Consultation on Fees and Frequency Regulations 2013 - 2014

Government response

March 2013
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Introduction

1. The aim of this consultation was to seek the views of key stakeholders on the proposed changes to the Children’s Homes Regulations 2001 and Her Majesty's Chief Inspector of Education, Children's Services and Skills (Fees and Frequency of Inspections) (Children's Homes etc.) Regulations 2007 (the 2007 Regulations).

2. This consultation also sought views on proposed changes to Children’s Homes Regulations 2001 regarding holiday schemes for disabled children. The response to this section of the consultation will be published shortly.

3. In respect of the 2007 Regulations, the consultation proposed a 10% increase in inspection and regulation fees in 2013, for those providers not already paying the full cost of conducting their inspection. This continues a policy, introduced in 2009, of moving to providers covering the full cost of their inspection. As many providers still pay less than the full cost of their inspections, we propose to continue the 10% annual increase in Ofsted inspection fees in 2013 for those not currently covering the full cost of their inspection.

4. The consultation also proposed changes to the 2007 Regulations to enable the introduction of Ofsted’s revised inspection framework for looked after children, which brings together the inspection of local authority looked after children’s services with the inspection of local authority adoption and fostering functions.

5. The consultation focused on:

   - consulting on a continuation for a further year of the Government's current policy of increasing fees for inspection, and where appropriate compliance, by 10% for those children's social care settings who are not currently paying the full costs for their inspection and regulation (those organisations that are paying full cost will not incur this increase);

   - consulting on the regulatory changes required to enable the introduction in April 2013 of a new inspection framework for local authority looked after children services. This new framework will replace the current separate inspections of looked after children's services, local authority adoption agency services and local authority fostering services.
Summary of responses received and the Government’s response

6. A formal, 4 week, consultation took place between 5 September 2012 and 5 October 2012 to obtain views on proposed amendments to the 2007 Regulations.

7. The consultation was carried out through an online consultation document and the subsequent formal responses received via the DfE e-consultation website.

8. The consultation received 16 responses. This report contains a summary of the consultation responses and a break-down of responses to the consultation questions posed.

NB: The following statistics have been calculated using the number of respondents answering each question; nil responses to a question have not been included.

Main findings from the consultation

Question 1 – Do you agree with the approach to increase fees by 10% from April 2013?

9. 38% of respondents supported continuing the policy of raising inspection fees by 10% annually; 54% did not support the proposal. 8% of respondents were not sure.

10. A number of respondents highlighted that they felt the cost of inspection was already high and that providers are already under considerable financial pressure. Three
respondents highlighted that Local Authorities are freezing or demanding cuts to placement fees. Two respondents described this as fees being driven down to “unviable” levels. These respondents felt that an increase in inspection fees would only add to financial pressures on providers.

**Question 2 – Do you agree with the proposal to change the frequency of the new integrated inspection cycle, from the current 3 yearly interval for local authority looked after children's services, adoption and fostering services, to a four yearly interval?**

![Pie chart showing responses to Question 2]

11. 55% of respondents were content with moving from a three yearly to a four yearly inspection cycle. 36% of respondents did not support the proposed change in inspection frequency and 9% were not sure. The majority of Local Authorities supported the proposal (3 out of 4).

12. Respondents supported moving to a four yearly inspection cycle on the basis that it reduces bureaucratic burden on Local Authorities and allows for a more holistic inspection of looked after children’s experiences. Those against moving to a four yearly inspection cycle felt that increasing financial pressures on Local Authorities makes frequent inspection an important part of maintaining service standards.
13. 50% of respondents were content with the proposed changes to fees and frequency regulations for 2013. 40% were not content with the proposal and 10% were not sure.

14. The concerns highlighted by respondents not content with the proposed changes to fees included:

- Rising inspection fees placing financial pressure on providers when Local Authorities are freezing or demanding cuts in placement fees.
- Charging increased fees for an inspection service that provider’s feel provides a questionable service.
- Questions about how the level of fees is calculated.
- Questions about how the actual cost of inspection is calculated.
### Summary of responses - Number of respondents to each question

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<th>Question</th>
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<th>Not Sure</th>
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Next steps

15. The policy of moving towards full cost recovery for Ofsted inspection of children’s social care settings was initially introduced by the Department of Health in 2001. Previous Department for Education Ministers agreed to the current policy of providers being charged a 10% increase in their fees until they reached full cost recovery in 2009 (when a formal consultation was carried out on the cost model for setting fees and the proposed 10% increase for those providers not at full cost recovery for the following three years).

