

Annual report and accounts 2024/25

Care Quality Commission (CQC)

Annual report and accounts
2024-2025

**Presented to Parliament pursuant to paragraph 10(4) of Schedule 1
of the Health and Social Care Act 2008**

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Foreword

In publishing this annual report and accounts for 2024/25, we recognise that the reporting period covered is now quite old.

Our organisation has changed considerably during the 2025/26 period, so it is important that we reflect this as we report on an older accounting period.

This report is substantially the position of CQC during the 2024/25 period. We are publishing these accounts about a year after we would have preferred. The lateness of reporting is beyond CQC's control - it is due to some local government financial reporting and provision of pension assurance information from the Local Government Pension Scheme auditors. This information is a material aspect of our financial statements and required for certification of our accounts. The National Audit Office is aware of the situation. Further information relating to the delay is detailed in the report.

In this report, we are reflecting on a period of significant organisational and leadership change, during a period when we were focused on responding to hard-hitting independent reports from Dr Penny Dash, Professor Sir Mike Richards and Peter Gill. This report strikes a balance between respect for the accounting period and subsequent changes that are more reflective of the progress we have made towards rebuilding CQC.

The commitment and dedication of our people has ensured that good work has continued to be delivered, and this is detailed in our performance report. This commitment and resolve has helped put us in a stronger position as we continue to improve the way we work.

Last year, we identified 4 immediate actions and 5 foundational improvements needed to rebuild CQC. This report describes our progress on our commitments and the collaborative work that is happening across our organisation and with our external stakeholders.

Our purpose remains clear: to be the strong, effective regulator of health and social care that people and providers need and deserve. Earlier this year, we made a strong step towards a sector-based approach to regulation as we published 4 draft assessment frameworks – covering adult social care, mental health care, primary care and community services, and hospitals, secondary and specialist services. This is a crucial part of our commitment to deliver a regulatory approach that is clearer, more proportionate, and better able to support improvement in the quality of care – and it comes after a wide-ranging consultation with more than 1,000 responses from our stakeholders.

Moving into 2026/27, we will continue to engage with our stakeholders as we develop and refine our approach. Their contribution and this collaboration has been invaluable as we have stabilised our organisation and clarified the way forward. At every level of the organisation, we have invested time in meeting with and listening to the public, our stakeholders and those we regulate so that we really understand what change they need from us and how we can better deliver it.

While we know there is much work still to do to rebuild trust and confidence, we have made progress against the immediate priorities and the foundational improvements – and we are determined to continue to improve our registration services, how we respond to concerns, and how we deliver an increasing number of assessments that support improvement. We will report back on these assessments more quickly and do more to share best practice and support improvement. And we will use our unique oversight of health and social care to call out issues that need national attention and solutions.

We are committed to getting this right and accelerating the improvements that are needed so that more people get better care.



A handwritten signature in black ink, appearing to read 'Mike Richards'.

**Sir Mike Richards CBE MD FRCP
Chair**



A handwritten signature in black ink, appearing to read 'Arun Chopra'.

**Dr Arun Chopra
Interim Chief Executive**

1. Performance report

The performance report consists of 3 sections:

Who we are and what we do

Our role and responsibilities under the Health and Social Care Act 2008.

Performance overview

A performance summary for 2024/25 that highlights important achievements, progress towards our objectives and targets, and our impact as a regulator.

Performance analysis

A more detailed explanation of our performance during 2024/25, with evidence to support the performance overview.

Who we are and what we do

The Care Quality Commission (CQC) was established in 2009 under the Health and Social Care Act 2008 as the independent regulator of health and adult social care in England.

We're an arm's length body that reports to Parliament through our sponsor department, the Department of Health and Social Care.

The [way we work and deliver our purpose](#) is based on refreshed shared definitions of why we exist, what we seek to achieve and how we lead, work and behave. We developed this approach in 2024/25 together with our colleagues, health and care providers, the public and wider stakeholders.

Our purpose

We regulate health and adult social care, we work together with the public, systems and providers of care to protect people, and to promote and improve quality of care.

Our vision

Everyone receives safe, effective and compassionate care.

Our role

Our regulatory work involves:

- registering health and adult social care providers to deliver regulated activity
- assessing and inspecting services to check whether they are safe, effective, caring, responsive, and well-led, and publishing our judgements and ratings for the quality of care
- providing independent assurance to the public on the quality of care in their area
- under the Health and Care Act 2022, assessing the performance of local authorities in meeting their adult social care responsibilities under the Care Act 2014
- enforcing the regulations by using our legal powers to protect people where we identify poor care
- speaking independently by publishing national and regional commentary and views of the major quality issues in health and social care, and encouraging improvement by highlighting good practice
- protecting the rights of people in vulnerable circumstances, including those whose rights are restricted under the Mental Health Act
- listening to and acting on people's experiences, and involving the public and people who receive care in our regulation.

We work with:

- health and social care organisations
- organisations that represent, or act on behalf of, people who use services
- local authorities and commissioning groups
- other regulators.

In 2024/25, CQC was the host organisation for the National Guardian's Office (NGO), the body responsible for taking forward measures to improve Freedom to Speak Up (F2SU), Healthwatch England, and the Maternity and Newborn Safety Investigations programme (MNSI). Although they are not independent statutory offices, each has a distinct role and operational separation from CQC's regulatory functions. The [MNSI programme](#) has approval for continuation until 2030.

In July 2025, the Secretary of State for Health and Social Care published [Fit for the Future: The 10 Year Health Plan for England](#). The plan signals that, as part of a wider effort to simplify the regulatory landscape, the Department of Health and Social Care will legislate to transfer Health Services Safety Investigations Body (HSSIB)'s functions to CQC and the National Guardian's Office will be abolished. The Department of Health and Social Care will assume oversight of Healthwatch England.

Our structure

In 2024/25, the Care Quality Commission was structured under the following directorates:

- Corporate services
- Engagement, Policy & Strategy
- Operations Group
- Regulatory Leadership
- Technology, Data & Insight

Our organisational risks

In 2024/25, we managed 9 categories of risk that could potentially prevent us from fulfilling our regulatory purpose and carrying out our functions. The risk categories are grouped under risk appetite levels previously determined by our Board in 2023. They included 3 new categories introduced in November 2024 for: governance, data and information, and regulatory approach.

Figure 1: Organisational risks in 2024/25

Risk category	Category appetite level
Strategy risk Governance risk Data and information risk People risk	Open: willing to consider all options and choose one that is most likely to result in successful delivery.
Operational risk Regulatory approach risk Reputational risk Security risk	Cautious: preference for safe business delivery options that have a low degree of residual risk.
Financial risk	Minimalist: preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return. Not a key driver.

We provide a summary of our key risks and issues in our annual [governance statement](#).

Performance overview

This overview provides a brief summary of our performance within the reporting period from 1 April 2024 to 31 March 2025. Further detail is in the [Performance analysis](#) section.

Risks we faced

CQC has faced a number of significant strategic challenges in recent years. The government's independent [review into our operational effectiveness](#) (October 2024) concluded that, among other things, poorly performing IT systems hampered our ability to roll out a new assessment framework and implement new ways of working. We also acknowledge that this happened at a time of great pressure for the organisations we regulate, and the health and care sector as a whole. The challenges required us to make improvements to how we regulate, how we are organised, and our digital services. Throughout 2025/26, we worked to rebuild CQC, getting back to our purpose of providing effective regulation of health and adult social care services. We remain committed to having the right systems and tools in place to support our regulatory activity.

The greatest risk that CQC faced in the reporting year was the impact of our major organisational restructure and transition to new ways of working on our ability to provide high-quality and effective regulation. This affected most of our risk categories, exacerbating existing risks across productivity, culture and stakeholders. It also introduced new risks at corporate level related to information technology, our regulatory approaches and how we manage data and insight.

For further detail please refer to our annual [governance statement](#).

Performance against our key priorities

At the start of 2024/25, we developed an [initial business plan](#) (aligning with our [strategy from 2021](#)), which outlined our organisational plans and targets for the year. However, as challenges with our new methodology, IT system and operational structures materialised, it was evident that we would not be able to meet the targets we had set.

For example, our initial business plan set us an organisational target of completing 16,000 assessments during 2024/25. By June 2024, we had completed 801 assessments. During this period, colleagues highlighted many functionality issues with our newly-designed and implemented IT system. It was also acknowledged that assessment processes in our new system were over-complicated, requiring users to take substantial time to complete processes that didn't sufficiently add value. For example, users were spending hours uploading and tagging evidence

and copying and pasting commentary, which added no additional value beyond that already included in a document template. These challenges with processes and functionality issues with our new IT system affected our ability to carry out our regulatory activity.

In another example, our initial business plan included a target for less than 22% of registration applications to still be in our system after 10 weeks. By June 2024, 53% of registration applications had been in our system for over 10 weeks. Similarly, during this period, colleagues working in registration also highlighted functional, technical, and data issues when using our new IT system. After identifying these issues, the registration function then reverted to using its legacy system. The poor experience of using the new system and reverting to a legacy system had a negative impact on our ability to carry out our registration activity in a timely way.

In May 2024, the government commissioned Dr Penny Dash to conduct a review into the operational effectiveness of CQC. The purpose was to examine the suitability of CQC's new single assessment framework methodology for inspections and ratings of health and care providers. The interim report was published in July 2024 (ahead of the [full report](#) in October 2024).

We realised the organisation needed to reset and, in July 2024, we [publicly acknowledged](#) that our performance did not meet our expectations. We identified 3 new areas for action:

1. Improve how we use our new regulatory approach:

- rapidly increase the support and guidance we provide about our regulatory approach
- carry out more assessments and inspections
- increase the number of people working to reduce the overall number of registration applications in the system.

2. Fix and improve our provider portal:

- continue to work with providers to identify improvements and design solutions together.

3. Re-think our ways of working:

- test a new approach to managing relationships that enables a closer and more consistent contact point for providers
- engage with providers to develop improved ways of working in partnership.

We continued to focus on delivering on these actions. By the end of September 2024, we had completed 1,639 assessments and [37.7% of registration applications](#) were still in our system after 10 weeks.

After publication of the [full report](#) by Dr Penny Dash (October 2024), we commissioned reviews of the single assessment framework and its implementation from [Professor Sir Mike Richards](#), (October 2024), and from the [Care Provider Alliance](#), (February 2025). Both reviews provided recommendations for CQC.

We subsequently commissioned an [independent review of our IT systems](#), which considered how and why the technology that supported our transformation caused significant organisational disruption. It also explored whether we could continue with the technology. The review published in March 2025 with recommendations to redevelop our digital systems.

In December 2024, following input from the independent reviews and new leadership at CQC, we revised our 2024/25 business objectives and planning. We set ourselves 5 foundational improvements to our regulatory approach, ways of working and technology, and the following 4 immediate actions for the remainder of 2024/25:

- enabling new assessments
- progressing ongoing assessments
- improving how we register services
- improving the backlog of information of concern cases.

These priorities, and our planned delivery to achieve them, were discussed in detail when we gave evidence to the [Commons Select Committee](#) on 15 January 2025.

We next summarise the progress against our key priority areas for the remainder of 2024/25. We continue to focus on these priority areas. Our future planned activity and business targets are published in our [Business Plan 2025/26](#).

Enabling new assessments

We need to carry out more assessments of health and care services to provide a better picture of the quality of care for the public.

Our initial business plan for the year anticipated a target of 16,000 assessments, but as referenced, it was quickly evident that this would not be achieved. Following publication of the external reviews and associated recommendations, we revised our business targets and objectives for 2024/25 at the end of 2024. Our revised target was to publish reports for between 3,500 to 4,000 assessments

by the end of March 2025. We met this revised target, publishing 3,825 assessments (6,230 in 2023/24).

Between April 2025 and September 2026, our target is to deliver at least 9,000 assessments across all providers. See our [Business plan 2025/26](#) for further details about our target. Our priority is to conduct timely and high-quality assessments at pace to help everyone understand the quality of care.

Progressing ongoing assessments

At the start of 2024/25, we investigated different potential ways to carry out more assessments. During our investigation, we identified 500 assessments that had already been started in our system but had not progressed as quickly as we expected and were not yet complete. We named these assessments as 'stuck'.

We began to resolve barriers to progression and any technical issues required to complete these assessments. From identifying 500 stuck assessments in January 2025, by the end of March 2025 we had reduced this number to 135. We do not have comparative data for the previous year because 'stuck' assessments only became a specific issue following the implementation of our new IT system and new processes during the previous year.

We aim to complete all the remaining 'stuck' assessments in 2025/26 (see our [Business Plan 2025/26](#)). We will also work to develop and implement a consistent and repeatable approach that enables us to deliver an end-to-end assessment journey, at the required standard and the necessary volume, ensuring we share outcomes with the public and providers in a timely way.

Improving how we register services

It is important that we clear the backlog of registration applications that are over 10 weeks old. This is to enable new providers to start delivering services and help more people to access care.

Our 2024/25 target was to reduce the backlog of registration applications over 10 weeks old to less than 22% by the end of March 2025 (this target remained in place throughout the full year). By this date, we had reduced the backlog to 28% (compared with 54% for the same measure at the end of March 2024). Although this remains a challenge, we have addressed key areas and are improving efficiencies around registration. This will allow our registration teams to focus their time on successfully completing newer applications, to ensure new providers can enter the market.

Improving the backlog of information of concern cases

During 2024/25 we had a backlog of both information of concern cases and notifications from providers. It is essential we tackle older cases and notifications as quickly as possible to make sure we are protecting people from poor care.

We initiated a specific improvement project after becoming aware of information of concern that we had received over 12 months previously, and which did not have an associated action or risk review recorded. We did not monitor the information of concern backlog in this way during previous years, so we do not have equivalent comparison data for this measure for earlier periods.

As at January 2025, we had identified 1,984 information of concern cases that had no recorded action or risk review and were over 10 days old. We focused on addressing this backlog and, by the end of March 2025, there were 75 remaining information of concern cases for us to review.

Our financial performance

We worked within both our operating revenue budget and capital budget in 2024/25 and continued to provide stability and support to providers in their financial planning.

Our fee scheme for providers continued to remain unchanged in 2025/26 – this marks the seventh consecutive year despite marked levels of inflation experienced since 2019.

However, we need to do more to ensure greater value for money for the services we regulate and for taxpayers, including ensuring that we improve our productivity and timeliness as a regulator.

Our total revenue expenditure excluding non-cash items was £274.6 million (2023/24 restated: £261.0 million), with a further £7.0 million (2023/24 restated: £21.6 million) invested in capital expenditure. See note 2.2 and notes 6 and 7 to the financial statements.

Find out more in the section on our [financial performance](#).

Our corporate responsibility

Our corporate responsibility involves the following areas:

People

Our People Survey highlighted that, internally, we must do better to make CQC a good place to work and ensure our people feel listened to and supported by senior leaders. This is a core priority, and we ended 2024/25 by refreshing our values and behaviours to support a renewed focus on our People.

As shown in our People report, we have continued our work to achieve our strategic vision for our workforce, as detailed in our People Plan. This includes the development of our equity, diversity, and inclusion strategy through to 2027, and our inclusion and wellbeing resource library. Our internal communities and equality networks continue to play an important role within the organisation and in supporting our people.

The health and safety awareness of our people continues to develop and be effectively managed and co-ordinated. We have invested in our Counter Fraud offer to embed a strong culture and awareness of counter fraud, bribery, and corruption at all levels of CQC.

Sustainability

We have continued our commitment to improving our sustainability. Our 2 sustainability groups are working on our Net Zero Plan and training colleagues on sustainability principles and action.

Security

Our [Corporate governance report](#) highlights the work we have delivered throughout the year as we, our suppliers, and providers continue to operate in a volatile environment. This includes:

- security monitoring
- supply chain assurance
- password-less authentication
- highlighting the importance of reporting information and cyber security incidents.

Performance analysis

This section provides a detailed explanation of our performance during 2024/25 and underpins the performance review with evidence. We provide more detailed information about the following areas:

- delivering our key priorities
- developing our foundational improvement areas
- undertaking our legislative and statutory responsibilities
- using our independent voice
- working with other organisations to drive improvement.

Delivering our key priorities

As outlined in the performance overview section, in December 2024 we revised our 2024/25 business objectives and planning. Since publication of the full report by Dr Penny Dash in October 2024, and with new leadership, we identified the following [4 key organisational priorities](#) to get us back to delivering effective regulation:

- enabling new assessments
- progressing ongoing assessments
- improving how we register services
- improving the backlog of information of concern cases.

We summarise our progress against these key priority areas for the remainder of 2024/25 and outline our plans and targets for 2025/26.

Health and social care assessments

Enabling new assessments

We carry out assessments of health and social care services to give the public and commissioners a true picture of the quality of care. We assess and inspect services to check whether they are safe, effective, caring, responsive and well-led. We publish judgements and ratings on the quality of care.

During 2024/25, we published 3,825 reports of health and social care assessments. This compares with 6,230 assessments during 2023/24 and 10,356 during 2022/23. This reduction in the number of assessments happened when we experienced problems with our technology, changes to our assessment framework and operational restructure. We are working to improve all these areas, with operational restructuring under 4 Chief Inspectors from Autumn 2025. We aim to simplify our assessment processes and methods following a public consultation

and extensive engagement with providers, the public, our colleagues and partners. This involves developing a roadmap of change including rebuilding our IT system.

Progressing ongoing assessments

As outlined in the performance overview section, at the end of 2024, we recognised some of our assessments had not progressed as quickly as they should within different stages of the assessment process. In January 2025 we identified 500 assessments that were ongoing but which we considered as 'stuck' and not progressing. We reviewed all these assessments and took appropriate action to support progression. Taking action ensures we can complete our regulatory activity, enables providers to see their final inspection reports, and gives people who use services an up-to-date view of quality.

We first needed to understand why these 500 assessments were not progressing through to publication as quickly as we expected. Many of the assessments underway were unable to progress through our new IT system due to technical issues. We also identified that some assessments were taking longer than expected to finally publish due to ongoing correspondence with the provider or ongoing legal challenge.

We contacted providers that were affected and apologised for delays in the completion and publication of their assessments. We then focused on publishing reports for these 500 'stuck' assessments as a key organisational priority.

By the end of March 2025, we had reduced the number of 'stuck' assessments to 135, resolving many that were due to technical issues and continuing to resolve further issues with the remaining stuck assessments. We do not have comparative data because 'stuck' assessments only became a specific issue following the implementation of our new IT system and new processes during the previous year.

During 2025/26, our target is to eliminate all 'stuck' assessments and to progress all assessments in a timely way.

Improving how we register services

Any person (either an individual, partnership or organisation) who provides regulated activity in England must be registered with us. Through our system of registration, we ensure that only people who we judge to be fit and are likely to provide and manage good quality care that meets people's needs, are authorised to do so. New registrations increase capacity in health and social care services, and ensure more people have access to care.

Completed health and social care provider registrations:

- **27,700** in 2024/25
- **33,700** in 2023/24
- **35,600** in 2022/23.

It is important that we process registration applications that are over 10 weeks old to enable new providers to start delivering services. Our target throughout 2024/25 was to reduce the backlog of registration applications over 10 weeks old to less than 22%. By the end of March 2025, we had reduced this backlog to 28% (compared with 54% for the same measure at the end of March 2024). We recognise that reducing our target backlog of registration applications over 10 weeks old remains a challenge. While our registration teams are actively assessing all these applications, the complexities associated with older applications means they take more time to complete.

Our target for 2025/26 is to have no registration applications over 10 weeks old and incomplete by the year-end. We are working to improve internal guidance and ways of working and to strengthen guidance on our website for applicants to improve the quality of applications. See our [Business plan 2025/26](#) for further details about our target.

Improving the backlog of information of concern cases

We create 'information of concern' cases when we receive direct feedback from staff, information from people about their experiences of care and information from partner organisations. We categorise information of concern cases into the following priority levels:

- Priority 1 (P1): We have reason to suspect people have experienced and are at continuing risk of significant abuse or neglect and the local authority (safeguarding team) are not aware.
- Priority 2 (P2): We have reason to suspect people have experienced and may or may not be at continuing risk of significant abuse or neglect and the local authority or police are already aware.
- Priority 3 (P3): People's experiences indicate a breach of fundamental standards or a significant action, but there is no abuse or neglect.

When we receive safeguarding priority 1 cases, our first regulatory action is to make a safeguarding referral to the appropriate local authority.

We also use information of concern to inform our regulatory risk activity. We work together with providers of care to protect people, and to promote and improve the quality of care. Depending on our assessment of the regulatory risks, we may:

- use the information to inform a current or future service assessment

- decide to bring forward a planned assessment
- request specific information from providers.

In December 2024, we identified 1,984 information of concern cases that had no recorded action or risk review and were over 10 days old. We focused on reducing this backlog and, by the end of March 2025, there were 75 remaining information of concern cases for us to review.

We initiated this specific improvement project in January 2025 after becoming aware of information of concern that we had received over 12 months beforehand, and which did not have an associated action or risk review recorded. We did not previously monitor the information of concern backlog in this way, so we do not have earlier comparison data for this measure.

During 2025/26, our focus is to eliminate the backlog of information of concern cases identified from January 2025. Our [Business plan 2025/26](#) captures our organisational targets for processing information of concern cases.

Backlog of statutory notifications

Registered providers must notify us about certain changes, events and incidents that affect their service or the people who use it. We call these contacts 'notifications'.

During 2024/25, we worked to reduce a backlog of notifications that did not have a recorded decision. We also reviewed how we monitor notifications, to ensure our tracking is robust. We reviewed our business processes for dealing with notifications to reduce workarounds and associated risk.

In 2025/26 we developed process improvements and ongoing monitoring to ensure we deal with notifications in a timely way.

Developing our foundational improvement areas

During 2024/25, following the final [report by Dr Penny Dash](#), we focused on delivering key priorities to respond to the immediate need to rebuild our performance as a regulator. We also commissioned the following independent reports to support our improvement activities:

- [review of CQC's single assessment framework and its implementation](#) by Professor Sir Mike Richards (see CQC's [response](#)).
- [review of CQC's single assessment framework](#) by the Care Provider Alliance (see CQC's [response](#)).
- [independent IT review](#) (by Peter Gill)

Following findings and recommendations in the independent reports, we identified [5 fundamental or 'foundational' improvement areas](#):

- **Updating our purpose and values:** we co-designed a shared understanding of our purpose, vision, values and expected behaviours. We will embed these values throughout our organisation.
- **Integration of operations and regulatory leadership:** we will introduce a revised business structure to provide further sector leadership and expertise.
- **Assessment approach:** we will deliver a revised policy and methodology for our assessments.
- **Technology and IT systems:** we will co-design and re-build our future regulatory platform and are committed to designing systems with the people who use them, ensuring they meet their needs and avoid past problems.
- **Data, ratings and the register:** we will improve how we collect, analyse and publish data to ensure we can identify regulatory risks and insights for improvement, and ensure our reporting is accurate, timely, and insightful.

During 2025/26, we will implement these improvements alongside direction set through the government's [10 Year Health Plan for England: fit for the future](#).

Undertaking our legislative and statutory responsibilities

We next summarise our regulatory activity during 2024/25 in the following areas:

- assurance assessments of health and social care systems
- Mental Health Act operations
- special review into Nottinghamshire Healthcare NHS Foundation Trust
- Independent Care (Education) and Treatment Reviews (IC(E)TRs)
- statutory reporting requirements
- enforcement activity.

Assessment of health and social care systems

The Health and Care Act 2022 gave us new responsibilities to provide a meaningful and independent additional assessment of care in a local area. This includes assessing the performance of local authorities in meeting their duties under Part 1 of the Care Act 2014 and assessing whether integrated care systems are meeting the needs of their local populations.

Local authority assurance assessments

During 2024/25, we published [assessment reports](#) of 27 local authorities. This was our first full year for assessing local authorities, so we do not have earlier comparison data.

During 2025/26, we aim to complete initial assessments of all remaining local authorities, targeting completion of all on-site activity by end of December 2025 and publish all assessment reports.

Integrated care system assessments

Our proposed methodology to assess integrated care systems is subject to government approval. The Department of Health and Social Care (DHSC) withdrew its request for a proposal from us on the future of integrated care system assessment activity due to reforms set out in the 10 Year Health Plan. We will continue to engage with DHSC on the future of integrated care system assessment activity, as we remain focused on our organisational rebuild.

Health and social care systems – research and evaluation

During 2024/25, we completed 2 research projects and used the findings to inform our regulatory approach to assessing health and social care systems.

- [Regulatory impact in systems](#): in March 2025 we published findings from research commissioned from IFF Research. This was to assess the effectiveness of our approach to assessing systems and how we can have an impact as a regulator in a system setting. The research outlines opportunities for areas where we can influence improvement beyond assessment, such as sharing good practice to support peer learning.
- [System focused engagement: good practice and meaningful assessment in health and social care](#). We commissioned [Involve](#) (a charity that helps people take part in public decisions) to explore what good public engagement looks like in health and care systems and local authorities. This research is unique as it focuses on assessing engagement at a system level.

Mental Health Act operations

The Mental Health Act 1983 is the legal framework that provides authority for hospitals to detain and treat people who have a mental illness and need protection for their own health or safety, or the safety of other people. We have a duty under the Mental Health Act to monitor how services exercise their powers and discharge their duties when patients are detained in hospital or are subject to community treatment orders or guardianship.

The following details our activity under the Mental Health Act 1983 in 2024/25.

Monitoring the Mental Health Act

In March 2025, we published our [annual report on the use of the Mental Health Act 1983](#). Evidence in the Monitoring the Mental Health Act 2023/24 report was gathered from 823 Mental Health Act monitoring visits and from speaking with 4,634 patients (3,343 in private interviews and 1,291 in more informal situations) and 1,435 carers.

Second opinion appointed doctor (SOAD) requests

We have a duty to administer a [second opinion function](#) as a safeguard for patients whose rights are restricted under the Mental Health Act. Although we administer the process, we are independent and not involved in clinical decisions within second opinions. When we receive a request for a second opinion, we arrange for a suitable doctor to visit the patient, organise the bidding for a doctor, and track the outcome.

In 2024/25, we arranged 12,394 second opinion appointed doctor visits to patients. Once the second opinion appointed doctor was appointed, the visit took place on average within 4 days. In 2023/24 there were 15,794 second opinion appointed doctor requests, with visits taking place on average within 4.2 days.

Special review into Nottinghamshire Healthcare NHS Foundation Trust

In January 2024, the Secretary of State for Health and Social Care [commissioned us to carry out a rapid review](#) of Nottinghamshire Healthcare NHS Foundation Trust under Section 48 of the Health and Social Care Act 2008. This review was to determine whether the available and relevant evidence indicated wider patient safety concerns or systemic issues with the provision of mental health services in Nottinghamshire.

Following publication of the [first part of our review](#) in March 2024, we published the [final part of our review](#) in August 2024.

Independent Care (Education) and Treatment Reviews (IC(E)TRs)

In November 2023, we began leading on [independent in-depth reviews](#) of care and treatment for autistic people and people with a learning disability who are in long-term segregation. These reviews investigate whether:

- the person's rights are being upheld
- the Mental Health Act Code of Practice is being followed
- restrictions are being kept to a minimum.

They also aim to move people out of long-term segregation, as autistic people and people with a learning disability should not have to endure prolonged segregation. The reviews also give clear, achievable recommendations about care, treatment, and discharge, aiming to enable people to leave long-term segregation and lead the lives they wish with the right support networks. We began this important programme of work as planned in May 2024 and the [programme will now continue until 2028](#).

By the end of March 2025, we had carried out 44 independent reviews. As a result of the reviews, 11 people are now no longer in long-term segregation and are experiencing improved quality of life.

Statutory reporting requirements

During 2024/25, we also published the following annual statutory reports.

[The state of health care and adult social care in England 2023/24](#)

State of Care is our annual assessment of health care and adult social care in England. The report looks at trends, shares examples of good and outstanding care, and highlights where care needs to improve.

[Ionising Radiation \(Medical Exposure\) Regulations \(IR\(ME\)R\) annual report 2023/24](#)

We published our annual report for our activity under the Ionising Radiation (Medical Exposure) Regulations 2017. The report provides a breakdown of the number and type of notifications we received about IR(ME)R incidents and findings from our inspections. We also share learning from examples of errors and the actions that providers took to improve.

[The safer management of controlled drugs: annual update 2024](#)

We are responsible for making sure that health and care service providers, and other regulators, maintain a safe environment for the management and use of controlled drugs in England. The report provides data on national trends in the prescribing of controlled drugs and key findings from our oversight activity in 2024.

[Annual report and accounts 2023/24](#)

We published our annual report and accounts, including our performance during 2023/24. This report was published about a year after we would have preferred because of issues with some local government financial reporting and provision of pension assurance information from the Local Government Pension Scheme auditors, which is beyond our control.

[Prescribed persons report 2023/24](#)

We publish an annual report on disclosures of information of concern that we receive from workers in the health and social care sector who are speaking up to us.

Enforcement activity

We have a wide set of enforcement powers that allow us to protect the public and hold registered providers and managers to account. We are the primary enforcement body at a national level in England for ensuring people using health and adult social care services receive safe services of the right quality. [Our enforcement policy](#) explains our approach to acting where we identify poor care, or where registered providers and managers fail to meet the standards required in the regulations (called a breach of the regulation).

During 2024/25, we took enforcement action against registered persons where the quality of the care they are responsible for fell below what is legally required, and to make sure they improved. A Notice of Proposal enables us to impose or vary conditions on a registered person's registration or application to register, to suspend or cancel a registered person's registration or to refuse an application for registration or refuse an application by a registered person. There is then the opportunity to make a written representation to challenge a Notice of Proposal before we decide whether to adopt it and issue a Notice of Decision. During 2024/25, we:

- issued **494** Warning Notices (932 in 2023/24)
- served **2,387** notices (including Notices of Proposal and Notices of Decision) (2,216 in 2023/24)
- undertook **82** urgent enforcements (128 in 2023/24)
- cancelled **124** provider registrations (152 in 2023/24)

Using our independent voice

Our independent voice enables us to use our unique regulatory insight to speak about major issues across health and social care affecting people's experiences and outcomes, and to encourage and drive improvement in the sector. It gives us an opportunity to rebuild organisational trust and demonstrate our value, and the impact we can have on creating positive change in the sector.

