Opinion: EANDCB validation
Origin: domestic
RPC reference number: RPC-4116(2)-DH-CQC
Date of implementation: November 2015

Regulatory Policy Committee

Moving CQC registration and notification processes online

Care Quality Commission

RPC rating: validated

The EANDCB validation impact assessment (IA) is now fit for purpose as a result of the department's responses to i) the RPC's initial review notice, and ii) subsequent 'not validated' opinion. As previously submitted, the IA was not fit for purpose.

Description of proposal

The Care Quality Commission (CQC) has updated its processes for online care provider registration. The first update extends membership to care providers from sectors such as independent ambulances and social care organisations of the CQC's Provider Portal by offering digital versions of forms used to alter registration details or submit notifications. Automated checks on online forms ensure that accompanying evidence is provided during submission and that applicants fill in forms completely and in the correct format. Care providers will be able to continue submitting forms via email or post. Changes to registration processes are expected to result in fewer rejected forms.

All care providers in the UK must register with the CQC. The CQC has also launched a new online registration application tool, which is expected to decrease the associated administrative burdens for both the CQC and business.

Impacts of proposal

In order to monetise the impacts of the proposal, the assessment provided data from ASHE for all assumptions on uprated, hourly wage rates. The assessment assumes that 7,000 businesses will create Provider Portal accounts in the first year of implementation, gradually decreasing to 1,500 in the fourth year of appraisal and remaining at this level thereafter. The CQC notes that 227 new provider applications were submitted online in the first year, rising to 2,647 in year 5 and subsequent years.

The CQC does not hold data on the number of Provider Portal accounts created by businesses, as development of the portal is undertaken by a third party. Nor does the CQC have data on the number of new online provider applications by sector. Estimates of both new Provider Portal account creations and new provider online

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registrations by businesses are based on CQC management information data, Department of Health agreed assumptions and feedback from three trade associations.

Costs

The regulator states that both policies impose a one-off cost for service providers creating login accounts. Following consultation with industry, the CQC anticipates that the creation of Provider Portal accounts and logins for online registration would require around five minutes of a service manager's or director's time. It therefore estimates the total account creation costs at £11,000 in the first year of implementation, falling to approximately £2,500 by the third year and thereafter . For the online registration tool, the regulator estimates that login creation costs will be negligible in the first year of implementation, rising in line with the expected number of new registrations to £2,500 in the second year, and £4,000 in the fifth year and thereafter.

The CQC also considers the one-off costs associated with the need for providers to familiarise themselves with both of the proposals. Based on the number of words on the relevant pages of the Provider Portal and a reading speed of 75 words per minute, the regulator calculates that familiarisation will require 28 minutes of a service manager's or director's time. Thus, it estimates total costs of familiarisation of £60,000 in the policy's first year of implementation, £34,000 in the second, £14,000 in the third and £13,000 in all subsequent years. The familiarisation cost of the online registration tool is similarly calculated as negligible in the first year of implementation increasing to approximately £4,500 by the fifth year and thereafter.

Benefits

The CQC state that the policy will benefit businesses who will be able to spend less time completing notification and application forms. The regulator also expects further time savings because forms submitted online are less likely to be rejected.

Using assumptions based on consultation data, the CQC anticipates that the new notifications process via the Provider Portal, undertaken by either a manager or a director, will save approximately 0.07 hours per notification. Improvements in the accuracy of first time submissions are expected to save managers between 2 and 7 hours per resubmission avoided. Using this assumption and CQC data on the proportions of incorrect first-time submissions for online and paper submissions, the regulator estimates total savings of £35,000 in the first year of implementation, rising to £340,000 by the sixth year of implementation due to the extension of Provider Portal membership.

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The CQC also estimates that a director would save an estimated 0.78 hours by using the online registration tool and 2 more hours as a result of improvements in accuracy. Thus, it estimates total savings of £30,000 in the first year of implementation, rising to £380,000 in the fifth year of implementation and thereafter.

Quality of submission

As previously submitted for RPC scrutiny, the IA was not considered fit for purpose. Following the RPC's initial review, the Department submitted a revised IA that was again deemed not fit for purpose. In particular, the RPC were concerned at the lack of external support for assumptions on the growth in the number of businesses expected to use the portal and tool. To test these forecast assumptions, the CQC sought feedback from Trade Associations. The CQC did not, however, explain how representative those trade associations were of the care provider industry as a whole. It also did not explain its approach to gathering feedback.

In addition, the CQC did not present clear evidence to underpin its assumptions, especially around the time taken to carry out key activities such as creating accounts on the portal.

In subsequent correspondence the CQC has addressed these concerns as follows:

- it has explained why the financial cost involved in obtaining from its third party data provider the figure for the 'number of providers joining the portal' would be prohibitive, particularly given the fact that this figure has a very limited impact upon the overall EANDCB estimate;

- it has provided further information on the method by which feedback was sought from trade associations, and clarified their membership; and

- it has provided a further narrative explaining exactly how care providers create accounts on the portal to support its assumptions as to the length of time this will take.

In light of these clarifications the RPC now considers the CQC's calculation of both the costs and benefits of the policy to be robust. The RPC can therefore validate the equivalent annual net direct cost to business (EANDCB) and Business Impact Target (BIT) score for this BIT assessment for the 2015-17 Parliament.

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Other comments

This IA could have been improved by making greater use of external support for its assumptions. Future IAs would also benefit from clearer formatting and explanation of the calculations and underlying assumptions throughout.

Regulator assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.6 million
Business net present value	-£5.28 million

RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated	£0.6 million
Business Impact Target (BIT) Score	£3.0 million
RPC rating	Fit for purpose

Anthony Browne, Chairman