

**EXPLANATORY MEMORANDUM TO THE
COMMISSION FOR HEALTHCARE AUDIT AND INSPECTION (FEES AND
FREQUENCY OF INSPECTIONS) (AMENDMENT) REGULATIONS 2005**

2005 No. 647

1. This explanatory memorandum has been prepared by the Department of Health and is laid before Parliament by Command of Her Majesty.

This memorandum does not contain information for the Joint Committee on Statutory Instruments.

2. **Description**

2.1 These regulations amend the Commission for Healthcare Audit and Inspection (Fees and Frequency of Inspections) Regulations 2004. They set out the registration, variation and inspection fees to be paid to the Commission for Healthcare Audit and Inspection (the Healthcare Commission) by certain establishments and agencies, namely independent hospitals, independent clinics and independent medical agencies, under Part 2 of the Care Standards Act 2000. The new fees take effect from 1 April 2005.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None

4. **Legislative Background**

4.1 The Healthcare Commission was established under the Health and Social Care (Community Health and Standards) Act 2003 and is known in legislation by its full name, the Commission for Healthcare Audit and Inspection (CHAI). In England the Healthcare Commission is the regulator for independent healthcare providers – those that operate hospitals, clinics and independent medical agencies regulated under Part 2 of the Care Standards Act 2000.

4.2 Section 16 of the Care Standards Act 2000 provides for Regulations that specify annual fees payable to the registration authority (now the Healthcare Commission).

5. **Extent**

5.1 The Regulations apply to England.

6. **European Convention on Human Rights**

These Regulations raise no human rights issues.

7. Policy background

7.1 Establishments and agencies within the scope of the Care Standards Act 2000 are required, to pay fees for registration, variation of registration, and annual fees as prescribed by the Secretary of State for Health. These fees are set out in secondary legislation.

7.2 From 1 April 2004, the Healthcare Commission has been the single inspectorate for healthcare, bringing together the inspection functions of the Commission for Health Improvement, the independent healthcare work of the NCSC and the national healthcare value for money work of the Audit Commission.

7.3 When fee increases for 2004/05 were announced, the Government confirmed that its policy on regulatory fees included the intention to achieve full cost recovery; it is the Government's intention that by 2008 at the latest, but possibly sooner, the Healthcare Commission should reach the position where it recovers the full cost of registration and inspection work under Part 2 of the Care Standards Act 2000 from provider organisations. The increases for 2005/06 are a step in that direction and will provide the Commission with income equal to about fifty per cent of the costs it incurs. The flat rate increase in fees for registration and variations is recognition of the fact that the amount of work involved for the Healthcare Commission is similar irrespective of the size of the provider organisation: the variable rates of increase in inspection fees – between twenty per cent and fifty five per cent – acknowledge the different amounts of work involved.

8. Impact

8.1 A Regulatory Impact Assessment is attached to this memorandum

8.2 The impact on the public sector is nil, the fees are payable only by private and voluntary sector healthcare providers.

9. Contact

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