

<b>Title:</b> Holiday Schemes for Disabled Children - Children's homes <b>IA No:</b> <b>Lead department or agency:</b> Department of Education <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 05/11/2012		
	<b>Stage:</b> Final		
	<b>Source of intervention:</b> Domestic		
	<b>Type of measure:</b> Secondary legislation		
<b>Contact for enquiries:</b> Shelley Stewart-Murray 0207783 8089			
<b>Summary: Intervention and Options</b>			<b>RPC Opinion:</b> RPC Opinion Status

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£m	£0.019m	£0.002m	Yes   OUT

**What is the problem under consideration? Why is government intervention necessary?**  
 All children's homes must be registered and inspected twice a year by Ofsted in accordance with the provisions of the Care Standards Act (CSA) 2000, the Children's Homes Regulations 2001 and the Fees and Frequency Regulations. These provisions require children's holiday schemes for disabled children to be treated as children's homes. There are a number of elements of the Children's Homes Regulations considered to be irrelevant for these schemes, therefore placing unnecessary burdens on them. Removing these elements through intervention will free up scarce resources and increase social welfare.

**What are the policy objectives and the intended effects?**  
 The overarching policy intention is to retain the requirement on holiday schemes for disabled children to register by the introduction of a separate set of Regulations created specifically for holiday schemes. The new regulations will mirror the current children's homes regulations with key modifications for these schemes. This would include the reduction of the number of prescribed inspections undertaken by Ofsted (twice a year reduced to annually) and a more proportionate chargeable fee. Schemes will also be able to operate across a number of sites but would only be required to register once with Ofsted. Currently providers wishing to operate schemes over more than one site would be subject to an additional registration fee for each scheme. The initial cost to providers will be reduced significantly.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**  
 The preferred approach, for reasons detailed above, is to create a separate set of Regulations for holiday schemes for disabled children to register with Ofsted, but to scale back current requirements by reducing the number of inspections and charging a more proportionate fee.

<b>Will the policy be reviewed?</b> It will not be reviewed. <b>If applicable, set review date:</b> Month/YearN/A					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		<b>Micro</b> Yes/No	<b>&lt; 20</b> Yes/No	<b>Small</b> Yes/No	<b>Medium</b> Yes/No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)				<b>Traded:</b>	
				<b>Non-traded:</b>	

*I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.*

Signed by the responsible Minister: Edward Timpson Date: 5th June 2013

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Retain the requirement on holiday schemes for disabled children to register as children's homes, but scale these requirements back, reducing the number of inspections and charging a more proportionate fee

## FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: £m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks

Discount rate (%)

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £0.00	Benefits: 0.002m	Net: 0.002m	Yes	OUT

# Evidence Base (for summary sheets)

## Important Note

1. A consultation stage IA was submitted to the RPC on this measure on 10 July 2012. The RPC response to the Department was received on 01 August 2012. The proposal was rated Amber. We believe that this measure falls under the deregulatory fast track route in the new impact assessment system. This measure does not require a triage assessment as the RPC has already agreed that the measure is likely to be an OUT when they reviewed the consultation stage IA (see interim guidance, page 10, par.23). This measure does, however, require a validation stage IA as it is in scope of OIOO rules; it is a net benefit to civil society organisations.

