

Our financial resources

We are mainly funded through fees charged to registered providers, with the Department of Health and Social Care (DHSC) providing grant-in-aid (GIA) for costs that under HM Treasury rules are not chargeable through our fee structure. In 2021/22, our fees made up 88% of our revenue funding, with 11% coming from GIA, and the remaining 1% coming from other external sources. Capital expenditure was funded through additional GIA and using our retained earnings reserve (see note 14 to the [financial statements](#)).

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. To provide stability and assist the financial planning of providers, our fee scheme will remain unchanged for 2022/23, the third consecutive year. See the [parliamentary accountability and audit report](#) for further details.

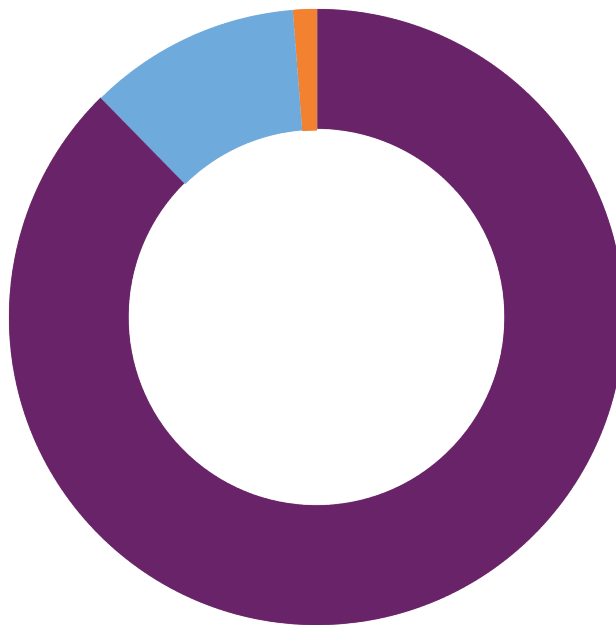
What we received

Our funding is broken down into the following areas.

Total revenue funding

[Chart](#)[Data table](#)

- Fees, **£207.9m**
- GIA, **£26.5m**
- Reimbursement for services and other income, **£2.8m**

