Care Quality Commission Fees Consultation

Regulatory fees have your say - Proposals for fees from April 2016 for all providers that are registered under the Health and Social Care Act 2008

2 November – 15 January

The Mental Health Network represents virtually all statutory providers of mental health services as well as a large proportion of the non-profit and commercial sector NHS funded mental health services.

We work with government, regulators, opinion formers, media and the wider NHS to promote excellence in mental health services, and the importance of good mental health.

The Mental Health Network (MHN) is writing to state our deep concerns about the latest regulatory fee proposals from the CQC. The proposals indicate that providers will incur significantly increased and sustained cost pressures to meet the CQC’s obligation to achieve full chargeable cost recovery over a two or four year period. We are concerned that the fee proposals will inevitably result in cuts to frontline care and place a burden on providers to deliver high quality and safe care in an already financially constrained environment.

The recently published Public Accounts Committee report\(^1\) questions also whether the CQC is fit for purpose. Concerns include: recruitment; timeliness and accuracy of reports; inadequate performance management; and the lack of a more system-wide perspective. The report makes a number of recommendations, including:

- The CQC needs to demonstrate how it will deliver its programme of inspections in the face of substantial funding reductions including a robust and transparent analysis of risk if it adopts a more flexible approach or prioritises resources. It needs to be clear to the taxpayer and the organisations it inspects about changes of approach.

- The CQC should set out what its approach will be to provide assurance about the use of resources by hospital providers. It should do this as soon as possible as it takes on these responsibilities in April 2016. The Department should clarify the roles of the Commission, Monitor, and the NHS Trust Development Authority for assessing the use of resources by health bodies, to avoid duplication of effort and unnecessary burdens. The report raises serious

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\(^{1}\) Public Accounts Committee, [Care Quality Commission](https://www.cqc.org.uk), December 2015
concerns about adding this responsibility to the Commission when it is not yet delivering its inspections.

Increasing fees when the current regulatory system is under scrutiny for its performance does not seem appropriate.

The MHN in line with that of the wider NHS Confederation, is therefore advocating for the CQC fee consultation to be postponed. There needs to be assurance for the public and providers that the regulatory system is sustainable and able to appropriately support organisations deliver high quality care. Any fee proposals also need to be aligned with the CQC’s forthcoming 2016-21 strategy and the current Department of Health consultation regarding the scope of the regulator’s fee-setting powers.

The wider context

Moving forwards the impact of any fee increases need to be understood in the wider context. It is clear that the demand for mental health services is growing, yet funding for mental health services has fallen by 8.25 per cent in real terms over the last five years.\(^2\)

We recognise that the financial challenge is a concern for all providers, however as the significant majority of NHS mental health providers have a turnover of £125m-£225m there are indications that the current fee proposals could disproportionately impact on our members.

For example, where the CQC suggests moves to “full cost recovery” over just two years, an NHS trust with a turnover of £125m-£225m would see its fee rise from £78,208 this year, to £136,864 in 2016-17 – a 75 per cent increase. The fee would then increase to £215,835 in 2017-18 – this would be a 176 per cent increase on the 2015-16 fees\(^3\). This equates to approximately nine band 5 nurses in every provider organisation in England or 450 band 5 nurses in public services alone.

Fee proposals also need to take into account how the spending review settlement will actually translate into the detailed financial NHS framework for 2016/17, as this is not yet clear. We are concerned that cuts to the Department of Health budget are likely to have a big impact on resources needed to deliver the Five Year Forward View and it remains to be seen how proposals for social care and local authorities will impact on the NHS.

CQC five year strategy

The consultation document makes reference to the CQC developing a new five year strategy to be launched in spring 2016. The fee consultation is being published in advance of this strategy, so does not yet take account of the future vision for health and adult social care quality regulation. There is an implication in the fee consultation document that changes within the strategy may reduce fees currently proposed. However there is no efficiency modelling available to understand what kind of impact this may have.

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\(^2\) McNicoll, A (2015) ‘Mental health trust funding down 8 per cent from 2010 despite coalition’s drive for parity of esteem’, Community care

\(^3\) HSJ 2 November http://www.hsj.co.uk/home/trust-cqc-fees-could-increase-by-75-per-cent-next-year/5091630.article
Furthermore the Department of Health (DH) has also published two consultations which have a bearing on fees. MHN therefore suggest that the CQC fee consultation is postponed to be aligned with the new strategy and DH consultations so that the accurate fee modelling is available for consideration.

In revising these fees there should be consideration of commissioners of services having a responsibility to input to the regulatory fees as well as providers. This might incentivise commissioners to play a greater role in improving provider services.

Areas for improvement

Our members have reported that the new inspection process has made some significant strides to improve the quality of inspection and regulation. The regulators have on the whole a good understanding of the pressures faced by organisations, however this does not always result in a change of approach or support the development of effective solutions. Our members have called for the CQC to go much further in demonstrating their value for money and this is increasingly pressing in light of the fee proposals and the PAC report.

The Mental Health Network, alongside the NHS Confederation have emphasised the need for refinements to the model used for inspections of mental health services; prompt publication of inspection reports; effective engagement with commissioners; consistency in approach and reporting; and evaluation of the transitions made by patients and service users through care pathways.

We have also called for more responsive and tailored inspections. We support the development of a lighter touch approach for high-performing organisations, while also acknowledging the need for a sliding scale of more active intervention for other providers.

Conclusion

There needs to be assurance for the public and providers that the regulatory system is sustainable and able to appropriately support organisations deliver high quality care. The CQC need to respond to the recommendations of the PAC report, our areas of improvement and align any future fee proposals within the context of the future CQC five year strategy.

MHN has had a good history of working with the CQC and would like to offer our continued support to develop an effective regulatory system.

Please do not hesitate to contact me to discuss any of the issues raised in this response. I can be contacted at Stephen.dalton@nhsconfed.org or you can call my office on 020 7799 8708.

Stephen Dalton, Chief Executive, Mental Health Network

15 January 2016