CARE BRIEFING NOVEMBER 2015

IT'S ALL ABOUT CQC THIS MONTH

"The (Care Quality) Commission has made substantial progress in the face of sustained criticism, and is developing a more intelligence-driven approach to regulation. Further challenges lie ahead for the Commission to demonstrate, in practice, effectiveness and value for money. It now needs to build an organisational culture that gives its people the confidence, as well as the skills, to apply the regulatory model assertively, fairly and consistently."

Amyas Morse, Head of the National Audit Office, 22 July 2015

This comment from the national Audit Office may be a good place to start when we take a look at how CQC are currently performing and set this against what they are asking for in terms of fees. Their consultation on fees has just started and closes in mid- January next year so a briefing on this may be timely and something of a prompt for providers to consider the issues and respond. Of course the more that do so, the more effective the message.

The National Audit Office, Public Accounts Committee, Department of Health and Francis report have repeatedly taken a view since 2011 about the leadership, strategic direction, and the lack of staff skills, capacity and resource to intervene effectively with failing providers. CQC responded strongly by changing its regulatory framework and restructuring internally. It also took on the responsibility of overseeing the financial sustainability of the top 40 or so corporate social care providers and from June this year is tasked with assessing the financial efficiency of hospital trusts. Whilst the NAO consider that the CQC is responding to the Francis report by using more data, more efficiently, it still does not have sufficient data or analytical staff to monitor risk in the social car sector to trigger an inspection.

In their latest published reports (Oct 15 for Quarter 2), CQC's self-assessment of their performance is that they are Inadequate in terms of both inspections and registrations. Inspections, because of the continuing shortage of inspectors, their experience (30% have been employed for only a year), and time taken to produce a final report. Registrations, for a multiplicity of reasons, although the NAO pick out the pickiness of rejections for paper registrations because of minor errors – wasted effort, cost and delay.

So, one wonders what relevance there is in understanding the CQC self-assessment ratings summarised above, with the cost of regulation and the fee charged. Currently, the cost of regulation represents 0.16% of the overall spend on health and adults social care in England (£224m) and 50.6% (Note 1) of this is funded by the provider, the balance by the tax payer. The tension about this is that regulation is required to be cost neutral to the tax payer so

the provider is expected to fund the whole cost of regulation. This seems slightly odd since it is the tax payer who benefits from good care but somehow is being protected from investing in it.

Nevertheless, the consultation on this argues the case for regulation to be fully funded by the provider against the option of either completing this in 2 years or 4 years. For social care this will mean a 24% rise in fees over either 2 or 4 years. For example a 26 to 30 bed care home would see a rise from £3761 to £4661. On the other hand a single location domiciliary care agency would see a 4 fold increase from £796 to £3287. (Note 1)

The cost pressures that this imposes on providers can be seen as counterproductive in an atmosphere of gross undervaluing of residential and domiciliary care over many years, the introduction of the National Living Wage, the introduction of workplace pensions, rising business insurance costs, inflation in nursing costs and lack of availability of registered managers due to overregulation of their posts to name just a few.

There are some difficult questions to wrestle with in responding to the consultation. Is the provider getting value for money considering the lack of performance of the regulator? Is it wise for Government to be placing this level of pressure on cost neutral regulation at this difficult time of change in the sector? Is it affordable?

Note 1

http://www.cqc.org.uk/sites/default/files/20151102_cqc_fees_from_2016_consultation_final.pdf

CONTACT

If you would like to arrange an initial no-obligation meeting, at no charge, please contact:

Julie Hopkins, Partner

Julie Hopkins leads Albert Goodman's Care Providers Team providing advice to care sector start-ups, those growing their business and those looking to exit. The team of more than 10 experts advise on business strategies, cash flow management, business structures, minimising tax, acquisitions and disposals, payroll and financial services.

Julie takes a lead in the firm's membership of the Registered Care Providers Association (RCPA). Her depth of expertise within the Care sector includes care homes, nursing, residential, mental health, domiciliary and supported living. Julie qualified as a Chartered Accountant with international firm KPMG and has specialised in SMEs ever since, with a particular emphasis on care providers.

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