



Department
for Education

Consultation on Fees and Frequency of Inspections Regulations 2016-17

Government response

March 2016

Contents

Introduction	3
Summary of responses received and the Government's response	5
Main findings from the consultation	5
Question 1: Do you agree with the proposed 10% increase for 2016-17?	6
Question 2: Do you agree with the principle of full cost recovery for these fees?	7
Question 3: How would the proposed annual increase affect you as a provider?	8
Next steps	9
Annex A: List of organisations that responded to the consultation	10

Introduction

1. This consultation sought the views of interested parties on the proposed changes to Her Majesty's Chief Inspector of Education, Children's Services and Skills (Fees and Frequency of Inspections) (Children's Homes etc.) Regulations 2015.
2. This consultation sought views on two proposals:
 - Increasing inspection fees for children's social care and residential education providers by 10% in 2016-17, where they do *not* already pay the full cost of Ofsted conducting their inspection. This continues the policy, introduced in 2009, to comply with HM Treasury Guidance, that providers should meet the full cost of inspection.
 - Increasing registration/variation fees for children's social care and residential education providers by 10% in 2016-17.
3. The online consultation took place between the 3rd November 2015 and the 15th December 2015.
4. Following the closure of the consultation exercise, DfE officials identified that four numerical errors had appeared in the fees list included in the consultation document. The correct annual fees for 2016-17 are listed below:

Inspection fees

- Voluntary Adoption Agency (Small) annual inspection fee – the correct fee is £673 not £683

Registration and Variation fees

- Residential Family Centre (small) minor variation – the correct fee is £100 not £120
 - Residential Family Centre (small) variation requiring visit – the correct fee is £602 not £722
 - Residential Family Centre (large) minor variation – the correct fee is £100 not £120
5. In addition, since the closure of the consultation document, a decision has been made to hold the annual registration and inspection fees for holiday schemes for disabled children at the levels applied for financial year 2015/16. Also, a less than 10% increase has been applied to the annual inspection fee for large children's homes for 2016/17 so as to bring it to the full cost recovery level. The correct annual fees for 2016-17 are listed below:

Inspection fees

- Children's Homes (large) annual inspection fee – the fee for 2016/17 is £7526 instead of £7743.

- Holiday schemes for disabled children annual inspection fee – the fee for 2016/17 is £2259 instead of £2485.

Registration Fees

- Holiday homes for disabled children annual registration fee – the fee for 2016/17 is £596 instead of £656.

Summary of responses received and the Government's response

6. The consultation received 17 responses. The following table provides a breakdown of the categories of respondents.

Local authority	Provider of children's homes	Voluntary organisation	Other
2 (12%)	11 (65%)	2 (12%)	2 (12%)

7. In the consultation, respondents self-selected a category which best described the organisation that they were responding on behalf of, or that they worked within. These categories were:

- Private provider of children's homes
- Residential Special Schools
- Boarding school/residential further education college
- Local authority
- Voluntary organisation
- Other

Main findings from the consultation

8. The number of respondents to the consultation was very small. The respondent sample may therefore not fully reflect views across the whole sector.

9. All (with the exception of one) respondents did not support the proposal to increase fees by 10% for those providers not at full cost recovery of their inspection fees, nor did they support a 10% increase in registration/variation fees.

10. The majority of the respondents submitted a combined response from the Independent Children's Homes Association (ICHA). The ICHA speaks on behalf of independent providers of child care services and resources for children and young people.

11. The strongest themes emerging from respondents' comments were that the proposed fees increase was another pressure on providers' costs and that these costs should be achieved through greater efficiencies within Ofsted. The majority of the respondents were children's homes providers who opposed any increase.

12. Respondents also felt that the current regulatory regime is severely affecting the sector and further stretching budgets. This could potentially impact the level of service provided to young people.

Question 1: Do you agree with the proposed 10% increase for 2016-17?

13. There were 17 responses to this question.

Table Q1a – All Respondents

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All Respondents	0 (0%)	0 (0%)	1 (6%)	3 (18%)	13 (76%)

Table Q1b – Respondent Breakdown

	Local authority	Provider of children's homes	Voluntary organisation	Other
Strongly agree	0	0	0	0
Agree	0	0	0	0
Neither agree nor disagree	0	0	0	1
Disagree	2	0	0	1
Strongly disagree	0	11	2	0

14. None of the respondents agreed with the proposal for a 10% increase in inspection/variation fees for those providers not currently paying a fee equivalent to the full cost of their inspection.

