

# 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