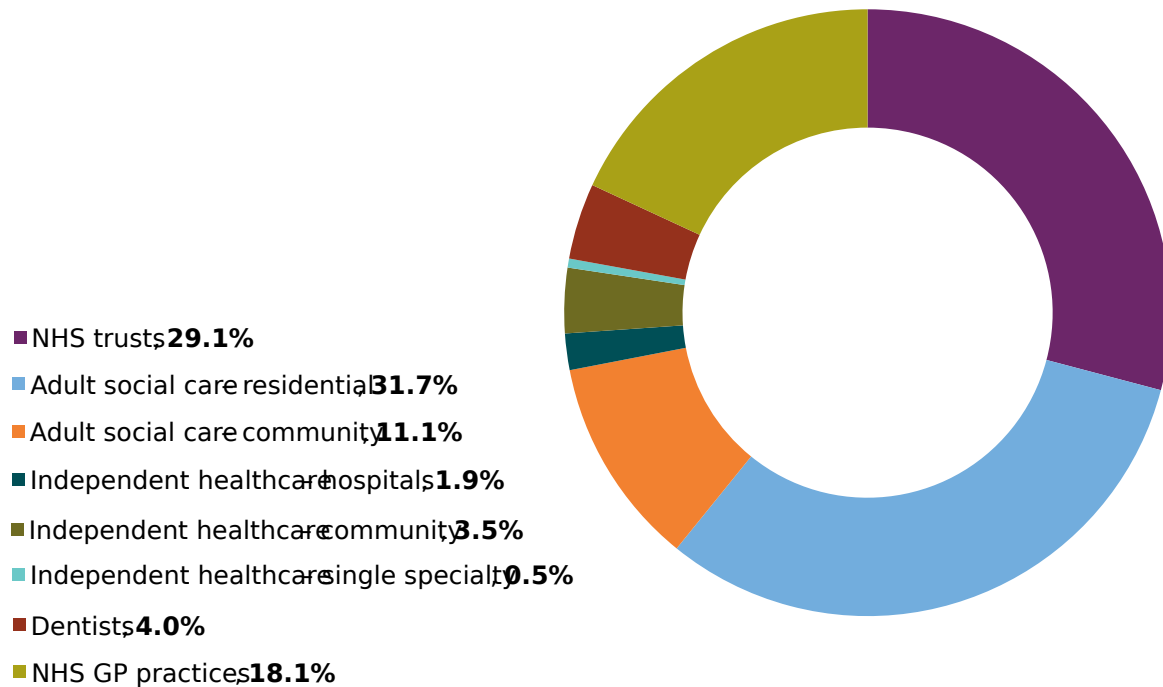


Fees	GIA	Reimbursement for services and other income
£207.9	£26.5m	£2.8m

Fee income by sector

[Chart](#)

[Data table](#)



NHS trusts	29.1%
Adult social care – residential	31.7%
Adult social care – community	11.1%
Independent healthcare – hospitals	1.9%
Independent healthcare – community	3.5%
Independent healthcare – single specialty	0.5%
Dentists	4.1%
NHS GP practices	18.1%

There are clear HM Treasury rules for recovering the full cost of relevant chargeable regulatory activity through our fee structure. DHSC additionally funds GIA for non-chargeable activities such as Enforcement, Mental Health Act, Healthwatch England, Market Oversight, and the National Guardian's Freedom to Speak Up Office. In 2021/22, we also received additional revenue GIA as we look to scope out additional work and duties in relation to Local Authority Assurance, Integrated Care Systems, Liberty Protection Standards, Mental Health Act, Learning Disabilities and Autism, and Artificial Intelligence Laboratories.

What we spent

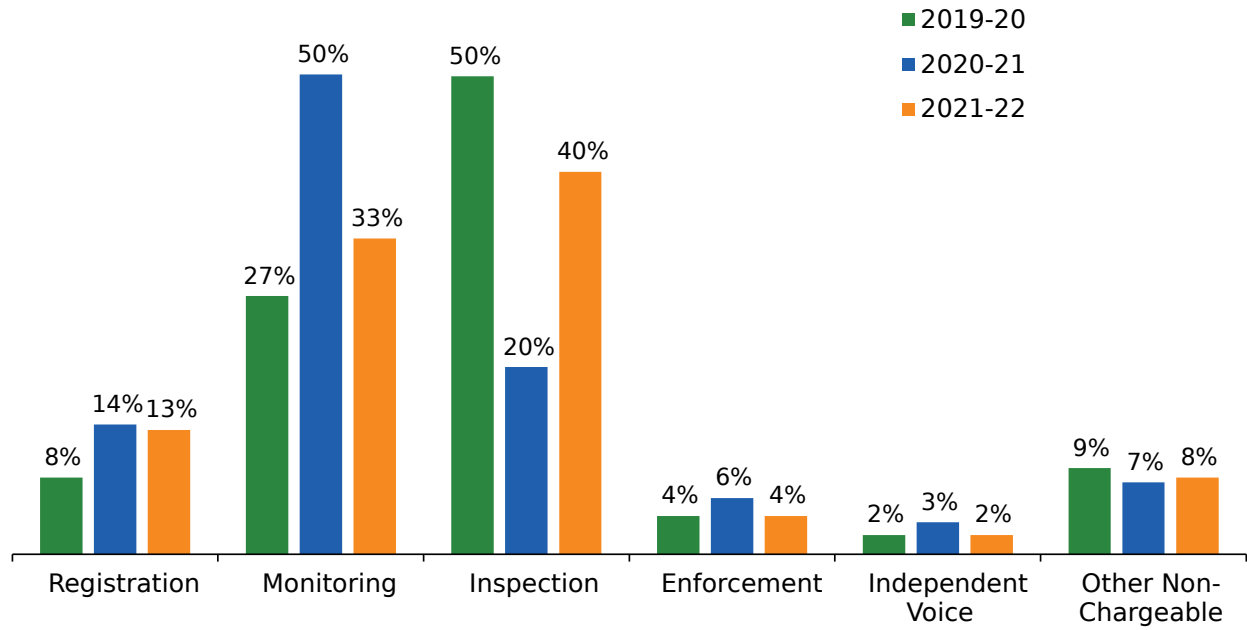
During 2021/22, our total revenue expenditure (excluding non-cash items – see note 2.2 to the financial statements) was £215.4 million, with a further £14.3 million invested through capital expenditure.