15. 18% (3) of respondents disagree with this proposal. 76% (13) of the respondents strongly disagree with this proposal. All 13 respondents are a combined response from The Independent Children's Homes Association (ICHA) of which 11 responses were children's homes providers and 2 from voluntary organisations.

16. This question invited respondents to comment. Seventeen comments were made. Thirteen respondents (combined responses from the Independent Children's Homes Association) were strongly opposed to any increase and, alternatively, proposed a

25% decrease. Respondents also commented that the fees have increased annually over the past years, whilst local authorities have been reducing fees for placements to unviable levels.

Question 2: Do you agree with the principle of full cost recovery for these fees?

17. There were 17 responses to this question.

Table Q2a – All Respondents

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All Respondents	1 (6%)	1 (6%)	2 (12%)	1 (6%)	12 (71%)

Table Q2b – Respondent Breakdown

	Local authority	Provider of children's homes	Voluntary organisation	Other
Strongly agree	0	1	0	0
Agree	1	0	0	0
Neither agree nor disagree	1	0	0	1
Disagree	0	0	0	1
Strongly disagree	0	11	1	0

18.6% (1) respondent agreed with the principle of full cost recovery for these fees.

19.71% (12) of respondents strongly disagreed with this proposal. 11 of the 12 'Strongly disagree' responses were from children's homes providers.

20. This question invited respondents to comment. Seven comments were made.

21. Responses were very similar to question 1 and most respondents reiterated comments about the fees paid by local authorities for placements or services.

22. Two respondents commented that it is hard to make a judgement because of the lack of information on what full cost recovery would involve.

23. One respondent agreed with the full cost recovery model, but suggested that the reason why a company cannot reach the threshold should be considered.

Question 3: How would the proposed annual increase affect you as a provider?

24. This question invited respondents to comment. Fifteen comments were made.

Twelve respondents from The Independent Children's Homes Association commented that Children's Homes have faced significant cost increases arising from legislative requirements and that local authorities are not increasing fees. A further respondent argued that the increase in cost erodes financial sustainability

25. Two respondents argued that the increase would impact on the quality of care provided.

Next steps

1. The policy of moving towards full cost recovery for Ofsted inspection of children's social care settings was introduced to comply with HM Treasury guidance. Since 2009, inspection fees have been increased annually by 10% for those providers not at full cost recovery. The majority of providers are still a long way from paying the full cost of their inspections. This means that the government continues to subsidise these inspections and therefore the market as a whole.
2. Given the wide gap between the cost of inspection and many providers' fees, the policy of an annual 10% increase in inspection fees represents a measured way of bringing fees closer to full cost recovery. The level of proposed annual increase has been designed to maintain stability in the markets and avoid over pressurising individual providers.
3. Subject to Parliamentary approval, regulations setting a 10% increase in fees in 2016-17 for providers not already paying the full cost of their inspection and setting a 10% increase in registration/variation fees, will come into force in April 2016. This staged approach to fee increases recognises the cost sensitivity of the children's social care market and seeks to avoid too large an increase year-on-year while still working towards full cost recovery.
4. As in previous years, the inspection fees for settings that have already reached "full-cost recovery" level will be capped at the full-cost rate.
5. We will be consulting in the near future on proposals for fee increases over a number of years. This should give providers greater certainty and an ability to make plans over a longer term.

Annex A: List of organisations that responded to the consultation

- London Fire Brigade
- Sefton Metropolitan Borough Council
- Cornwall Council
- Sandcastle Care
- Halliwell Homes Limited
- Break
- CareTech Community Services Limited
- The Consortium for Therapeutic Communities (TCTC)
- Amberleigh Care Limited
- Care Today (Children's Services)
- Children's Respite Care Limited
- Outcomes First Group Limited
- Meadows Care Limited
- ROC Northwest Limited
- What's Out There Limited
- The Lioncare Group
- Transformus



Department
for Education

© Crown copyright 2016

This publication (not including logos) is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3

email psi@nationalarchives.gsi.gov.uk

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries www.education.gov.uk/contactus

download www.gov.uk/government/publications

Reference: DFE-00072-2016



Follow us on Twitter:
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:
facebook.com/educationgovuk