



Department
for Education

Fees and frequency of inspection regulations

Government consultation response

February 2018

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Introduction

1. The 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. In particular, the consultation sought views on:
 - a 10% increase on current fees, for those settings where fees are not already at full cost recovery;
 - reviewing the structure of future fees; and
 - ceasing annual inspections of children's homes which are registered, but closed.
3. The online consultation took place between 12th October and 7th December 2017.
4. We received 16 online responses to the consultation, which included responses from representatives from key sector bodies (including local authorities and voluntary organisations). A list of organisations that responded to the consultation can be found at Annex A.

Summary of responses received

5. The consultation received 16 responses. The table below provides a breakdown of the categories of respondents.

Table 1: breakdown of respondent categories

Local authority	Provider of children's homes	Adoption support agency	Independent fostering agency	Voluntary organisation	Not answered
4 (25%)	3 (18.75%)	1 (6.25%)	1 (6.25%)	4 (25%)	3 (18.75%)

Main findings from the consultation

6. 62.5% of respondents were not in favour of increasing fees by 10% where settings were not already at full cost recovery. The main theme emerging from respondents' comments were that the increased fees will put additional pressure on the budgets of providers and that some of these costs will be passed on by providers to local authorities.
7. 50% of respondents agreed that the Department should carry out a review of future fee structures. A number of respondents requested more details about the review and some concerns were raised that the review would result in higher fees.
8. 62.5% of respondents agreed with the proposal to cease inspections for closed children's homes. Some respondents sought clarification about the definition of a closed home and the process for re-opening a closed home.

Question analysis

Fees for registration and other regulatory activity

Q7. Do you agree with the proposed 10% increases for 2018-19?

Table 2: summary of responses to Q7

	Total	Percent
Agree	4	25%
Neither agree nor disagree	2	12.5%
Disagree	4	25%
Strongly disagree	6	37.5%
Not answered	0	0%

9. This question invited respondents to comment. 11 comments were made. Respondents were particularly concerned that the proposed fee increases would put additional pressure on providers' budgets and that costs will be passed on by providers to local authorities.

Q8. How would the proposed 10% annual increase affect you as a provider?

10. This question invited respondents to comment. 12 comments were made. Comments primarily highlighted the concern that budgets are already under pressure and that it is increasingly difficult for providers to cover their costs. Comments also highlighted that, in some cases, the fee increase would be passed onto local authorities by providers.

Q9. Do you agree that a review of fee structures should be undertaken?

Table 3: summary of responses to Q9

	Total	Percent
Yes	8	50%
No	4	25%
Indifferent	4	25%

11. This question invited respondents to comment. 8 comments were made. A number of comments requested more detail about the proposed review. Some concerns were raised that a review of fee structures would result in an increase in fees.

Government response

12. The majority of providers are a long way from paying the full cost of the regulatory activity undertaken by Ofsted. A number of providers are paying less than 25% of full cost recovery with the vast majority paying less than 50% of full cost recovery. This means that the government continues to subsidise the regulation of the majority of children's social care settings.

13. While recognising the views expressed in the consultation, 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 government wants to limit the financial burden placed on providers while moving towards the full cost recovery of fees. The level of proposed annual increase has been designed to maintain stability in the market and avoid imposing unsustainable pressure on individual providers.

14. Subject to Parliamentary approval, regulations setting a 10% increase in fees in 2018-19 for providers not already paying the full cost of their annual fee and setting a 10% increase in registration/variation fees (as set out at Annexes B and C) will come into force in April 2018. As in previous years, the annual fees for settings that have already reached full cost recovery level will be capped at the full-cost rate.

15. The annual fees for residential holiday schemes for disabled children remain capped at a reduced rate and the provider and manager registration fee remains the same as 2017-2018. This continues to represent a proportionate fee structure in relation to the operating model for this specific setting.

16. Following the consultation responses, Ofsted will undertake a review of the basis on which fees are set at all levels (annual, registration and variation to conditions of registration). The review will aim to make the fee structure fairer. The review will not affect fees for 2018-2019. Any changes will be consulted on before being implemented which will allow providers the opportunity to input into any changes to the charging model for fees.