Our expenditure relates to the following areas of our operating model, and reflects the impact of our COVID-19 response this year. We are regulating in a proportionate and appropriate manner with a strong focus on higher risk providers, and appreciate that, compared with pre-pandemic levels, there are still COVID-19 challenges for providers that necessitate the need to flex our approach to accommodate. This is evident from the chart below and the year-on-year change in expenditure aligned to both monitoring and inspection.

Expenditure by operating model area

[Chart](#)

[Data table](#)

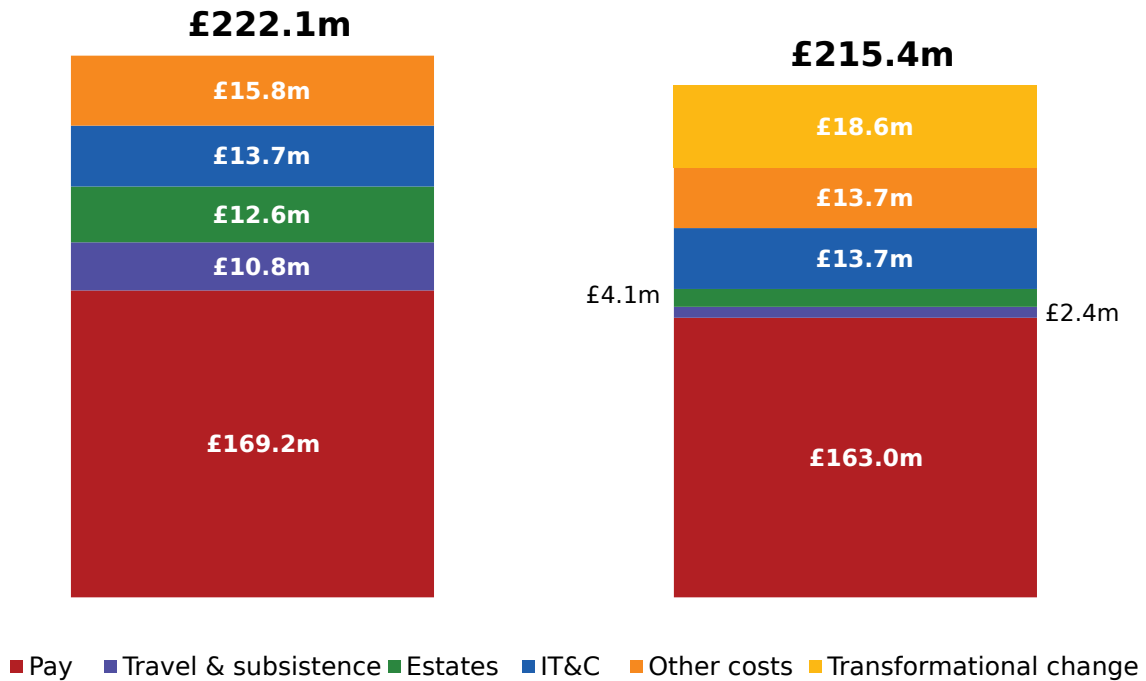


	2019-20	2020-21	2021-22
Registration	8%	14%	13%
Monitoring	27%	50%	33%
Inspection	50%	20%	40%
Enforcement	4%	6%	4%
Independent Voice	2%	3%	2%
Other Non-Chargeable	9%	7%	8%

We have again delivered our work within budget. Our expenditure profile is less than it was 5 years ago despite rising costs and inflation during this time, as we aim to conserve costs as illustrated below.

Revenue operating expenditure 2017/18 and 2021/22

Chart Data table



	2017-18	2021-22
Pay	£169.2m	£163.0m
Travel & subsistence	£10.8m	£2.4m
Estates	£12.6m	£4.1m
IT&C	£13.7m	£13.7m

Other costs	£15.8m	£13.7m
Transformational change	-	£18.6m

Find out more about our financial performance in '[Priority 4](#)' and the [Statement of Comprehensive Net Expenditure](#).

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