



Department
for Education

Consultation on fees and frequency of inspection for children's social care settings

Government response

February 2013

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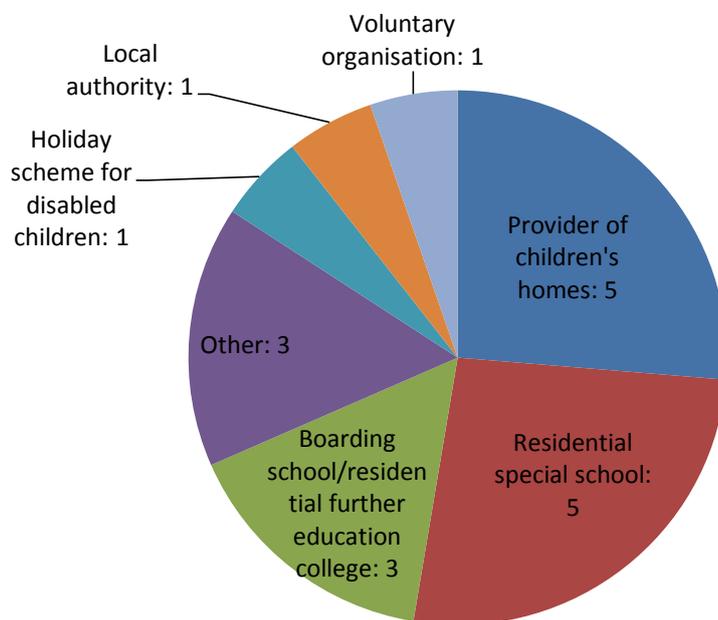
Introduction

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 2007.
2. This consultation sought views on two proposals:
 - Increasing inspection fees for children's social care and residential education providers by 10% in 2014-15, 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.
 - Changing the frequency of the inspections of holiday schemes for disabled children so that those schemes that are judged by Ofsted to be 'outstanding' will only be inspected every two years.
3. The consultation also made explicit that in 2010-11 Ofsted refined how they calculated the cost of inspection to improve transparency and compliance with HM Treasury guidance. The cost of each inspection activity is now calculated using two key components:
 - a. Number of inspection days (for each grade of inspector used) multiplied by
 - b. Day rates (for each grade of inspector used).This provides a more accurate reflection of the cost and resources involved in each inspection activity.
4. The online consultation took place between the 13th November 2013 and the 10th December 2013.

Summary of responses received and the Government's response

5. The consultation received 19 responses. Chart 1 provides a breakdown of the categories of respondents.

Chart 1: Categories of Respondent



6. 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

7. The number of respondents to the consultation was very small and represents only a small proportion of the children's social care sector. It should also be noted that 5 respondents submitted virtually identical responses based on the National Association of Special Schools response. The respondent sample may therefore not fully reflect views across the whole children's social care sector.

8. The majority of respondents did not support the proposal to increase fees by 10% for those providers not at full cost recovery of their inspection fees, and were uncertain about the proposal for reducing the frequency of inspection for disabled children’s holiday schemes.
9. The strongest themes emerging from the comments received was that the proposed fees increase was another pressure on providers’ costs, while the fees that local authorities were willing to pay had remained static or been reduced. Respondents also felt that further stretching budgets could potentially impact on the level of service provided to young people.

Question 1: Do you agree with the proposed 10% increase in fees?

10. There were 17 responses to this question.

Table Q1a – All Respondents

	Yes	No	Not Sure
All Respondents	4 (22%)	13 (73%)	1 (5%)

Table Q1b – Respondent Breakdown

	Local authority	Provider of children's homes	Voluntary organisation	Boarding school/residential further education college	Residential special school	Other	Holiday Scheme for disabled children
Yes	0	0	0	1	1	1	1
No	1	5	1	1	4	1	0
Not Sure	0	0	0	1	0	0	0

11. **22% (4) of respondents agreed with the proposal for a 10% increase in inspection fees for those providers not currently paying a fee equivalent to the full cost of their inspection.**
12. **73% (13) of respondents did not agree with this proposal.** 9 of the 13 ‘No’ responses were from residential special schools and children’s homes providers.

13. Respondents described the pressure from local authorities over the past few years to reduce or maintain their fees, meaning that they have been unable to increase their fees to keep pace with rising costs, such as food and utilities.
14. Respondents also expressed concerns about what they described as the 'quality and consistency' of inspection and they questioned whether the fees charged represented value for money given their concerns.
15. Respondents, particularly those who are members of the National Association of Special Schools, commented that the actual cost of conducting an inspection needs to be far more transparent.

Question 2: What consequences, if any, will a 10% increase in your inspection fees have on your service?

