

# Council

15 March 2022

## Children's Services Residential Proposals

### Recommendation

That Council approves the allocation of £2.054 million funding from the Capital Investment Fund (CIF) to deliver phase two of the Internal Children's Homes Project and approves the addition of the project to the Capital Programme at a full cost of £2.054 million.

### 1. Executive Summary

- 1.1 Warwickshire County Council (the Council) has a duty under section 22G Children Act 1989 ('the Sufficiency Duty') to secure, as far as reasonably practicable, sufficient accommodation within Warwickshire to meet the needs of its children in care (CIC). The Council must have regard to the number of accommodation providers and range of accommodation capable of meeting different needs in order to meet its Sufficiency Duty.
- 1.2 The growing numbers of children in residential care, increasing costs of care (current net average of £4397 per week) and challenges associated with sourcing and securing residential placements in the market were key drivers to support WCC to progress the option of becoming a provider of residential care again.
- 1.3 On 9 July 2020 and 10 December 2020 Cabinet agreed plans for the Council to become a provider of children's residential care in Warwickshire and to progress the opening of our first internal children's home (ICH1), for up to four children aged 12 years and under with emotional and behavioural needs (EBD). Ofsted registration is targeted for May 2022.
- 1.4 An outline business case, including a needs assessment, has been undertaken to inform future home development proposals and Members attention is drawn to the exempt report that went to Cabinet on 17 February 2022 in their consideration of this item before Council for further details in relation to these proposals.
- 1.5 Following detailed discussions between Children and Families and People Strategy and Commissioning regarding the outline business case it is proposed that the Council progress the development of two clusters of homes:
  - ICH 2 for up to four teenagers with emotional and/or behavioural difficulties (EBD) (to include young people who been subject to Child Exploitation) to complement the younger children's provision at ICH1 (ICH2).

- ICH3 to meet the needs of up to four children and young people with mental health challenges,
  - ICH4 to meet the needs of up to four children and young people with disabilities).
- 1.6 The operation of a portfolio of Council run Ofsted registered children's homes focused on specific needs will provide the Council with local placements and greater placement choice to meet individual needs; reducing the risk of being unable to find suitable placements for our Children in Care and for paying excessive care costs.
- 1.7 Following Corporate Board endorsement, a detailed capital investment and development proposal was prepared in support of Capital Investment Fund (CIF) bids aligned to the CIF pillars:
- a. Supporting People (Demand management in social care services, including supported accommodation and accommodation with support management of the market for social care, including the rising cost of placements)
  - b. Optimising Delivery
  - c. Maximising our Resources
  - d. Climate Change.
- 1.8 Bids were also submitted to the Department for Education (DfE) Children's Homes Capital programme for up to 50% of the capital cost. However, with only £6 million available nationally in this funding round, while noted as being good, WCC's bids were unsuccessful. A significant proportion of the marks were awarded for the highest levels of need.
- 1.9 The intention is to progress developments for ICH2,3&4, from investment case through to the final homes becoming operational by December 2023. The bids, totalling £2.054 million, have been through the CIF approval process and on 17 February 2022, Cabinet recommended their approval to Council as an addition to the capital programme.

## **2. Financial Implications**

- 2.1 Detailed capital financial implications have been determined as part of the CIF process. The total CIF budget is forecast at £2.054m. The CIF technical panel scored the CIF bids 74% and further detail regarding the evaluation is set out in the exempt Cabinet report. Any underspend will be returned to the CIF (e.g., if the allocated contingency budget is not required).
- 2.2 The revenue cost of children's residential care placements for Warwickshire children is variable depending upon several factors including the needs of the specific child, the availability of residential care at the time of referral and the availability/ suitability of Block or Framework placements (where WCC has more control over the price of the placements). The average unit cost per week for all Warwickshire children in residential currently (18/01/2022) stands at £4,397 pw.