## Problem under consideration

2. Holiday Schemes for Disabled Children are offered by a provider to children with disabilities for around 30 children per holiday scheme. The schemes are a series of weeklong holiday breaks for different groups of children taking place throughout a holiday period. The schemes are located across England.
3. Currently all children's homes must be registered and inspected twice a year by Ofsted in accordance with the provisions of the CSA 2000, the Children's Homes Regulations 2001, and the Fees and Frequency Regulations. These provisions require children's holiday schemes providing specifically for disabled children, to be treated as children's homes. As such, these schemes also must meet the requirements set out in the related National Minimum Standards (NMS) for children's homes.
4. The NMS covers those standards and quality of provision which providers should meet and must be taken into account by Ofsted when inspecting and regulating the service. A failure to comply, for example, may lead to a provider's registration being cancelled. Ofsted makes 'recommendations' to bring about improvement over and above the NMS. The NMS are underpinned by the Children's homes regulations which set out the legal framework by which Ofsted inspect against.
5. These schemes have highlighted a significant risk to their future due to the financial burden of the current regulatory and inspection regime. In addition, the Fees and Frequency Regulations require the schemes to pay Ofsted a registration fee and thereafter annual fees. Holiday schemes for disabled children have found the requirements and costs of the regulatory framework increasingly burdensome.
6. The regulations place a significant burden on schemes as processes assume a 52 week organisation with full-time employees. The schemes operate for short period a year so that many of the regulations (of which there are 42) and questions asked through the inspection process have minimal relevance to charities. They also include unachievable time bound deadlines as schemes rely on volunteers to deliver this service.
7. In discussion with the schemes and representatives from the wider sector the Department consulted on revisions to the regulatory and inspection regimes for holiday schemes for disabled children.

## Rationale for intervention

8. There are two voluntary sector providers that deliver holiday schemes annually and have registered with Ofsted as children's homes and comply with the children's homes regulations. Heswall disabled children's holiday scheme and Newman trust (the two holiday schemes that are currently registered) have both made representations to the Department that the stringent inspection regime coupled with the heavy duty of burdens imposed by children's regulations limit the success of their schemes in being able to operate effectively as a children's home and therefore meet the National Minimum Standards (NMS) required for children's homes. In addition and crucially the annual inspection fee charged to children's homes places continued threat to their continued existence. They are both charitable organisations and have no formal income except through fundraising and donations.

## Policy objective

9. The Government wishes to reduce the financial and regulatory burden on Holiday Schemes for Disabled Children whilst still ensuring that effective and proportionate safeguards are in place to protect the welfare of the children who take part on these schemes.

## Description of the policy change

–The proposed approach is to retain the requirement on holiday schemes for disabled children to register as children’s homes but to scale the requirements back, reduce the number of inspections and charge a more proportionate fee. This ensures that the schemes continue to operate without having to meet all the current requirements and pay disproportionate fees. Parents would primarily be responsible for the quality of the scheme that they choose for their disabled child’s holiday but this option would ensure that a minimal framework remains in place to allow appropriate independent quality assurance of these schemes. The key elements of this approach will include:

- disapplying those elements of the Children’s Homes Regulations provisions felt less relevant for holiday schemes;
  - reducing the number of prescribed inspections from twice a year to annual; and
  - charging a lower annual inspection fee to Ofsted (fees laid out below).
10. As an extension, where a provider operates a single scheme for a total of 7 days or less in a year and they have a judgement of outstanding, then their inspections will be reduced further to once every 2 years. The scheme would also only be subject to an inspection charge once every 2 years.
11. Children’s homes are currently subject to 43 regulations and related schedules plus 25 National Minimum Standards (NMS) for children’s homes. A number of these are not felt to be relevant. For example, homes are expected to provide a placement plan for the child and ensure children’s educational needs are met. However, schemes are temporary and would not be able to provide placement plans and would not be expected to be responsible for a child’s education.

## Costs and benefits to business

12. A benefit to providers of holiday schemes for disabled children is through the reduction in the registration and annual inspection fee to Ofsted. Children’s homes are required through legislation to register with Ofsted and are currently charged a ‘one-off’ registration fee of £2,186. The annual inspection fee varies depending on the number of children involved on a scheme. The full current fee schedule for 2012/13 is set out in table 1 below. There are currently two voluntary sector providers that deliver holiday schemes and have registered with Ofsted as children’s homes. One provider currently pays Ofsted an annual fee for inspection of £3,827. The other currently pays £4,881. This gives a total of £8,708 for 2012/13.