17. The review will be guided by the following principles:

- the overall fee income level is no less than the current fee structure would provide for FY2019-20;
- we will continue to move towards charging fees that meet the full cost of associated regulatory and inspection activity;

- we will adhere to any other government principles that the sector and Ofsted may be subject to such as Treasury guidance on moving to full cost recovery for services provided.

Frequency of inspections for children’s homes

Q10. Do you agree with the proposal to cease inspection of closed children’s homes?

	Total	Percent
Yes	10	62.5%
No	0	0%
Indifferent	6	37.5%

18. This question invited respondents to comment. 7 comments were made. Some respondents were concerned that the definition of closed homes was not clear enough. Additionally, a number of respondents sought clarification about how Ofsted would keep in touch with homes and the process for those homes re-opening.

Q.11 Do you foresee any problems or issues that this proposal might create?

19. This question invited respondents to comment. 9 comments were made. Some respondents were concerned that the proposal might create delays in re-opening closed homes.

Government response

20. The annual inspection of closed children’s homes will be ceased. Closed homes are homes that:

- do not have any children in the placement
- indicate that they have no intention to take any children; and
- intend to remain closed for some time.

21. At present, Ofsted is required to inspect all registered children’s homes annually in accordance with the Regulations. Where a registered provider informs Ofsted they have a closed home, but have not applied for voluntary cancellation of their registration, Ofsted imposes a condition of registration under section 13(5) of the Care Standards Act 2000. The condition is that they must inform Ofsted three months

before starting to accommodate children again. Before the home is reopened, it will be subject to an inspection by Ofsted.

22. Under the changes, the annual inspection of closed children's homes, upon which a condition of registration under section 13(5) of the Care Standards Act 2000 has been imposed by Ofsted, will be ceased. However, inspections may be carried out at any time under section 31 of the Care Standards Act 2000.

23. Ofsted will remain in contact with the provider by phone or other means to decide when an inspection visit is necessary. It will remain the case that a closed home must inform Ofsted three months before starting to accommodate children again. Before the home is reopened, it will be subject to an inspection by Ofsted.

24. When a closed home reopens it will be inspected as follows:

- Where a closed children's home reopens before 1st October in any year, the home will be inspected before the 31st March in that year.
- Where a closed children's home reopens on or after 1st October in any year, no inspection of that home is to be carried out, until the following inspection year.

25. Some homes may be active, but at the time of inspection have no children in placement. This could be due to being in between placements or because they are newly registered. There will be no change in the inspection frequency of homes that temporarily have no placements, or homes that have recently registered and have not yet started accommodating children.

26. For further information, the Social Care Common Inspection Framework (SCCIF) includes the following: <https://www.gov.uk/guidance/social-care-common-inspection-framework-sccif-children-s-homes-including-secure-children-s-homes/22-inspections-where-no-children-are-living-in-the-home>. It provides comprehensive details of how children's homes where no children are living on a short and long term basis are currently handled.

Equalities assessment

Q9. Please provide any representations/evidence on the impact of our proposals for the purposes of the Public Sector Equality Duty (Equality Act 2010). The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race (including ethnicity); religion or belief; sex; and sexual orientation.

27. We received 5 comments. Of those that responded, some were concerned that an increase in fees will have an impact on the quality of care for looked-after children, including those with disabilities.

28. The policy of increasing fees by 10% represents a measured way of bringing fees closer to full cost recovery without placing unsustainable pressure on providers and affecting the care they provide. Additionally, the Social Care Common Inspection Framework includes in its evaluation criteria that children should experience care which is responsive to age, disability and any other protected characteristics.

Annex A: List of organisations¹ that responded to the consultation

- Action for Children
- Chrysalis Associates
- The Foster Care Co-operative
- Future Focused Care
- Independent Children's Homes Association
- Kent County Council
- Lancashire County Council
- Leicestershire County Council
- The National Association of Independent Schools & Non-Maintained Special Schools (NASS)
- Plus One (South West) Ltd
- St Christopher's Fellowship
- West Sussex County Council
- A Whiteley Consultancy

¹ Not including respondents who requested to remain confidential, were anonymous or responded in an individual capacity.