In this section, we provide details of our independent voice activity and other collaborative improvement work during 2024/25, including:

- sharing learning from a national maternity services inspection programme
- developing a health inequalities improvement framework

- delivering the NHS Patient Survey Programme behalf of NHS England and the Department of Health and Social Care
- undertaking other research and evaluation to inform our regulatory activity.

Maternity services

National maternity inspection programme

In September 2024 we published our [National review of maternity services in England 2022 to 2024](#). We reviewed all maternity services in England that we had not inspected or rated since April 2021.

We also commissioned The Healthcare Improvement Studies Institute (THIS Institute) and RAND Europe to evaluate the programme and capture learning to inform our approach to inspection, rating and assessment of services in maternity. This resulted in the report [Evaluation of CQC's national maternity inspection programme](#). The evaluation also developed a practical [learning resource](#) to support improvement in maternity care, which identifies and describes key features for 'what good looks like' in safe, high-quality maternity care.

Experience and insights of maternity staff from ethnic minority groups

We know there is evidence of inequities in how people from ethnic minority groups in England experience maternity care and their outcomes. We commissioned research to find out what maternity staff from ethnic minority backgrounds can tell us about these inequities and what can be done to reduce them. The research report: [Listening to maternity workforce: experiences and insights of maternity staff from ethnic minority groups, in relation to equality, diversity and inclusion](#) was published in September 2024.

Health inequalities improvement framework

In partnership with [National Voices](#) and the [Point of Care Foundation](#), we developed a [self-assessment and improvement framework](#) for integrated care systems to help reduce health inequalities. The project was supported by funding from the Regulators' Pioneer Fund.

The framework, published in February 2025, includes using tools such as honest conversations, gathering insights and developing practical actions through engagement linked to people and community strategies.

National NHS patient survey programme

We deliver the [NHS patient survey programme](#) on behalf of NHS England and the Department of Health and Social Care. We use survey findings as evidence to further our understanding of the level of risk and quality of services, and to encourage those who provide and organise care across an area to improve.

During 2024/25, we published the following surveys as part of the programme:

- [Community mental health survey](#)
- [Maternity survey](#)
- [Adult inpatient survey](#)
- [Urgent and emergency care survey](#)

Learning from other research and evaluation to inform our regulatory activity

We are committed to investing in research and to embed a culture of learning and evaluation. During 2024/25 we published the following further research findings to inform our regulatory approach and support our evidence base:

- [Medicines support in adult social care](#): We commissioned Ipsos to understand the support available to adult social care providers to ensure medicines are managed safely. The research also considered how the available support affects the quality of a provider's care and captures future support needs.
- [Tackling inequalities through the regulation of services and organisations](#): We commissioned an independent research consultancy (SQW) to understand how regulators from other sectors and countries tackle inequalities experienced by people who use services.

Working with other organisations to drive improvement

We continue to work with many other government organisations to drive improvement in health and social care. We summarise our activity during 2024/25 in the following areas:

- joint inspections with Ofsted
- joint targeted area inspections
- inspection programme of defence medical services
- inspection programme of safehouses and outreach services
- health and care in the criminal justice system
- assessment of gambling treatment services.

Joint inspections with Ofsted

We continue to carry out joint inspections with [Ofsted](#) of local services for children and young people with special educational needs and/or disabilities (SEND). During 2024/25 we carried out 28 full inspections in local areas across England (compared with 26 in 2023/24). We [published](#) outcomes from the inspections.

Inspectors use an [inspection framework](#) to assess the extent to which local area partners are complying with relevant legal duties relating to arrangements for children and young people with special educational needs and disabilities. Relevant legal duties will include duties under the Children and Families Act 2014, the Equality Act 2010, and the Human Rights Act 1998.

Area SEND thematic reviews

We also inspect a small number of local areas each year with Ofsted to investigate a particular aspect of the special educational needs and/or disabilities system in depth.

Our report, [Preparation for adulthood arrangements in local areas: a thematic review](#), shares common themes in how partners work together to support children and young people with SEND to prepare for adulthood. The report sets out good practice and highlights areas requiring further attention.

Joint targeted area inspections

We continue to work with other organisations (Ofsted, His Majesty's Inspectorate of Constabulary and His Majesty's Inspectorate of Probation) to undertake joint targeted area inspections. These assess how local authorities, the police, health, probation, and youth offending services are working together in an area to identify, support, and protect vulnerable children and young people. The inspections allow inspectorates to be more responsive, targeting specific areas of interest and concern. They also identify areas for improvement and highlight good practice from which others can learn.

Findings from 6 joint targeted area inspections, focusing on how local partnerships and services respond to children and their families when children are affected by serious youth violence are included in the thematic report, [Multi-agency responses to serious youth violence: working together to support and protect children](#).

Inspection programme of defence medical services

We continued to work with the [Defence Medical Services Regulator](#) who commissions us to independently inspect health care and medical operational capabilities. During 2024/25 we carried out 34 comprehensive inspections and 14 follow-up inspections (compared with 37 comprehensive inspections and 10 follow-up inspections during 2023/24). We publish all [inspection reports](#) and highlight key findings from inspections in our annual report, [CQC's inspection programme of Defence Medical Services: Annual report for 2024/25 \(Year 8\)](#). We inspect defence medical treatment facilities to ensure that armed forces personnel and their families have access to the same high-quality care as the rest of society.

Inspection programme of safehouses and outreach services

The Home Office continues to commission us to inspect services provided to survivors of modern slavery. We use our [safehouse inspection framework](#) to carry out assessments. We also refer to requirements in the Modern Slavery Victim Care Contract. During 2024/25 we completed 38 inspections of safehouses. We do not publish inspection reports for safehouse and outreach services due to the confidential nature of these services.

Health and care in the criminal justice system

We continue to work with HM Inspectorate of Prisons and other inspectorates to protect and promote the interests and rights of people who use health and social care services in secure settings. We [monitor, inspect and regulate](#) health and social care in the criminal justice and immigration detention systems to make sure people who use services in secure settings receive the same quality of care as the rest of the population. Following a prison inspection, we then contribute to a joint inspection report, published by [HM Inspectorate of Prisons](#).

Assessment of gambling treatment services

The Gambling Commission and GambleAware commissioned us to assess gambling treatment services. During 2024/25 we developed a [bespoke assessment framework](#). We will publish a report to summarise the findings of our assessments, to include good practice and recommendations for improvement where necessary. We expect to assess all gambling treatment services during a baseline period between April 2025 and March 2026. Reports for services we assess are available on [GambleAware website](#).

Financial performance 2024/25

Our financial resources

Our funding structure consists of 5 core elements:

1. **Fee income** from annual fees charged to registered providers.
2. **Revenue grant-in-aid (GIA)** allocation provided by the Department of Health and Social Care (DHSC) for costs that, under HM Treasury rules, are not chargeable through our fee scheme.
3. **Capital GIA** provided by DHSC to fund our capital expenditure activity, as this is not chargeable through fees.
4. **Contract and other income** for reimbursement for services and other income.
5. **Non-cash** allocation provided by DHSC to fund depreciation for non-chargeable activity.

HM Treasury has clear rules for recovering the full cost of relevant chargeable regulatory activity through our fees, as outlined in Managing Public Money. Our current fees scheme became effective on 1 April 2019 and is set at a level to cover the cost of our chargeable regulatory activities.

Our fee scheme continued to remain unchanged into 2025/26 – this marks the seventh consecutive year despite marked levels of inflation experienced since 2019. Figure 2 shows our actual fee income versus what it would look like if we had increased fees by inflation each year:

Figure 2: actual fees income versus estimated inflated fees income

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Actual fee income (£m)	204.0	205.2	207.9	215.8	223.3	227.2
Estimated fee income applying inflation (£m)	207.6	208.8	217.1	238.9	252.5	258.4

Our revenue GIA allocation from the Department of Health and Social Care (DHSC) funds our recurrent non-chargeable statutory activities such as those relating to:

- enforcement
- the Mental Health Act
- Healthwatch England
- Market Oversight
- the Ionising Radiation (Medical Exposure) Regulations (IR(ME)R)
- Health & Justice inspections
- Children’s services inspections
- the National Guardian’s Office
- MNSI programme (from October 2023).

In 2024/25, we received non-recurrent revenue GIA allocations to scope out additional work and duties in relation to local authority assurance, integrated care system (ICS) assessments, Mental Health Act reform, and Independent Care (Education) and Treatment Reviews (IC(E)TRs).

We also received a GIA allocation to fund the increase to National Health Service (NHS) pension scheme employers contributions.

What we spent in 2024/25

From a total funding envelope of **£298.7 million** in 2024/25, we incurred total expenditure of **£297.4 million** across our funding sources, which we manage separately to ensure there is no cross-subsidisation. Figure 3 shows that we operated within our funding envelope during the year.

Figure 3: Total expenditure against funding sources 2024/25

Funding source	Funding 2024/25 (£m)	Expenditure 2024/25 (£m)	Funding 2023/24 (£m)	Restated Expenditure 2023/24 (£m)
Fee income received and retained reserves	237.2	237.8	233.3	236.4
Revenue Grant in Aid	48.7	47.7	34.1	35.7
Capital Grant in Aid	7.5	7.0	22.7	21.6
Contract income	3.2	3.2	3.1	3.1
Non-cash allocation	2.1	1.7	1.2	1.1
Total	298.7	297.4	294.4	297.9

Our revenue pay expenditure increased by £12.1m in year to £219.9m, representing a 6% increase from 2023/24 (£207.8m). This increase is driven by:

- impact of the annual pay award (£4.8m)
- increased NHS pensions employers' contributions (£7.1m)
- the full year impact of the Maternity and Newborn Safety Investigation programme (£8.2m)
- additional inward secondments (£0.3m)
- further usage of our advisory and complimentary workforce (£0.7m).

However, this is offset by a reduction in the level of agency staff following the end of our transformation programme (£9.3m).

Our revenue non-pay expenditure increased by £1.6m in 2024/25, representing a 3% increase from 2023/24. The key drivers for this change were:

- an increase in information technology costs (£6.1m)
- travel and subsistence (£0.8m)
- other costs (£0.3m).

However, these increases were offset by a reduction in the level of our professional and legal fees (£5.3m).

Capital expenditure of £7.0m during 2024/25 represented a 68% reduction compared to 2023/24 (restated £21.6m) following the end of our transformation programme in March 2024. To remedy the significant IT challenges we anticipate incurring further expenditure in future periods as we take the necessary remedial action.

Find out more about our financial performance in the [Statement of Comprehensive Net Expenditure](#).

Our estate

Office locations during the reporting period were:

- **London office at Redman Place.** The landlord is the Department of Health and Social Care (DHSC) and the office space is shared with: the National Institute for Health and Care Excellence (NICE), the Health Research Authority (HRA), The Human Fertilisation and Embryology Authority (HFEA), the Human Tissue Authority (HTA), and the National Citizen Service. The National Citizen service served notice and vacated on 31 March 2025. The average occupancy rate over the reporting period for CQC desks only in this office is 29%. The average occupancy rate over the 2023/24 reporting period for this office was 38%.

- **Newcastle office at Citygate.** The landlord is the Government Property Agency (GPA) and the office space is not shared. The average occupancy rate over the reporting period for CQC desks only in this office is 29%. The average occupancy rate over the 2023/24 reporting period for this office was 28%.
- **Leeds office at Quarry House.** The landlord is DHSC and the office space is shared with DHSC. The average occupancy rate over the reporting period for CQC desks only in this office is 23%. The average occupancy rate over the 2023/24 reporting period for this office was 22%.
- **Nottingham office at Seaton House.** The landlord is DHSC and the office is shared with DHSC and UK Health Security Agency. The average occupancy rate over the reporting period for CQC desks only in this office is 31%. The average occupancy rate over the 2023/24 reporting period for this office was 35%.
- **Birmingham office at McLaren Building.** The landlord is GPA and the office space is not shared. The office was vacated in January 2025. The average occupancy rate over the reporting period for CQC desks only in this office was 15%. The average occupancy rate over the 20/23 reporting period for this office was 6%.

Planned changes to CQC's estate for 2025/26

- **Redman Place:** Decrease from 1,623m² in 2024/25 to 1,514.2m² in 2025/26. UK Anti Doping Agency and Legal Services Board have moved onto the floor and reductions in office space reflect these new tenants. Legal Services Board moved into CQC space in 2 Redman Place from 1 September 2025.
- **Citygate:** Decrease from 2,904.8m² in 2024/25 to 702.7m² in 2025/26. Current Citygate lease expired on 25 June 2025. New agreement with GPA planned with CQC relinquishing ground and 4th floor space along with sharing 3rd floor with the Home Office under new agreement with GPA.
- **Quarry House:** No change at 109.6m².
- **Seaton House:** Increase from 78.7m² in 2024/25 to 161.7m² in 2025/26. New MOTU to be signed with DHSC following refurbishment of 1st floor with 12 desks and access included to office meeting rooms.
- **McLaren Building:** Decrease from 534m² in 2024/25 to no space in 2025/26. Lease expired on 14 January 2025 and no new office location in Birmingham taken forward.
- **Victoria House:** Decrease from 24.1m² in 2024/25 to no space in 2025/26. CQC served notice on Victoria House licence and vacated property on 30 September 2025.

Our sustainability

CQC's Net Zero Plan has not had any updates since our last reporting year.

The data used for setting targets within the Net Zero Plan has also not changed since the last reporting year. So, as we have done previously, we describe the state of sustainability qualitatively, rather than quantitatively, for many of the relevant operational areas in the Greening Government Commitments (GGCs) section.

Greening Government Commitments

We compiled our emissions data by sourcing raw data from our suppliers and then used government conversion factors and guidance to determine the emissions levels for each relevant area of CQC. This has allowed us to set ambitious future targets for reduction. These targets have been set to achieve net zero emissions ahead of the 2050 GGC and UK government target, as our current projections predict we can achieve this goal by the end of our 2030 reporting year.

The Net Zero Plan was designed to align with or surpass our GGC requirements. The GGC-related sections within our Net Zero Plan are:

- travel
- ICT
- waste
- procurement
- climate change adaptation

Our Net Zero Delivery Group (NZDG) comprises colleagues from across the organisation. Its aim is to ensure that we complete the actions set within our Net Zero Plan and that we are meeting both our regulatory and internal targets.

Due to the nature of CQC's operation and make-up, we are not required to adhere to some areas of the GGC reporting, so have not included specific actions or targets related to them. This is either because we don't have reporting responsibility for a particular GGC target, or because we don't fit into the necessary criteria (for example, as we do not have fleet, we have no need to convert to ULEVs, and as we have no green spaces we have no need to work towards nature and biodiversity targets).

Target: Mitigating climate change – working towards net zero by 2050

To help reduce our travel emissions, we have conducted an audit on our travel approval process and data, paying particular attention to colleagues taking flights. The NZDG has also discussed making it easier for colleagues to use low-emission vehicles.

Target: Minimising waste and promoting resource efficiency

The focus on minimising waste is still on our ICT equipment and paper waste, as these are the areas we have the most control over, and that we can improve on the most. NZDG members have been discussing the efficacy of repairable equipment as well as our Digital teams enacting an equipment amnesty for old and unused equipment, and the facilities team has had several rounds of digitising paper copies of CQC documents to reduce the quantity of paper being stored.

Our ICT efforts have meant that in 2024/25 we have collected 388 laptops, 193 smartphones, 86 printers, and 319 monitors. Our digitisation efforts have succeeded in collecting and digitising approximately 1,000 three-quarters full 'Bankers Box R-Kive Earth Storage Box Brown' boxes.

Target: Reducing our water use

Detailed in Sustainability Data section.

Target: Procuring sustainable products and services

Detailed in Sustainable procurement section.

Target: Nature recovery – making space for thriving plants and wildlife

This target does not apply to CQC.

Target: Adapting to climate change

We have improved our understanding of climate change risks and how to manage them through risk assessment and business continuity planning sessions throughout the year and are working to mitigate the impact of climate risks. The Net Zero Plan also includes actions based specifically around researching, understanding, and managing our climate change risks.

Target: Reducing environmental impacts from information communication technology (ICT) and digital

Detailed in 'Sustainability Data' section.

To improve our overall sustainability, we have run regular voluntary carbon literacy training sessions with colleagues across the organisation, who have pledged sustainability actions, and achieved carbon literacy certification.

Sustainable procurement

Our internal procurement code outlines how we comply with commercial and procurement rules, internal and external delegated approvals and wider government policy around commercial and procurement activities (including sustainable procurement).

The code acknowledges the importance of sustainable procurement to achieve value for money and produce benefits for CQC, the wider society and the economy while minimising environmental impacts. We build sustainable operations targets into all relevant contracts and ensure that we incorporate appropriate product standards into our specifications to support us to deliver our obligations under wider Government commercial policies.

In accordance with government policy, we use evaluation criteria relating to sustainability and Net Zero and we apply a minimum of 10% of evaluation weighting to this topic on our high-value procurement activity. Our Commercial and Contracts Team also supports delivery of our Net Zero Delivery Plan by participating in our internal Net Zero Delivery Group.

We seek to consolidate requirements for goods, works and services to ensure that complementary requirements are positioned to the market to drive value for money throughout the whole supply chain. We also maintain and develop relationships with other public bodies at a local, regional and national level to identify opportunities for commercial collaboration and on lessons learned. This will include elements of joint commissioning and shared approaches where this improves outcomes and offers better value for money.

Task Force on Climate Related Financial Disclosures

We have reported on the climate-related financial disclosures consistent with disclosure application guidance from HM Treasury's Task Force on Climate Related Financial Disclosures (TCFD), which interprets and adapts the framework for the UK public sector. CQC does not consider climate to be a principal risk for our organisation due to the lack of potential impact on our operations and colleagues. However, we do consider both sustainability and its impact on the climate to be important for the organisation, so have complied with the TCFD Phase 2 recommended disclosures around:

- Governance – recommended disclosures (a) and (b)
- Risk Management – recommended disclosures (a), (b), and (c).
- Metrics and Targets – recommended disclosure (a), (b), and (c).

We plan to expand on this reporting in the coming year to comply with Phase 3 requirements in line with the central government implementation timetable.

Climate change governance

CQC's Board receives updates through bi-annual reports, either written or verbal, and by receiving updates from our Audit Risk and Assurance Committee (ARAC), which receives assurance on CQC's risk management, including matters relating to climate-related risk.

We work with the NZDG, particularly the business continuity manager, to determine any necessary plans for climate-related risk management. This was expanded to include sessions with CQC's risk manager and various other senior colleagues in early 2025. The sustainability manager takes on primary responsibility for both climate-related issues and climate-risk management at CQC, with large-scale plans dependent on ARAC and Board approval. Our Executive team discussed climate-related issues more generally in October 2023, when signing off on the Net Zero Plan (a useful tool to help us manage any potential transition risks).

Climate change risk management

Overall risk management at CQC is a priority due to the sensitive nature of our organisation's work, and this is no different from climate-related risks. In 2024/25, we started formal assessment of, and planning against, climate-related risks alongside relevant colleagues across the organisation.

The identification, assessment, and management of these risks are integrated into our overall risk management approach. Several business continuity risk assessment activities and workshop planning sessions were held throughout the year starting in early 2024 and continuing into 2025.

During this assessment, climate change was not identified as a principal risk for the moment, as our workforce is primarily homeworking across England and we have effective systems in place to ensure minimal disruptions to work. Therefore, climate change does not currently pose a risk to CQC's operations, but this will be monitored annually to acknowledge any changes and implement necessary plans.

Risks were identified, and then assessed for their materiality and prioritisation, using colleagues' expertise in their relevant area as well as the UK's National Risk Register and UK Climate Change Risk Assessment (UKCCRA).

To determine whether risks needed to be prioritised, mitigated, transferred, accepted, or controlled, we reviewed the TCFD Phase 2 guidance, in particular the tables on risk and opportunities, as well as the National Adaptation Programme from the Department for Environment, Food and Rural Affairs.

Metrics and targets

Our Net Zero Plan sets out targets to achieve our organisation's goal of becoming net zero. These targets are both quantitative and qualitative, with some specifically focused on reducing emissions and others based around improving sustainability awareness. Our quantitative metrics cover our Scope 1, 2, and 3 emissions. We have decided to disclose our emissions to ensure transparency and consistency with other bodies, and because they are our most substantive and controllable emissions.

Our metrics for measuring and assessing climate-related risks are the same as those used to assess other risks at CQC. We compare the potential impact a risk could cause and the likelihood of that risk happening. Each criterion is on a scale of 1 to 5, with 1 being low and 5 being high. The values are then multiplied by each other to determine overall risk. Climate-related risks were discussed in risk management sessions for their materiality and, if deemed relevant, would be plotted against the above criteria.

This reporting year (2024/25) was the first year where these assessments specifically discussed climate-related risks.

We continue to work towards our 2021 to 2025 GGC targets as well as internal targets that we have set to be more ambitious than the GGC targets. We have based our metrics on a mix of GGC requirements, targets set by other bodies, and various guidance sources such as the Science-Based Targets Initiative.

CQC's emissions are displayed in the '[Sustainability data](#)' section. All data is calculated in line with Greenhouse Gas Protocol methodology and using government-provided conversion factors.

No risks have been identified in relation to our current emissions make-up.

Targets are set externally by GGC standards, which CQC adheres to when we provide our reporting data against these standards to DHSC quarterly and annually. However, we have set our own internal targets to ensure we are being an ambitious organisation, including achieving net zero by the end of our 2030 reporting year. Our climate-related risk management targets are aligned with TCFD standards.

Sustainable Development Goals

The main Sustainable Development Goals (SDG) that our actions contribute towards are:

- **Sustainability Development Goal 12:** to ensure sustainable consumption and production patterns, we contribute to SDG 12 through our targets to reduce consumption of paper, ink, and printers, and by using KOcycle, a zero-to-landfill organisation, for our ICT equipment.
- **Sustainability Development Goal 15:** protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss. We contribute to SDG 15 through our work with KOcycle, which uses our contribution to support sustainable projects throughout the world that focus on sustainability education and the support of ecosystems.

Sustainability data

This section outlines sustainability data related to emissions and finances.

As in last year's report, the following data shows the carbon dioxide-equivalent (tCO₂e) that our activities generate. CQC's baseline for target-setting is 2022/23. Both short-term and long-term targets relate to the financial year.

Office emissions

Our office emissions are for our Newcastle (Citygate) and London (2 Redman Place) offices, as they are the offices we occupy that are in scope for GGC reporting and are not being reported on by any other organisation on our behalf. We do not have a baseline or targets set for our office data due to the communal nature of the spaces within offices we occupy, which means it is not possible to accurately measure any improvements or failings related to sustainability data. We also do not have data for our offices for 2022/23 as the data is not available.

Figure 4a: Office emissions by carbon dioxide-equivalent (energy and heating)

	Emissions (tCO ₂ e) 2023/24	Emissions (tCO ₂ e) 2024/25	Emissions difference 2023/24 to 2024/25 (%)
Electricity (Scope 2)	439.160218	60.2374966	-86.28%
Gas (Scope 1)	181.196589	63.6492	-64.87%
District Heating (Scope 2)	1.26808419	1.23635492	-2.5%
Water (Scope 3)	2.04185917	0.13709545	-93.29%
Total emissions	623.6667504	125.260147	-79.92%

Figure 4b: Office emissions by carbon dioxide-equivalent (waste)

	Emissions (tCO ₂ e) 2023/24	Emissions (tCO ₂ e) 2024/25	Emissions difference 2023/24 to 2024/25 (%)
Waste (Scope 3)	1.29460866	2.02768469	+56.63%
Recycled (Scope 3)	0.0933358	0.0343729	-63.17%
Food (Scope 3)	0.00190029	0.00304388	+60.18%
Total emissions	1.389844749	2.065101465	+48.59%

Paper emissions

Short-term targets by 2025 were to achieve a 40% reduction in emissions from the use of paper, ink and printers from the baseline. Long-term targets by 2030 are to achieve an 80% reduction in these emissions. The quantities of paper used are:

- 2022/23: 1,980 A4 reams
- 2023/24: 2,010 A4 reams
- 2024/25: 2,701 A4 reams

Travel emissions

We have developed the following targets to reduce our travel emissions in the short and longer term against the baseline. It should be noted that our activity is demand-led and therefore targets should be considered in that light.

Short-term targets by 2025 are to reduce emissions from:

- air travel by at least 35% from the baseline
- car travel by at least 20% from the baseline
- rail travel by at least 15% from the baseline

Long-term targets by 2030 are to reduce emissions from:

- air travel by at least 80% from the baseline
- car travel by at least 70% from the baseline
- rail travel by at least 60% from the baseline

Figure 5a: Distance travelled in km, 2022/23 to 2024/25

	Distance (km) 2022/23	Distance (km) 2023/24	Distance (km) 2024/25	Distance difference 2022/23 to 2024/25 (%)
Domestic rail	4,033,899	5,640,268	5,916,804	+46.68
Domestic air travel	129,744	114,828	119,970	-7.53
International air travel	44,950	97,029	110,510	+145.85
Car use	2,953,198	2,647,527	2,648,135	-10.33
Total travel distance	7,161,791	8,499,652	8,795,419	+22.81

Notes: The increase in rail travel is largely due to more colleagues travelling to meetings by rail as opposed to flying and driving.

The large increase in emissions for international flights is largely due to an increase in international conference attendance and international site visits.

Figure 5b: Flight journeys taken, 2022/23 to 2024/25

	Number of flight journeys 2022/23	Number of flight journeys 2023/24	Number of flight journeys 2024/25
Domestic air travel	210	148	147
International air travel	15	31	36
Total flight journeys	225	179	183

Figure 5c: Emissions from travel by carbon dioxide-equivalent, 2022/23 to 2024/25

	Emissions (tCO₂e) 2022/23	Emissions (tCO₂e) 2023/24	Emissions (tCO₂e) 2024/25	Emissions difference 2022/23 to 2024/25 (%)
Domestic rail (Scope 3)	143.16	200.02	209.81	+46.56
Domestic air travel (Scope 3)	31.9	31.3	32.7	+2.51
International air travel (Scope 3)	6.9	18.04	20.55	+197.83
Car use (Scope 3)	519.41	456.59	456.96	-12.02
Total travel emissions	701.37	705.95	720.02	+2.66

Note: Emissions from flights include both direct (CO₂, methane, and nitrous oxide) and indirect (non-CO₂ emissions for example, water vapour, contrails, nitrous oxides) climate change impacts.

Information and communication technology (ICT) emissions

We have developed the following targets to reduce our ICT emissions in the short and longer term against the baseline.

Short-term targets by 2025:

- Reduce overall ICT data emissions by 15% from the baseline.

Long-term targets by 2030:

- Reduce overall ICT data emissions by 50% from the 2022/23 baseline
- Reduce emissions for cloud computing services consumed by CQC by 20% from the 2022/23 baseline
- Reduce emissions from running CQC ICT end user equipment by 10% from a 2022/23 baseline
- Procure 14% of our ICT equipment from remanufactured sources (2% increase each year), based on a 2022/23 baseline of 0%
- Look to have year-on-year increase to 5% when we are confident on the availability of equipment.

Figure 5d: Emissions from ICT by carbon dioxide-equivalent, 2022/23 to 2024/25

	Emissions (tCO ₂ e) 2022/23	Emissions (tCO ₂ e) 2023/24	Emissions (tCO ₂ e) 2024/25	Emissions difference 2022/23 to 2024/25 (%)
Computacenter (Scope 3)	14.42	16.16	14.06	-2.5
Vodafone WAN (Scope 3)	2.64	3.14	2.46	-6.82
Vodafone LAN (Scope 3)	7.50	7.11	6.54	-12.8
Vodafone Wi-Fi (Scope 3)	11.72	9.43	9.25	-21.08
Data hosting (Scope 3)	25.2	39.63	34.98	38.81
Total ICT emissions	61.48	75.47	67.29	9.45

We intend to continuously improve on the quality of our data collection by:

- working with our Building Management teams, the Department of Health and Social Care, and the GPA to improve our estate data
- working with our Digital team and our third-party suppliers to generate more detailed reports on our ICT data
- setting internal targets and actions around data improvement through our NZDG.

Finances

The following figures refer to expenditure for our 2024/25 financial year.

Figure 6a: Estate expenditure

	2024/25 £000	2023/24 £000
Electricity	88	24
Water	3	2
Gas/district heating	1	1
Total	92	27

The figures for electricity and gas are noticeably higher than last year’s. This is due to re-issued or late invoices.

Figure 6b: Travel expenditure

	2024/25 £000	2023/24 £000
Accommodation	1,886	1,533
Car parking	81	94
Flights	41	41
Mileage (car/motorcycle/bicycle)	543	686
Rail/bus travel	2,367	1,800
Subsistence	237	192
Taxi & other vehicle hire	327	235
Regular car user allowance	673	772
Total	6,155	5,353

Security

The cyber security team managed 2,495 incidents of varying nature during the year, including the following incidents (figures for the previous year shown in brackets):

- 198 malware infections (149)
- 700 social engineering (including phishing) emails (1,154)
- 238 inappropriate use of IT (189)
- 10 hardware losses (8)
- 325 data breaches (322)
- 67 account compromises (110)
- 236 network intrusions (10)
- 323 protective monitoring (142)

This is a total decrease of 21 incidents compared with last year.

Phishing and social engineering attempts continue to affect CQC, and we receive a consistent number of reported incidents from colleagues throughout the year. Sophisticated phishing attempts using CQC branding are commonly used on malicious credential harvesting sites, making it more challenging to identify for affected colleagues.

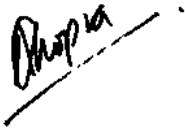
We logged 198 malware incidents and 238 incidents for inappropriate use of IT. Incidents for inappropriate use of IT refer to general policy breaches, ranging from blocked URL access attempts to attempts to sign in on CQC devices outside the UK.