**Table 1: Annual Ofsted Fees for Children’s Homes – current fees for 2012/13**

Type of Establishment	Fee
Children’s Home with 3 or fewer places	£1323.01 flat fee
Children’s Home with 4 to 62 places	£ 1323.01 flat fee, plus £131.77 for each place 4 to 62 inclusive
Children’s Home with 63 or more places	£9,120 flat fee

Source: <http://www.ofsted.gov.uk/resources/annual-fees-for-childrens-social-care-services>

13. Ofsted propose a new fee schedule for holiday schemes for 2013/14. This is laid out in table 2 below. Ofsted expect to receive a total of £4,789 in fees from the two holiday scheme providers in 2013/14. This is estimate is given by  $(£8,708 \times 1.1) / 2$ . This implies an expected reduction of £3,919 in fee receipts between 2012/13 and 2013/14 (e.g. £8,708 – £4,789).

**Table 2: Annual Ofsted Fees for Children’s Homes –fees for 2013/14**

Type of Establishment	Fee
Holiday schemes CH (0-3 places)	£727.88 flat fee
Holiday schemes CH (4-37 places)	£727.88 + £72.47 for each additional place over 3
Holiday schemes CH (38+ places)	£3,199.65 flat fee

14. Another benefit to providers of holiday schemes for disabled children will likely materialise through a lower burden associated with the accommodation of and preparation for Ofsted inspections. Inspections will move from two a year to one a year. In addition, the per-inspection tariff is also going to be reduced (e.g. days required in preparations, on-site, and post inspection report writing, etc). We are unable to place an accurate estimate of the benefit to providers associated with this. It is expected, however, to be small.

15. As noted in paragraph 12 above, we also propose a further reduction in inspection frequency and fee payment for those providers who meet criteria relating to their Ofsted rating and the duration of their activities. Currently, only one of the two existing providers operates 7 days or less a year. This implies that the total benefits to providers may be greater. In the analysis that follows we present the estimated series of costs and benefits applicable under the key elements articulated in paragraph 11.

### Overall estimate of business impact (following OIOO methodology)

16. This measure is in scope of OIOO. The measure affects two holiday scheme providers and both are civil society organisations. The measure is a net benefit to providers and is classed as an OUT under OIOO methodology. In this section we lay out the relevant business calculations.

17. The future time stream of estimated benefits to providers over 10 years is depicted in table 3. At 2012/13 prices and a 2012/13 base year, the present value of these benefits is £0.027m. Under OIOO methodology, the price year is 2009 and the base year is 2010. We can use the HMT GDP deflator series to express values in 2009 prices.<sup>1</sup> Under a 2009 price year and 2010 base year, the net present value is £0.019m and the annual benefit per year is 0.002m.

**Table 3: Fee payment savings to holiday schemes for disabled children**

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Reduction in fees paid by holiday schemes for disabled children (nominal terms)	£3,919	£3,919	£3,919	£3,919	£3,919	£3,919	£3,919	£3,919	£3,919	£3,919
Reduction in fees paid by holiday schemes for disabled children (real terms – 2012 price year)	£3,846	£3,774	£3,700	£3,628	£3,557	£3,487	£3,419	£3,351	£3,286	£3,221
Reduction in fees paid by holiday schemes for disabled children (real terms – 2009 price year)	£3,557	£3,491	£3,422	£3,355	£3,290	£3,225	£3,162	£3,100	£3,039	£2,979

Note: CPI forecasts from Office for Budget Responsibility (2012) used to place values in 2012 prices. This publication reported forecasts up to 2016. We assume here that 2.0 forecast persists further into the future. Office for Budget Responsibility. (2012). Economic and Fiscal Outlook, March 2012. See page 11 <http://budgetresponsibility.independent.gov.uk/wordpress/docs/March-2012-EFO1.pdf>

<sup>1</sup> [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm)

## **Risks and assumptions**

18. Currently only two providers of holiday schemes are registered with Ofsted as children's homes. The review and consultation of these provisions may encourage additional providers of holiday schemes to register their schemes with Ofsted. We understand that there may be additional schemes that operate that should be registered with Ofsted. We expect this number to be minimal. This development would be felt as an overall benefit to society for more children will be covered by the proportional regulatory framework. The Department has worked with Ofsted to ensure that the disapplication of regulations will not compromise the safeguarding effect to the regulations on holiday schemes.