

 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Children's Home Quality Standards Regulatory Reform	
<b>Lead Department/Agency</b>	Department for Education	
<b>Stage</b>	Consultation	
<b>IA Number</b>	Not provided.	
<b>Origin</b>	Domestic	
<b>Expected date of implementation</b>	April 2015 SNR 9	
<b>Date submitted to RPC</b>	23 June 2014	
<b>RPC Opinion date and reference</b>	15 July 2014	RPC14-DfE-2142
<b>Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The IA provides a clear explanation of the proposal to amend the regulatory framework and shows good consideration of non-regulatory measures. It also provides a qualitative assessment of the costs and benefits of the options, which is suitable for this stage of policy development.</p>		
<p><b>Background (extracts from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p><i>“The current regulatory framework for children’s home is excessively focussed on process and not on whether homes are delivering services which improve children’s outcomes. There are currently high levels of poor quality provision, as highlighted by Ofsted inspections and recent reports on the quality of provision in the market. Government intervention is needed to place children’s welfare at the centre of the regulatory framework so that inspection and enforcement are tied directly to how effectively providers’ actions improve children’s outcomes.”</i></p> <p><b>What are the policy objectives and the intended effects?</b></p> <p><i>“The objective is to ensure that children’s home provide high quality care and achieve positive outcomes for the extremely vulnerable group of children that they care for. We wish to revise the framework so that provider incentives are focussed on improving child welfare. We wish to support innovation in the sector by giving providers the freedom to strive for these improvements in a cost effective way. We expect to see higher and better levels of support for these children and corresponding improvements in their outcomes. By focussing on outcomes we expect providers to refocus resources in a more effective way.”</i></p>		
<p><b>Identification of costs and benefits, and the impacts on business, civil society organisations, the public sector and individuals, and reflection of these in the choice of options</b></p> <p>The proposal amends the regulatory framework so that it is focussed on improving children’s outcomes rather than on the process involved. The proposal makes three</p>		

amendments:

- creating quality standards within the Children's Home Regulations 2001 (as amended);
- streamlining existing regulations to minimise burden;
- redrafting existing National Minimum Standards to become a supplementary guide to the regulations.

The IA describes the costs on children's homes. These are: training staff to deliver a new programme of care, more staff resource, additional expenditure on services/activities for children and familiarisation with the new regulations. The IA explains the benefits to business as streamlining and modernisation of the regulations (for instance, requiring children's homes to hold electronic records instead of paper records), bringing out a reduction in burden, and greater clarity from the new regulatory framework. The Department will use the consultation to ask respondents which unnecessary burdens should be removed and to quantify the reduced burden. The Department acknowledges that it will use the consultation in order to strengthen the costs and benefits for final stage.

The IA explains how any revision would need to be undertaken by way of regulation, in order that Ofsted can provide effective enforcement of the framework. The Department also explains that to support the regulatory change, it intends to take forward wider non-regulatory action to drive improvements in the sector. The Department considers non-regulatory action, such as the children's homes data pack, to be complementary to the proposed regulatory change. However, the Department does not consider non-regulatory action to be sufficient in itself to provide an alternative to regulation (paragraphs 58-60). This seems reasonable.

The final stage IA would benefit from a summary table of the cost and benefit estimates falling in each year of the policy. The RPC will require this in order to validate the estimated cost to business.

#### **Comments on the robustness of the Small & Micro Business Assessment (SaMBA)**

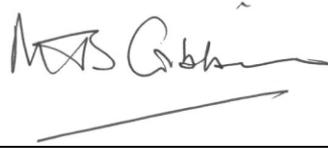
The proposals increase the scope of regulation on business. Therefore a SaMBA is required. The SaMBA is sufficient for consultation stage. The IA explains that 1,514 children's homes are owned by the private or voluntary sector. 344 of these are small or micro businesses who own 590 homes between them. The Department therefore believes that, as these make up to 40% of the sector, small and micro businesses cannot be exempt from the proposal. The IA states that it will collect more data during the consultation to determine if small and micro businesses can receive more support during implementation (paragraphs 139 -146). The final stage IA should set out the findings.

#### **Comments on the robustness of the OITO assessment.**

The IA says that this is a regulatory proposal that is in scope of OITO and would impose a direct net cost to business (an 'IN'). Based on the evidence presented, the Department's assessment of the overall likely direction of impacts appears reasonable, and the OITO assessment is consistent with the current Better Regulation Framework Manual (paragraph 1.9.10). The Department will have to

strengthen the evidence supporting the equivalent annual net cost to business, so that the RPC can validate the estimate at final stage.

**Signed**

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line extending to the right from the end of the signature.

**Michael Gibbons, Chairman**