- 2.3 When planning for ICH1 the average net unit cost for all residential Council placements at 1 September 2021 stood at £4,521 per week and ranged from £2,795 (block contracted bed) per week to £9,231 per week. The average unit cost can often be skewed by abnormally high or low figures; however, the median value is less susceptible to skewing, the median cost for placements was £4,772.
- 2.4 For costing purposes for ICH1, a unit cost of £4,324 per week was used for younger children as part of the development of our first home (ICH1). The running costs of a Council run children's home are now estimated at £600K per annum (originally modelled at £750K). This means that if at full capacity the average unit cost would be £2,877. Alternatively, the home must achieve a full year occupancy of 66% or more in order to breakeven in terms of costing less than 4 external places at £4,324.
- 2.5 The Government's 2015 census of Children's Homes (page 48) found that occupancy rates (the number of children currently resident as a proportion of the number of registered places) were 86% in local authority run homes, and 79% in privately run homes. Across all homes surveyed (including voluntary sector homes), the occupancy rate was 82%. Since 2015, demand local and nationally for Children's Home places has increased. Therefore, there is a reasonable degree of confidence in being able to achieve at least an average occupancy of 80%, even with lower occupancy homes. The 2015 census can be found at:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/391529/RR437 -  
\\_Children s homes workforce census .pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/391529/RR437_-_Children_s_homes_workforce_census_.pdf)
- 2.6 The exempt Cabinet report of 17 February 2022 identified the forecast running cost of each of the additional proposed homes. This includes both staffing, and non-staffing costs. The cost per week have then been explored at both 100% occupancy and 80% occupancy. Based on these figures, the break-even point for these proposed homes requires an occupancy of just under 70%. Based on the expected 80% occupancy the current forecast is for the three homes to deliver a combined total annual saving (compared to current children's home provision in the market) of £343,343.
- 2.7 Running costs of the homes will be met through the existing budgets for Children's Residential provision. This is funding which would otherwise be spent on external placements, most of which are out of county. The savings will contribute to the wider savings target over the lifetime of the 2022 – 2027 MTFS (medium term financial strategy). These projects are part of a range of strategic demand management initiatives to deliver significant savings in Children's Services over the MTFS plan period.

### **3. Environmental Implications**

- 3.1 It is likely the development of sites/properties would have an environmental impact due to the use of natural and manufactured resources, as well as power for works and fuel for the builders and craftsmen's travel.

- 3.2 In addition, children living on these sites alongside carers will use electricity and gas for heating and lighting, and residents will also produce waste.
- 3.3 Green approaches and recycling will be actively encouraged in the development and operation of the homes: where existing properties are refurbished, steps will be taken to improve the carbon efficiency of the properties.
- 3.4 By placing children in Warwickshire as opposed to in an out of county placement there will be a sustained reduction in travel to visit these children by the range of professionals and families for family time which will reduce the environmental impact.
- 3.5 All capital projects will align to the Council's commitment to mitigating our impact on climate change. An initial BREEAM (Building Research Establishment Environmental Accreditation Methodology) survey was carried out for ICH2. Recommended works have been budgeted for, including double glazing, replacement boilers, increased insulation, and a bike store. A similar process will be carried out for ICH 3 and 4 once identified, and a key consideration in any purchase will be the current energy efficiency rating.

#### **4. Supporting Information**

- 4.1 Following Cabinet approval in December 2020, the Council is currently in the process of opening an Ofsted registered residential children's home (ICH1) for up to four of our younger children aged 12 year and under. It is due to open later this year.
- 4.2 The property for ICH1 was released by the Clinical Commissioning Group (CCG) for reuse as a children's home (it was formerly a residential home for adults with learning disabilities). An application for capital funding from the CIF supported refurbishment costs to the value of £282,000. Planning consent was awarded in early 2021.
- 4.3 Children and Families is overseeing the development of ICH1 and has been recruiting the staff team. The current staffing model for ICH1 created a saving of £180,000, the rota has been developed allowing 3 staff to 4 children to be on shift at any one time. There is a strong leadership team comprising of: a registered manager, a deputy manager and two senior residential staff. The biggest challenge has been the recruitment of a registered manager, and this is ongoing. This demonstrates that the recruitment process for registered managers for any future children's homes needs to start as soon as planning permission has been obtained to prevent delay, particularly in our ability to register our home with Ofsted. Staffing Ratios in homes ICH2, ICH3 and ICH4 will be slightly higher than in ICH1, due to the differing needs of the children, and this has been fully costed as part of the CIF bids.
- 4.4 Following proposals to Cabinet in December 2020 it was agreed that the Council would explore the development of further children's homes to meet

the needs of our population of Children in Care. An outline business case including a needs assessment, was undertaken to inform future proposals. This document highlights the level of demand for residential care for specific cohorts of children and young people and market availability and pressures. Key points to note include:

- There are currently 12 independent residential children's homes across Warwickshire and a further seven independent homes planned to open over the next 12 months. Of these 19 homes;
  - One home is for registered short breaks.
  - Ten current homes (and a further six planned) are for Emotional dysregulation (EBD).
  - One home is dual registered (Ofsted and CQC (Care Quality Commission)) for Social Emotional and Mental Health (SEMH) needs for 16yrs –25yrs.
  - A further home is planned for SEMH, Ofsted registered only.
- Teenagers and children with disabilities and/or complex needs are the cohorts where the Council experiences greatest challenges in sourcing placements in the market.
- 67% of the Council's total residential cohort, as at 4 January 2021, are aged 13yr-17yrs.
- 34% of children in residential care are children with disabilities (CWD); 74% of these children are aged 13-17yrs.
- 66% of the residential cohort are children presenting with mental health needs; of these 74% are 13yrs and over.
- The predominant areas of need presented in the Council's total residential cohort are:
  - Emotional dysregulation (EBD)
  - Children and young people who receive or require mental health support and/or present with self-harming behaviours. Children presenting with these needs also carried the highest weekly fee for WCC.
- The predominant diagnosed needs of the Council's Children with Disabilities (CWD) in residential care are learning disability (LD) and Autistic Spectrum Disorders (ASD). 22 out of 27 (81%) CWD accessed education as part of their residential package.