The number of network intrusions dropped significantly as a result of further fine tuning our security monitoring systems.

Hardware losses for the year have increased, with 10 lost devices compared with 8 last year.

We classed 325 incidents as data breaches, an increase of 3 from the previous year, mostly minor in nature. Three incidents (2 last year) were assessed as reportable to the Information Commissioner's Office (ICO), which resulted in minor recommendations. One of the data breaches related to human error where a colleague failed to correctly anonymise personal data.

We are using our updated online modules of required learning to help increase knowledge and awareness of data protection and cyber security.



Dr Arun Chopra
Interim Chief Executive
14 May 2026

2. Accountability report

The accountability report consists of 4 sections:

Corporate governance report

The composition and organisation of the Care Quality Commission's (CQC) governance structures and how this supports the achievement of our objectives.

Remuneration and people report

The policy for remuneration of Board members, independent members, and senior executive employees that Parliament and other users see as key to accountability.

Parliamentary accountability and audit report

The key parliamentary accountability documents in the Annual report and accounts.

Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Corporate governance report

The corporate governance report describes how the organisation is governed, how this supports our objectives, and how we ensure there is a sound system of internal control that enables us to deliver our purpose and role.

Directors report

CQC is an executive non-departmental public body established by legislation to protect and promote the health, safety, and welfare of people who use health and social care services, and to regulate all health and adult social care services in England.

Our statutory functions are set out principally in the Health and Social Care Act 2008 (the 2008 Act), together with the Health and Social Care Act 2012 and the Care Act 2014. There is additional relevant primary and secondary legislation.

The powers and constitution of CQC's Board are derived from Schedule 1 to the 2008 Act, and regulations under it that allow for Board membership (which were made in 2012 and again in May 2014).

Composition of Board, directorships, and significant interests

Board composition

As at 31 March 2025, our unitary Board was made up of the Chair (Ian Dilks) and, as required, up to 14 Board members (the majority of whom must be non-executive members):

- 5 non-executive members
- the chief executive, (who was also the accounting officer)
- 2 chief inspectors (both of whom were in the role on an interim basis).

There were a number of changes to our Board and Executive Team membership over the financial year:

- Chris Dzikiti was appointed as Interim Chief Inspector of Healthcare on 20 May 2024.
- Ian Trenholm stood down as CQC's Chief Executive and executive Board member from 30 June 2024, with Kate Terroni appointed as Interim Chief Executive from 1 July 2024.
- On 1 July 2024 Jacqueline Jackson, Director of People and Chris Usher, Director of Finance, Commercial and Workplace, were also appointed as members of the Executive Team.

- Dr Sean O’Kelly resigned as Chief Inspector of Healthcare and Primary Medical Services and as an executive Board member from 31 July 2024.
- Mark Sutton stepped down as Chief Digital and Data Officer and executive Board member with effect from 30 August 2024.
- Kate Terroni stepped down as Interim Chief Executive and executive Board member and was replaced by James Bullion as acting Interim Chief Executive and executive Board member from 21 October 2024.
- Dr Ali Hasan resigned as a non-executive director with effect from 31 October 2024.
- Tyson Hepple, Executive Director of Operations, stepped down from Board with effect from 31 October 2024.
- Jeremy Boss, independent member of ARAC, resigned on 31 December 2024. David Corner, independent member of ARAC, also left CQC on 31 December 2024 at the end of his term.
- Belinda Black resigned as non-executive director with effect from 31 January 2025.
- Sir Julian Hartley was appointed as Chief Executive and executive Board member, with effect from 2 December 2024.
- Chris Dzikiti stepped down as Interim Chief Inspector of Healthcare on 23 February 2025.
- Professor Aidan Fowler was appointed Interim Chief Inspector of Healthcare and executive Board member from 24 February 2025.
- Simon Millhouse and Adebola Adebayo were appointed as independent members of ARAC from 1 March 2025.
- Esther Provins was appointed as Interim Chief Digital and Data Officer from 3 March 2025.
- Ian Dilks stood down as Chair at the end of his term of appointment on 31 March 2025.

Subsequent to 31 March 2025:

- Professor Sir Mike Richards was appointed as Chair from 1 April 2025.
- Dr Arun Chopra was appointed as Chief Inspector of Mental Health and executive Board member from 12 May 2025.
- Charmion Pears, Mark Chambers, Stephen Marston, Christine Asbury, and Dr Mark Chakravarty all resigned from their roles as non-executive directors on 15 June 2025.
- On 16 June 2025, Kay Boycott, Alex Kafetz, Michael Mire, Ruth Owen OBE, and Melanie Williams were appointed as non-executive members of the Board. Richard Barker CBE was appointed as an associate non-executive member of the Board on the same date. Kay Boycott was also appointed as Chair of ARAC.

- Professor Bola Owolabi was appointed as Chief Inspector of Primary and Community Services and executive Board member from 7 July 2025.
- Professor Aidan Fowler stepped down as Interim Chief Inspector of Healthcare and executive Board member on 31 August 2025.
- James Bullion stepped down as interim Chief Inspector of Adult Social Care and Integrated Care and executive Board member on 31 August 2025.
- Dr Toli Onon was appointed as Chief Inspector of Hospitals and executive Board member on 1 September 2025.
- Chris Badger was appointed as Chief Inspector of Adult Social Care and Integrated Care and executive Board member on 1 September 2025.
- Chris Usher was appointed as Executive Director of Finance and Corporate Services and executive Board member on 1 September 2025.
- Esther Provins was appointed as Chief Digital, Data and Registration Officer and executive Board member on 1 September 2025.
- Sir Julian Hartley resigned as Chief Executive on 23 October 2025.
- Arun Chopra was appointed as Interim Chief Executive Officer on 23 October 2025
- Chris Dzikiti was appointed as Interim Chief Inspector of Mental Health on 3 November 2025. He resigned as Interim Chief Inspector of Mental Health on 20 April 2026, with a leaving date of 30 June 2026.
- Chris Usher was appointed as interim Deputy Chief Executive on 13 November 2025.
- Joyce Frederick resigned as Director of Policy and Strategy on 5 January 2026.
- Professor Sir Mike Richards announced on 6 February 2026 that he will resign as CQC Chair. He has agreed to continue until another Chair can be appointed.

As an executive non-departmental public body, CQC's non-executive Board appointments are made by ministers within our sponsor department, the Department of Health and Social Care. The department oversees CQC in its delivery of effective corporate governance.

Biographies of all our current Board members and their declarations of interest are on our [website](#). No Board members in post during the period held company directorships or significant interests that could conflict with their responsibilities.

Board members declare their interests on appointment, in line with our Board Declarations of Interest policy. These are logged, and the declared interests of current Board members are published on our website. We make it clear that they should update us if these change at any point, and review their declarations annually, updating our records and the website accordingly. Finally, we call for declarations of interests relevant to the matters of discussion at the start of every Board meeting.

Our staff [conflict of interest policy](#) is managed in line with our Code of Conduct, which reflects the Civil Service Management Code (Section 4.3). A working group has been reviewing the policy and process to ensure all declarations are updated. The revised draft policy highlights the onus on everyone to proactively and promptly make a declaration. It also places a greater emphasis on actual, potential or perceived conflicts of interest and disclosure based on the possibility or perception of bias. Disclosure of external work and secondary employment or roles, whether paid or unpaid, remains a priority. Upon completion of consultation with trade unions and engagement with equality network colleagues, we will publish and promote the updated policy.

The Board met 7 times over the course of the financial year. It meets both in public and private sessions throughout the year, with the public sessions being recorded and made [available on our website](#) following each meeting. Our public sessions are live-streamed and recorded.

Board and committee membership and attendance up to 31 March 2025

ARAC = Audit and Risk Assurance Committee

RGC = Regulatory Governance Committee

RemCo – Remuneration Committee

ITC = Information Technology Committee

Transformation = Transformation Committee

Name	Role	Position	Term of appointment	Board	ARAC	RGC	RemCo	Transformation	ITC
Adebola Adebayo	Independent member of ARAC		1 March 2025 to 28 February 2028		1/1				
Christine Asbury	Non-executive director		1 June 2023 to 15 June 2025	7/7		4/4	5/5		
Belinda Black	Non-executive director		1 May 2021 to 31 January 2025	4/5		2/4	4/4		
Jeremy Boss	Independent member of ARAC	Independent member and Interim Chair of ARAC ⁵	1 January 2020 to 31 December 2024		4/4				
James Bullion (i)	Executive director	Chief Inspector of Adult Social Care and Integrated Care	1 February 2024 – 20 October 2024	4/4					
James Bullion (ii)	Executive director	Interim Chief Executive	21 October 2024 to 1 December 2024	1/1					
James Bullion (iii)	Executive director	Interim Chief Inspector of Adult Social Care and Integrated Care	2 December 2024 to 31 August 2025	2/2					
Mark Chakravarty	Non-executive director	Chair of Information Technology Committee	1 June 2023 to 15 June 2025	5/7	4/5		5/5		2/2
Mark Chambers	Non-executive director	Chair of RGC	4 January 2021 to 15 June 2025	7/7	5/5	4/4	4/5		2/2

Name	Role	Position	Term of appointment	Board	ARAC	RGC	RemCo	Transformation	ITC
David Corner	Independent member of ARAC		1 January 2020 to 31 December 2024		4/4				
David Croisdale-Appleby	Non-executive director		1 June 2023 to 31 May 2026	5/7			4/5		
Ian Dilks OBE	Non-executive	Chair and Chair of RemCom	1 April 2022 to 31 March 2025	7/7			5/5	1/1	2/2
Professor Aidan Fowler	Executive Director	Interim Chief Inspector of Healthcare	24 February 2025 to 31 August 2025	1/1					
Sir Julian Hartley	Executive Director	Chief Executive	2 December 2024	2/2					2/2
Dr Ali Hasan	Non-executive director		4 January 2021 to 31 October 2024	4/4	3/3		3/3	1/1	
Tyson Hepple	Executive director	Executive Director of Operations	1 February 2024 to 31 October 2024	4/4					
Stephen Marston	Non-executive director		4 January 2021 to 15 June 2025	7/7		4/4	4/5		
Simon Milhouse	Independent member of ARAC		1 March 2025 to 28 February 2028		1/1				
Dr Sean O'Kelly	Executive director	Chief Inspector of Health Care	20 June 2022 to 31 July 2024	0/2					
Charmion Pears	Non-executive director	Chair of ARAC	1 February 2024 to 15 June 2025	7/7	5/5	4/4	4/5	1/1	2/2
Mark Sutton	Executive director	Chief Digital and Data Officer	1 February 2024 to 30 August 2024	2/2					
Kate Terroni (i)	Executive director	Interim Deputy Chief Executive	1 May 2019 to 30 June 2024	1/1					
Kate Terroni (ii)	Executive Director	Interim Chief Executive	1 July 2024 to 20 October 2024	2/3					

Name	Role	Position	Term of appointment	Board	ARAC	RGC	RemCo	Transformation	ITC
Ian Trenholm	Executive director	Chief Executive	30 July 2018 to 30 June 2024	1/1					

Notes:

The first figure shows the number of meetings attended and the second figure shows the number of meetings held within the period under review that the individual was invited to. For example, Ian Dilks attended all 7 Board meetings out of the 7 Board meetings held during the review period (represented as 7/7); some members were invited to fewer than 7 Board meetings because their tenure finished before the end of the period under review. Greyed cells indicate that the person is not a member of that committee.

Personal data related incidents

As detailed in the Performance analysis section, 3 incidents were reported to the Information Commissioner's Office during the financial year, with minor recommendations received. Of the 3 incidents, one related to improper software development practices, one was human error resulting in oversharing with a trusted partner and the third was linked to insider threat.

This is an increase of 1 reportable incident compared with the previous year. The required root cause analysis was completed and remediations and mitigations put in place to limit our exposure to recurring incidents. Updated learning and technical fixes have been implemented, and we continue to promote the importance and awareness of data security within CQC.

Statement of accounting officer's responsibilities

Under the Health and Social Care Act 2008, the Secretary of State for Health and Social Care has directed CQC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give:

- a true and fair view of the state of affairs of CQC and its income and expenditure
- a Statement of Financial Position
- cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Health and Social Care, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual report and accounts and the judgements required for determining that it is fair, balanced, and understandable.

The Secretary of State for Health and Social Care has appointed the Chief Executive as the Accounting Officer of CQC. The responsibilities of an Accounting Officer, include responsibility for:

- the propriety and regularity of public finances for which they are answerable
- keeping proper records
- safeguarding CQC's assets, which are set out in Managing Public Money, published by HM Treasury.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that CQC's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

The Accounting Officer for CQC is required to provide assurances about the stewardship of the organisation, as provided in this governance statement, in line with HM Treasury guidance.

The Accounting Officer for CQC as at the time of publication is Dr Arun Chopra, Interim Chief Executive.

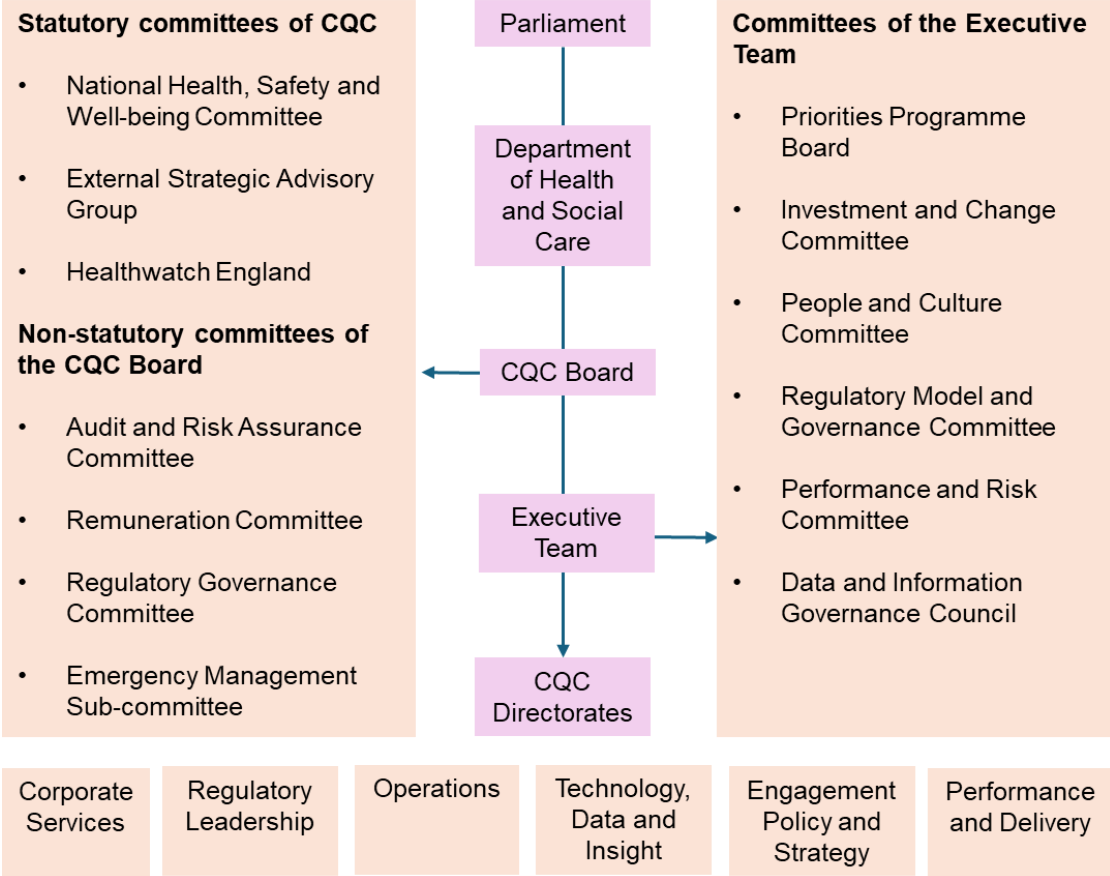
As an arms length body (ALB), we aim to have a good working relationship with our sponsor department, the Department of Health and Social Care. This involves having clear responsibilities and accountabilities that are delivered through appropriate governance arrangements in line with the principles of HM Treasury's Corporate governance in central government department's Code of good practice, where it applies to CQC. We have a framework document with the department, which sets out our:

- purpose
- governance
- accountability
- management
- financial responsibilities
- reporting procedures.

Care Quality Commission’s governance framework and structures

Our corporate governance framework describes the governance arrangements of the organisation and how they help ensure that our leadership, direction, and internal control enable long-term success. This is in the [About us section](#) of our website, and is shown in the following figure.

Figure 7: CQC’s governance structure as at 31 March 2025



Since 1 April 2025:

- In October 2025 a wider external governance review recommended changes to our committee structure, which has been revised as a result. The Executive Team is now a formal sub-committee of the Board, it has been renamed Executive Committee, and its sub-committees are as follows:
 - Executive Finance & Investment Committee
 - Executive Risk Committee
 - Digital and Data Executive Committee
 - Executive Cross-Sectors Committee
 - Executive People, Leadership & Culture Committee.

- Our directorates have also changed through the introduction of 4 Chief Inspector-led directorates, replacing the Regulatory Leadership and Operations Directorates. The Performance and Delivery directorate has also been paused with functions redistributed to enabling directorates.

Purpose and leadership of the Care Quality Commission's Board

The Board has key roles that are set out in legislation and in our framework agreement with the Department of Health and Social Care. These are reflected in our corporate governance framework and other related governance documents. There have been no significant departures from the processes set out in these documents during the year.

The Board carries out a range of business in line with its main responsibilities, which are to:

- provide strategic leadership to CQC and approve the organisation's strategic direction
- set and address the culture, values, and behaviours of the organisation
- assess how CQC is performing against its stated objectives and public commitments
- be accountable for internal control, ensuring that a sound risk management system that supports the achievement of CQC policies, aims, and objectives, is maintained
- ensure that public money is safeguarded and used economically, efficiently, and effectively in accordance with HM Treasury's Managing Public Money.

In relation to performance, at each meeting, the Board:

- receives information setting out our current performance, including an update on the latest risk register and financial position
- reviews details of activity to address where performance is under business plan targets.

The Board also provides strategic oversight of our key agreed priorities programme to rebuild our regulation by focusing on 4 areas that were identified as causing the most issues. They include:

- making sure we can publish reports of assessments that we have completed, which providers have been waiting too long for
- increasing the number of assessments that we complete each month, so we can provide up-to-date ratings and ensure people understand the quality of care in services in their area

- clearing our registration backlog to enable new services to start delivering care and increasing capacity in the system
- making sure we've acted promptly on information of concern and statutory notifications that providers tell us about.

The Board also receives regular reports on regulatory insights, organisational matters, and issues such as risks related to information and cyber security. Further information on security is included in the section on security. Papers and data that the Board receives to support decision making are generally of a good standard, but we continue to keep this under review.

The Board is committed to following high standards of governance. It has done this by providing oversight and challenge on key issues. The Board seeks assurance that there are systems, processes, and accountabilities for identifying and managing risks, and to enable CQC's continued regulatory oversight across health and social care. It does this through the scrutiny of the Audit and Risk Assurance Committee, the Regulatory Governance Committee and in Board meetings.

CQC's Board also reviews and approves Standing Orders, Standing Financial Instruction, Scheme of Delegation, and corporate policies periodically to ensure effective governance and appropriate decision making within CQC.

The Board receives a quarterly corporate risk register update, and our executive Risk Committee meets monthly to maintain strategic oversight, agree the content of the corporate risk register and strategic risks and monitor the effective identification and management of risk across CQC. Further scrutiny of risk controls and mitigating actions is undertaken as part of the risk discussion at Audit and Risk Assurance Committee.

An external Board effectiveness review led by Independent Audit, a board evaluation consultancy, was conducted throughout spring 2024 and reported in July of that year. Board members and core Board contributors participated in the review, which was both questionnaire and interview-based, and included a Board meeting observation (in May 2024) and an extensive Board paper review.

The Board analysed and discussed the results of the review in July 2024 and approved an action plan in November 2024. This included making improvements in a number of areas such as:

- reliability and quality of information in Board papers
- encouraging openness and rebuilding trust
- the need for non-executive director (NED) discussion and input to become more strategic
- appropriate consideration of risk at Board level, and more risk-reward reporting.

The Board has changed fundamentally since the period covered in this report. However, some of the issues raised in the above review remain relevant. CQC recently commissioned an external review of the organisation's governance, which reported in October 2025. The review noted strengths such as the leadership tone reset and the strengthened capacity and capability of the executive leadership, and made recommendations for change to our executive committee structure, secretariat processes and risk governance and assurance. These have been considered and approved by the Board and are currently being progressed by the executive. Key governance documents and secretariat processes have been revised and updated and new committee structures have been brought into force.

An external board effectiveness review is conducted every 3 years with the next scheduled to take place in 2027. Internal Board evaluations are usually conducted annually on the years in-between external reviews. Given the recent changes in Board membership, the next internal evaluation is currently scheduled for November 2026, but this may be brought forward.

Board committees

Audit, Risk and Assurance Committee

This committee met 5 times in 2024/25 to consider matters relating to:

- annual report and accounts
- risk management and internal controls
- internal and external audit
- whistleblowing.

Committee members and independent members attended committee meetings, as well as the National Audit Office (NAO), CQC's internal auditors and a representative from the Department of Health and Social Care.

The committee's main business included:

- risk tolerance, risk management, and management assurance of internal controls
- emerging risks in relation to regulatory transformation
- emerging risks in relation to technology, data and insight, including legacy systems, information security and cyber resilience
- internal and external audit reports and action plans
- reports from Healthwatch England and the National Guardian's Office (NGO)
- the Senior Information Risk Owner's (SIRO) annual report
- Freedom to Speak Up/whistleblowing
- business case lifecycle and governance

- sustainability
- business continuity
- counter fraud.

Remuneration Committee

This committee met 5 times in the year to consider matters in relation to executive remuneration, pay and reward policy, succession planning and senior talent management.

Its main business during the year included management of change, Executive Senior Managers (ESM) permanent and temporary recruitment, appointment (including the appointment of the new Chief Executive, pay awards and additional responsibility allowances, exit costs, executive grade talent review and contractual and structural changes to the Executive team.

Regulatory Governance Committee

The committee met 4 times in the year to consider matters relating to our regulatory approach and effectiveness. Its main business included:

- progress on improvements to the design of CQC's regulatory model
- operational key performance indicators (KPIs) that provide evidence of our delivery against the effectiveness of and delivery against our design, which includes information of concern, and age of ratings
- external recommendations on topics such as the Listening, Learning and Responding to Concerns review
- public inquiries such as Thirlwall, Lampard and COVID-19
- out-of-hours capability
- the use of AI in social care providers
- internal and external sentiment
- innovation.

Internal control and enterprise risk framework

Internal control

A significant element of our governance framework is the system of internal control, which is intended to manage risk to an acceptable and reasonable level.

We acknowledge the [Head of Internal Audit's Annual Opinion](#), which for the period April 2024 to March 2025 was 'Unsatisfactory'. We recognise the influence of our

major organisational restructure and transition to new ways of working during that period, as well as the impact of significant leadership changes.

As a priority, we are committed to addressing the recommendations made as part of the Opinion. A Governance Audit was commissioned and has been completed by the Government Internal Audit Agency (GIAA) and an independent Governance Review was also commissioned, which reported in October 2025. This recommended clearer, simpler governance structures that support the way that we work, and which became operational from 1 April 2026.

CQC's system of internal control is based on an ongoing process designed to:

- identify and prioritise risks to achieving policies, aims and objectives
- evaluate the likelihood of risks being realised, the impact if they are realised, and to manage them within our risk appetite.

We consider the effective management of risks to the delivery of our purpose as critical to our assurance and governance.

This process was in place for the financial year and up to the date of publication of the Annual report and accounts.

Our enterprise risk framework

Our enterprise risk framework identifies risks to the delivery of our purpose, strategy and business plan and how we manage them. We use the 3 lines of defence model in managing, monitoring and independently assuring risk. Our risk framework and supporting guidance defines how enterprise risk is managed between the Board, the Executive team and directorates.

Our governance structure through the Board, the Audit and Risk Assurance Committee and the Regulatory Governance committee is as follows:

First line of defence

All CQC staff can:

- recognise, assess and manage risks in their business area
- identify cross-CQC risks
- know how to escalate risks outside their control

All CQC managers:

- should support a positive risk culture in their teams by:
 - discussing risks with their people
 - ensuring people understand risk principles and how to escalate risk

- take responsibility for risks escalated to them, and give feedback to staff who raise them
- understand which risks they are managing, where the risks are recorded and how they are monitored

Directors (through directorates) should:

- identify and manage their directorate risks through risk registers
- regularly monitor risk actions and escalate risks appropriately
- understand their responsibilities in managing risks in the Corporate Risk Register

Second line of defence

Senior leadership:

- the Executive team manages the highest level risks, escalating these to DHSC where appropriate (from September 2025, a Risk Committee was introduced as a sub-committee of the Executive team, with specific focus on strategic and corporate risk)

Third line of defence

Audit:

- reviews risk framework and provides independent challenge and assurance

CQC maintains a corporate risk register, which is reviewed and monitored regularly, with risk discussions occurring at various levels across CQC from Board level to Directorate level, to ensure appropriate escalation and mitigation of risks. The Audit and Risk Assurance Committee plays a vital role in its oversight, and the Department of Health and Social Care also reviews the risk register as part of quarterly budget and assurance meetings and quarterly accountability meetings.

The Board and the Audit and Risk Assurance Committee will use the corporate risk register to help design the annual programme of internal audit, or to consider any other internal reviews or external consultants to provide assurance that the risk is being managed effectively, and to identify any remedial actions that could be required.

Our framework has been developed to be consistent with the modes and approach included in the UK government's [The Orange Book – Management of Risk – Principles and Concepts](#).

Risks managed in 2024/25

During 2024/25, we further developed our risk management approach implementing 3 new risk categories in November 2024 for: Governance, Data and Information, and Regulatory Approach. Our Executive team retained oversight of corporate risk that is outside of tolerance. This was supported in the year by a refresh of the Corporate Risk Register in February 2025 and risk workshops with all committees of the Executive team to develop understanding of risks and generate detailed risk registers for relevant risk categories to support the wider Corporate Risk Register.

The following areas describe our most significant risks during the year 2024/25, which focused on risks that have been operating outside our tolerance. In all instances, we have monitored and worked to build assurance and effective mitigation. This continues in 2025/26.

Strategy risks

Strategy risks outside of tolerance related to the continuing challenges following transition to our new ways of working in the previous year.

A risk that we did not transition to our new ways of working safely and effectively was assessed as being outside tolerance and was monitored throughout the year, affecting many other significant risks across CQC. Recovery workstreams were developed throughout the year to mitigate existing risk and develop longer term plans for improvement.

In Quarter 4, following a refresh of the Corporate Risk Register, strategy risk outside of tolerance focused on learning from our previous transition, as CQC developed the plans to recover and rebuild activity and trust following the transition through a programme approach.

Governance risks

There were no risks outside of tolerance in this category during the year. However, risks relating to our governance arrangements and risk management were outside of the risk appetite with continued development of policy and frameworks and management plans to implement and embed these.

Data and Information risks

A significant data and information risk related to the quality of our data. There was a risk that we may not have enough quality data to be an intelligence-based regulator that shares information with others so they can act. This risk deteriorated to being outside of tolerance in quarter 3 because of the impact of the changes to our ways of working and the information technology we use. During the year, initiatives were implemented to support how we identify, prioritise and improve the

quality of data held on existing systems and work programmes, and strategies were developed to improve the systems, use and reporting of data and data ownership.

A small number of cases have been identified where ratings do not follow published rating aggregation principles during the period 2018 to 2024. Quality assurance processes have been strengthened to mitigate the risk of discrepancy in the future, alongside the development of new assessment frameworks that are more transparent and easier to apply consistently. New assessments of services will be conducted as part of work to address the wider issue of aged ratings that may not reflect the current quality of care.

Operational risks

Operational risk outside of tolerance focused on our productivity. There was a specific risk at corporate level that, following transition to our new ways of working, our operational workforce was not as productive as it should be. This was monitored throughout the year and linked with work programmes to recover and rebuild activity. A further risk concerned the ineffectiveness of the internal workings of CQC, leading to a deterioration in the ability to identify poor performance and support a drive to improve quality. This was also monitored and supported through work to recover and rebuild activity and develop our Regulatory Risk Framework.

Following the Corporate Risk Register refresh in Quarter 4, further operational risks focused on technology and the impacts of the transition to ways of working across areas of our operations. These included:

- specific risks related to our technology
- completing fewer assessments due to productivity and assessments becoming stuck in the system
- delays in processing registration applications
- identification and response to risk through information of concern
- enforcement timeliness
- training and guidance for operational colleagues.

Mitigations for improving productivity and operational activity concentrated on our plans to recover and rebuild activity and trust following the transition, and these moved into a programme approach in Quarter 4.

Regulatory approach risks

Risk outside of tolerance relating to regulatory approach throughout the year related to our ability to complete assessments. There was a specific risk that we did not make accurate and timely assessments of the quality of care or risk for people using services.

Following the refresh of the Corporate Risk Register in Quarter 4, we specifically monitored risks on the adoption of the single assessment framework, which was introduced through the transformation programme. Mitigation for these risks focused on the development of plans to recover and improve our systems and processes following transition. These plans were moved into a programme approach in Quarter 4.

Reputational risks

Reputational risk within the year focused on our ability to meet stakeholders' expectations. We monitored a specific risk that we did not meet stakeholder expectations. This risk was added to the register in May 2024 as being outside tolerance following our transition to our new ways of working, and it remained outside of tolerance throughout the year. We continued to engage with stakeholders throughout the year and review insight from both internal and external audiences about our new regulatory approach. We ensured that we acted on the information, and told audiences how we used their feedback in a timely way. Following the Corporate Risk Register refresh in Quarter 4, specific risks related to our reputation as a regulator and reputation related to benefits realisation from the transformation programme were identified.

