

Title: Validation IA - Amendments to The Care Standards Act 2000 (Registration) (England) Regulations 2010 IA No: Lead department or agency: Department for Education Other departments or agencies:	Impact Assessment (IA)		
	Date: 27/11/2013		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Claire Owens 01142 742712			
Summary: Intervention and Options			RPC Opinion: Awaiting Scrutiny

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, Two-Out? Measure qualifies as
	£-0.69m	£0.07m	Yes IN

What is the problem under consideration? Why is government intervention necessary?

There is a lack of clarity about who must take responsibility and be accountable for ensuring children's homes are located in safe areas. There is currently no requirement on those setting up homes to seek the views of services in the area where the home or to review the suitability of the area in respect of children's homes. This has resulted in there being concentrations of homes in areas of deprivation. Intervention is needed to clarify responsibilities and to ensure that homes are located in environments safe to accommodate this vulnerable group in society.

What are the policy objectives and the intended effects?

To remedy the lack of clarity about who has responsibility for locating homes in safe areas to ensure that children's homes are not located in areas where the location presents an unacceptable level of risk to the safety of the looked after children. Ensuring that a risk assessment of the safety of the location of a children's home is conducted by home providers before a home is opened will reduce the risk of adverse events affecting the well-being and safety of looked after children.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

To amend the Care Standards Act 2000 (Registration)(England) Regulations 2010 to prescribe, as a condition of registration, for children's homes to provide to Ofsted an assessment of the suitability and safety of the area in which the home is located for the purposes of providing a children's home. In addition, to ensure that the home ascertain the views of local services on the suitability of the area where they are planning to establish a children's home and where reasonably practicable to take these into account.

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

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
SELECT SIGNATORY:**

Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
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	Optional	Optional	Optional
High	Optional	Optional	Optional
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 OITO?	Measure qualifies as
Costs: £0.1m	Benefits: £0.0m	Net: £-0.1m	Yes	IN

Evidence Base

The policy issue and rationale for Government intervention

On 3 July 2012, ministers announced urgent action to reform children's residential care in response to recommendations made by the Deputy Children's Commissioner and the All Party Parliamentary Group Joint Inquiry into Children who Go Missing from Care.¹ These reports highlighted concerns about the risks of sexual exploitation for children living in children's homes and the quality of care received, especially where they are placed a long way from the authority responsible for their care. Ministers established three expert groups to analyse the issues and make recommendations. The *Report of the Expert Group on the quality of children's homes*, which also includes the recommendations of the Task and Finish Group's work on out of area placements, was published on 23 April 2013.²

An issue highlighted was a lack of clarity about who must take responsibility and be accountable for ensuring children's homes are located in safe areas – including the roles of the authorities who place the children, the authorities that accommodate them (i.e. if the child is placed out of area), and the providers of homes themselves. There is currently no requirement on those setting up homes to seek the views of services in the area where the home is to be located or to review the suitability of the area in respect of children's homes. This has resulted in there being concentrations of homes in areas of deprivation. An estimated 22 per cent of homes are in the top 25% most deprived areas of England.³ Ofsted does not currently have any powers to intervene in decisions about where homes are located, nor to refuse or restrict the registration of such homes.

Intervention is needed to clarify responsibilities so that homes are located in environments safe to accommodate this vulnerable group in society. This will reduce the risk of adverse events affecting the well-being and safety of looked after children, generating private costs to them as well as costs felt by others in society.

Policy objectives and intended effects

For an improved system which meets the social, educational, emotional and behavioural needs of the children looked after in homes. We want to ensure that children are reliably and effectively safeguarded wherever they are placed. Children homes should not be located in areas where the location presents an unacceptable level of risk to children. Providers of homes should be fully aware of any risk factors associated with the area of the home.