As summarised above in section 1, following detailed discussions of the proposals between Children and Families and People Strategy and Commissioning it is proposed that the Council progress the development of two clusters of homes as follows.

- Development of a home (ICH2) for teenagers primarily with EBD needs but can cater for those who have been subject to child exploitation. Attached to the main home for four children at ICH 2 will be a smaller home (ICH2B) for up to two children providing temporary/ emergency/ respite accommodation. It is proposed that ICH2a and ICH2b will share a Registered Manager. However, it is critical that effective and visible leadership can be demonstrated under this arrangement to ensure successful Ofsted registration. Having one Registered Manager over two homes, where

appropriate, will have the dual benefits of helping to mitigate recruitment challenges and controlling revenue costs. This will support the creation of a cluster; complementing the under 12's home at ICH1 and potentially supporting transitions of those placed there where appropriate.

- The second cluster will comprise of two homes (ICH3&4) meeting the needs of those with mental health challenges and those with learning disabilities and/or autism (CWD). It is expected the provision will complement the planned development at the Warwickshire Academy, which is likely to provide the education for children and young people placed in these children's homes. It would also be expected that healthcare needs are met through local provision. It is anticipated that Leader approval will be sought as necessary to confirm the purchase of the two properties when identified.
- 4.5 It will be imperative when identifying young people to refer to the homes that it has been determined that their needs could not be met in appropriate and more cost effective internal or external foster care placements. Commissioners will also work to ensure we are not running our block contract with voids (meaning that we are paying for spaces in children's homes that we are not using).
- 4.6 Following approvals from Cabinet and Council, work will continue to secure suitable properties, with the intention that, if possible, work on the three new homes will be progressed at the same time. Due to the variable availability of property on the market, and to the likely variance in works required and planning approval processes, it is not expected that all three homes will open at the same time, which will be helpful in managing a staged recruitment process for staff.
- 4.7 All home developments will consider whether up to 6 young people could be accommodated in the right environment, e.g., a home with an annex. However, 4 is likely to be the optimum number to comply with Ofsted requirements for a 'normal family environment'. It should also be recognised that it may take some time to reach that occupancy due to matching requirements. This is likely to present a short-term financial risk, however that has been factored into the business case.
- 4.8 A cross council working group has been established to progress development plans led by People Strategy and Commissioning and Children and Families. This includes work with Property Services and Finance colleagues and will also involve colleagues from Legal Services.
- 4.9 An asset review has been undertaken to determine if existing WCC assets are suitable for redevelopment into ICHs. Suitable assets have been identified for ICH 2. No suitable assets have been identified for ICH 3 & 4 and as such the focus will be on the acquisition of suitable properties, which are likely to require some level of refurbishment/ redevelopment.
- 4.10 Other opportunities which may arise (such as taking on an existing going concern) would not be ruled out although it is anticipated that any such proposals would be subject to a further Cabinet report.

## 5. Timescales associated with the decision and next steps

Activity	Completed by
Initial discussions with Property Services to consider potential approaches	July 2021 (complete)
Submission of proposal and recommendations to Corporate Board	18 August 2021 (complete)
Submission of a CIF bid for x3 homes with outline operational model, plan, and specification	January 2022
Seek CIF approval at Cabinet	17 February 2022
Seek approval from Council for addition to capital programme	15 March 2022
Develop detailed operational model and implementation plans for x3 homes including property specifications	December 2021 – April 2022
Progress developments – site identification (and purchase/planning), stakeholder engagement, site and refurbishment plans developed and mobilised, staffing models and recruitment, registration activity	2022 - 2023
Homes open for referral x3	By December 2023

## Appendices

[Members' attention is drawn to the exempt Cabinet Report presented to the meeting on 17 February 2022](#)

## Background Papers

None

	Name	Contact Information
Report Author	Bernie Lally	<a href="mailto:bernielally@warwickshire.gov.uk">bernielally@warwickshire.gov.uk</a>
Assistant Director	Becky Hale Assistant Director People	<a href="mailto:beckyhale@warwickshire.gov.uk">beckyhale@warwickshire.gov.uk</a>
Strategic Director	Nigel Minns Strategic Director for People	nigelminns@warwickshire.gov.uk
Portfolio Holder	Councillor Morgan Portfolio Holder for Children, Families and Education	jeffmorgan@warwickshire.gov.uk