People risks

People risks outside of tolerance focused on staff engagement with our culture change and ways of working. We monitored a specific risk that our colleagues were insufficiently engaged in our culture change and ways of working, and this was noted to deteriorate further in Quarter 3. Colleague sentiment was monitored throughout the year through surveys, and the culture change programme included values workshops across all directorates and functions within CQC.

Following the Corporate Risk Register refresh in Quarter 4, specific risks were also identified as being outside of tolerance for: structures and leadership, staff wellbeing, and training and guidance. Alongside ongoing development of existing wellbeing initiatives and training programmes, the CQC Way was developed to support mitigation of this risk and workstreams supported planning for re-organisation of operational teams to improve ways of working.

Security risks

A security risk identified in Quarter 3 as outside of tolerance related to the use of systems following our transition to new technology. This specifically focused on the risk that the integrity, confidentiality and availability of regulatory data may be compromised due to ongoing use of legacy systems and change, and running both old and new systems together. Following the refresh of the Corporate Risk Register in Quarter 4, this risk was split into 3 separate risks covering: use of legacy systems, de-commissioning of legacy systems and use of dual systems.

Workstreams were developed to help keep data and systems secure while operating across new and old systems and improving future technology.

A further risk identified as outside of tolerance following the Corporate Risk Register refresh in Quarter 4 related to cyber security and not adequately addressing data protection as part of projects, new initiatives and changes. Our Data Protection Impact Assessment process and IT system change processes mitigated this risk alongside the development of reporting of compliance with adherence to and implementation of these.

Finance risks

Finance risks outside of tolerance were identified following the Corporate Risk Register refresh in Quarter 4. They related to providing value for money and benefits realisation from the transformation programme and the de-commissioning of our legacy system. These risks related to our transition in the previous year, and mitigation was led through our plans to improve our approaches, which moved into a programme approach in Quarter 4. A further risk regarding funding was also identified as outside of tolerance in Quarter 4, with mitigations developed through the budget plan for 2025/26 and seeking additional funding.

These categories, together with our risk appetite tolerances, are detailed in our [performance report](#).

Other use of management controls

Security

We continue to operate in a period of heightened cyber threat and with both scepticism and fervour about the implications of future technologies such as artificial intelligence (AI). This emerging technology will exacerbate longstanding challenges to our cyber security and resilience. Our sector is currently facing a significant rise in cyber attacks, with notable high-profile incidents significantly affecting our sector and wider government, reducing their ability to provide critical services and protect data.

Building on work in previous years, our Cyber Security and Resilience programme (CIP) continues to deliver positive outcomes in line with the National Cyber Security Centre's Cyber Assessment Framework. Notably, we have:

- made improvements to our security monitoring capabilities
- strengthened our identity and access management practices, utilising modern passwordless authentication mechanisms
- carried out a number of due diligence activities across our supply chain using new, improved processes
- built on existing practices to further develop our secure by design approach.

There were 21 fewer cyber security incidents during 2024/25 than in the previous year (see [Performance analysis](#) for further details). This was due to an evolving cyber threat landscape and increased monitoring of logs from systems, but also as a result of security awareness campaigns on collective responsibility and championing staff to report suspected or confirmed information security incidents.

Counter fraud

During 2024/25, we have continued to make progress in identifying, detecting and investigating fraud bribery and corruption.

- In 2024/25, we received a total of 22 allegations of fraud. For comparison we received 8 referrals during 2023/24.
- We identified just over £73,000 of potential fraud and found just over £57,000 of detected fraud. During 2023/24 our potential loss to fraud was £32,000 and detected fraud just over £13,000,
- We recorded over £189,000 of error; this is where payments were made but we are unable to attribute them to fraud. Many of these are salary overpayments, of which recovery plans are in place. (As at 31 March 2025, £98,000 had been recovered.)

We are committed to reducing fraud to an absolute minimum and take a proactive approach to raising awareness of counter fraud in CQC. To help deter and detect fraud and increase confidence in reporting, we deliver yearly fraud prevention and bespoke counter fraud awareness training to our colleagues across CQC.

- The completion rate for our fraud prevention training (as at 31 March 2025) was 91.9%.
- Over 2024/25 we delivered 12 bespoke counter fraud awareness training events to colleagues and teams across CQC.

During 2024/25 the Public Sector Fraud Authority (PSFA) reviewed us against the Government Functional Standards for Counter Fraud (GovS 013). This assurance exercise looked at all 12 of the criteria set out under the standards and found we were good in 9 areas. The remaining 3 areas are currently in development. We will continue to make improvements over the next 12 months with the aim of achieving good across all 12 of the set criteria.

In May 2025 we employed a counter fraud investigator to support the counter fraud function in CQC. Our increased capacity will help us build on the work already undertaken and increase our reactive and proactive capabilities.

Whistleblowing and Freedom to Speak Up

During 2024/25, we continued to embed a Freedom to Speak Up approach across the organisation. This includes a policy that follows guidance from NHS England and the National Guardian's Office, and national best practice in relation to speaking up arrangements for organisations.

CQC has 3 Freedom to Speak Up Guardians supported by a team of Champions, who are pivotal in supporting and helping colleagues to find advice.

In 2024/25, our Freedom to Speak Up Guardians received 96 contacts, an increase from 83 contacts in 2023/24. Most concerns were raised by colleagues within the Operations Directorate.

The predominant themes included:

- allegations of bullying and harassment
- concerns around not feeling heard and a lack of confidence in leadership.

Encouragingly, there was a notable decline in the number of concerns related to the organisation's new ways of working, in contrast to the previous year. These findings are essential to the need for us to change and improve as an organisation.

We commissioned an independent review in April 2025 to determine the overall effectiveness of our system and to improve trust in our internal processes. The report and recommendations were discussed and agreed by the Board in September 2025, and the main recommendations were around:

- Policy, systems and feedback – address fundamental improvements needed to support an effective Freedom to Speak Up culture, ensuring clear processes, digital tracking and transparent feedback loops that demonstrate the organisation's commitment to listening and acting on concerns.
- Leadership and culture – focus on creating the cultural conditions necessary for Freedom to Speak up to thrive, with clear leadership accountability, training to build psychological safety and specialist support for those with protected characteristics who may face additional barriers to speaking up.
- Structural support – address other areas needed to support an effective Freedom to Speak Up culture, clarifying roles, strengthening anti-discrimination measures and ensuring adequate capacity within the guardian function to properly support staff concerns.

Government Functional Standards

Government Functional Standards set expectations for the management of functional work to promote consistent and coherent working within government organisations. They provide a stable basis for assurance, risk management and capability improvement and can support organisations to achieve their objectives more effectively and efficiently.

Functional Standards will play a greater part in our management assurance approach going forward. We continue to strengthen our position across standards and set our ambitions for improvement.

Head of Internal Audit Opinion

Since April 2024, our internal auditors have been the Government Internal Audit Agency (GIAA). The following report is the Head of Internal Audit Opinion for 2024/25.

Executive summary

In accordance with the requirements of the UK Public Sector Internal Audit Standards, I am required to provide the Accounting Officer and the Audit and Risk Assurance Committee with my annual opinion on the adequacy and effectiveness of the organisation's risk management, control and governance arrangements. My opinion is a key element of the assurance framework and can be used to inform the organisation's Governance Statement. However, the Accounting Officer retains personal responsibility for risk management, governance and control processes.

My annual internal audit opinion reflects the audit plan agreed and is not limited in scope, to the extent that the assurance provided by internal audit can never be absolute.

Basis for opinion

My opinion is based on the governance, risk and control frameworks set out in the following publications, which apply to central government organisations:

- Corporate governance code for central government departments (2017), the Code is mandatory for departments, advisory for other bodies
- Orange Book: Management of risks - principles and concepts (2023)
- Managing Public Money (2021).

Opinion

Unsatisfactory

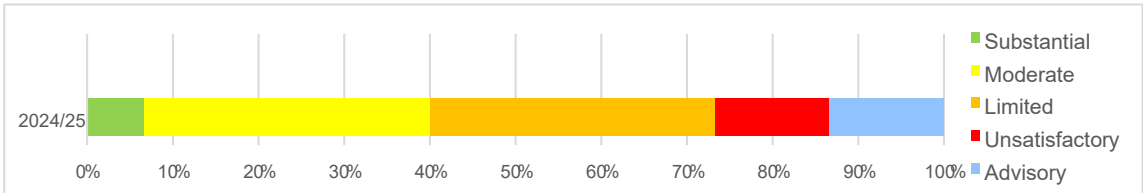
There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

I am providing an overall Unsatisfactory opinion on the framework of governance, risk management and control within the Care Quality Commission (CQC) for the year ended 31 March 2025.

Significant weaknesses have been identified in the organisation’s framework of governance, risk management and internal control throughout the year, such that arrangements in a number of key areas are either inadequate or ineffective. Further detail on the evidence used to reach this conclusion is outlined in more detail in Key Risks and Themes, below.

GIAA became the CQC's internal auditors from 1 April 2024. Previously the internal audit service had been performed by an alternate third-party provider who for 2023/24 had given a Reasonable/Moderate assurance opinion. This equates broadly to our Moderate rating. Our view is that a lower Unsatisfactory rating is appropriate for 2024/25.

Summary of opinions



At the start of the year, I developed a 16-audit plan, in agreement with the Executive Team and the ARAC. The audit plan consisted of two advisory reviews and 14 assurance reviews and took into account that this was GIAA’s first year as the CQC’s internal auditors. Limited information was received in relation to prior years audit work, therefore, I developed a plan that would give assurance over key baseline arrangements.

During the year, we removed one audit from the plan, with the agreement of the ARAC. This review was in relation to the single assessment framework, CQC’s methodology for delivering its core service. This was removed to avoid duplication with the Review into the Operational Effectiveness of the Care Quality Commission being performed in-year by Dr Penny Dash. This review focused heavily on the effectiveness of the organisation’s assessment process and made several recommendations for improvement.

The remaining 15 audits were delivered as planned.

Key risks and themes

CQC is the independent regulator of health and adult social care in England. The Commission’s objective is to ensure that health and social care services provide people with safe, effective, compassionate, high-quality care with a focus on continuous improvement. The organisation does this through monitoring, inspecting and regulating services, taking action against organisations where the standard of care fails to meet the required standard.

Several of the organisation's key performance indicators demonstrate that as at the end of February 2025, performance failed to meet the required standards for several metrics:

- 3,428 assessments were completed compared to a target of 16,000
- 32.4% of registrations in the system were more than 10 weeks old compared to a target of 22.3%
- At the end of Q3 (December 2024), only 4% of newly registered services had had an assessment within 12 months of registering. No target for this performance indicator is provided in performance reports.

The [Review into the operational effectiveness of the Care Quality Commission](#) by Dr Penny Dash, which was published in October 2024, found "significant failings in the internal workings of the CQC, which have led to a substantial loss of credibility within the health and social care sectors, a deterioration in the ability of the CQC to identify poor performance and support a drive to improve quality - and a direct impact on the capacity and capability of both the social care and the healthcare sectors to deliver much-needed improvements in care".

Additionally, the [Review of CQC's single assessment framework and its implementation](#) by Professor Sir Mike Richards, which was published shortly after the Dash review, assessed the impact of the changes made by CQC following the publication of its new strategy in 2021. The transformational activity that followed this strategy had 3 elements; a major organisational restructure, the introduction of a single assessment framework across all the sectors that CQC regulates and the development of a new IT system named the regulatory platform. The Richards review concluded that all 3 of these initiatives had failed to deliver their intended benefits despite being initially welcomed by providers.

Although there has been a slight improvement in the organisation's performance as the year has progressed, there is still significant work required to bring core service delivery up to the required standard. This activity is being driven forward through immediate actions and foundational improvements (collectively known as the Priorities Programme) which CQC has developed.

Governance

During the year, there has been significant movement in senior leadership at CQC:

- The Chief Executive left the organisation in June 2024 and was replaced, on an interim basis, by the Deputy Chief Executive. The Deputy Chief Executive was absent shortly after taking up post before leaving the organisation in the Autumn of 2024.
- The interim Chief Inspector of Adult Social Care and Integrated Care assumed the role of interim Chief Executive until a permanent replacement was appointed in December 2024.

- The Chief Digital and Data Officer left the organisation in the summer of 2024. This vacancy was covered internally until an interim replacement was appointed in early 2025.
- A new Chief Inspector of Mental Health was appointed.
- The organisation appointed a new Director of Governance, Performance and Assurance in June 2024, however they left the organisation shortly after the year-end.
- The Chair of the Board stood down at the end of his term of appointment on 31 March 2025, with the new Chair commencing in role on 1 April 2025.

At the time of drafting our opinion, there are 10 members of the Executive team, 40% of whom are currently interim appointments. In addition, in June 2025, the Chief Executive proposed a new structure for the Executive Senior leadership team. As at the end of August 2025, these changes are still being implemented.

A Board Effectiveness review, which was conducted by an independent third party (July 2024), made several observations on the effectiveness of the governance arrangements in the organisation. Critically, it noted a divided Board, principally between the NEDs and some of the Executive Directors, with each group holding different views as to the state of the organisation at the time the effectiveness review took place. It recognised “a breakdown in trust between the NEDs and some of the Executives”, observing that there had been “a lack of alignment between the executives themselves on some issues”. It also noted that the NEDs had become relatively operational as a result and highlighted the need for them to step back into a more strategic role.

Between the year-end and presenting our draft opinion, the majority of NEDs resigned and were replaced by a newly appointed Board. The new Board took effect in June 2025. Although this resulted in limited disruption with regards to meetings of the Board, the Audit Committee did not meet between March and September 2025.

All of the above NED and executive/senior management will inevitably have had an organisational impact, both as a result of the scale of change but also as individuals adjust to new roles and responsibilities and, in the case of external appointments, gain an understanding of the organisation and the challenges it is currently facing.

Given the volume and timing of the changes to the organisation’s governance arrangements, our audit of Corporate Governance resulted in an Unsatisfactory assurance opinion. We were unable to complete our fieldwork as intended; it was also too early to assess the design and operating effectiveness of the new arrangements, which were still being developed during the audit. As part of this audit, we made five recommendations which were designed to support the organisation in developing and embedding their new arrangements.

Throughout the year, we have also assessed the organisation's operational governance arrangements during individual audits:

- As part of the Health and Safety audit, we concluded that the governance arrangements underpinning health and safety were, in the main, effective with roles and responsibilities being clearly defined and documented. However, we did note that the National Health, Safety and Wellbeing Committee is currently operating without an agreed directive.
- During our Regulatory Data Governance audit, we noted several foundational governance processes were not effective. We concluded that CQC needs to invest in its oversight forum for data governance, to make sure it can challenge and establish an effective culture of improvement, including regularly reviewing KPIs for data security.
- During our audit of Listening, Learning and Responding to Concerns review (LLRC), we concluded that CQC lacked a cohesive framework to govern the programme for implementing recommendations arising from the [2023 LLRC review](#) that CQC commissioned. We noted that this had led to inconsistent ways of working and the subsequent drifting of recommendations. We also recognised that frequently changing senior ownership for the programme had also contributed to a lack of meaningful progress in making the required changes to LLRC.
- Our Functional Standards audit concluded that CQC has not developed suitable arrangements for the management and implementation of functional standards and limited progress had been made in embedding standards within CQC. We also noted a lack of oversight of the implementation of standards at both an Executive and Non-Executive level.
- As part of the Regulatory Transformation: Benefits Realisation audit, we reported that the framework to identify, track and monitor benefits is immature with a lack of clear roles and responsibilities to enable monitoring and realisation of benefits. We also found a lack of management oversight and scrutiny of benefits performance at Investment Committee (and elsewhere).

Risk management

Several significant risks have crystallised during 2023/24, which indicates that the mitigations in place to manage these risks were inadequate and reinforces the need to strengthen risk management arrangements. Our audit of risk management provided limited assurance over the adequacy and effectiveness of risk management arrangements across the organisation. During the audit, we found that CQC has been developing its strategic risk management arrangements since 2023/24, however this has not progressed as quickly or as effectively as the organisation intended. The audit concluded that whilst risk management resources have been bolstered in-year, there were several other areas of weakness that needed to be addressed:

- The strategic risk register contains a high number of risks, some of which appear more operational than strategic. Additionally, discussions at Audit, Risk and Assurance Committee throughout 2024/25 have highlighted that there are potentially key strategic risks, especially regulatory risks, missing from the strategic risk register.
- Current risk management guidance requires improvement to ensure proper alignment with good practice (the Orange Book).
- At the time of the audit, there was no formal documentation to assure the effectiveness of controls in place to mitigate the majority of strategic risks.
- We noted a lack of sufficient and regular documented assessment of potential changes to organisational risk appetite supported by robust and good quality data and information.

We made 10 recommendations for improvement during the risk management audit and at the time of drafting the annual opinion only 20% of recommendations had been implemented. The remaining 8 recommendations are all overdue.

We have also considered risk management on individual audits:

- We concluded that CQC's risk management processes over enforcement activity are robust, well documented and actively followed, albeit we acknowledge that the organisation has undertaken lower than required levels of inspections in the year which is likely to impact the identification of cases which should be subject to enforcement activity.
- During our audit of Organisation Culture and Values, we recommended that the organisation should improve the identification, documentation and monitoring of risks for its Organisational Culture and Values programmes, including documenting assumptions, constraints and dependencies to avoid issues emerging which could adversely affect the success of the programme.
- During our Regulatory Data Governance audit, we recommended that CQC should, in conjunction with the work being undertaken on the strategic risk register, review its data and information risk management processes to make sure they provide assurances that risks are being captured and mitigated fully.
- The Health and Safety audit reported that, at an operational level, the majority of health and safety risks are recorded as being managed but the risk profile lacks information to demonstrate how this is being achieved. This impacts the adequacy of oversight and may prevent risks from being escalated as appropriate to the Executive team and the Board.

Internal control

I am of the opinion that significant improvements are required to the overall control environment at CQC to ensure that the organisation is able to achieve its strategic objectives and manage public money as effectively as possible. Of the 13 assurance-based audits completed this year, one received substantial assurance,

5 received moderate assurance, 5 received limited assurance and 2 received unsatisfactory assurance.

As this is the first year that GIAA has provided internal audit services for CQC, I developed a plan that would enable me to obtain a view as to the adequacy and effectiveness of the organisations baseline arrangements.

During 2024/25, we have identified 5 themes from our audit work, many of which are fundamental control activities. More information on these themes, including those relating to controls, can be found in the next section.

The implementation of outstanding internal audit recommendations requires significant focus in 2025/26. The way in which the organisation manages recommendations overall has been identified as a theme but specifically in relation to internal audit recommendations, we have seen very few evidenced as implemented in year; those which remain outstanding represent unmanaged risks across the organisation. Consequently, at the end of 2024/25, there are 172 recommendations outstanding of which 115 are overdue.

At an individual audit level, we have made the following observations about internal controls:

- During our audit of Monitoring and Detecting Cyber Events, we concluded that the controls related to cyber security monitoring were satisfactory, however we recognised that the Security Operations Centre service contract was ceasing on 1 April 2025 so our assurance only related to the controls in place up until that point.
- Our Overhead Charging Methodology audit reported a lack of audit trail to support governance sign-off processes, and therefore the adequate operation of controls could not be demonstrated.
- During our Financial Control – Payroll audit, we noted that although monthly Key Success Indicator reports are shared by the payroll shared service provider, completeness and accuracy checks are not performed by CQC on those reports. This weakness increases the risk of undetected payroll issues, including potential overpayments and/or inaccuracies.
- During our Finance System – Post Implementation Review audit, we reported a lack of up-to-date business continuity plans for the new finance system, noting a risk of significant disruption to the critical finance processes in the event of system failure.

Next steps

CQC should look to focus its improvement activity on building firm foundations for the coming year. This is of critical importance if the organisation is sufficiently prepared to be able to handle increased responsibilities in the future which have been outlined

in the [NHS 10-year Health Plan](#). The Risk Control Framework for Government provides a useful source of reference to support this work:

- Place a stronger focus on enterprise-wide risk management, seeking to take the organisation further down the risk management model to help shape the approach taken so that the organisation moves from being 'risk aware' to wholly 'risk enabled'.
- Strong governance arrangements need to be developed and embedded across the organisation, particularly in respect of senior leadership, ensuring that governance arrangements are not only effective but align to good practice.
- An assurance framework for the organisation should be developed. This could include production of an assurance map and/or a Board Assurance framework which will provide a mechanism for objectively evaluating and linking assurances from various sources to the risks that threaten the achievement of the organisation's outcomes and objectives. This should give clarity to where lines of defence checks should operate and who is undertaking them.
- Recommendations made by assurance providers (Internal audit, NAO and other external reviews etc) to address weaknesses in control risk and governance should be responded to swiftly. There should be regular monitoring of progress to assess thorough completion of the actions. Senior leaders should continue to push for the proper completion of recommendations to drive down the number of open actions.
- In order to improve compliance with key processes and procedures, particularly as there has been a significant churn of staff, the organisation should ensure that guidance is appropriately updated, is easy to reference and is supported by training as necessary. First and second line checks should be conducted to gain comfort that processes are working as intended. In addition, regular oversight of performance metrics should be implemented to enable remediation plans to be invoked as soon as performance starts to dip.

Although management recognise the significant weaknesses which exist in their governance and risk management arrangements and their systems of internal control, we have not yet seen clear and comprehensive plans to address these issues.

Significant control challenges

In 2023/24, CQC's financial statements were subject to a qualified audit opinion in respect of 2 matters.

First, the C&AG issued a limitation of scope qualification related to CQC's share of the Teesside Pension Fund assets, arising from insufficient audit evidence. This resulted from the auditor of Middlesbrough Council and its subsidiaries (including the pension fund) not meeting the statutory backstop date for completion of their audit and consequently issuing a disclaimed audit opinion on the financial

statements for the year ended 31 March 2024. For 2024/25, the pension fund auditor sought and obtained the necessary audit assurances in respect of both the 2023/24 and 2024/25 financial years.

Second, the C&AG issued a limitation of scope qualification related to the valuation of the regulatory platform intangible asset. CQC was unable to provide sufficient evidence over the carrying value of the asset or the associated impairment charges across financial years, as completing the required valuation would have resulted in a significant delay to publication, reflecting the complexity involved in valuing bespoke intangible assets. In 2024/25, CQC commissioned an independent technical valuation to support its impairment review of the regulatory platform. This work has provided additional evidence over both the carrying value of the intangible asset and the impairment charges recognised across financial years as detailed in note 1.25 and note 9. The impairment recognised in the financial statements reflects the functionality, design and usability challenges of the Regulatory Platform.

CQC is in the process of building a comprehensive understanding of these challenges to help identify the most effective options for addressing these issues, with a clear focus on improving operational performance and long-term sustainability. At the date of this report, no decisions have yet been made on the next steps for remediating the issues in the platform.

As a result of the actions taken, the C&AG has issued an unqualified opinion on the 2024/25 accounts, including the 2023/24 comparatives.

Accounting officer's review and conclusion

Accounting officer's Assurance

I became CQC's Accounting Officer after the reporting period of the 2024/25 Annual report and accounts. As such, I have had to obtain the necessary and appropriate assurances to form my accounting officer opinion from several sources:

- Our internal auditor's work has looked at reviews into aspects of our transformation programme as well as aspects of our corporate approach, which has highlighted some areas of good practice as well as identifying areas in which we must improve going forward.
- In addition to assurances sought through CQC's corporate governance framework detailed in this Corporate governance report, I have been presented with an accounting officer handover letter from my predecessor as to their opinion on the internal control environment within the 2024/25 financial year.
- I obtain a regular risk update as part of CQC's Executive Committee and weekly performance exception reports.

Conclusion

The Head of Internal Audit has provided an annual opinion providing unsatisfactory assurance that there are adequate and effective systems of governance, risk management and control.

I agree with Head of Internal Audit's conclusion.

We note the recommendations made by GIAA to strengthen and enhance the adequacy of our governance, risk management and control arrangements, and these will be implemented.

CQC has complied with HM Treasury's Corporate governance in central government department's Code of good practice to the extent that they apply to a non-departmental public body.

I conclude that CQC's governance and assurance processes have supported me in discharging my role as Accounting Officer. I am not aware of any significant internal control problems in 2024/25 other than those detailed above. Work will continue to strengthen the assurance and overall internal control environment in CQC.

Remuneration and people report

Remuneration of the Chair and non-executive Board members

Remuneration for non-executive Board members is determined by the Department of Health and Social Care based on a commitment of 2 to 3 days a month. The ARAC chair has an additional time commitment, which is reflected in higher remuneration.

There are no provisions in place to compensate for the early termination or the payment of a bonus in respect of non-executive Board members.

The Chairman and non-executive Board members are also reimbursed for expenses incurred in fulfilling their commitments to CQC. Expenses are grossed up to account for the tax and national insurance due, in accordance with HM Revenue and Customs (HMRC) rules.

Non-executive Board members are not eligible for pension contributions or performance-related pay because of their employment with CQC.

Figure 8: Emoluments for the Chairman and non-executive Board members (subject to audit)

	2024/25			2023/24		
	Salary (bands of £5,000) £000	Benefits in kind (taxable) ¹ to nearest £100 £	Total (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in kind (taxable) ¹ to nearest £100 £	Total (bands of £5,000) £000
Ian Dilks OBE (Chair) ⁷	60-65	300	60-65	60-65	–	60-65
Mark Chambers	5-10	–	5-10	5-10	–	5-10
Dr Ali Hasan ⁵	0-5	–	0-5	5-10	–	5-10
Stephen Marston	5-10	400	5-10	5-10	–	5-10
Belinda Black ⁶	5-10	500	5-10	5-10	200	5-10
Christine Asbury	5-10	–	5-10	5-10	100	5-10
Professor David Croisdale- Appleby	5-10	4,300	10-15	5-10	–	5-10
Dr Mark Chakravarty	5-10	–	5-10	5-10	–	5-10
Charmion Pears	10-15 ⁴	200	10-15	0-5	–	0-5
Mark Saxton				0-5 ²	500	0-5
Jora Gill				0-5 ³	200	0-5

Notes:

¹ Benefits in kind (taxable) relate to taxable expenses incurred by members in the fulfilment of their commitments to CQC.

² Mark Saxton's appointment expired 31 July 2023, full-year equivalent salary £5-10k.

³ Jora Gill's appointment expired 31 May 2023, full-year equivalent salary £5-10k

⁴ Charmion Pears's salary in 2024/25 included an allowance for acting as Chair of ARAC.

⁵ Dr Ali Hasan resigned as a non-executive director with effect from 31 October 2024. Full year equivalent £5-10k

⁶ Belinda Black resigned as a non-executive director with effect from 31 January 2025. Full year equivalent £5-10k

⁷ Ian Dilks stood down as Chair at the end of his term of appointment on 31 March 2025.

Payments to independent members of Audit and Risk Assurance Committee (subject to audit)

Independent members of the Audit and Risk Assurance Committee (ARAC) are paid fees on a per meeting basis and are reimbursed for expenses incurred in fulfilling their commitments to CQC.

Figure 9: Remuneration of independent members of ARAC

	2024/25			2023/24		
	Fees (bands of £5,000) £000	Benefits in kind (taxable) ¹ to nearest £100 £	Total (bands of £5,000) £000	Fees (bands of £5,000) £000	Benefits in kind (taxable) ¹ to nearest £100 £	Total (bands of £5,000) £000
Jeremy Boss ³	5-10 ²	–	5-10	15-20 ²	–	15-20
David Corner ⁴	0-5	–	0-5	0-5	–	0-5
Simon Millhouse ⁵	0-5	–	0-5			
Adebola Adebayo ⁵	0-5	–	0-5			

Notes:

¹ Benefits in kind (taxable) relate to taxable expenses incurred by members in the fulfilment of their commitments to CQC.

² Jeremy Boss received enhanced remuneration as interim Chair of ARAC.

³ Jeremy Boss resigned as an independent member of ARAC on 31 December 2024. Full year equivalent was £15-20k.

⁴ David Corner left his position as an independent member of ARAC upon the expiration of his term on 31 December 2024. Full year equivalent was £0-5k.

⁵ Simon Millhouse and Adebola Adebayo were appointed as independent members of ARAC from 1 March 2025.

Remuneration and pension benefits of the Executive team

Remuneration

The chief executive and members of the Executive team are employed on CQC’s terms and conditions under permanent employment contracts.

The remuneration of the chief executive and members of the Executive team was set by the Remuneration Committee and is reviewed annually within the scope of the national pay and grading scale applicable to Arms Length Bodies.

For the chief executive and Executive team, early termination, other than for gross misconduct (where no termination payments are made), is covered by their contractual entitlement under CQC's redundancy policy. Contracts of Executive team members include 6 months' notice and termination payments are only made in appropriate circumstances. They may also be able to access the NHS pension scheme arrangements for early retirement, depending on age and scheme membership. Any amounts disclosed as compensation for loss of office are also included in our people report.

Salary includes gross salary, overtime, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. It does not include employer pension contributions and the cash equivalent transfer value (CETV) of pensions.

Salaries of the Executive Team were subject to an annual pay award in line with all CQC colleagues which applied from 1 September 2024. The full year equivalent salary disclosed in figure 10 reflects their individual salary following the pay award.

No performance pay, bonus or compensation for loss of office were paid to any member of the Executive team, or former members, during 2024/25.

The monetary value of benefits in kind covers any payments or other benefits provided by CQC that are treated by HMRC as a taxable emolument. CQC operates several non-subsidised salary sacrifice schemes, including lease cars and home electronic vouchers, that are open to all permanent CQC staff, including members of the Executive team. The benefits-in-kind arising from these arrangements are included in this table, but it should be noted that the costs of the scheme are paid for by the employee.