16. **This question invited respondents to comment. 13 comments were made. 6 comments indicated that the extra money required for 2014-2015 fees would have to be found from within providers' existing budgets, possibly affecting services provided to children and families. 3 respondents commented that this increase would result in them having to review or put up their fees.**
17. Members of the National Association of Special Schools who responded felt this increase was another element of cumulative cost pressures they face, such as rising energy prices, and that as they were unlikely to be able to recoup this additional cost through increased fees, it would result in a real loss to the school or home. *"Whilst the overall increase may not seem large in its own right, it represents one element of increasing costs for schools/homes...[this] becomes another cost for providers to absorb...which will impact on the service offered to young people."*
18. Two respondents highlighted the adverse impact of this increase on smaller providers. One respondent felt this could discourage new providers, particularly smaller ones, from entering the market. Another respondent highlighted that some smaller providers are struggling to remain solvent, facing significant cost pressures and this increase would affect the service they can deliver.

Question 3: Do you agree that 'outstanding' holiday schemes for disabled children should in future be inspected every two years?

19. There were 14 responses to this question.

Table Q3a – All Respondents

	Yes	No	Not Sure
All Respondents	3 (21%)	2 (14%)	9 (65%)

Table Q3b – Respondent Breakdown

	Local authority	Provider of children's homes	Voluntary organisation	Boarding school/residential further education college	Residential special school	Holiday scheme for disabled children	Other
Yes	0	0	0	1	1	1	0
No	0	0	0	0	1	0	1
Not Sure	1	1	1	2	3	0	1

20. 21% (3) of respondents supported the proposal that ‘outstanding’ holiday schemes for disabled children should be inspected every two years.

21. The holiday scheme that responded supported this proposal. The holiday scheme provider commented “*Our holiday scheme has not changed ...as we only exist for one week per year there is little need to monitor our development in the same manner as a care home working 365 days per year.*”

22. 65% (9) of respondents were ‘not sure’ about this proposal. 5 of the 9 ‘not sure’ respondents were members of the National Association of Special Schools, who welcomed the principle of reducing the frequency of inspection for outstanding providers, but felt this should also be extended to special schools and children’s homes. They felt that holiday schemes should not be considered as lower risk than other settings and wanted a more consistent approach to the frequency of inspection across different types of settings.

23. 14% (2) of respondents disagreed with this proposal, including Ofsted. Ofsted felt that, because of the nature of holiday schemes, an inspection judgement given would not be relevant twelve months later when you may have a completely new group of children using the scheme and new group of staff/ volunteers. Ofsted felt that such a long period between inspections posed a safeguarding risk to this vulnerable group of children.

Question 4: Please use this space for any other comments you wish to make

24. **There were three responses to this question.** One respondent asked that fee increases be publicised as early as possible to allow organisations time to budget

appropriately for the increase. Another respondent questioned whether there was evidence that Ofsted would provide additional value or services for the increase in fees.

Question 5: Please let us have your views on responding to this consultation

- 25. Six respondents felt that the consultation period was too short. One respondent felt it would be helpful if the government released an impact assessment to show why the proposals are being made and to clarify the benefits.**

Next steps

26. Subject to Parliamentary approval, Regulations setting a 10% increase in fees in 2014-15 for providers not already paying the full cost of their inspection will come into force in April 2014.
27. 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. Many providers, however, still pay significantly less than the cost of conducting their inspections. 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 market and avoid over-pressurising individual providers.
28. As was made clear in the consultation, in 2010-11 Ofsted refined how they calculated the cost of inspection to improve transparency and compliance with HM Treasury guidance. The revised cost model provides a more accurate reflection of the cost and resources involved in each inspection activity.
29. This revision has meant that for some settings the cost of inspection has increased. As the revised cost model had not previously been made clear to providers, in 2013-14 the maximum fee caps set under the previous cost model were maintained. As the revised cost model has now been made clear to providers, fees for all setting types in 2014-15 have been set using the 2010-11 model. This means some providers previously at full cost recovery will see an increase in their fees.
30. The cost of inspection for large children's homes decreased under the 2010-11 cost model. Fees for these settings in 2013-14 were reduced to reflect this. As the fees for this type of setting already reflect Ofsted's revised cost model the maximum fee cap will remain the same for 2014-15.
31. Ofsted recently finished consulting on proposed changes to their inspection framework. Once these changes are finalised further consultation will take place to set fees for future years.
32. The proposed change to the frequency of inspection for 'outstanding' holiday schemes will not be implemented. Given the response to this proposal, particularly Ofsted's concern that this policy posed a risk to the safeguarding of vulnerable children, the Department discussed this further with Ofsted and other stakeholders. Following this discussion it was agreed that holiday schemes for disabled children should continue to be inspected annually.

Annex A: List of organisations that responded to the consultation

A Significant Other Ltd
Dove Adolescent Services Ltd
Eagle House School
Family Care Associates Limited
Heswall Disabled Children's' Holiday Fund
Hillcrest Care
HMCI Ofsted
Independent Children' Homes Association
Ingfield Manor School
Kent County Council
Meadows School
National Association of Independent Schools and Non-Maintained Special Schools (NASS)
National Autistic Society (Radlett Lodge School)
Nationwide Association of Fostering Providers
Nunnykirk Centre for Dyslexia
Owlswick Independent Children's School and Home
Philpots Manor School
St Catherine's School, Bramley
Whitstone Head Educational Trust Ltd



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