Policy options considered

As a condition of registration, for children's homes to provide Ofsted with information about the suitability and safety of the area in which the home is located for the purposes of providing a children's home. This will be an amendment to Schedule 1 Part II 13(b) of the current Care Standards Act 2000 (Registration) (England) Regulations 2010.⁴ We further propose to amend schedule 2 to add a requirement for a *document* to be submitted on registration detailing both the providers risk assessment of the location of the establishment and in producing this document, for the home to ascertain the views of local services on the suitability of the area where they are planning to establish a children's home and where reasonably practicable to take these into account.

¹ See <http://www.education.gov.uk/a00224323/quality-child-homes-report>
<http://www.education.gov.uk/childrenandyoungpeople/safeguardingchildren/a00200288/tackling-child-sexual-exploitation>

² Report of the Expert Group on Quality (2012).

<http://media.education.gov.uk/assets/files/pdf/c/childrens%20homes%20reform%20quality%20group%20%20%20final%20report.pdf>

³ Based on the IDACI score of the Lower layer Super Output areas (LSOA).

<http://media.education.gov.uk/assets/files/pdf/c/childrens%20homes%20data%20pack%202013.PDF>

⁴ <http://www.legislation.gov.uk/ukxi/2010/2130/made>

Estimated costs to business

Evidence supplied by Ofsted gives an indication of the extent of entry to the children’s homes market, by sector. This is documented in the table below. These figures refer to the number of homes that file an application to Ofsted each year. Reasons for this vary and include: the entry of brand new homes (‘new entrants’); existing homes that have been bought by another provider (‘takeovers’); and homes that have re-registered as the company that owns them changed composition or legal status (e.g. from a partnership to a Ltd company etc.).

Table: Number of children’s homes that file an application to Ofsted, by financial year

Year	Number of local authority children's homes that file an application to Ofsted	Number of private/voluntary children's homes that file an application to Ofsted
2008-09	37	193
2009-10	23	198
2010-11	12	195
2011-12	26	194
2012-13	14	217
average	22	200

Ofsted’s current recording systems are not set up to record the exact reason for these applications. Identifying the exact number of ‘new entrants’ per year would be a highly time consuming process as it would have to be explored manually via inspection of the records. This is problematic for present purposes as only ‘new entrants’ will be subject to carrying out a risk assessment under the proposed amendments to the Care Standards Act 2000 (Registration) (England) Regulations 2010. A company taking over an establishment will not be required to complete a risk assessment as Ofsted will have already have reviewed an appraisal of the suitability of the location around that home. The risk assessment requirement will also not apply to changes in composition or legal status of the provider that owns a home.

The information above is the most detailed information attainable under proportionality considerations. There are no other robust sources of evidence detailing the extent of new entry into this market. We therefore, as our best-estimate, adopt an upper-bound assumption that 200 private/voluntary sector homes will be affected by the amendment each year.

Prior to consultation, we submitted and received questionnaire responses from five current providers of children’s homes in order to gain insight into the likely level of resource implication. Over the course of the consultation we submitted and received responses from a further six providers in order to better strengthen our understanding and estimates. These eleven providers, in total, vary in terms of their size (e.g. in terms of the number of homes that each owns).

We asked them two questions relating to this amendment. First, the staff time that would be required to undertake an annual risk assessment of the area in which a home is located *including the time necessary to consult with and agree the assessment with the police and area local authority.*⁵ Second, who in the organisation they anticipate would be responsible for carrying out a risk assessment. Importantly, with consideration of the consultation responses, the Department revised the wording of the original proposed amendment. Instead of there being a legal condition that providers, in setting up a new home, must *consult and agree the assessment with the police and local authority*, we now propose that homes should instead *ascertain the views of local services on the suitability of the area where they are planning to establish a children’s home and where reasonably practicable to take these into account.* This is a less ‘burdensome’ requirement.