Figure 10: Remuneration of the Executive team (subject to audit)

	2024/25			2023/24				
	Salary (bands of £5,000) £000	Benefits in kind (taxable) to nearest £100 ¹ £	All pension related benefits (bands of £2,500) ² £000	Total (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in kind (taxable) to nearest £100 ¹ £	All pension related benefits (bands of £2,500) ² £000	Total (bands of £5,000) £000
Ian Trenholm ³ Chief Executive	155-160	400	0-2.5	160-165	195-200	900	–	195-200
Sir Julian Hartley ⁸ Chief Executive	90-95	–	–	90-95				
Mark Sutton ⁴ Chief Digital Officer	145-150	–	5-7.5	150-155	150-155	–	37.5-40	185-190
Kate Terroni ⁵ Interim Deputy Chief Executive	175-180	–	17.5-20	195-200	185-190	–	47.5-50	235-240
Tyson Hepple ⁶ Executive Director of Operations	90-95	–	17.5-20	105-110	150-155	–	35-37.5	185-190
Dr Sean O’Kelly ⁷ Chief Inspector of Health Care	130-135	–	–	130-135	210-215	–	–	210-215

James Bullion⁹ Chief Inspector of Adult Social Care and Integrated Care	135-140	–	25-27.5	160-165				
Chris Day¹⁰ Director of Engagement	115-120	–	32.5-35	150-155				
Chris Dzikiti¹¹ Executive Lead for Operations	125-130	1,300	67.5-70	195-200				
Joyce Frederick¹² Director of Policy and Strategy	115-120	–	62.5-65	175-180				
Jacqueline Jackson¹³ Director of People	95-100	4,500	–	95-100				
Chris Usher¹⁴ Director of Finance, Commercial and Workplace	95-100	–	52.5-55	150-155				
Esther Provins¹⁵ Chief Digital Officer	10-15	–	–	10-15				

Notes:

- ¹ Benefits in kind represent the monetary value of benefits, treated by HMRC as a taxable emolument, provided by CQC. Ian Trenholm and Jacqueline Jackson had lease cars provided through a non-subsidised salary sacrifice scheme that is open to all permanent CQC staff including members of ET.
- ² All pension-related benefits calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increase exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.
- ³ Ian Trenholm resigned as Chief Executive on 30 June 2024, full year equivalent salary £200-205k.
- ⁴ Mark Sutton resigned as Chief Digital Officer on 30 August 2024, full year equivalent salary £160-165k.
- ⁵ Kate Terroni resigned as interim Chief Executive on 21 October 2024..
- ⁶ Tyson Hepple left CQC on 31 October 2024, full year equivalent salary £145-150k
- ⁷ Dr Sean O'Kelly left CQC on 31 July 2024, full year equivalent salary £185-190k
- ⁸ Sir Julian Hartley was appointed as Chief Executive on 2 December 2024. Full year equivalent salary is £285-290k. He stepped down as Chief Executive on 23 October 2025.
- ⁹ James Bullion was appointed as Chief Inspector of Adult Social Care and Integrated Care on 5 June 2023 on secondment from a third party before joining CQC's payroll from 1 June 2024. Remuneration relating to the period from 5 June 2023 to 31 May 2024 was paid by the employing organisation and is therefore not included in this table. Only remuneration from 1 June 2024 is disclosed above. Full year equivalent salary is £165-170k.
- ¹⁰ Chris Day, Director of Engagement, was appointed as a member of the Executive Team on 1 April 2024. Full year equivalent salary is £115-120k.
- ¹¹ Chris Dzikiti was appointed Interim Chief Inspector of Healthcare on 20 May 2024. Full year equivalent salary is £150-155k. He undertook this role until 23 February 2025.
- ¹² Joyce Frederick, Director of Policy and Strategy, was appointed as a member of the Executive Team on 1 April 2024. Full year equivalent salary is £115-120k.
- ¹³ Jacqueline Jackson, Director of People, was appointed as a member of the Executive Team on 1 July 2024. Full year equivalent salary is £125-130k. She has opted out of the pension schemes.
- ¹⁴ Chris Usher, Director of Finance, Commercial and Workplace, was appointed as a member of the Executive Team on 1 July 2024. Full year equivalent salary is £125-130k.
- ¹⁵ Esther Provins was appointed Chief Digital and Data Officer on 3 March 2025. Full year equivalent salary is £140-145k.

Amounts payable to third party for services as a senior executive (subject to audit)

James Bullion was seconded to CQC in the role of Chief Inspector of Adult Social Care and Integrated Care from 5 June 2023 to 31 May 2024. Total costs of £45k for 2024/25, including salary and employer's costs, were recharged to CQC by Norfolk County Council (2023/24: £205k). He transferred to CQC's payroll on 1 June 2024 and is therefore listed in the table of Executive team members..

Professor Aidan Fowler was seconded to CQC in the role of Interim Chief Inspector of Healthcare from 24 February 2025. Total costs of £25k for 2024/25, including salary and employer's costs, were recharged to CQC by NHS England.

Pension benefits

Figure 11: Pension benefits of the chief executive and Executive team (subject to audit)

	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2025 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2025 (bands of £5,000) £000	Cash equivalent transfer value at 1 April 2024 £000	Cash equivalent transfer value at 31 March 2025 £000	Real increase in cash equivalent transfer value £000	Employer's contribution to stakeholder pensions £000
Ian Trenholm¹ Chief Executive	0-2.5	–	125-130	–	2,023	2,258	6	–
Mark Sutton Chief Digital Officer	0-2.5	–	15-20	–	231	295	1	–
Kate Terroni Interim Deputy Chief Executive	0-2.5	–	20-25	–	218	282	7	–
Tyson Hepple Executive Director of Operations	0-2.5	–	10-15	–	122	180	11	–
Dr Sean O'Kelly² Chief Inspector of Health Care	–	–	–	–	–	–	–	–
Sir Julian Hartley Chief Executive	0-2.5	0-2.5	85-90	255-260	2,016	2,215	10	–
James Bullion Chief Inspector of Adult Social Care and Integrated Care	0-2.5	–	0-5	–	–	41	18	–
Chris Day Director of Engagement	0-2.5	0-2.5	35-40	95-100	803	909	39	–
Chris Dzikiti	2.5-5	5-7.5	35-40	90-95	617	744	59	–

Executive Lead for Operations									
Joyce Frederick Director of Policy and Strategy	2.5-5	2.5-5	45-50	125-130	997	1,150	74	–	
Jacqueline Jackson ³ Director of People	–	–	–	–	–	–	–	–	
Chris Usher Director of Finance, Commercial and Workplace	2.5-5	0-2.5	40-45	20-25	557	655	34	–	
Esther Provins ⁴ Chief Digital Officer	–	–	–	–	–	–	–	–	

Notes:

¹ Ian Trenholm resigned as Chief Executive on 30 June 2024.

² Dr Sean O’Kelly chose not to be covered by the pension arrangements during the reporting year.

³ Jacqueline Jackson has opted out of all pension schemes.

⁴ Esther Provins commenced employment at CQC in March 2025. She has opted out of all pension schemes.

Cash equivalent transfer values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure and the other pension details include the value of any pension benefits in another scheme or arrangement that the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

Fair pay (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's employees. Total remuneration of the employee at the 25th percentile, median and 75th percentile is further broken down to disclose the salary component.

The annualised banded remuneration of the highest paid director in CQC during 2024/25 was £285k to £290k (2023/24: £210k to £215k). The relationship of the highest paid director to the remuneration of the organisation's workforce is disclosed in figure 12 as a pay ratio:

Figure 12: Pay ratios

2024/25

	25th percentile	Median	75th percentile
Total remuneration (£)	40,305	46,211	55,922
Salary component of total remuneration (£)	39,602	45,208	55,131
Pay ratio information	7.1:1	6.2:1	5.1:1

2023/24

	25th percentile	Median	75th percentile
Total remuneration (£)	39,202	44,434	53,251
Salary component of total remuneration (£)	37,716	43,485	52,737
Pay ratio information	5.4:1	4.8:1	4:1

Each of the ratios have shown an increased gap compared to 2023/24. This change is driven by the appointment of a new chief executive on a salary that was 34.3% higher than the previous highest paid director as detailed in figure 11.

Figure 13: percentage change in salary

	2024/25	2023/24
Highest paid director	34.3%	4.6%
Staff average	1.5%	6.2%

In 2024/25 no individual had annualised equivalent remuneration more than the highest paid director (2023/24: none). The calculation is based on the full-time equivalent employees of the reporting entity at the reporting period end date, on an annualised basis. Remuneration ranged from £20-25k to £285-290k (compared with £20-25k to £200-205k in 2023/24).

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind, but not severance payments. It does not include employer pension contributions and the CETV of pensions.

People report

Employee costs and numbers (subject to audit)

Employee costs

The increase in our employee costs in 2024/25 is driven by an annual pay award, an increase in the employers NHS pension contribution rate and reflecting a full year of the Maternity and Newborn Safety Investigation programme which was transferred to CQC in October 2023. These increases offset the reduction in our contingent labour costs following the end of our transformation activities in 2023/24.

Figure 14: Employee costs

	Permanently employed £000	Others £000	2024/25 total £000	Restated 2023/24 total £000
Wages and salaries	149,579	21,753	171,332	173,970
Social security costs	16,205	591	16,796	15,299
NHS pension costs	29,064	565	29,629	22,510
LGPS pension costs	2,104	–	2,104	2,342
Other pension costs	27	16	43	51
Apprenticeship levy	697	–	697	691
Termination benefits	298	–	298	422
Subtotal	197,974	22,925	220,899	215,285
less capitalised staff costs	(247)	(504)	(751)	(7,296)
less recoveries in respect of outward secondments	(247)	–	(247)	(200)
Increase in provision for pension fund deficits	1,827	–	1,827	2,939
Total	199,307	22,421	221,728	210,728

Figure 15 provides an analysis of our other employee costs.

Figure 15: Other employee costs

	2024/25 total £000	Restated 2023/24 total £000
Agency	12,834	22,504
Bank inspectors, specialist advisors and commissioners	4,178	3,988
Second opinion appointed doctors	3,526	3,052
Inward secondments from other organisations	1,883	1,551
Total	22,421	31,095

Average number of employees

Figure 16: Average number of whole-time equivalent employees

	2024/25 number	2023/24 number
Directly employed	3,241	2,989
Other	45	153
Employees engaged on capital projects	15	58
Total	3,301	3,200

‘Other’ includes agency staff and inward secondments from other organisations. It does not include bank inspectors, specialist advisors, commissioners or SOADs that are paid per session.

The actual number of directly employed whole-time equivalents as at 31 March 2025 was 3,290 (3,176 at 31 March 2024).

Staff turnover during 2024/25 was 8.1% (compared with 10.7% in 2023/24). Turnover has decreased following restructures conducted in previous years to support the implementation of our new strategy and operating model. Staff turnover is not subject to audit.

Pension information

The principal pension scheme for CQC employees is the NHS Pension Scheme and is used for automatic enrolment. Those not eligible to join the NHS Pension Scheme are enrolled with the National Employment Savings Trust (NEST). Due to legacy arrangements, CQC also held active membership in 12 LGPS during the year.

Automatic enrolment applies to all employees under a standard contract of employment with CQC as well as Mental Health Act Reviewers, SOADs and all employees on casual or zero-hour contracts. All employees retain the option to opt out at any time.

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”.

An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2025, is based on valuation data as at 31 March 2023, updated to 31 March 2025 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027.

Employer contributions for employees in the NHS Pension Scheme was 23.78% of each active member's pensionable pay during 2024/25 (20.68% in 2023/2). This rate includes an amount charged to cover the cost of scheme administration equating to 0.08% of pensionable pay.

For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs charged to expenditure was £nil (£nil in 2023/24).

Local government pension schemes

LGPSs are primarily open to employees in local government, but also to those who work in associated organisations. The scheme is managed locally and invests pension funds within the framework of regulations provided by government. Details of the benefits payable and rules of the schemes are on the LGPS website at www.lgpsmember.org.

CQC inherited active membership in 17 local government schemes as part of legacy arrangements of predecessor organisations on formation. CQC membership in 8 of the original schemes has now ceased and at 31 March 2025, active membership was held in 9 schemes following 3 cessation events during 2024/25.

All remaining schemes are closed to new CQC employees. Under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

Employer contributions for 2024/25, based on a percentage of payroll costs only, were £2,154k (£2,397k in 2023/24), at rates ranging between 0% and 49.2% (0% and 49.2% in 2023/24). Employer contributions relating to the largest scheme, Teesside Pension Fund, were £1,727k (£1,940k in 2023/24) at a rate of 17.9% (17.9% in 2022/23).

During 2024/25 indexed cash sums were levied in addition to a percentage of payroll costs as part of a strategy to reduce fund deficits. In total, £278k (£278k in 2023/24) was paid to 2 of the 13 remaining pension funds, with amounts ranging from £20k to £258k (£20k to £258k in 2023/24). No additional sums were paid in respect of the largest scheme, Teesside Pension Fund.

National Employment Savings Trust

The NEST is a qualifying pension scheme established by law to support automatic enrolment.

Employer contributions based on a percentage of payroll costs totalled £43k for 2024/25 (£51k in 2023/24) at a rate of 3% (3% in 2023/24).

Exit packages (subject to audit)

To support the implementation of our strategy and operating model, we carried out management of change restructures in our Technology, Data and Insight (TDI), Corporate Services, Engagement, Policy and Strategy (EPS) and Change directorates.

Management of change is an established process allowing individual colleagues to evaluate their skill sets against future organisational needs and, if appropriate, to take voluntary redundancy. The process also allows for a skills audit and includes opportunities for retraining and support in the new organisation structure. These restructures have led to further exit packages being recognised in 2024/25 and have been subject to approval by the Department of Health and Social Care's Governance and Assurance Committee (GAC).

Redundancy and other departure costs are paid in accordance with CQC's terms and conditions approved by the GAC. Where early retirements have been agreed, the additional costs are met by CQC and not by the individual pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the exit packages table below.

Figure 17 shows the total cost of exit packages agreed and accounted for in 2024/25 (2023/24 comparative figures are also presented) and are inclusive of employers' national insurance contributions. Exit costs of £462k were paid in 2024/25, the year of departure (£979k in 2023/24).

Figure 17: Exit costs – staff numbers and related costs

Exit package cost band	2024/25						2023/24	
	Compulsory redundancies		Other departures		Total exit packages		Total exit packages	
	Number	£	Number	£	Number	£	Number	£
Less than £10,000	6	27,796	–	–	6	27,796	5	29,151
£10,000 – £25,000	4	66,318	–	–	4	66,318	4	81,319
£25,001 – £50,000	4	147,025	–	–	4	147,025	2	59,537
£50,001 – £100,000	3	220,660	–	–	3	220,660	2	146,647
£100,001 – £150,000	–	–	–	–	–	–	4	491,242
£150,001 – £200,000	–	–	–	–	–	–	1	170,882
More than £200,000	–	–	–	–	–	–	–	–
Total	17	461,799	–	–	17	461,799	18	978,778

None of the exit packages relate to individuals named in the Remuneration report (none in 2023/24).

Figure 18: Analysis of other departures

	2024/25		2023/24	
	Agreements Number	Total value of agreements £000	Agreements Number	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	–	–	1	1
Mutually agreed resignations (MARS) contractual costs	–	–	–	–
Early retirements in the efficiency of service contractual costs	–	–	–	–
Contractual payments in lieu of notice	–	–	–	–
Exit payments following employment tribunals or court orders	–	–	–	–
Non-contractual payments requiring HM Treasury approval	–	–	–	–
Total	–	–	1	1

No non-contractual payments (£nil) were made to individuals where the payment value was more than 12 months of their annual salary.

Off-payroll engagements

As part of the review of the tax arrangements of public sector appointees, we are required to publish (through the Department of Health and Social Care) information about the number of off-payroll engagements that are in place where individual costs exceed £245 per day.

Figure 19: Number of off-payroll engagements at 31 March 2025

	Number
Number of existing engagements as at 31 March 2025	25
Of which, the number that have existed, at the time of reporting:	
for less than 1 year	6
for between 1 and 2 years	6
for between 2 and 3 years	6
for between 3 and 4 years	7
for 4 or more years	–

Figure 20: Number of off-payroll engagements during 2024/25

	Number
Number of temporary off-payroll workers engaged between 1 April 2024 and 31 March 2025	89
Of which:	
number not subject to off-payroll legislation	–
number subject to off-payroll legislation and determined as in-scope of IR35	83
number subject to off-payroll legislation and determined as out of scope of IR35	6
number of engagements reassessed for compliance or assurance purposes during the year	–
number of engagements that saw a change to IR35 status following review	–

Figure 21 shows any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025.

Figure 21: Off-payroll board members or senior officials

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	–
Total number of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure must include both on payroll and off-payroll engagements	27

We are committed to building in-house capacity, but we recognise that, with a significant element of our activity being project-based, with peaks and troughs in requirements, making the best use of the temporary labour market is essential. In the year, we saw a reduction in our off-payroll engagements, following the end of our transformation programme.

All existing engagements at 31 March 2025 have received approval from the Department of Health and Social Care. We continue to improve our assurance processes so that we categorise all engagements in line with best practice and to ensure that we remain compliant with HMRC's off-payroll working rules.

People plan

Our People Plan 2022 to 2025 sets our strategic vision to ensure our workforce develops the skills, confidence, and competence to deliver, feels valued, and contributes to organisational success. We aim for a collaborative, motivated, and diverse team, that drives performance and exemplifies our shared values.

People engagement, policies and recognition

Listening to our staff is crucial to delivering our People Plan. As such, we engage widely to safeguard a range of views informing our decision-making and enabling support for everyone to perform at their best. This is in areas such as leadership, change and future strategic direction, policy, as well as diversity, inclusion, and wellbeing.

People survey 2024

As part of the initial recovery work, a programme of monthly 'sentiment' surveys commenced in September 2024. The survey had 6 questions all related to the recovery programme to understand how colleagues felt about the progress being made.

Two sentiment surveys were conducted: the first in September 2024 achieved 1,920 responses (63% participation) and the second in October 2024 had 1,855 responses (60%). The results of both surveys saw colleagues report low levels of morale, low levels of understanding and confidence in the programme's focus, and low opinions of the responsiveness of executive leaders. Respondents called for stronger leadership, clearer communication, better systems, and faster, more transparent action to rebuild trust.

The arrival of Sir Julian Hartley as Chief Executive signalled a change in approach to the recovery programme and the third sentiment survey was replaced by a 'CEO Priorities Feedback' survey in November 2024. To gain initial insight prior to

starting, Julian requested feedback from all colleagues about their priorities for action. A total of 1,555 colleagues responded (43%). The top 3 priorities were:

1. Improving technology, tools and reviewing our regulatory approach.
2. Workforce: increase staffing and resourcing levels, improving recruitment and a greater focus on retention.
3. Workforce: clarity on structure and roles within it, reversion to sector-specific teams.

The data from the priorities survey was used to inform the immediate actions and to develop the foundational improvements that became the basis of the rebuilding programme.

In January 2025, to allow time for changes and improvements to be made and embedded, the decision was made to conclude the monthly sentiment surveys and to return to the more established pattern of people surveys in 2025/26.

Our current leadership team is committed to improving operational performance and wellbeing, rebuilding trust, and increasing our credibility. We will review progress using regular surveys.

To further ensure we hear the voices of all colleagues, we recognise UNISON, the Royal College of Nursing, the Public and Commercial Services Union, Unite, and Prospect for collective bargaining and consultation. Representatives from across the unions make up our Joint Negotiation and Consultation Committee (JNCC). CQC's leaders work regularly with the JNCC on a range of people matters.

We have 5 internal staff equality networks for: disability, race, gender, carers, and LGBT+ alongside a staff forum to hear, represent and support colleagues. Our staff group chairs have protected time to deliver activities, such as providing feedback during people policy development and evaluation.

People policies

We have an ongoing programme of activity to review our people management policies. Our aim is to ensure our policies meet best practice guidelines, reflect changes to the culture of CQC, and support wellbeing. Our policies are updated in line with any legislative changes, ensuring legal compliance and adherence to Advisory, Conciliation and Arbitration Service (ACAS) code of practice.

During the process, we consult with the trade unions, and equality networks to enhance fairness and colleague experiences. We also use an equality impact assessment (EIA) framework to facilitate adherence to the Public Sector Equality Duty.

Policies updated were Workplace Adjustments, Time off in Lieu (TOIL), Menopause and Hormonal Change and Gifts & Hospitality. To support effective application, Senior People Support Advisors, Advice and Guidance provide individual coaching, tailored advice, and guidance, supplemented with briefings and presentations at team meetings and contribute to learning events for line managers.

Recognition

We are committed to nurturing a culture of recognition that engages, motivates, and inspires us all to deliver excellence. To support this, colleagues have access to tools that enable them to acknowledge great work and celebrate successes.

CQC operates within Civil Service pay guidelines, which we follow to ensure fair and meaningful recognition of our colleagues.

In 2024/25, our voucher scheme recognised 691 colleagues (representing 21% of the organisation) with one or more vouchers awarded for demonstrating our organisational Values and Behaviours.

Beyond formal schemes, we actively encourage colleagues to recognise one another and celebrate both team and individual achievements.

Diversity and inclusion

A healthy and engaged workforce is key to our success. Our People Plan facilitates this through diversity and inclusion, setting a standard for good practice as the health and social care regulator.

We refreshed our 3-year inclusive future strategy with an Equity, Diversity and Inclusion strategy from 2024 to 2027, aligned to the Civil Service Diversity and Inclusion Strategy 2022-2025.

The strategy is evidence-led and informed by industry good practice, HR data, and wider people insights including data from the 2023 and 2024 People Surveys and qualitative insights from equality staff networks, trade unions, directorate equity, diversity, inclusion co-ordinators and wider staff. Our strategy also incorporated people recommendations from the Listening, learning and responding to concerns review (LLRC).

We delivered key activity in our first year:

- We developed an improved Workplace Adjustments offer with a new policy, libraries of adjustments to support colleagues identify appropriate support, a Workplace Passport to enable recording of adjustments and data monitoring,

and Accessibility Hubs. Our approach provides greater support and flexibility for colleagues experiencing barriers at work through disability, including mental health and neurodivergence, carers and parents, and staff experiencing menopause or other hormonal changes. Our work contributed to national Carers and Disability accreditations.

- We refreshed our values with behaviours as a framework for accountability alongside new bullying, harassment and anti-racism learning to tackle discrimination and improve fairness. This will be strengthened by work on Freedom to Speak Up.
- We launched a new management programme to nurture career development and upskill managers for improved performance in teams.
- We completed an external review of our recruitment process with staff input to improve outcomes for underrepresented groups and the overall experience for applicants.

We provided a progress update to our Board in September against our measurables aligned to the Chartered Institute of Personnel and Development and Civil Service. This also included progress on race and disability workplace equality using NHS-developed measures. These measures help health and social care organisations compare the workplace experiences of disabled and staff from an ethnic minority background with staff who do not share these protected characteristics. In 2025, we published this information through our:

- [Workforce Disability Equality Standard: Annual Report 2024](#)
- [Workforce Race Equality Standard report: Annual Report 2024](#)

Equality profiles

Figure 22 shows the distribution of male and female employees in CQC for each grade as at 31 March 2025.

Figure 22: CQC equality profiles as at 31 March 2025

Role	Grade	Male 2024/25	Female 2024/25	Male 2023/24	Female 2023/24
Board members	–	7	2	6	3
Executive directors	E1	4	3	4	2
Directors and senior leaders	E2 - E3	57	92	50	89
Other employees	A - F	910	2,576	815	2,214
Total		978	2,673	875	2,308

The following data shows our equality and diversity profiles as a percentage of our overall workforce. The data is taken from our Electronic Staff Record (ESR), which is our HR and payroll system and is used across the NHS.

Age

- 18-25: 1.5%
- 26-35: 17.2%
- 36-50: 44.7%
- 50-64: 34.7%
- 65+: 1.9%

Disability

- No: 73.84%
- Yes: 20.71%
- Not stated: 5.45%

Ethnic origin

- White: 77.43%
- Ethnic minority groups: 17.26%
- Not stated: 5.31%

Gender

- Female: 73.21%
- Male: 26.79%

Sexual orientation

- Heterosexual or straight: 79.1%
- LGB+: 8.8%
- Not stated: 12.1%

Religious belief

- Atheism: 18.65%
- Buddhism: 0.74%
- Christianity: 39.99%
- Hinduism: 1.89%
- Islam: 3.37%
- Judaism: 0.36%
- Sikhism: 1.01%
- Other: 7.50%
- Not stated: 26.49%

Gender pay gap

As at 31 March 2025, the gender split in CQC was 2,436 female full pay relevant employees to 919 male full pay relevant employees, and this was closely replicated across the quartile data (31 March 2025: female 72.6%, male 27.4%).

Quartile	Female %	Male %
First (lower) quartile	67.54	32.46
Second quartile	73.54	26.46
Third quartile	75.70	24.30
Fourth (upper) quartile	73.69	26.31

The data shows that females are paid higher in median pay than males, but lower in mean pay. When comparing mean (average) hourly pay, the mean hourly pay for female employees is 1.15% lower than for male employees, but when comparing median pay, female pay is 3.15% higher than male.

- mean pay gap – ordinary pay: 1.15%
- median pay gap – ordinary pay: -3.15%
- mean pay gap – bonus pay in the 12 months ending 31 March 2024: n/a
- median pay gap – bonus pay in the 12 months to 31 March 2024: n/a

No bonuses were paid to either male or female employees in the 12 months to 31 March 2025.

Ethnicity pay gap

As at 31 March 2025, CQC’s workforce comprised 3,355 full pay relevant employees. Of these, 578 (17.23%) were from an ethnic minority group and 2,589 (77.17%) identified as White.

- mean pay gap – ordinary pay: 0.21%
- median pay gap – ordinary pay: 1.89%
- mean pay gap – bonus pay in the 12 months ending 31 March 2024: n/a
- median pay gap – bonus pay in the 12 months to 31 March 2024: n/a

No bonuses were paid to employees from either ethnic minority groups or white groups in the 12 months to 31 March 2025.

The proportion of employees from an ethnic minority group and white employees in each quartile:

Quartile	White	Ethnic minority groups	Not disclosed
First (lower) quartile	75.89%	18.50%	5.61%
Second quartile	78.67%	16.81%	4.53%
Third quartile	76.07%	17.22%	6.72%
Fourth (upper) quartile	78.%	16.41%	5.59%

These figures show there is a small ethnicity pay gap in CQC in mean pay (0.2%). However, this increases to 1.9% when you compare median pay.

Trade union facility time

We work in partnership with trade union representatives on all matters affecting our people. JNCC meetings were held every quarter, comprising representatives from our People Directorate, senior leadership team and trade union representatives from CQC alongside external national union officers. This forum allows discussion, consultation and negotiation on employment-related matters.

Our people are permitted to have protected time to engage in appropriate trade union activities (facility time).

Relevant union officials:

- 36 employees were relevant union officials during the relevant period. This equates to 34.1 full-time equivalent employees.

Percentage of time spent on facility time:

- 0%: 17 employees
- 1 to 50%: 19 employees
- 51 to 99%: none
- 100%: none

Percentage of pay bill spent on facility time:

Total cost of facility time	£59,936
Total pay bill	£219,871,000
Percentage of the total pay bill spent on facility time (calculated as total cost of facility time ÷ total pay bill x 100)	0.03%

Time spent on paid trade union activities as a percentage of total paid facility time hours was 18.96%. (calculated as total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours x 100).

Sickness absence

During 2024/25, for each absent employee:

- the average number of long-term days of sickness was 13 days (12 days in 2023/24)
- the average number of short-term days of sickness was 4 days (5 days in 2023/24).

Staff turnover

- As at 31 March 2025, the turnover rate was 8.1%
- As at 31 March 2024, the turnover rate was 10.7%

Health and safety

This provides an overview of key health, safety, and wellbeing updates within CQC during 2024/2025.

Key challenges

The main health and safety challenge has been the regulatory platform. In summer 2024, the team received a sharp rise in concerns from colleagues about the platform's useability and impact on wellbeing. There was a noticeable increase in stress risk assessments and incident reports, highlighting both mental strain and physical harm. Several formal complaints were submitted.

An ergonomist was brought in during August 2024 to assess the platform. They spoke with regular users, observed system use, and found poor ergonomic design and excessive click-throughs. The report confirmed health risks and noted that Dragon voice recognition users were especially affected. Findings were shared with the Executive team, Board, and trade union representatives. Weekly meetings with trade union representatives were set up to agree on next steps. Joint sessions were also held with the Health and Safety team, CQC's Accessibility Lead, and trade union representatives. In addition:

- A questionnaire was launched on Cygnum to gather feedback from all users.
- Line managers reviewed responses and arranged adjustments where needed.
- Colleagues using Dragon Assistive technology software who were negatively affected were temporarily removed from platform duties.
- The Health and Safety team contacted each affected colleague to offer tailored support and adjustments. Some 469 individual adjustments have been made. Over 1,000 colleagues have been contacted with offers of physical and wellbeing support. The team continues to support colleagues and will follow up to assess the impact of recent platform changes, including a hybrid approach.

In August 2024, the Health & Safety Executive contacted CQC about a possible failure to consult. As part of this dialogue the HSE also high-lighted that they had been contacted about the safety risks with the Regulatory Platform. After receiving information on the ergonomist's report and actions taken, the HSE confirmed no further action would be taken.

Judicial review

CQC is currently facing judicial review proceedings after placing a provider on CQC's internal Personal Safety Register in October 2024, following internal procedures to protect staff from threats, violence, or abuse. The provider challenged the decision and launched a judicial review, which commenced in November 2024.

An independent Director from CQC investigated and found CQC's decision appropriate and in line with protocol. However, the Director noted that technical issues meant the safety flag wasn't visible on the regulatory platform. The provider then launched a second judicial review, this time challenging the Director's findings. After legal discussions, it was agreed to remove the provider from the personal safety register. This was due to risks of a successful challenge, an objective analysis of the facts and application of the guidance. The provider was formally notified that they had been removed from the register but has chosen to continue with the legal challenge. CQC is now awaiting the outcome of the proceedings.