16. However, Ofsted modified the model used to calculate the cost of inspection in 2010-11 (the 2010-11 cost model) to meet Treasury guidelines. The introduction of this revised model for 2013-14 would have resulted in the overall cost of inspection increasing for a number of settings, and as a result in the fees for some providers no longer being at full cost recovery. This would largely have affected residential special schools and boarding schools. The exception to this is children’s homes. Under the 2010-11 cost model, the fees for inspecting large children’s homes is considerably less than the rate set in 2008-9 and would result in these homes being charged less for their inspection.

17. In response to the consultation and the concerns raised by a small number of respondents about the possible lack of transparency in introducing a revised cost model in 2013-14 without having explicitly consulted on this, we have decided to take forward the following:

   • for those providers who were previously at full cost recovery under the 2008-09 model, to maintain their capped fees for 2013-14;
   
   • for those providers not yet at full cost recovery under the 2008-09 model, fees will rise by 10% in 2013-14, as set out in the consultation document; and
   
   • for large children’s homes whose fees would have been reduced under the 2010-11 cost model, these will be set for 2013-14 using the 2010-11 cost model.

18. In order to allow the introduction of, Ofsted’s revised inspection framework for looked after children, which brings together the inspection of local authority looked after children’s services with the inspection of local authority adoption and fostering functions, the requirement for Ofsted to inspect local authorities’ adoption and fostering services every three years (regulation 19) has been removed from the 2007 Regulations. These changes will provide Ofsted with the flexibility it needs to manage its inspection process as effectively as possible.
19. Currently local authority adoption and fostering services are inspected by Ofsted under Section 136 of the Education and Inspection Act 2006. From 1 April 2013 Ofsted will inspect local authority looked after children’s and fostering and adoption services jointly with the Care Quality Commission under section 20 of the Children Act 2004 (the 2004 Act). To facilitate this, an out of date definition of “children’s services” in the Children Act 2004 (Children’s Services) Regulations 2005 has been updated to clarify the local authority “children’s services” that can be inspected under Section 20 of the Act.

20. The fees set for 2013-14 are in Annex B of this consultation response. Further consultation on the future Ofsted fee structure for 2014 to 2017 will take place later in 2013.
Annex A: List of organisations that responded to the consultation

Bournemouth Borough Council
Break
Care Quality Commission
Council for Disabled Children & The Short Breaks Network
Derby City Council
Family Care Associates
Heswall Disabled Children's Holiday Fund
Holy Trinity Church
Impact
Independent Children's Homes Association
National Association Of Special Schools
Newcastle City Council
Newman Holiday Trust, The
Rotherham Metropolitan Borough Council
Unspecified charity running holiday schemes for disabled children
An independent social care consultant
Annex B: Inspection Fees for 2013-14

Ofsted Annual Inspection Fees - 2013-14

Voluntary adoption agencies

£952.54; or £505.11 in respect of each small branch.

Adoption support agencies

£956.05, or small adoption support agency £505.11.

Fostering agencies

£1,597.00

Children’s homes

- 3 or fewer approved places, £1,455.32;
- 4 - 37 approved places £1455.32 plus £144.95 for each approved place from the 4th to the 37th place inclusive;
- more than 38 approved places, £6,399.31.

Residential family centre

- 3 or fewer approved places, £969.23
- 4 approved places £1090.75
- more than 4 approved places, £1,138.00

Boarding school

- 3 or fewer approved places, £632.49;
- 4 - 12 approved places £632.49, plus £38.07 for each approved place from the 4th to the 12th place inclusive;
- 13 - 50 approved places, £994.00
- 51 - 500 approved places, £1,391.00
- 501 - 800 approved places, £1,789.00
- more than 800 approved places, £2,186.00

Residential college

- 3 or fewer approved places, £632.49;
- 4 – 11 approved places £632.49, plus £38.07 for each approved place from the 4th to the 11th place inclusive;
• more than 11 approved places, £969.00

**Residential special school**

• 3 or fewer approved places, £1,163.96;
• 4 – 18 approved places £1,163.96 plus £115.66 for each approved place from the 4th to the 18th place inclusive;
• more than 18 approved places, £2,899.00

**Local authority adoption and fostering functions**

• relevant adoption functions £1,161.75
• relevant fostering functions £1,815.75