⁵ The Department is also proposing an analogous amendment to the Children’s Homes Regulations 2001. These regulations set out how children’s homes should operate. The amendment there is for **existing** children’s homes to carry out an annual risk assessment. The amendment proposed here relates to the Care Standards Act 2000 (Registration) (England) Regulations 2010. These regulations detail the activity required before a new provider/setting can enter the children’s homes market. The amendment here is for **new** homes to conduct a risk assessment prior to Ofsted granting them registration. The amendment to the Children’s Homes Regulations 2001 is appraised in a separate final stage impact assessment.

The providers who responded to the survey provided mixed opinions regarding the expected level of resource implication. The table below summarises the responses from the eleven providers and also indicates the size of each provider.

Summarised provider response on additional time required each year per home in order to produce an annual risk assessment	Number of homes owned by provider
None at all. We risk assess every aspect of the home and the environment, regularly, and are in close connection with Police and LAs.	5
This is something that we currently undertake on a continual basis in liaison with the police.	11
Initially four hours to research and write risk assessment. Then an hour and a half to arrange, meet, and agree changes. Then annually two hours to review and meet again.	3
10 hours	1
16 hours	133
Minimum of 16 hours, but more likely 3 to 4 working days	9
This would have a significant impact upon time and workload to arrive at an agreed risk assessment	45
Costs unknown but could include half a management post	8
Yes, and it would clearly depend on the nature and scale of the risk assessment involved	1
Not able to return a numerical response - notes that will be undertaken by house manager	6
no numerical response	3

Two providers reported zero additional cost noting that they engage in this activity anyway. Two reported a relatively low cost of 10 or less hours per year per home. One provider reported 16 hours per home. Another reported a minimum of 16 hours, but more likely 3 to 4 working days. Two reported they expected 'large costs' but did not return a numerical response. The remainder submitted responses that we could not translate into a numerical estimate and/or interpret the size of cost they expect.

We adopt the approximate mid-point estimate of 16 hours per-year per-home as our best estimate here.

Eight providers explicitly stated that the registered manager of the home would carry out the activity. We utilise an estimated unit cost of £24.31 (2011/12 prices) for the hourly value of a registered manger based on figures in PSSRU (2012, p.195). In line with HM Treasury guidance, this cost incorporates salary and non-wage labour costs.⁶

The cost estimate derivation is outlined below. We estimate an annual cost of £80,608 to private and voluntary sector home providers.

	Number of staff hours per year per home	Unit cost of staff time (per hr) 2013/14 prices	Number of new private or voluntary sector homes each year	Total cost to private/voluntary sector homes each year
Best Estimate (per year)	16	£25.19	200	£80,608

values expressed in 2013/14 prices using the GDP Deflator Series

<https://www.gov.uk/government/publications/gdp-deflators-at-market-prices-and-money-gdp-march-2013>

Over a ten year appraisal period, the business net present value is £-0.69m and the net cost to business per year (EANCB on 2009 prices) is £0.07m. These measures are in scope of OITO and are classified

⁶ HM Treasury. (2011, p.20). The Green Book: Appraisal and Evaluation in Central Government.

PSSRU (2012, p.195) report cost estimates for a home care manger. The annual total of salary and salary on-costs is £36,666. Based on an estimated 1,508 working hours per annum this equates to £24.31 per hour. This estimate is consistent with hourly unit cost estimates for registered manger time given through informal conversations with children's homes providers (stated estimates ranged from £20 to £30 per hour).

PSSRU (2012). Unit Costs of Health and Social Care 2012.

<http://www.pssru.ac.uk/project-pages/unit-costs/2012/>

as an IN under the methodology.⁷

Table: Series of annual monetised costs to private and voluntary providers

Appraisal Year	(undiscounted) monetised costs (2013) prices
0	£80,608
1	£80,608
2	£80,608
3	£80,608
4	£80,608
5	£80,608
6	£80,608
7	£80,608
8	£80,608
9	£80,608

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31616/11-671-one-in-one-out-methodology.pdf