Regular activity for 2024/25

A new Code of Practice on the Prevention and Management of Workplace Violence and Aggression is now in place. All other codes of practice are reviewed every 3 years, or sooner if guidance or legislation changes. The Health and Safety Policy is reviewed annually.

Winter flu programme 2024

CQC issues 1,173 corporate flu vouchers, covering 33% of colleagues. Colleagues were asked to complete a flu vaccine declaration on Cygnum. Only 9% of colleagues submitted a declaration. Of those:

- 6% received the vaccine through the corporate scheme
- 2% received it through the NHS
- 0.5% stated they would not be getting vaccinated.

Due to declining uptake and voucher wastage, the Health, Safety and Wellbeing Committee agreed to change the approach for the next flu campaign. Colleagues will now be able to get their flu vaccine at a participating provider of their choice and claim the cost back through expenses, up to a set limit. A small number of Boots e-vouchers will be available for colleagues who may not be able to afford the upfront cost. Colleagues will still be asked to declare their vaccination on Cygnum so uptake can be monitored.

Incident reports

Between 1 April 2024 and 31 March 2025, 192 incidents were reported.

- 84 incidents involved verbal abuse or threats, mostly reported by colleagues from the National Customer Service Centre (NCSC). Team leaders followed up with support. A call recording reminds the public that violence will not be tolerated.

- 26 incidents were linked to the regulatory platform. All affected colleagues were contacted by the Health and Safety team.
- 17 incidents related to psychological distress caused by an IT phishing exercise. Future exercises will be reviewed with HR and Health and Safety.
- 4 incidents related to physical violence: one assault by a member of the public, one attempted robbery, and 2 assaults by service users.

All affected colleagues received support, and providers were contacted to ensure safeguards were in place.

Stress risk assessment

The number of stress risk assessments increased from 102 in 2023/24 to 170 in 2024/25. The rise is mainly linked to issues with the regulatory platform. Assessments follow HSE standards, covering demands, control, support, relationships, role, and change.

Each assessment is completed jointly by the colleague and their manager to ensure practical controls are agreed. Data is shared monthly with the People Analytics team.

Health and safety training

The Health and Safety team tracks display screen equipment (DSE) training and assessments. As at 31 March 2025:

- 1,350 colleagues have completed training
- 102 are under review
- 9 are in progress
- 65 have not started and have been contacted by email.

Driving for work

Colleagues must self-enrol through 'Awaken' to complete driving safety training.

Mileage claims are cross-checked against training records. Claims from untrained colleagues are paused until training is completed and documentation is submitted. As at 31 March 2025

- 377 colleagues have completed training
- 10 have not started and have received reminders.

Monthly reports on DSE and driving training are shared with Directors, Strategy colleagues, and uploaded to Power BI. Training data is also shared with the People Directorate and relevant committees. Both training modules are reviewed

every 2 years. Automated reminders are sent through BeOnline, but some are ignored. The Health and Safety team follows up with direct reminders and contacts the colleague's line manager if they have ignored the reminder. It is essential to have support from managers and directors to ensure full compliance.

Expenditure on consultancy

There was no spend on consultancy services, as defined by HM Treasury during 2024/25 (nil in 2023/24).

Parliamentary accountability and audit report

1. Regularity of expenditure (subject to audit)

Losses and special payments are items that Parliament would not have contemplated when it agreed funding or passed legislation. By their nature, they are items that ideally should not arise and should only be accepted if there is no feasible alternative. They are therefore subject to special control procedures compared with the generality of payments.

1.1 Losses

	2024/25	2023/24
Total number of losses	2	385
Total value of losses (£000)	98	292

The losses incurred during 2024/25 relate to two tribunal payments. CQC incurred no individual losses exceeding £300k during the year (2023/24: no cases).

1.2 Special payments

	2024/25	2023/24
Total number of special payments	2	4
Total value of special payments (£000)	46	33

The special payments incurred during the year relate to ex gratia payments made to individuals. There were no individual special payments exceeding £300k during the year (2023/24: none).

1.3 Gifts

During 2024/25, CQC made no gifts or donations (2023/24: none).

2. Remote contingent liabilities (subject to audit)

In addition to IAS37 contingent liabilities disclosed as part of the note to accounts, to ensure accountability and transparency of reporting, CQC discloses any remote contingent liabilities.

The only applicable instance in this case relates to a small number of cases where ratings do not follow published aggregation principles, as detailed in the governance statement on page 61. In this instance, the risk of any material legal impact is assessed as remote with no legal challenges made, and the likelihood of transfer of economic resources is extremely low and unquantifiable.

There were no remote contingent liabilities included in the financial statements at 31 March 2024.

3. Fees and charges (subject to audit)

Fees are charged in accordance with section 85 of the Health and Social Care Act 2008 to cover the cost of our regulatory functions. This includes initial registration, changes to registration and our activities associated with monitoring, inspection and rating registered providers. Other existing responsibilities, such as our work under the Mental Health Act, are funded by grant-in-aid from the Department of Health and Social Care.

Registered providers are charged an annual fee based on the type and scale of services provided. The current fees scheme, effective from 1 April 2019, sets fees at a level to recover our chargeable costs in fees as required by HM Treasury policy. See our [Fees guidance](#) for further details.

The following table provides an analysis of the income and costs associated with our regulatory activities for which a fee is charged, see Notes to the financial statements (note 2.3) for further details.

	Income £000	Full cost £000	2024/25 Deficit £000	Restated 2023/24 Deficit £000
Regulatory fees for chargeable activities	(227,225)	237,847 ¹	10,622	13,080

Notes:

¹ Full chargeable cost of £237,847k excludes non-cash items totalling a credit of £2,262k from the total expenditure relating to chargeable activities presented in note 2.3 in the Notes to the financial statements. These non-cash items consist of the provision for pension fund deficits £1,827k, net interest on pension scheme assets and liabilities (£1,562k), expected credit loss £494k, provision expenses £1,216k, apprenticeship training grant expense £233k and finance costs £54k all of which are covered by non-cash budgets.

There will always be variation when aligning costs for chargeable activity to our fee income on an annual basis. The deficit increased as we completed our transformation programme utilising funds from our retained reserve and includes an impairment charge relating to our intangible assets.

4. Better payment practice code

In accordance with the government’s prompt payment policy, CQC aims to pay 90% of undisputed and valid invoices within 5 working days and 100% of all undisputed and valid invoices within 30 days. The table below shows average performance across each financial year.

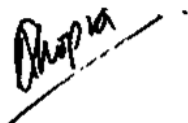
Average across financial year	Target	Number 2024/25	Value 2024/25	Number 2023/24	Value 2023/24
Invoices paid within 5 working days	90%	91%	95%	89%	94%
Invoices paid within 30 days	100%	98%	99%	100%	100%

Our performance against the target to pay invoices within 5 working days has improved through the year and we ended the financial year exceeding the target for value.

5. Functional standards

We continued to build on our approach to review all functional standards that apply. Some Functional Standards are subject to mandated returns to central departments whilst for others, where necessary, we have developed tools to complete self-assessments in 2025/26.

We aim to meet the minimum requirements and set our ambitions for improvement to further strengthen our position across all the functional standards that apply, focusing on better and best practice as stated in the Cabinet Office’s Guide to continuous improvement against functional standards.



Dr Arun Chopra
 Interim Chief Executive
 14 May 2026

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Care Quality Commission for the year ended 31 March 2025 under the Health and Social Care Act 2008.

The financial statements comprise the Care Quality Commission's:

- Statement of Financial Position as at 31 March 2025
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Care Quality Commission's affairs as at 31 March 2025 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Health and Social Care Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the Care Quality Commission in accordance with the ethical requirements that are relevant to my

audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Care Quality Commission's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Care Quality Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Care Quality Commission is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I

conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Health and Social Care Act 2008.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Health and Social Care Act 2008; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Care Quality Commission and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Care Quality Commission or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Care Quality Commission from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Health and Social Care Act 2008;
- preparing the Annual Report, which includes the Remuneration and People Report, in accordance with Secretary of State directions issued under the Health and Social Care Act 2008; and
- assessing the Care Quality Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Care Quality Commission will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care Act 2008.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Care Quality Commission's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Care Quality Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Care Quality Commission's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Care Quality Commission's controls relating to the Care Quality Commission's compliance with the Health and Social Care Act 2008 and Managing Public Money;
- inquired of management, Care Quality Commission's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Care Quality Commission for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates, valuation of defined benefit pension schemes' assets and liabilities and valuation of intangible assets. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Care Quality Commission's framework of authority and other legal and regulatory frameworks in which the Care Quality Commission operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Care Quality Commission. The key laws and regulations I considered in this context included the Health and Social Care Act 2008, Managing Public Money, employment law and pensions legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit, Risk and Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

20 May 2026

3. Financial statements

The financial statements are prepared in accordance with the Financial Reporting Manual (FReM) 2024/2025, published by HM Treasury, and comprise:

Statement of Comprehensive Net Expenditure

A statement of Care Quality Commission's (CQC) performance, summarising income and expenditure for the year.

Statement of Financial Position

A snapshot of CQC's assets and liabilities as at the end of the financial year.

Statement of Cash Flows

The movements in cash during the year.

Statement of Changes in Taxpayers' Equity

The movements in reserves during the year.

Notes to the financial statements

Additional details to the numbers included within the 4 financial statements.

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2025

	Note	2024/25 £000	Restated 2023/24 £000
Revenue from contracts with customers	3.1	(230,440)	(226,432)
Other operating income	3.2	(233)	(101)
Total operating income		(230,673)	(226,533)
Staff costs	4.1	221,728	210,728
Purchase of goods and services	4.2	51,105	49,670
Depreciation, amortisation and impairment charges	4.2	16,103	15,339
Provision expense	4.2	1,216	488
Other operating expenditure	4.2	2,567	(194)
Total operating expenditure		292,719	276,031
Net operating expenditure		62,046	49,498
Finance expense	4.3	54	97
Net gain on transfers by absorption	15	–	(254)
Net expenditure for the year		62,100	49,341
Other comprehensive net expenditure:			
Items that will not be reclassified to net operating expenditure:			
Net (gains)/losses on indexation:			
- Intangible assets	6.3	–	(1,845)
- Property, plant and equipment	7.3	107	(56)
- Right of use assets	8.3	(184)	(40)
Impairments charged to revaluation reserve:			
- Intangible assets	6.3	–	63
- Property, plant and equipment	7.3	–	–
Actuarial gain in pension schemes	5.4	(42,987)	(27,664)
Re-measurement of net defined pension asset for changes in asset ceiling	5.4	71,620	53,973
Comprehensive net expenditure for the year¹		90,656	73,772

Notes 1 to 23 form part of these financial statements. The 2023/24 financial statements have been restated as set out in note 1.25.

¹ During the year, CQC received GIA funding from the Department of Health and Social Care which is not included in the Statement of Comprehensive Net Expenditure but credited to the general reserve in the Statement of Financial Position. This was used to finance non-chargeable operating expenditure and fixed asset additions purchased during the reporting period, excluding those funded using the Retained Earnings reserve. For further details of our financial performance including GIA funding see note 2.3 to the Financial Statements.

Statement of Financial Position

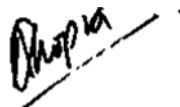
as at 31 March 2025

	Note	31 March 2025 £000	Restated 31 March 2024 £000	Restated 1 April 2023 £000
Non-current assets				
Intangible assets	6	25,478	33,582	22,039
Property, plant and equipment	7	2,953	2,264	3,583
Right of use assets	8	3,979	5,632	7,585
LGPS pension assets	5.1	1,017	34,589	59,279
Total non-current assets		33,427	76,067	92,486
Current assets				
Trade and other receivables	11	15,010	9,652	10,185
Other current assets	11	1,570	4,014	4,513
Cash and cash equivalents	12	30,578	30,931	46,315
Total current assets		47,158	44,597	61,013
Total assets		80,585	120,664	153,499
Current liabilities				
Trade and other payables	13	(19,320)	(25,662)	(25,378)
Other pension liabilities	13	–	(2)	(15)
Fee income in advance	13	(21,691)	(19,841)	(18,886)
Right of use lease liabilities	14.1	(1,181)	(2,087)	(2,339)
Provisions	16.1	(3,025)	(1,760)	(2,412)
Total current liabilities		(45,217)	(49,352)	(49,030)
Total assets less current liabilities		35,368	71,312	104,469
Non-current liabilities				
Right of use lease liabilities	14.1	(2,813)	(3,654)	(5,327)
Provisions	16.1	–	(298)	(305)
Total non-current liabilities excluding LGPS pension liabilities		(2,813)	(3,952)	(5,632)
Assets less liabilities excluding LGPS pension liabilities		32,555	67,360	98,837
LGPS pension liabilities	5.1	(502)	(884)	(425)
Assets less liabilities		32,053	66,476	98,412
Taxpayers' equity				
General reserve	18	21,037	53,630	82,400
Revaluation reserve	18	3,745	3,692	1,814
Retained earnings	18	7,271	9,154	14,198
Total taxpayers' equity		32,053	66,476	98,412

Notes 1 to 23, on pages 123 to 179, form part of these financial statements.

Dr Arun Chopra

Interim Chief Executive, 14 May 2026



Statement of Cash Flows

for the year ended 31 March 2025

	Note	2024/25 £000	Restated 2023/24 £000
Cash flows from operating activities:			
Net expenditure for the year		(62,100)	(49,341)
Adjustment for non-cash transactions	17.1	17,638	14,480
(Increase)/decrease in trade receivables and other current assets	17.2	(2,913)	1,147
(Decrease)/increase in trade and other payables	17.3	(5,272)	1,758
Decrease in pension liabilities	13	(2)	(13)
Increase in contract liabilities: fee income in advance	13	1,850	955
Use of provisions	16	(262)	(1,157)
LGPS pension cessation credits	5.1	4,291	–
Net cash outflow from operating activities		(46,770)	(32,171)
Cash flows from investing activities:			
Purchase of intangible assets	17.4	(5,622)	(22,500)
Purchase of property, plant and equipment	17.5	(2,406)	(567)
Net cash outflow from investing activities		(8,028)	(23,067)
Cash flows from financing activities:			
Grant-in-aid from DHSC: cash drawn down in year		56,233	41,836
Payments in respect of right of use leased assets	14.1	(1,788)	(1,982)
Net financing		54,445	39,854
Net decrease in cash and cash equivalents		(353)	(15,384)
Cash and cash equivalents at start of year		30,931	46,315
Cash and cash equivalents at end of year	12	30,578	30,931

Notes 1 to 23 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2025

	Note	General reserve £000	Revaluation reserve £000	Retained earnings £000	Total reserves £000
Balance at 31 March 2023		97,190	1,814	14,198	113,202
Prior period adjustment		(14,790)	-	-	(14,790)
Balance at 1 April 2023 – restated		82,400	1,814	14,198	98,412
Changes in taxpayers' equity 2023/24 - restated:					
Grant-in-aid from DHSC: cash drawn down ¹		41,836	-	-	41,836
Net expenditure for the year		(49,341)	-	-	(49,341)
Revaluation gains:					
- intangible assets	6.3	-	1,845	-	1,845
- property, plant and equipment	7.3	-	56	-	56
- right of use lease assets	8.3	-	40	-	40
Impairments and reversals:					
- intangible assets	6.3	-	(63)	-	(63)
Transfer between reserves:					
- Retained fee income	18	(9,722)	-	9,722	-
- Utilisation of retained fee income	18	14,766	-	(14,766)	-
Actuarial gain in pension schemes	5.4	27,664	-	-	27,664
Re-measurement of net defined pension asset for changes in asset ceiling	5.4	(53,973)	-	-	(53,973)
Balance at 31 March 2024 – restated		53,630	3,692	9,154	66,476
Changes in taxpayers' equity 2024/25:					
Grant-in-aid from DHSC: cash drawn down ¹		56,233	-	-	56,233
Net expenditure for the year		(62,100)	-	-	(62,100)
Revaluation gains/(losses):					
- intangible assets	6.3	-	-	-	-
- property, plant and equipment	7.3	-	(107)	-	(107)
- right of use lease assets	8.3	-	184	-	184
Impairments and reversals:					
- intangible assets	6.3	-	-	-	-
Disposal transfers:					
- intangible assets	6.3	24	(24)	-	-
Transfer between reserves:					
- Retained fee income	18	(8,117)	-	8,117	-
- Utilisation of retained fee income	18	10,000	-	(10,000)	-
Actuarial gain in pension schemes	5.4	42,987	-	-	42,987
Re-measurement of net defined pension asset for changes in asset ceiling	5.4	(71,620)	-	-	(71,620)
Balance at 31 March 2025		21,037	3,745	7,271	32,053

Notes 1 to 23 form part of these financial statements.

³ GIA cash drawn down from DHSC of £56,233k (£41,836k in 2023/24) was used to fund: non-chargeable activities £48,677k (2023/24: £34,181k); chargeable activities £nil (2023/24: £nil), pension cessation charge £29k (2023/24: £nil); and capital expenditure £7,527k (2023/24: £7,655k).

Notes to the financial statements

1. General information

CQC is a non-departmental government body established under the Health and Social Care Act 2008. See the introduction for more information about our role and purpose. The address of our registered office and principal place of business is provided at the end of this report. We are accountable to the Secretary of State for Health and Social Care for discharging our functions, duties and powers effectively, efficiently and economically. The Department of Health and Social Care carries out this role on the Secretary of State's behalf on a day-to-day basis.

1.1 Basis of accounting

Under the Health and Social Care Act 2008, the Secretary of State for Health and Social Care has directed CQC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

These financial statements have been prepared in accordance with the FReM 2024/25, issued by HM Treasury, as interpreted for the health sector in the Department of Health and Social Care Group Accounting Manual (GAM) 2024/25. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of CQC for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

The financial statements are presented in £ sterling and all values are rounded to the nearest thousand except where indicated otherwise in accordance with the FReM.

1.2 Standards adopted during the year

CQC received approval from HM Treasury to early adopt the changes to the intangible assets valuation regime set out in the 2025/26 FReM, so that these have been used in the preparation of our 2024/25 Annual Report. The specific policies are described in section 1.15.2, and have been applied consistently in dealing with items considered material to the accounts.

1.3 Going concern

CQC's Annual report and accounts have been prepared on a going concern basis.

The main source of funding for CQC is income from fees charged to registered providers. The associated credit risk is managed through the management of receivables and regular cash flow reporting, see note 10. In addition, GIA funding is drawn from the Department of Health and Social Care to fund non-chargeable activities and capital expenditure.

1.4 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets at fair value to the extent required or permitted under the FReM as set out in accounting policies.

1.5 Critical accounting judgements and key sources of estimation uncertainty

In applying CQC accounting policies, managers are required to make various judgements, estimates and assumptions. These estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed.

Areas of significant judgement include:

- **International Accounting Standard 19 Employee Benefits/International Financial Reporting Interpretations Committee 14** – the most significant judgements relate to the valuation of CQC's share of assets and liabilities in 12 LGPSs. The underlying assumptions are reviewed on an ongoing basis by the fund actuaries. Financial assumptions are based on market expectations at the Statement of Financial Position date and demographic assumptions reflect the best estimate of the likely future timing of future benefit payments. Key assumptions used are detailed in note 5.2. The value of assets and liabilities are sensitive to changes in discounts rates, a sensitivity analysis is found in note 5.10.
- **International Accounting Standard 36 Impairments** – managers make judgements on whether there are any indications of impairment to the carrying amounts of CQC's non-current assets (see accounting policy note 1.15, note 6 and note 7). Due to the specialist nature of our intangible assets we relied upon a full technical consideration to provide a valuation of the replacement cost in existing use as at 31 March 2023, 31 March 2024 and 31 March 2025 that informed an impairment recognised.
- **Valuation of non-current assets** – property, plant and equipment are revalued annually using indices published by the Office for National Statistics (see accounting policy notes 1.16, note 7 and 9).
- **International Financial Reporting Standards 9 Financial Instruments** – the expected credit loss of receivables is determined by probabilities calculated

using historic collection data for groups of receivables (see accounting policy note 1.22 and note 10).

1.6 Transfer of functions

As public sector bodies are deemed to operate under common control, business reconfigurations within the Department of Health and Social Care group are outside the scope of IFRS 3 Business Combinations. Where functions transfer between 2 public sector bodies, the FReM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure and is disclosed separately from operating costs.

1.7 Operating segments

Net expenditure is analysed in the Operating Segments note (note 2) and is reported in line with management information used within CQC.

1.8 Operating income

Operating income relates directly to the operating activities of CQC and includes revenue from contracts with customers and government's non-cash apprenticeship training grant.

In the application of IFRS 15 'Revenue from Contracts with Customers', several practical expedients offered in the standard have been employed. These are as follows:

- CQC will not disclose information regarding performance obligations as part of a contract that has an original expected duration of 1 year or less.
- CQC is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in the standard where the right to consideration corresponds directly with value of the performance completed to date.

The main source of revenue from contracts with customers for CQC is income from annual statutory fees charged to all registered providers of regulated activities in accordance with the Health and Social Care Act 2008 (as amended). This revenue is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer and is measured at the amount of the transaction price allocated to that performance obligation. The FReM has adapted the definition of a contract to include legislation, such as the Health and Social Care Act 2008 (as amended), which enables CQC to receive cash from another entity.

Statute requires CQC to perform the continual task of maintaining the register of providers of regulated activities over the whole period of registration, and without being registered it is unlawful for a provider to operate. Fees are charged in accordance with the current fees scheme, published with the consent of the Secretary of State for Health and Social Care, which has been effective from 1 April 2020 and remained unchanged in 2024/25. Fees are invoiced on the anniversary of initial registration. Revenue is recognised equally over the 12-month period of registration that the fee covers as performance obligations are satisfied. In cases of voluntary de-registration, fees are refunded to registered organisations in accordance with the fee rebate scheme detailed on CQC's website.

Where statutory fees are paid and exceed the value of performance obligations satisfied at the end of the accounting period the income is deferred (note 13).

Payment terms are standard reflecting cross-government principles. Statutory annual fees are payable within 30 days of the invoice date otherwise the provider can opt to pay in equal instalments by direct debit.

The value of the benefit received when CQC accesses funds from the government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.9 Employee benefits

1.9.1 Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, and CQC becomes obligated to pay them. The cost of annual leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.9.2 Retirement benefit costs

NHS pensions

Past and present employees of CQC are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable CQC to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to CQC of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements, other than those due to ill-health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time CQC commits itself to the retirement, regardless of the method of payment.

The schemes are subject to a full actuarial valuation every 4 years and an accounting valuation every year.

Local government pensions

Some employees are members of the LGPS, which is a defined benefit pension scheme that is administered through 9 active pension funds. Employees who were members of the LGPS in a predecessor organisation to CQC were permitted to keep their legacy arrangements when their employment transferred to CQC on 1 April 2009. Membership of the LGPS is closed to new CQC employees.

Accounting actuarial valuations are carried out at each Statement of Financial Position date. The scheme assets and liabilities attributable to those employees can be identified and are recognised in CQC's accounts. The assets are measured at fair value, and the liabilities at the present value of the future obligations. Charges recognised in the Statement of Comprehensive Net Expenditure are detailed below:

Charged to staff costs:

- Current service cost – the increase in liabilities because of additional service earned in the year.
- Past service cost – the increase in liabilities arising from current year decisions, the effect of which relates to the years of service earned in earlier years.
- Administration expense – charges representing the cost of administering the fund.
- Gains or losses on settlements and curtailments – the result of actions to relieve the liabilities or events that reduce the expected future service or accrual of benefits of employees.

Charged to other expenditure:

- Net interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid which is offset by the expected increase in fair value of scheme assets.

Charged to other comprehensive expenditure:

- Actuarial gain or loss on assets and liabilities – the extent to which investment returns achieved in year are different from interest rates used at the start of the year.

Full actuarial valuations are carried out every 3 years, which determine the contributions payable for the following 3 financial years. The latest full valuation is based on 31 March 2022 and has set rates payable for the 3 years from 2023/24.

Other pension schemes

CQC employees that are not eligible to join the NHS Pensions Scheme are enrolled in the National Employment Savings Trust (NEST). The scheme is accounted for as if it were a defined contribution scheme: the cost to CQC of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

1.10 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.11 Grants receivable

Grants received, including GIA received for revenue and capital expenditure is treated as financing and credited to the general reserve.

1.12 Grants payable

Where grant funding is not intended to be directly related to activity undertaken by a grant recipient in a specific period, CQC recognises the expenditure in the period in which the grant is paid. All other grants are accounted for on an accruals basis.

1.13 Apprenticeship levy

CQC is required to pay an apprenticeship levy amounting to 0.5% of the total pay bill, less an allowance of £15,000. The levy is recognised as an expense and included as an additional social security cost within the financial statements.

It is expected that apprenticeship funding will be passed directly to training providers. Where a CQC employee receives training funded by the levy, CQC will recognise a non-cash expense in the period in which the training occurs. An additional non-cash income amount, equal to the costs paid directly to the training provider, is also recognised.

1.14 Value added tax

Irrecoverable value added tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.15 Intangible assets

1.15.1 Recognition

Intangible assets are non-monetary assets without physical substance that are capable of sale separately from the rest of CQC's business, or that arise from contractual or other legal rights.

They are capitalised if:

- it is probable that future economic benefits will flow to, or service potential will be supplied to CQC
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably, and either:
 - the item has a cost of at least £5,000, or
 - collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.
- the total cost of the asset capitalised only includes costs that are permitted by IAS 38 Intangible Assets.

Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

Expenditure relating to IT software and software developments, including CQC's website, is capitalised if the asset has a cost of at least £5,000 or considered part of a collective group of interdependent assets with a total cost exceeding £5,000 and has a useful life of more than one year.

General IT software project management costs are not capitalised.

1.15.2 Measurement

Intangible assets are initially recognised at cost. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally generated intangible asset can be recognised, the expenditure is recognised in the period in which it was incurred.

From 1 April 2024, following initial recognition, intangible assets are carried at amortised historic cost. This is a change from the previous policy, shown below, following the early adoption of the changes to the intangible assets valuation regime set out in the 2025/26 FReM, which withdraws the option to measure

intangible assets using the revaluation model. CQC has early adopted the change with agreement from HM Treasury and therefore no revaluation has been applied to intangible assets in year. International accounting standard (IAS 8) has been adapted so that this change will be completed prospectively rather than retrospectively.

In prior years, following initial recognition, intangible assets were carried at current value in existing use by reference to an active market, or, where no active market existed, at the lower of depreciated replacement cost (modern equivalent assets basis) and value in use where the asset was income generating. As no active markets existed and assets were not income generating, intangible assets were valued at depreciated replacement cost. Indexed historic cost was considered to be a reasonable proxy for replacement cost for all assets other than our most material IT systems. Independent replacement cost valuations were carried out for the Regulatory Platform as at 31 March 2023 and 31 March 2024. Indexation was applied annually to replacement cost to keep the valuations current.

1.16 Property, plant and equipment

1.16.1 Recognition

Expenditure on office refurbishments, furniture and fittings, office equipment, IT equipment and infrastructure are capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to CQC
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably, and either:
 - the item has cost of at least £5,000, or
 - collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

1.16.2 Measurement

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring the asset and bringing it to the location and in the condition necessary for it to operate in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those

that would be determined at the end of the reporting period. Assets are restated at current value each year using the appropriate producer price index (PPI) as published by the Office for National Statistics.

Revaluations and impairments are treated in the same manner as for intangible assets, note 1.15.2.

1.17 Amortisation, depreciation and impairments

Non-current assets are depreciated or amortised from the date that they are brought into use. Assets under development are not amortised.

Depreciation and amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight-line basis over their estimated useful lives. The estimated useful life is the period over which CQC expects to obtain economic benefits or service potential from the asset. This is specific to CQC and might be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year-end, with the effect of any changes recognised on a prospective basis.

Estimated useful lives:

Intangible assets:

- IT software developments: Over the estimated life of the asset, or 15 years, whichever is shorter
- Software licences: Over the term of the licence
- Website: Over the estimated life of the asset, or 15 years, whichever is shorter

Property, plant and equipment:

- Information technology: Up to 7 years
- Furniture and fittings: Up to 15 years in line with the lease term of the property in which the asset resides.

At each financial year-end, CQC checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are also tested for impairment annually at the financial year-end.

Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined

had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure.

1.18 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period in exchange for consideration.

1.18.1 Care Quality Commission as a lessee

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. CQC employs a revaluation model for the subsequent measurement of its right of use assets in line with the accounting policy for owned assets. Where consideration exchanged is identified as below market value, cost is not considered to be an appropriate proxy to value the right of use asset. Lease payments are apportioned between finance charges and repayment of the principal. Finance charges are recognised in the Statement of Comprehensive Net Expenditure.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

Where the interest rate implicit in each lease arrangement cannot readily be determined then the HM Treasury discount rate is used as the incremental borrowing rate. In these instances an incremental borrowing rate of 0.95% has been applied to the lease liabilities recognised at the date of initial application of IFRS 16. Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset CQC applies a revised rate to the remaining lease liability.

Where existing leases are modified CQC must determine whether the arrangement constitutes a separate lease and apply the Standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by CQC.

1.19 Provisions

Provisions are recognised when CQC has a present legal or constructive obligation as a result of a past event, it is probable that CQC will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the

expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of 2.40% (2023/24: 2.45%) in real terms. All other provisions are subject to 3 separate discount rates according to the expected timing of cash flows from the Statement of Financial Position date:

- a short-term rate of 4.03% (2023/24: 4.26%) for expected cash flows up to and including 5 years
- a medium-term rate of 4.07% (2023/24: 4.03%) for expected cash flows over 5 years up to and including 10 years
- a long-term rate of 4.81% (2023/24: 4.72%) for expected cash flows over 10 years.

All percentages are in real terms.

1.20 Contingent liabilities and contingent assets

A contingent liability is:

- a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CQC, or
- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation, or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CQC. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

1.21 Cash and cash equivalents

Cash is cash-in-hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments

that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.22 Financial assets

Financial assets are recognised when CQC becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or when the asset has been transferred and CQC has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

CQC's only financial assets are trade receivables which are measured at amortised cost.

