part of the CQC's statutory responsibilities in relation to ICSs to minimise cost and reduce duplication.

The CQC could also consider undertaking a paper-based desktop exercise on information already available for the short-term review process, at no or minimal additional cost. This would be more in line with the CQC's 'smarter regulation' aim, as reflected in its 2022 stakeholder survey.[4] As already proposed, the longer-term approach could then be developed for consultation.

Q4: Are there any other regulatory impacts we should consider?

The CQC will need to consider the maturity of ICSs in developing and delivering their reviews. Unlike provider reviews, there is significant variation in size, maturity, inherited challenges and number of partners involved across ICSs, each expected to tailor arrangements to best meet local circumstances.

It is also important to recognise the other regulatory arrangements already in place such as NHS England's own assessments and the external audit annual value for money conclusion. Using the work of others provides the opportunity for increased quality (including consistent outcomes from diverse assessments) and reduction in cost, as well as the time input required by those being assessed.

Q5: Are there any other equality impacts we should consider?

We do not have any comments on any other equality impacts.

Q6: Are you responding as an individual, or on behalf of an organisation or body?

~~A: As an individual~~
B: On behalf of an organisation or body

[4] CQC, *2022 provider survey results*, July 2023

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For over 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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