Annex B: Social care fees for 2018-19

Proposed annual inspection fees for 2018-19	2017-18 Annual fee	2018-19 Annual Fee	Increase
Voluntary Adoption Agency (Small)	740	814	74
Voluntary Adoption Agency (Large)	1,395	1,535	140
Independent Fostering Agency	2,339	2,573	234
Adoption Support Agency (Small)	740	814	74
Adoption Support Agency (Large)	1,400	1,540	140
Residential Family Centre (0-3)	1,419	1,561	142
Residential Family Centre (4)	1,597	1,757	160
Residential Family Centre (5+)	1,667	1,834	167
Children's homes (0-3)	2,131	2,344	213
Children's homes (4-31)	2,131	2,344	213
Children's homes (4-31) per place fee	213	234	21
Children's homes (32+)	8,279	9,107	828
Boarding School (0-3) *	842	842	0
Boarding School (4-12) *	842	842	0
Boarding School (4-12) per place fee *	51	51	0
Boarding School (13-50) *	1,323	1,323	0
Boarding School (51-500) *	1,851	1,851	0
Boarding School (500+) *	2,223	2,223	0
Residential FE College (0-3)	926	1,019	93
Residential FE College (4-11)	926	1,019	93
Residential FE College (4-11) per place fee	56	62	6
Residential FE College (12+)	1,419	1,561	142
Residential Special School (0-3)	1,704	1,874	170
Residential Special School (4-18)	1,704	1,874	170
Residential Special School (4-18) per place fee	169	186	17
Residential Special School (19+)	4,245	4,670	425
LA Adoption functions	1,702	1,872	170
LA Fostering functions	2,659	2,925	266
Holiday Schemes for Disabled Children **	500	500	0

* Full cost recovery achieved

** No increase in fees as set out in the Fees and Frequency consultation for 2017-18 fees
The [2015 Regulations](#) set out the definitions regarding the size of settings.

Annex C: Proposed registration/variation fees for 2018-19

Children's Home (small)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration	794	873	79
Manager registration	no fee		
Minor variation	132	145	13
Variation requiring visit	794	873	79

Children's Home (large)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration *	2,646	2,646	0
Manager registration	794	873	79
Minor variation	132	145	13
Variation requiring visit *	1,322	1,322	0

Voluntary Adoption Agency (small)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration	551	606	55
Manager registration	no fee		
Minor variation	92	101	9
Variation requiring visit	551	606	55

Voluntary Adoption Agency (large)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration	2,021	2,223	202
Manager registration	no fee		
Minor variation	92	101	9
Variation requiring visit *	919	919	0

Independent Fostering Agency

Type	2017-18 fee	2018-19 fee	Increase
Provider registration *	2,646	2,646	0
Manager registration	794	873	79
Minor variation	132	145	13
Variation requiring visit *	1,322	1,322	0

Adoption Support Agency (small)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration	551	606	55
Manager registration	no fee		
Minor variation	92	101	9
Variation requiring visit	551	606	55

Adoption Support Agency (large)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration	2,021	2,223	202
Manager registration	551	606	55
Minor variation	92	101	9
Variation requiring visit *	919	919	0

Residential Family Centre (small)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration	662	728	66
Manager registration	no fee		
Minor variation	110	121	11
Variation requiring visit	662	728	66

Residential Family Centre (large)

Type	2017-18 fee	2018-19 fee	Increase
Provider registration	2,424	2,646*	222
Manager registration	662	728	66
Minor variation	110	121	11
Variation requiring visit *	1,102	1,102	0

Holiday Schemes for Disabled Children

Type	2017-18 fee	2018-19 fee	Increase
Provider registration **	596	596	0
Manager registration **	596	596	0
Minor variation	no fee		
Variation requiring visit	no fee		

* Full cost recovery achieved

** No increase in fees as set out in the Fees and Frequency consultation for 2017-18 fees
The [2015 Regulations](#) set out the definitions regarding the size of settings.



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About this publication:

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Reference: DFE-00063-2018



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