1.22.1 Financial assets at amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.22.2 Impairment

For all contract assets CQC recognises a loss allowance representing the expected credit loss on the financial asset.

CQC adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for any trade receivables at an amount equal to the lifetime expected credit losses.

Expected credit loss allowances of trade receivables are determined by applying a weighted probability of a loss event occurring during the lifetime of the asset. This includes the probability of the whole amount becoming irrecoverable, part of the amount becoming irrecoverable and full recovery. These probabilities are determined by historic recovery for each category of receivables: income from fees by sector and income from other activities.

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. CQC therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and CQC does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in the Statement of Comprehensive Net Expenditure.

1.23 Financial liabilities

Financial liabilities are recognised in the Statement of Financial Position when CQC becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Non-current payables are discounted when the time value of money is considered material.

1.24 International Financial Reporting Standards that have been issued but have not yet been adopted

The FReM does not require the following IFRS standards and interpretations to be applied in 2024/25. These standards are still subject to HM Treasury FReM adoption.

- **IFRS 17 Insurance Contracts** – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 is yet to be adopted by the FReM which is expected to be from the 1 April 2025. Early adoption is not permitted.

- **IFRS 18 Presentation and Disclosure in Financial Statements** – The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet adopted by the FReM. Early adoption is not permitted.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** – The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK-endorsed and not yet adopted by the FReM. Early adoption is not permitted.

The application of IFRS 17,18 and 19 is not expected to have any material impact on future financial statements.

1.25 Prior period adjustments

Valuation of intangible assets

In 2023/24, CQC's financial statements were subject to a qualified audit opinion in relation to the valuation of the regulatory platform intangible asset. In the 2023/24 financial statements, CQC recognised a carrying value for the regulatory platform of £21.9m at 31 March 2024 and £20.7m at 31 March 2023. The carrying value at 31 March 2024 reflected an estimated impairment charge of £15.8m. At the time, CQC was unable to provide sufficient evidence to support the carrying value of the asset, the associated impairment charges, or the extent of any impairment that should have been recognised at 31 March 2023, as completion of the required valuation would have resulted in a significant delay to publication of the financial statements.

During the current year, CQC commissioned an independent technical valuation to support management's impairment review of the regulatory platform. This enabled management to restate the carrying value of the regulatory platform to £20.7m at 31 March 2024 and £7.1m at 31 March 2023. The related impairment charges have also been restated to £4.7m for 2023/24 and £13.6m for 2022/23. Consequently, amortisation charges have been recalculated based on the restated carrying values.

Cloud based finance system

During 2024/25, management reassessed the accounting treatment applied to implementation costs relating to the organisation's cloud-based finance system. In prior years, certain implementation costs, including agency staff costs and professional fees associated with configuration and customisation activities undertaken within the supplier-hosted cloud environment, were capitalised within intangible assets. Following further assessment of the arrangements against IFRIC agenda decisions relating to Software as a Service (SaaS) arrangements and the requirements of IAS 38 Intangible Assets as interpreted by the Government Financial Reporting Manual (FReM), management concluded that a portion of these costs did not meet the criteria for capitalisation as intangible assets.

The costs determined not to meet the capitalisation criteria related primarily to configuration and customisation activities performed within a supplier-controlled software environment where CQC does not control the underlying software asset and no separately identifiable intangible asset was created. These costs should therefore have been recognised as operating expenditure in the years in which the services were received.

As a result of this reassessment, previously capitalised implementation costs of £2,045k relating to expenditure incurred in 2021/22 (£182k), 2022/23 (£1,035k) and 2023/24 (£828k) have been derecognised from intangible assets and recognised as operating expenditure.

In accordance with IAS 8, the prior period adjustments have been applied retrospectively through the restatement of opening balances and comparative information. The resulting movements in the 2023/24 financial statements are set out below.

Statement of Comprehensive Net Expenditure extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Staff costs	210,306	422	210,728
Purchase of goods and services	49,264	406	49,670
Depreciation, amortisation and impairment charges	27,708	(12,369)	15,339
Total operating expenditure	287,572	(11,541)	276,031
Net operating expenditure	61,039	(11,541)	49,498
Net expenditure for the year	60,882	(11,541)	49,341
Comprehensive net expenditure for the year	85,313	(11,541)	73,772

Statement of Financial Position extract at 1 April 2023:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Intangible assets	36,829	(14,790)	22,039
Total non-current assets	107,276	(14,790)	92,486
Total assets	168,289	(14,790)	153,499
Total assets less current liabilities	119,259	(14,790)	104,469
Assets less liabilities excluding LGPS pension liabilities	113,627	(14,790)	98,837
Assets less liabilities	113,202	(14,790)	98,412
General reserve	97,190	(14,790)	82,400
Total taxpayers' equity	113,202	(14,790)	98,412

Statement of Financial Position extract at 31 March 2024:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Intangible assets	36,831	(3,249)	33,582
Total non-current assets	79,316	(3,249)	76,067
Total assets	123,913	(3,249)	120,664
Total assets less current liabilities	74,561	(3,249)	71,312
Assets less liabilities excluding LGPS pension liabilities	70,609	(3,249)	67,360
Assets less liabilities	69,725	(3,249)	66,476
General reserve	55,712	(2,082)	53,630
Retained earnings	10,321	(1,167)	9,154
Total taxpayers' equity	69,725	(3,249)	66,476

Statement of Cash Flows extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Net expenditure for the year	(60,882)	11,541	(49,341)
Adjustment for non-cash transactions	26,849	(12,369)	14,480
Net cash outflow from operating activities	(31,343)	(828)	(32,171)
Purchase of intangible assets	(23,328)	828	(22,500)
Net cash outflow from investing activities	(23,895)	828	(23,067)

Statement of Changes in Taxpayers' Equity extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
General reserve balance at 1 April 2023	97,190	(14,790)	82,400
Total reserves balance at 1 April 2023	113,202	(14,790)	98,412
General reserve net expenditure for the year	(60,882)	11,541	(49,341)
Total reserve net expenditure for the year	(60,882)	11,541	(49,341)
General reserve – Retained fee income	(10,889)	1,167	(9,722)
Retained earnings – Retained fee income	10,889	(1,167)	9,722
General reserve balance at 31 March 2024	55,712	(2,082)	53,630
Retained earnings balance at 31 March 2024	10,321	(1,167)	9,154
Total reserves balance at 31 March 2024	69,725	(3,249)	66,476

Note 2.1 Operating segments extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Pay costs	207,367	422	207,789
Non-pay costs	52,837	406	53,243
Total	260,204	828	261,032

Note 2.2 Reconciliation to Statement of Comprehensive Net Expenditure extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Pay costs 2023/24 total	207,367	422	207,789
Non-pay costs 2023/24 total	52,837	406	53,243
Total net expenditure 2023/24 total	260,204	828	261,032
Depreciation, amortisation and impairment charges 2023/24 total	27,708	(12,369)	15,339
Total operating expenditure	287,572	(11,541)	276,031

Note 2.3 Analysis of net expenditure by funding stream extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Staff costs – Chargeable activities	176,552	422	176,974
Staff costs – Total	210,306	422	210,728
Purchase of goods and services – Chargeable activities	44,753	406	45,159
Purchase of goods and services – Total	49,264	406	49,670
Depreciation, amortisation and impairment charges – Chargeable activities	26,449	(12,231)	14,218
Depreciation, amortisation and impairment charges – Non-chargeable activities	1,259	(138)	1,121
Depreciation, amortisation and impairment charges – Total	27,708	(12,369)	15,339
Subtotal: operating expenditure – Chargeable activities	247,570	(11,403)	236,167
Subtotal: operating expenditure – Non-chargeable activities	40,002	(138)	39,864
Subtotal: operating expenditure – Total	287,572	(11,541)	276,031
Total expenditure – Chargeable activities	247,667	(11,403)	236,264
Total expenditure – Non-chargeable activities	39,748	(138)	39,610
Total expenditure – Total	287,415	(11,541)	275,874
Net excess of expenditure – Chargeable activities	24,240	(11,403)	12,837
Net excess of expenditure – Non-chargeable activities	2,461	(138)	2,323
Net excess of expenditure – Total	26,701	(11,541)	15,160

Note 4.1 Staff costs extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Less capitalised staff costs	(7,718)	422	(7,296)
Total staff costs	210,306	422	210,728

Note 4.2 Other operating expenditure extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Professional fees	11,954	406	12,360
Subtotal: purchases of goods and services	49,264	406	49,670
Amortisation of intangible assets	8,084	(1,304)	6,780
Impairment of intangible assets	15,698	(11,065)	4,633
Subtotal: depreciation, amortisation and impairment charges	27,708	(12,369)	15,339
Total other operating expenditure	77,266	(11,963)	65,303

Note 6.2 Intangible assets 2023/24 extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
<i>Cost or valuation:</i>			
At 1 April 2023 – Information technology	62,368	(3,363)	59,005
At 1 April 2023 – Development expenditure	21,628	(13,091)	8,537
At 1 April 2023 – Total	92,110	(16,454)	75,656
Additions – Development expenditure	21,317	(828)	20,489
Additions - Total	21,854	(828)	21,026
Reclassifications – Information technology	38,395	(11,874)	26,521
Reclassifications – Development expenditure	(38,420)	11,874	(26,546)
Impairments charged to other operating expenditure – Information technology	(19,555)	14,033	(5,522)
Impairments charged to other operating expenditure – Total	(19,555)	14,033	(5,522)
At 31 March 2024 – Information technology	88,532	(1,204)	87,328
At 31 March 2024 – Development expenditure	4,525	(2,045)	2,480
At 31 March 2024 – Total	102,952	(3,249)	99,703
<i>Amortisation</i>			
At 1 April 2023 – Information technology	47,509	(1,664)	45,845
At 1 April 2023 – Total	55,281	(1,664)	53,617
Charged in year – Information technology	7,965	(1,304)	6,661
Charged in year – Total	8,084	(1,304)	6,780
Impairments charged to other operating expenditure – Information technology	(3,857)	2,968	(889)
Impairments charged to other operating expenditure – Total	(3,857)	2,968	(889)
<i>Net book value</i>			
Net book value at 1 April 2023 – Information Technology	14,859	(1,699)	13,160
Net book value at 1 April 2023 – Development expenditure	21,628	(13,091)	8,537
Net book value at 1 April 2023 – Total	36,829	(14,790)	22,039
Net book value at 31 March 2024 – Information Technology	31,393	(1,204)	30,189
Net book value at 31 March 2024 – Development expenditure	4,525	(2,045)	2,480
Net book value at 31 March 2024 – Total	36,831	(3,249)	33,582

Note 9 Impairments extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Charged to Statement of Comprehensive Net Expenditure: year-ended 31 March 2024	15,698	(11,065)	4,633
Total: year-ended 31 March 2024	15,761	(11,065)	4,696
Charged to Statement of Comprehensive Net Expenditure: year-ended 31 March 2023	-	13,573	13,573
Total: year-ended 31 March 2023	-	13,573	13,573

Note 17.1 Adjustment for non-cash transactions extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Depreciation, amortisation and impairment charges	27,708	(12,369)	15,339
Total adjustment for non-cash transactions	26,849	(12,369)	14,480

Note 17.4 Purchase of intangible assets extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Additions	(21,854)	828	(21,026)
Total purchase of intangible assets	(23,328)	828	(22,500)

Note 18 Movement on reserves extract:

	Balance in 2023/24 financial statements £000	Restatement £000	Revised balance in 2023/24 financial statements £000
Balance at 1 April 2023 – General reserve	97,190	(14,790)	82,400
Balance at 1 April 2023 – Total	113,202	(14,790)	98,412
Increase/(decrease) in the period – General reserve	(41,478)	12,708	(28,770)
Increase/(decrease) in the period – Retained earnings	(3,877)	(1,167)	(5,044)
Increase/(decrease) in the period – Total	(43,477)	11,541	(31,936)
Balance at 31 March 2024 – General reserve	55,712	(2,082)	53,630
Balance at 31 March 2024 – Retained earnings	10,321	(1,167)	9,154
Balance at 31 March 2024 – Total	69,725	(3,249)	66,476

2. Analysis of net expenditure by activities

2.1 Operating segments

IFRS 8 'Operating Segments' requires operating segments to be identified based on internal reports that are regularly reviewed by the chief executive. The Board and Executive team (ET) regularly evaluate CQC's performance using operating segments.

CQC reports performance to Board and ET against each of the operational directorates and consists of:

- Operations Group
- Regulatory Leadership
- Technology, Data and Insight (TDI)
- Change
- Corporate Services
- Engagement, Policy and Strategy (EPS)
- Other includes chief executive, Healthwatch England and National Guardians Office (NGO).

Operating income and the Statement of Financial Position by segment is not included as this was not reported to the Board.

	Operations Group £000	Regulatory Leadership £000	TDI £000	Change £000	Corporate Services £000	EPS £000	Other £000	2024/25 total £000	Restated 2023/24 total £000
Pay costs	124,466	33,078	23,487	4,319	21,480	12,125	946	219,901	207,789
Non-pay costs	4,363	2,940	24,982	3,090	8,462	5,594	5,309	54,740	53,243
Total	128,829	36,018	48,469	7,409	29,942	17,719	6,255	274,641	261,032

Other non-pay costs include central organisational costs such as IT, premises, training, legal costs, and recruitment. See note 4.2 for additional details of operating expenditure.

2.2 Reconciliation to Statement of Comprehensive Net Expenditure

The reconciliation below details the non-cash adjustments that are not included within the operating segments analysis presented to the Board and ET.

	2024/25 total £000	Restated 2023/24 total £000
Pay costs	219,901	207,789
Non-pay costs	54,740	53,243
Total net expenditure	274,641	261,032
Items not included within operating segments:		
Staff costs:		
Increase in provision for pension fund liabilities	1,827	2,939
Depreciation, amortisation and impairment charges	16,103	15,339
Provisions	1,216	488
Other operating expenditure:		
Net interest (income) on pension scheme assets and liabilities	(1,562)	(4,099)
Expected credit loss	494	332
Total operating expenditure	292,719	276,031

2.3 Analysis of net expenditure by funding stream

The table below presents the net position for chargeable and non-chargeable activities by aligning income and funding with their related costs. Chargeable activities are funded by providers through fees. Non-chargeable activities are funded by GIA and reimbursement for external work.

	2024/25			Restated 2023/24		
	Chargeable activities £000	Non- chargeable activities £000	Total £000	Chargeable activities £000	Non- chargeable activities £000	Total £000
Funding						
Revenue from contracts with customers	(227,225)	(3,215)	(230,440)	(223,326)	(3,106)	(226,432)
Grant-in-aid (cash)	(2,821)	(45,856)	(48,677)	–	(34,181)	(34,181)
Other operating income	(233)	–	(233)	(101)	–	(101)
Subtotal: funding	(230,279)	(49,071)	(279,350)	(223,427)	(37,287)	(260,714)
Operating expenditure						
Staff costs	177,715	44,013	221,728	176,974	33,754	210,728
Purchase of goods and services	44,620	6,485	51,105	45,159	4,511	49,670
Depreciation, amortisation and impairment charges	14,356	1,747	16,103	14,218	1,121	15,339
Provision expenses	1,216	–	1,216	488	–	488
Other operating expenditure	2,148	419	2,567	(672)	478	(194)
Subtotal: operating expenditure	240,055	52,664	292,719	236,167	39,864	276,031
Finance expenses	54	–	54	97	–	97
Net (gain)/loss on transfers by absorption	–	–	–	–	(254)	(254)
Total expenditure	240,109	52,664	292,773	236,264	39,610	275,874
Net excess of expenditure¹	9,830	3,593	13,423	12,837	2,323	15,160

¹ In agreeing annual budgets, the Department of Health and Social Care allows CQC to incur certain non-cash expenses. In 2024/25, these items amounted to £3,776k (2023/24: £762k) and, if excluded from expenditure above, this would present an adjusted net deficit of £9,647k – comprising a chargeable deficit of £7,801k and a non-chargeable deficit of £1,846k (2023/24: restated adjusted net deficit of £14,398k comprising a chargeable deficit of £13,080k and a non-chargeable deficit of £1,318k). Our chargeable deficit was funded by chargeable surpluses retained from previous years in the General Fund.

3. Income

3.1 Revenue from contracts with customers

	2024/25 total £000	2023/24 total £000
Income from fees:		
NHS trusts	(71,400)	(70,665)
Adult social care – residential	(67,389)	(67,359)
Adult social care – community	(25,218)	(25,356)
Independent health care – hospitals	(3,948)	(4,048)
Independent health care – community	(8,862)	(7,626)
Independent health care – single specialty	(1,160)	(1,110)
Dentists	(8,908)	(8,629)
NHS GP practices	(40,340)	(38,533)
Subtotal: income from fees	(227,225)	(223,326)
Income from other activities	(3,215)	(3,106)
Total revenue from contracts with customers	(230,440)	(226,432)

Income from other activities includes reimbursement for services performed in addition to our regulatory activities. This includes income in relation to the NGO, jointly funded by CQC and NHS England, and the provision of inspection services to the Office for Standards in Education, Children’s Services and Skills, the Home Office and DMS.

The total balance of contract liabilities at 31 March 2024, £19,841k has been recognised as operating income in 2024/25 (2023/24: £18,886k).

3.2 Other operating income

	2024/25 total £000	2023/24 total £000
Apprenticeship training grant (non-cash)	(233)	(101)
Total other operating income	(233)	(101)

4. Operating expenditure

4.1 Staff costs

	2024/25 total £000	Restated 2023/24 total £000
Wages and salaries	171,332	173,970
Social security costs	16,796	15,299
NHS pension costs	29,629	22,510
LGPS pension costs	2,104	2,342
Other pension costs	43	51
Apprenticeship levy	697	691
Termination benefits	298	422
Less capitalised staff costs	(751)	(7,296)
Less recoveries in respect of outward secondments	(247)	(200)
Increase in provision for pension fund liabilities	1,827	2,939
Total staff costs	221,728	210,728

More detailed disclosure of our staff costs is included in the [People report](#).

4.2 Other operating expenditure

	Note	2024/25 total £000	Restated 2023/24 total £000
Purchase of goods and services:			
Establishment		33,327	27,193
Professional fees		6,732	12,360
Rentals under operating leases		138	(19)
Premises		2,929	3,101
Training and development		1,047	1,076
Supplies and services		386	364
Travel and subsistence		6,155	5,353
External audit fee (statutory work)		(¹)369	220
Insurance		22	22
Subtotal: purchases of goods and services		51,105	49,670
Depreciation, amortisation and impairment charges:			
Amortisation of intangible assets	6	6,601	6,780
Depreciation of property, plant and equipment	7	1,543	1,983
Depreciation of right of use leased assets	8	1,837	1,993
Impairment of intangible assets	9	6,055	4,633
Indexation gain of intangible assets	6	–	(50)
Indexation losses of property, plant and equipment	7	67	–
Subtotal: depreciation, amortisation and impairment charges		16,103	15,339
Provision expense		1,216	488
Other operating expenditure:			
Experts by Experience		1,943	2,219
Net interest income on pension scheme assets and liabilities		(1,562)	(4,099)
Business rates paid to local authorities		769	769
Movement in expected credit loss provision		494	332
Irrecoverable debts		–	162
Apprenticeship training grant (non-cash)		233	101
Grants to other bodies		–	2
Losses and Special Payments : Other		236	–
Other		454	320
Subtotal: other operating expenditure		2,567	(194)
Total other operating expenditure		70,991	65,303

(1) The external audit fee reported for the year ended 31 March 2025 includes additional fees of £60,000 relating to the 2023/24 audit, which were notified to CQC after the 2023/24 Annual Report was laid. The fee charged also relates solely to our statutory audit.

4.3 Finance costs

	2024/25 total £000	2023/24 total £000
Interest on right of use lease assets	41	57
Interest on late payment of commercial debt	–	30
Unwinding of discount on provisions	13	10
Total finance costs	54	97

5. Pension costs

During the year CQC's employees were able to participate in one of the following contributory pension schemes:

- NHS Pension Scheme
- LGPS
- NEST

Both the NHS Pension Scheme (which is the principal pension scheme for staff recruited directly by CQC) and NEST are not designed to run in a way that would allow CQC to identify its share of the underlying scheme assets and liabilities. See [Pension information](#) in the People report, for additional details of the NHS Pension Scheme and NEST.

The LGPS is a multi-employer defined benefit scheme, as described in *IAS 19 Employee Benefits*. Due to legacy arrangements from predecessor organisations CQC has active members in 9 local pension funds that are part of the LGPS at 31 March 2025, with membership arrangements terminating in 3 other schemes due to the retirement of the last remaining active members during 2024/25.

Valuations of CQC's assets and liabilities in each LGPS as at 31 March 2025 have been prepared in accordance with IAS 19. The results relating to each LGPS are disclosed in note 5.1 below.

The Statement of Financial Position shows net pension assets totalling £1.0 million (31 March 2024: £34.5 million) and net pension liabilities of £0.5 million (31 March 2024: £0.8 million) relating to CQC's membership in the LGPS.

The present value, the related current service cost and past service cost were measured using the projected unit credit method. This means that the current service cost will increase as the members of the scheme approach retirement.

The actuarial assessment of each obligation was carried out at 31 March 2025 by:

Pension fund	Actuary
Avon	Mercers Ltd
Cambridgeshire	Hymans Robertson LLP
Cheshire	Hymans Robertson LLP
East Sussex	Barnett Waddingham
Greater Manchester	Hymans Robertson LLP
Merseyside	Mercers Ltd
Suffolk	Hymans Robertson LLP
Teesside	Hymans Robertson LLP
West Yorkshire	Aon Hewitt

5.1 Pension assets and liabilities

The pension assets and liabilities attributable to CQC for each local government defined pension benefit scheme are as follows:

	Assets 31 March 2025 £000	Re- measurements for change in asset ceilings 31 March 2025 £000	Liabilities 31 March 2025 £000	Surplus/ (deficit) 31 March 2025 £000	Surplus/ (deficit) 31 March 2024 £000
Pension fund					
Funds with a net deficit:					
Avon	See below	See below	See below	See below	(118)
Cheshire	5,346	(2,608)	(2,989)	(251)	(476)
East Sussex	8,147	(3,808)	(4,406)	(67)	(75)
Suffolk	4,894	(1,708)	(3,370)	(184)	(215)
Subtotal: funds with a net liability	18,387	(8,124)	(10,765)	(502)	(884)
Funds with a net surplus:					
Avon	4,873	–	(4,770)	103	See above
Cambridgeshire	4,893	(2,546)	(2,308)	39	108
Cumbria ¹	–	–	–	–	1,684
Essex ²	–	–	–	–	1
Greater Manchester	24,231	(12,638)	(11,592)	1	145
Merseyside	7,288	(1,514)	(4,988)	786	1,643
Shropshire ³	–	–	–	–	258
Teesside	392,063	(123,408)	(268,655)	–	30,631
West Sussex ⁴	–	–	–	–	–
West Yorkshire	15,755	(7,095)	(8,572)	88	119
Subtotal: funds with a net asset	449,103	(147,201)	(300,885)	1,017	34,589
Total	467,490	(155,325)	(311,650)	515	33,705

CQC's membership of the following LGPS ended during the financial year upon the retirement of the last active member of that scheme:

¹ The Cumbria pension fund, effective 30 September 2024. A termination credit of £1,610k was received.

² The Essex pension fund, effective 19 April 2024. A termination credit of £1,653k was received.

³ The Shropshire pension fund, effective 30 June 2024. A termination payment of £28k was made.

⁴ The West Sussex pension fund, effective 31 December 2023, although the final calculation was not received until 4 September 2024. A termination credit of £1,057k was received.

The termination credits received during 2024/25 are disclosed in the Statement of Cash Flows.

All assets are held at bid value.

In 2024/25, 1 employee (2023/24: 5) retired early on ill-health grounds during the period. As a result, £36k additional pension costs (2023/24: £822k) were levied on CQC.

For any fund in surplus we are required, in accordance with paragraph 64 of IAS 19 and International Financial Reporting Interpretations Committee (IFRIC) 14, to consider the impact of an asset ceiling on the recognition of assets in the Statement of Financial Position. Paragraph 8 of IAS19 states that "the asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan".

CQC does not have an unconditional right to a refund, per LGPS Regulation 64, and following updated guidance, therefore we have determined that the most appropriate estimation method for the calculation of the asset ceiling is now the reduction of future contributions to the scheme. The reduction in future contributions is calculated as the present value of future service costs less the present value of future service contributions. At 31 March 2025, asset ceilings totalling £155,325k (31 March 2024 – asset ceilings totalling £83,705k) were applied to 8 funds (31 March 2024: 9) to ensure that any surplus presented is limited to the amount that CQC would expect to receive as a refund.

5.1.1 Effect of the asset ceiling

Changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amounts included in interest, is shown below:

	2024/25 £000	2023/24 £000
Opening asset ceiling	83,705	29,732
Re-measurement of net defined pension asset for changes in asset ceiling	71,620	53,973
Closing asset ceiling	155,325	83,705

5.2 Actuarial assumptions

5.2.1 Financial assumptions

A summary of the key assumptions used by the actuaries of the pension schemes are as follows:

Key assumptions used:	Teesside Pension Fund % per annum		Other pension funds % per annum	
	2024/25	2023/24	2024/25	2023/24
Discount rate	5.8	4.8	5.0 – 5.8	3.2 – 4.9
Expected rate of salary increases	3.8	3.8	2.9 – 4.2	3.0 – 4.2
Future pension increases	2.8	2.8	2.5 – 3.05	2.2 – 3.0
CPI inflation	2.8	2.8	2.5 – 3.05	2.2 – 3.4

5.2.2 Mortality assumptions

Based on actuarial mortality tables, the average future life expectancies at age 65 are summarised below:

Key assumptions used:	Teesside Pension Fund		Other pension funds	
	2024/25	2023/24	2024/25	2023/24
Retiring today:				
Males	20.4	20.5	19.7 – 22.3	19.8 – 22.4
Females	23.4	23.5	23.2 – 24.4	23.3 – 25.5
Retiring in 20 years:				
Males	21.2	21.3	21.3 – 23.3	21.4 – 23.3
Females	24.9	25.0	24.6 – 26.4	24.7 – 26.4

5.3 Charges to net expenditure

Amounts recognised in the Statement of Comprehensive Net Expenditure in respect of these defined benefit pension schemes are as follows:

	2024/25 £000	2023/24 £000
Service costs:		
- Current service cost	2,235	2,784
- Past service cost	-	126
- Administration expenses	70	11
- Gain on settlement	1,678	-
Subtotal: service costs	3,983	2,921
Net interest expense	(1,584)	(4,099)
Amount recognised in net expenditure	2,399	(1,178)

Of the expense for the year, the service costs totalling £2.2 million (2023/24: £2.8 million) have been included in the Statement of Comprehensive Net Expenditure as staff expenditure. Within note 4.1 £2.1 million (2023/24: £3.4 million) of this is included within LGPS pension costs and represents the amount paid as contributions during the year. The remaining £0.1 million (2023/24: £2.9 million) is a non-cash adjustment presented as an increase in provision for pension fund liabilities. The net interest income of £1.6 million (2023/24 income of £4.1 million) has been included in other expenditure, note 4.2. The re-measurement of the net defined benefit liability is included as other comprehensive expenditure in the Statement of Comprehensive Net Expenditure.

5.4 Charges to other comprehensive net expenditure

Amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2024/25	2023/24
	£000	£000
The loss/(return) on plan assets (excluding amounts included in net interest expense)	8,870	(23,513)
Other re-measurement losses on plan assets	–	–
Actuarial gains arising from changes in demographic assumptions	(686)	(2,626)
Actuarial gains arising from changes in financial assumptions	(44,484)	(12,434)
Actuarial (gains)/losses arising from experience adjustments	(2,856)	10,991
Other adjustments for restrictions on the defined benefit asset	(3,831)	(82)
Subtotal: actuarial (gain) in pension schemes	(42,987)	(27,664)
Re-measurement of net defined pension asset for changes in asset ceiling	71,620	53,973
Re-measurement of the net defined benefit obligations	28,633	26,309

The cumulative re-measurements recognised in reserves since the date of transition to IFRS on 1 April 2008 to 31 March 2025 is a gain of £4,254k (31 March 2024: cumulative gain of £33 million).

The actuarial gain arising from changes in financial assumptions is mostly attributable to a change in the discount rate applied by the actuaries. In accordance with IAS 19 Employee Benefits the discount must be equal to the yield on high quality corporate bonds. These yields have increased throughout 2024/25 which has reduced the value of liabilities and therefore generates a gain. The losses from experience adjustments results largely from the application of the actual Pensions Increase Order which increases the value of future obligations.

5.5 Amount recognised in the Statement of Financial Position

The amount included in the Statement of Financial Position arising from CQC's obligations in respect of its defined benefit schemes is as follows:

	31 March 2025 £000	31 March 2024 £000
Present value of funded benefit obligations	(311,583)	(368,487)
Fair value of scheme assets	467,490	485,972
Surplus/(deficit) in scheme	155,907	117,485
Present value of unfunded benefit obligations	(67)	(75)
Re-measurement of net defined benefit pension asset for changes in asset ceiling	(155,325)	(83,705)
Re-measurement of the net defined benefit obligations	515	33,705

5.6 Reconciliation of fair value of scheme liabilities

Movements in the present value of defined benefit obligations were as follows:

	2024/25 £000	2023/24 £000
At 1 April	(368,562)	(374,324)
Current service cost	(2,235)	(2,784)
Administration expenses	(58)	–
Interest cost	(16,933)	(17,398)
Contributions from scheme members	(795)	(909)
Past service costs	–	(126)
Re-measurement gains/(losses):		
- Actuarial gains arising from changes in demographic assumptions	686	2,626
- Actuarial gains arising from changes in financial assumptions	44,484	12,434
- Actuarial gains/(losses) arising from experience adjustments	2,856	(10,914)
Loss on curtailments	–	(54)
Benefits paid	18,162	20,069
Settlements – scheme cessation	10,745	2,818
At 31 March	(311,650)	(368,562)

5.7 Reconciliation of fair value of employer assets

Movements in the fair value of the scheme assets were as follows:

	2024/25 £000	2023/24 £000
Assets at 1 April	485,972	462,910
Interest income	22,342	21,579
Re-measurement gains/(losses):		
- The return on plan assets (excluding amounts included in net interest expense)	(8,870)	23,513
- Other	-	(77)
Employer contributions – normal	2,154	2,397
Employer contributions – scheme cessation ¹	28	-
Member contributions	795	909
Benefits paid	(18,162)	(20,069)
Administration expenses	(26)	(11)
Cessation credit ²	(3,263)	-
Settlements – scheme cessation	(13,480)	(5,179)
Assets at 31 March	467,490	485,972
Re-measurements for change in asset ceilings	(155,325)	(83,705)
Net value of assets at 31 March	312,165	402,267

¹ The cessation contribution relates to the termination of CQC's membership of the Shropshire pension fund, where it was determined that final liabilities exceeded final assets by £32k, which included £4k of actuarial costs which have been accounted for within general expenditure.

² Cessation credits of £3,263k are made up of the final settlements received from the termination of CQC's memberships of the Cumbria pension fund £1,610k and Essex pension fund £1,653k, as listed in note 5.1.

5.8 Fair value of employer assets

The fair value of scheme assets at the Statement of Financial Position date were as follows:

	Quoted assets as at 31 March 2025 £000	Unquoted assets as at 31 March 2025 £000	Total assets as at 31 March 2025 £000	Total assets as at 31 March 2024 £000
Equities	25,011	56,705	81,716	326,213
Properties	871	46,596	47,467	44,544
Government bonds	4,012	1,075	5,087	5,065
Other bonds	4,251	815	5,066	7,926
Managed investment funds: equities	4,637	213,541	218,178	6,557
Managed investment funds: bonds	4,235	1,736	5,971	4,669
Managed investment funds: infrastructure	414	51,278	51,692	43,568
Alternatives	1,080	2,227	3,307	5,862
Cash	641	32,454	33,095	15,014
Other	16	15,895	15,911	26,554
Total	45,168	422,322	467,490	485,972

Assets values, particularly equity holdings, are exposed to market risk resulting from the investment activities of each pension fund. Administering authorities manage and control this risk through investment management which aims to minimise the overall reduction in asset values and maximise the opportunity for gains.

5.9 Maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation of the pension schemes is between 11 and 14 years (Teesside: 14 years).

5.10 Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2025 is set out below. In each case only the assumption specified is altered and all other assumptions remain the same as disclosed in note 5.2.

	Teesside Pension Fund			Other pension funds		
	£000	£000	£000	£000	£000	£000
Adjustment to discount rate	+ 0.1%	Current	- 0.1%	+ 0.1%	Current	- 0.1%
Present value of total obligation	264,924	268,655	272,386	42,524	42,995	43,466
Movement	(3,731)	–	3,731	(471)	–	471
Adjustment to expected rate of salary increases	+ 0.1%	Current	- 0.1%	+ 0.1%	Current	- 0.1%
Present value of total obligation	268,862	268,655	268,448	43,019	42,995	42,971
Movement	207	–	(207)	24	–	(24)
Adjustment to CPI inflation rate	+ 0.1%	Current	- 0.1%	+ 0.1%	Current	- 0.1%
Present value of total obligation	272,280	268,655	265,030	43,425	42,995	42,565
Movement	3,625	–	(3,625)	430	–	(430)
Adjustment to life expectancy	- 1 year	Current	+ 1 year	- 1 year	Current	+ 1 year
Present value of total obligation	257,909	268,655	279,401	41,967	42,995	44,023
Movement	(10,746)	–	10,746	(1,028)	–	1,028

The sensitivity analysis is prepared by scheme actuaries by calculating and comparing the value of the scheme obligations at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in note 5.1 and is based on the membership data at the date of the most recent valuation at 31 March 2022.

5.11 Funding arrangements

The funded nature of the LGPS requires participating employers and employees to pay contributions into the fund calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in the LGPS Regulations 2013 and the Funding Strategy Statement of each fund.

Contribution rates for each of the schemes are reviewed at least every 3 years following a full actuarial valuation. The last triennial actuarial valuation was completed as at 31 March 2022, which set the employer contribution rates for 3 years from 1 April 2023 to 31 March 2026. Some of the funds have also levied a cash sum in addition to a percentage of payroll costs as part of the deficit recovery plan. Increases to local government pensions in payment and deferred pensions have been linked to annual increases in the consumer price index (CPI), rather than the retail prices index (RPI).

Contribution rates for 2024/25, set by the 2022 triennial valuation, range between 0% and 49.6% (17.9% for Teesside Pension Fund) with annual cash sums ranging from £20k to £258k (£nil for Teesside Pension Fund). It is estimated that employer contributions for 2025/26 will total £1,884k (Teesside: £1,727k).

When the active membership in any of the funds falls to zero, the administering authority will obtain an actuarial valuation of the current and former employees as at the termination date. CQC would be required to pay any cessation deficit that is determined. However, any surplus would be refunded. The Department of Health and Social Care has provided a guarantee to meet the pension deficit liability that falls due.

All LGPSs are multi-employer defined benefit plans. CQC's share of the total fund assets is immaterial in all funds except for in the Teesside Pension Fund which, at 31 March 2025, was 7% (31 March 2024: 7%).

McCloud Judgement

In December 2018, the Court of Appeal ruled that transitional protections introduced during the 2015 public service pension reforms were discriminatory on the grounds of age. From 1 October 2023, the LGPS implemented the McCloud remedy, extending underpin protection to eligible members who were previously excluded. The LGPS accounting valuation includes an allowance for the expected cost of the remedy.

Virgin Media Case

In October 2023, the High Court and Court of Appeal ruled that benefit amendments made to contracted-out pension schemes without a valid section 37 certificate were invalid. In response, the UK Government announced in June 2025 that legislation would be introduced to allow retrospective validation of such amendments through actuarial certification. The LGPS are not directly impacted, as changes to those schemes are made through primary legislation or statutory regulations.

6. Intangible assets

6.1 Intangible assets 2024/25

	Information technology £000	Development expenditure £000	Software licences £000	Websites £000	Total £000
Cost or valuation:					
At 1 April 2024	87,328	2,480	2,276	7,619	99,703
Additions	1,674	2,878	–	–	4,552
Reclassifications	2,126	(2,126)	–	–	–
Disposals	(6,008)	–	–	–	(6,008)
Impairments charged to revaluation reserve – note 9	–	–	–	–	–
Impairments charged to other operating expenditure – note 9	(7,967)	(243)	–	–	(8,210)
Indexation gains to other operating expenditure	–	–	–	–	–
At 31 March 2025	77,153	2,989	2,276	7,619	90,037
Amortisation:					
At 1 April 2024	57,139	–	2,270	6,712	66,121
Charged in year	6,275	–	6	320	6,601
Reclassifications	–	–	–	–	–
Disposals	(6,008)	–	–	–	(6,008)
Impairments charged to revaluation reserve	–	–	–	–	–
Impairments charged to other operating expenditure – note 9	(2,155)	–	–	–	(2,155)
At 31 March 2025	55,251	–	2,276	7,032	64,559
Net book value at 1 April 2024	30,189	2,480	6	907	33,582
Net book value at 31 March 2025	21,902	2,989	–	587	25,478

Our regulatory platform is CQC's most material individual asset with a net book value at 31 March 2025 of £14,691k (31 March 2024: £20,668k). The Regulatory Platform is a bespoke cloud-based suite of applications underpinning the delivery of our regulatory framework.

The gross cost of intangible assets that were fully amortised but still in use at 31 March 2025 is £55,989k (31 March 2024: £47,170k).

An impairment of £6,055k has been recognised in 2024/25 of which £5,812k is against the Regulatory Platform (Information Technology) and £243k is against an asset held within Development Expenditure (see note 9).

Research expenditure associated with intangible asset development has been recognised as an expense in note 4 and is categorised by the nature of the spend.

The value of staff costs capitalised within intangible asset additions amounts to £751k (2023/24: £7,296k).

All intangible assets are owned by CQC.

6.2 Intangible assets 2023/24

Restated	Information technology £000	Development expenditure £000	Software licences £000	Websites £000	Total £000
Cost or valuation:					
At 1 April 2023 restated	59,005	8,537	1,985	6,129	75,656
Additions	–	20,489	–	537	21,026
Reclassifications	26,521	(26,546)	–	25	–
Transfers under absorption accounting	187	–	–	55	242
Impairments charged to revaluation reserve	(63)	–	–	–	(63)
Impairments charged to other operating expenditure	(5,522)	–	–	–	(5,522)
Indexation gains to revaluation reserve	6,942	–	290	865	8,097
Indexation gains to other operating expenditure	258	–	1	8	267
At 31 March 2024	87,328	2,480	2,276	7,619	99,703
Amortisation:					
At 1 April 2023 restated	45,845	–	1,974	5,798	53,617
Charged in year	6,661	–	6	113	6,780
Reclassifications	(16)	–	–	16	–
Transfers under absorption accounting	141	–	–	3	144
Impairments charged to other operating expenditure	(889)	–	–	–	(889)
Indexation losses to revaluation reserve	5,187	–	289	776	6,252
Indexation gains to other operating expenditure	210	–	1	6	217
At 31 March 2024	57,139	–	2,270	6,712	66,121
Net book value at 1 April 2023	13,160	8,537	11	331	22,039
Net book value at 31 March 2024	30,189	2,480	6	907	33,582

A restated impairment of £4,696k has been recognised in 2023/24 against the Regulatory Platform (see note 9).

6.3 Movement in revaluation reserve: intangible assets

	2024/25 £000	2023/24 £000
Balance at 1 April	2,822	1,040
Net gain on indexation	–	1,845
Impairments charged to reserve	–	(63)
Disposal transfers	(24)	–
Balance at 31 March	2,798	2,822

7. Property, plant and equipment

7.1 Property, plant and equipment 2024/25

	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation:			
At 1 April 2024	9,335	2,109	11,444
Additions	2,386	20	2,406
Indexation (losses)/gains to revaluation reserve	(792)	10	(782)
Indexation (losses)/gains to other operating expenditure	(90)	-	(90)
At 31 March 2025	10,839	2,139	12,978
Depreciation:			
At 1 April 2024	7,458	1,722	9,180
Charged in year	1,240	303	1,543
Indexation (losses)/gains to revaluation reserve	(683)	8	(675)
Indexation (losses)/gains to other operating expenditure	(23)	-	(23)
At 31 March 2025	7,992	2,033	10,025
Net book value at 1 April 2024	1,877	387	2,264
Net book value at 31 March 2025	2,847	106	2,953

All property, plant and equipment are owned by CQC.

Property, plant and equipment are indexed using the appropriate price index published by the Office for National Statistics.

7.2 Property, plant and equipment 2023/24

	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation:			
At 1 April 2023	8,658	2,061	10,719
Additions	567	-	567
Disposals	-	-	-
Transfers under absorption accounting	53	-	53
Indexation gains to revaluation reserve	57	48	105
Indexation gains to other operating expenditure	-	-	-
At 31 March 2024	9,335	2,109	11,444
Depreciation:			
At 1 April 2023	5,759	1,377	7,136
Charged in year	1,662	321	1,983
Disposals	-	-	-
Transfers under absorption accounting	12	-	12
Indexation gains to revaluation reserve	25	24	49
Indexation (losses)/gains to other operating expenditure	-	-	-
At 31 March 2024	7,458	1,722	9,180
Net book value at 1 April 2023	2,899	684	3,583
Net book value at 31 March 2024	1,877	387	2,264

All property, plant and equipment were owned by CQC at 31 March 2024.

7.3 Movement in the revaluation reserve: property, plant and equipment

	2024/25 £000	2023/24 £000
Balance at 1 April	297	241
Net (losses)/gains on indexation of property, plant and equipment	(107)	56
Impairments charged to reserve	-	-
Transfers between reserves for property, plant and equipment	-	-
Balance at 31 March	190	297

8. Right of use assets

8.1 Right of use assets 2024/25

	Buildings £000	Total £000
Cost or valuation:		
At 1 April 2024	9,597	9,597
Additions	–	–
Indexation gains to revaluation reserve	295	295
At 31 March 2025	9,892	9,892
Depreciation:		
At 1 April 2024	3,965	3,965
Charged in year	1,837	1,837
Indexation gains to revaluation reserve	111	111
At 31 March 2025	5,913	5,913
Net book value at 1 April 2024	5,632	5,632
Net book value at 31 March 2025	3,979	3,979

Right of use assets are indexed using the appropriate price index published by the Office for National Statistics.

8.2 Right of use assets 2023/24

	Buildings £000	Total £000
Cost or valuation:		
At 1 April 2023	9,547	9,547
Additions	–	–
Indexation gains to revaluation reserve	50	50
At 31 March 2024	9,597	9,597
At 1 April 2023	1,962	1,962
Charged in year	1,993	1,993
Indexation gains to revaluation reserve	10	10
At 31 March 2024	3,965	3,965
Net book value at 1 April 2023	7,585	7,585
Net book value at 31 March 2024	5,632	5,632

8.3 Movement in the revaluation reserve: right of use assets

	2024/25 £000	2023/24 £000
Balance at 1 April	573	533
Net gain on indexation	184	40
Balance at 31 March	757	573

9. Impairments

Impairments year ended 31 March 2025	Charged to Statement of Comprehensive Net Expenditure £000	Charged to Revaluation Reserve £000	Total £000
Intangible assets (note 6.1):			
Information technology- Regulatory Platform	5,812	-	5,812
Development expenditure – Azure Integration Services	243	-	243
	6,055	-	6,055

Information technology - regulatory platform

The regulatory platform is an intangible asset classified as information technology.

Whilst preparing the financial statements for the year ended 31 March 2024, Dr Penny Dash's review into the operational effectiveness of CQC was published (July 2024). This review highlighted significant challenges with the regulatory platform. In response, CQC commissioned an independent IT review to look specifically at the technology. This was published in March 2025 and highlighted significant issues with functionality, design and useability of the regulatory platform that had resulted in significant operational issues for both CQC staff and registered providers.

An impairment review concluded that these issues were present at 31 March 2024 and in the financial statements published for year ended 31 March 2024, management estimated the impairment loss to be £15,761k.

Further impairment triggers were identified during the current year, including significant operational issues affecting the registration and provider portal modules, delays to functional releases and failure to decommission legacy systems.

To support this significant impairment judgement, an independent valuation was commissioned of the regulatory platform at 31 March 2023, 31 March 2024 and 31 March 2025. The methodology used for the valuations, as a proxy to value in use,

was depreciated replacement cost using a modern equivalent asset concept. This enabled management to determine the impairment charges shown in the table below. The 2023/24 financial statements have been restated as set out in note 1.25.

Impairment charge – regulatory platform	Charged to Statement of Comprehensive Net Expenditure £000	Charged to Revaluation Reserve £000	Total £000
Year ended 31 March 2025	5,812	-	5,812
Year ended 31 March 2024 (restated)	4,633	63	4,696
Year ended 31 March 2023 (restated)	13,573	-	13,573
Total impairment (restated) – all years	24,018	63	24,081

The independent valuations are subject to estimation uncertainty as they rely on assumptions relating to resource blends and day rates. Low, mid and high case scenarios were developed using different assumptions for these factors.

Low case	56% onshore and 44% offshore resources at low day rates with a blend of 38% internal and 62% external resources
Mid case	69% onshore and 31% offshore resources at mid-range day rates with a blend of 50% internal and 50% external resources
High case	81% onshore and 19% offshore resources at high-end day rates with a blend of 31% internal and 69% external resources

Independent valuations were produced for each scenario and used by management to determine the carrying values set out below.

Carrying value – regulatory platform	Low case £000	Mid case £000	High case £000
31 March 2025	9,801	12,141	14,691
31 March 2024	13,644	17,059	20,668
31 March 2023	5,103	6,046	7,108

The increase in carrying value between 31 March 2023 and 31 March 2024 primarily reflects additional capital expenditure incurred during 2023/24 prior to the reassessment of impairment indicators.

Management concluded that the assumptions within the high case scenario most closely reflected the resource profile that would be utilised by CQC. Accordingly, the carrying values adopted for the regulatory platform were £14,691k at 31 March 2025, £20,668k at 31 March 2024 and £7,108k at 31 March 2023. These values formed the basis of the impairment charges recognised in each year.

Development expenditure – Azure Integration Services

The £243k impairment to intangible asset Development expenditure relates to capitalised costs incurred in developing modules within the Azure Integration Services platform that were subsequently unable to be deployed into production.

Impairment charges have been disclosed in the Statement of Comprehensive Net Expenditure within operating expenditure and other comprehensive net expenditure.

10. Financial instruments

Liquidity risk

The main source of CQC's cash is fees paid by registered providers, which funds our chargeable activities. Additional cash is provided by the Department of Health and Social Care as GIA to fund our non-chargeable activities and capital expenditure. CQC has no borrowings.

CQC manages liquidity risk through regular cash flow forecasting to ensure that enough funds are available to cover working capital requirements. This risk was mitigated throughout the financial year with regular reporting to the ET and considered as part of our decision-making.

Credit risk

Credit risk arises from cash and cash equivalents and receivable balances. CQC monitors its receivables balances closely, particularly the collection of fees, and all undisputed debts that have reached 61 days past due. All overdue receivables are regularly reported by income source, fees by sector and non-fees, to the ET. Where internal recovery processes have been exhausted, debts are sent to an external debt collection company or recommendation of enforcement action is made against the provider for non-payment of fees under Health & Social Care Act 2008.

Regulation 13 of the CQC (Registration) Regulations 2009 requires that a provider must take all reasonable steps to meet the financial demands of providing safe and appropriate services and have the financial resources needed to provide and continue to provide the services described in the statement of purpose to the required standards. New provider applications must be supported by a statement from an accredited financial specialist such as an accountant or bank. A notice of proposal to refuse a registration application can be based on financial viability due to the inadequacy of financial planning.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables mentioned above. CQC does not hold any collateral as security.

Market risk

CQC has no material exposure to currency or commodity risk. All material assets and liabilities are denominated in sterling. Except for cash and cash equivalents, CQC has no interest-bearing assets or borrowing subject to variable interest rates. Income and cash flows are largely independent of changes in market interest rates.

10.1 Financial assets

	31 March 2025 £000	31 March 2024 £000
Trade and other receivables with DHSC group bodies	1,038	314
Trade and other receivables with other bodies	13,972	9,338
Cash at bank and in hand	30,578	30,931
Total	45,588	40,583

10.2 Financial liabilities

	31 March 2025 £000	31 March 2024 £000
Trade and other payables with DHSC group bodies	2,166	2,556
Trade and other payables with other bodies	12,752	18,915
Other financial liabilities	–	2
Total	14,918	21,473

11. Trade receivables and other current assets

	31 March 2025 £000	31 March 2024 £000
Trade and other receivables:		
Contract receivables	15,009	8,824
Other receivables	1,557	1,921
Expected credit loss	(1,566)	(1,101)
Deposits and advances	10	8
Subtotal: Trade and other receivables	15,010	9,652
Other current assets:		
Prepayments	1,570	4,014
Subtotal: other current assets	1,570	4,014
Total	16,580	13,666

The contract receivables balance has increased in 2024/25 owing to higher levels of debt with providers.

There were no amounts falling due after more than one year.

The expected credit loss relating to contract receivables totals £1,561k (31 March 2024: £1,082k) and other receivables totals £5k (31 March 2024: £19k).

Deposits and advances include advance salary payments and staff loans, these total £6k and £4k respectively (31 March 2024: £4k and £4k). Staff can apply for advance payments on salary and loans up to a maximum of £5k for rail season tickets.

11.1 Movement in expected credit loss

	2024/25 £000	2023/24 £000
Balance at 1 April	1,101	1,002
Recognition of expected credit loss allowance	408	551
Changes to expected credit loss allowances	268	150
Provision utilised due to write-off	(29)	(233)
Provision reversed as unused (e.g. settlement of receivable)	(182)	(369)
Balance at 31 March	1,566	1,101

12. Cash and cash equivalents

	2024/25 £000	2023/24 £000
Balance at 1 April	30,931	46,315
Net change in cash and cash equivalent balances	(353)	(15,384)
Balance at end of period	30,578	30,931
The following balances at the end of the period were held at:		
Government banking service and cash in hand	30,578	30,931
Total balance at end of period	30,578	30,931

13. Trade payables and other current liabilities

	31 March 2025 £000	31 March 2024 £000
Amounts falling due within one year:		
VAT	(116)	(228)
Other taxation and social security	(4,286)	(3,938)
Trade payables	(104)	(1,616)
Other payables	(3,847)	(4,935)
Accruals	(10,890)	(13,798)
Capital creditors – intangible assets	(77)	(1,147)
Capital creditors – property, plant and equipment	–	–
Total trade and other payables	(19,320)	(25,662)
Current pension liabilities	-	(2)
Contract liabilities: fee income in advance	(21,691)	(19,841)
Total current trade payables and other current liabilities	(41,011)	(45,505)

There were no trade payables and other current liabilities falling due after more than one year (31 March 2024: £nil).

14. Right of use lease liabilities

14.1 Right of use lease liabilities detailed movements

	2024/25 £000	2023/24 £000
Balance at 1 April	5,741	7,666
Addition of new right of use assets	–	–
Cash payments made in year	(1,788)	(1,982)
Interest charges	41	57
Balance at 31 March	3,994	5,741
Current lease liabilities at 1 April	2,087	2,339
Current lease liabilities at 31 March	1,181	2,087
Non-current lease liabilities at 1 April	3,654	5,327
Non-current lease liabilities at 31 March	2,813	3,654

14.2 Maturity of right of use lease liabilities

	31 March 2025 £000	31 March 2024 £000
In one year or less	1,207	2,124
In more than one year but not more than five years	2,513	2,773
In more than five years	360	971
Subtotal	4,080	5,868
Less interest element	(86)	(127)
Total	3,994	5,741

15. Net gain on transfer by absorption

Business combinations within the public sector are accounted for using absorption accounting principles.

On 1 October 2023 NHS England transferred responsibility for the functions of the Health Services Safety Investigation Branch, to the Health Services Safety Investigation Body and CQC. The assets and liabilities related to the transfer of MNSI to CQC are shown in the table below:

	2024/25 £000	2023/24 £000
Transfer of intangible assets	–	98
Transfer of property, plant and equipment	–	41
Transfer of other current assets	–	115
Net gain on transfer by absorption	–	254

16. Provisions for liabilities and charges

	2024/25			2023/24		
	Leased property dilapidations £000	Other £000	Total £000	Leased property dilapidations £000	Other £000	Total £000
Balance at 1 April	298	1,760	2,058	305	2,412	2,717
Provided in year	—	2,596	2,596	—	1,585	1,585
Provisions not required written back	(25)	(1,355)	(1,380)	—	(1,124)	(1,124)
Provisions utilised in year	—	(262)	(262)	(44)	(1,113)	(1,157)
Change in discount rate	—	—	—	27	—	27
Unwinding of discount	13	—	13	10	—	10
Balance at 31 March	286	2,739	3,025	298	1,760	2,058

16.1 Analysis of expected timings of discounted cash flows

	2024/25			2023/24		
	Leased property dilapidations £000	Other £000	Total £000	Leased property dilapidations £000	Other £000	Total £000
Not later than one year	286	2,739	3,025	—	1,760	1,760
Later than one year and not later than five years	—	—	—	298	—	298
Later than five years	—	—	—	—	—	—
Balance at 31 March	286	2,739	3,025	298	1,760	2,058

Leased property dilapidations are the costs that would be payable on the termination of the leases.

Other provisions include the costs relating to ongoing legal cases, tribunals and judicial reviews estimated at £2.5 million (31 March 2024: £1.2 million) and also in respect of employment termination costs totalling £0.2 million (31 March 2024: £0.6 million).

17. Reconciliation of movements in the Statement of Cash Flows

17.1 Adjustment for non-cash transactions

	Note	2024/25 £000	Restated 2023/24 £000
Depreciation, amortisation and impairment charges	4.2	16,103	15,339
Increase in provision for pension fund deficit	4.1	1,827	2,939
Net interest expenses on pension scheme assets and liabilities	4.2	(1,562)	(4,099)
Provisions expense	4.2	1,216	488
Net gain on transfers by absorption	15	–	(254)
Interest on right of use lease assets	4.3	41	57
Unwinding of discount on provisions	4.3	13	10
Total adjustment for non-cash transactions		17,638	14,480

17.2 Movement in trade and other receivables and other current assets

	Note	2024/25 £000	2023/24 £000
(Increase)/decrease in trade and other receivables	11	(5,358)	533
Decrease in other current assets	11	2,445	499
Less other current assets transferred by absorption	15	–	115
Total movement in trade and other payables		(2,913)	1,147

17.3 Movement in trade and other payables

	Note	2024/25 £000	2023/24 £000
(Decrease)/increase in trade and other payables	13	(6,342)	284
Less decrease in capital creditors – intangible assets	13	1,070	1,474
Less decrease in capital creditors – property, plant and equipment	13	–	–
Total movement in trade and other payables		(5,272)	1,758

17.4 Purchase of intangible assets

	Note	2024/25 £000	Restated 2023/24 £000
Additions	6	(4,552)	(21,026)
(Decrease) in capital creditors – intangible assets	13	(1,070)	(1,474)
Total purchase of intangible assets		(5,622)	(22,500)

17.5 Purchase of property, plant and equipment

	Note	2024/25 £000	2023/24 £000
Additions	7	(2,406)	(567)
Decrease in capital creditors – property, plant and equipment	13	–	–
Total purchase of property, plant and equipment		(2,406)	(567)

18. Movements on reserves

	General reserve £000	Revaluation reserve £000	Retained earnings £000	Total £000
Balances at 1 April 2023 restated	82,400	1,814	14,198	98,412
Increase/(decrease) in the period	(28,770)	1,878	(5,044)	(31,936)
Balance at 31 March 2024 restated	53,630	3,692	9,154	66,476
Increase/(decrease) in the period	(32,593)	53	(1,883)	(34,423)
Balance at 31 March 2025	21,037	3,745	7,271	32,053

General reserve

The general reserve reflects the total assets less liabilities of CQC which are not assigned to another special purpose reserve. The balance includes CQC's annual net excess of income or expenditure (see note 2.3) and any actuarial gains or losses arising from the assessment of CQC's share of assets and liabilities in LGPS pension funds (see note 5.4).

Revaluation reserve

The revaluation reserve is a capital reserve used when an asset has been revalued but for which no cash benefit is received. Revaluations are completed annually to reflect their fair value at the reporting date.

Retained earnings

The retained earnings reserve was initially created during 2016/17 to reflect the recovery of amortisation, depreciation and impairments as an element of the fees charged to providers. £8,117k transferred into the reserve this year reflects the depreciation, amortisation and impairments relating to assets that support the regulatory functions where costs can be recovered from providers. During the year £10,000k was utilised to fund our revenue expenditure resulting in a net decrease of £1,883k.

19. Commitments

19.1 Capital commitments

Contracted capital commitments at 31 March 2025, not otherwise included within these financial statements:

	31 March 2025 £000	31 March 2024 £000
Intangible assets	–	912
Property, plant and equipment	–	11
Total	–	923

There were no contracted capital commitments at 31 March 2025, owing to the significantly reduced amounts of capital development in year.

19.2 Other financial commitments

CQC has entered non-cancellable contracts in addition to operating leases and capital commitments. The total payments to which CQC is committed are as follows:

	31 March 2025 £000	31 March 2024 £000
Not later than one year	38,920	44,358
Later than one year and not later than five years	28,839	8,339
Later than five years	87	–
Total	67,846	52,697

Material contracts include £25.7 million relating to Microsoft Enterprise services, £6.5 million for outsourced IT support services and £5.7 million for the provision and management of travel services.

20. Contingent liabilities

CQC has the following contingent liabilities:

	31 March 2025 £000	31 March 2024 £000
Employment tribunals and legal advice	1,561	1,346
Disputed change requests for change programme	–	461
Backdated VAT charges	324	257
Total	1,885	2,064

Due to the nature of the contingent liabilities, it is difficult to accurately determine the final amounts due and when they will become payable.

21. Related party transactions

CQC is a non-departmental public body sponsored by the Department of Health and Social Care, which is regarded as a related party. During the year CQC has had a significant number of material transactions with the Department, and with other entities for which the Department is also regarded as the parent department. We also have transactions with all NHS foundation trusts and NHS trusts, as each are charged an annual statutory fee as providers of regulated activities.

In addition, CQC had transactions with other government departments and other central and local government bodies. Most of these transactions have been with the NHS Pension Scheme relating to our pension costs, HM Revenue and Customs for social security costs and the GPA in respect of rent for office space.

No material related party transactions were noted with members of the Board and ET other than remuneration and expenses as disclosed in the remuneration report.

22. Events after the reporting period date

In accordance with IAS 10, events after the reporting period are considered up to the date on which the Financial Statements are authorised for issue.

The 10 Year Health Plan for England

In July 2025 the Secretary of State for Health and Social Care published Fit for the Future: The 10 Year Health Plan for England. The plan outlines that CQC will take on aspects of regulation from the Health Services Safety Investigations Body (HSSIB), the National Guardians Office will be abolished and Healthwatch England will move out of our oversight into the Department of Health and Social Care.

Local Government Pension Scheme cessation event

The last member of the Suffolk pension fund left CQC in April 2026 resulting in a cessation event. The final cessation valuation remains outstanding, but we do not expect the cessation surplus or deficit to be materially different to that presented in note 5.1.

23. Authorised date for issue

CQC's Annual report and accounts is laid before Parliament. The Financial Statements were authorised for issue by the Interim Chief Executive as Accounting Officer on the same date of the Comptroller and Auditor General's audit certificate.

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