

Open Report on behalf of Heather Sandy, Executive Director - Children's Services

Report to:	Councillor Mrs P A Bradwell OBE, Executive Councillor: Children's Services, Community Safety and Procurement
Date:	Between 22 – 30 November 2021
Subject:	Children In Care (CIC) Transformation - Residential Estate Expansion Programme
Decision Reference:	I022290
Key decision?	Yes

Summary:

This report provides the Executive Councillor with the business case for the use of £1.5m of allocated Council capital funding from the Residential Children's Home Capital Programme to invest in two new children's homes in Lincolnshire.

The report sets out the case for providing two new homes which will provide significant benefits to ensure that more local and high quality provision can be put in place within Lincolnshire without the reliance on costly and distant externally commissioned placements. It then goes on to specify the preferred areas of the county where it would be suitable to locate new children's homes, subject to appropriate sites and buildings, and subject to capital scheme appraisal approval.

Recommendation(s):

That the Executive Councillor for Children's Services, Community Safety and Procurement:-

- 1) approves the use of £1.5m of Council capital funding to provide two new children's homes in Lincolnshire;
- 2) Subject to approval of the capital scheme appraisal, approves the provision of a Children's home in Lincoln through the relocation of existing services from Strut House to refurbished residential accommodation at St Francis Special School and the alteration of Strut House to form a Children's Home; and
- 3) Subject to approval of the capital scheme appraisal and identification of a suitable site approves the use of the balance of the funding towards providing a second children's home in either East Lindsey or South Kesteven.

Alternatives Considered:

1. Not to expand in-house provision and continue to provide children's home places using the existing available in-house provision and continue to commission external placements through an Open Select List process often at a higher cost and in a saturated market. Due to rising demand this would lead to continued overspending against the Children In Care (CIC) Out of County Residential budget.
2. Provide only one new children's home. Based upon the predictions and trends this would not be sufficient to reduce costs within the Out of County Residential budget, increase the much needed capacity and fewer children will be placed within Lincolnshire and near to their communities.
3. Increase capacity within in-house fostering. The Council already has a strong service and high percentage of CIC placed in internal fostering provision. Despite a strong market identity and ongoing recruitment campaign, this has to be taken in the context of a national shortage of foster carers and the increase in independent agencies recruiting from the same pool. We also know from research that for a small cohort of children with complex needs, residential care is a positive first placement, whereby they can receive trauma based care to prepare them for the transition to a family setting, thus reducing the potential of unplanned moves.

Reasons for Recommendation:

To ensure that in-house provision meets the sufficiency requirements for CIC in Lincolnshire. Two additional homes will provide the places needed to ensure that more places are available at homes closer to the communities of those young people that need the places the most, closer to their support networks, and support better outcomes. It will also ensure that rising costs are addressed to allow reinvestment and improvement into the system to fund the delivery of the new homes and to secure cost savings. The existing model is not sustainable, and to only provide one new home would not be sufficient to meet all of the requirements as set out in the business case. The proposed new homes would also seek value for money from the Local Authority's (LA) capital assets to maximise best use of existing sites and/or buildings. This business case also supports the ambition of the Corporate Plan to enable everyone to enjoy life to the full and the Plan's objective to intervene effectively to keep vulnerable people safe, making sure CIC and care leavers get the best opportunities.

1. Background

The Council has a Children's Services system which is working well and a CIC Service which is outstanding, although there is more we can do to deliver excellent outcomes for children and families. The increase in children being placed in externally commissioned placements is increasing and will become unsustainable unless appropriate action is taken. The Transformation Programme provides the opportunity to explore and identify

the opportunities and benefits across the child's journey from Edge of Care to Leaving Care:-

1. To reduce the need for statutory intervention in families lives, by providing the right help to the right children at the right time and for the right duration.
2. To support families to come to their own solutions by focusing upon building networks which they have in place.
3. To improve outcomes for our CIC, by providing care locally within Lincolnshire rather than care at a distance to keep children and young people within their own communities where they can be close to their networks.

The Residential Children's Home Capital project is one workstream sitting under the CIC Transformation Programme. In 2019 following a review of the CIC Service, £1.5m of Capital funding was earmarked within the 10 year capital programme to be funded by the Council for the expansion of the current residential Children's Home Estate through the creation of two new Children's Homes.

The Strategic Case

Lincolnshire County Council (LCC) is reliant on commissioning external residential placements for children in order to meet our statutory obligation to provide accommodation for children who are unable to be cared for by their parents and/or families. Increasingly the scarcity of good quality placements has resulted in costs within the private sector spiralling. LCC has a history of lower demand across social care and a strong balance of internal placement provision, compared to the national average. The impact of the pandemic has seen an increase in CIC and less children exiting care. Historically Lincolnshire only placed children and young people in external residential provision that had the most complex needs. This is changing, as the Council now places children with lower needs out of county due to a lack of capacity within in-house provision. The current rate of CIC is 47.7 per 10,000 and projected to be 51 per 10,000 by 2022.

The actual costs for out of county (OoC) residential care for children over the last four years are increasing as follows:

2016/17	£4.534m
2017/18	£5.592m
2018/19	£5.771m
2019/20	£7.044m
2020/21	£11.548m*
2021/22	£10.666m**

**It should be noted that the increase in 2020/21 was largely caused by the impact of the pandemic. £3.986m was met from the Covid grant in 2020/21, as identified placement to OoC that were caused by the pandemic.*

***In 2021/22 the actual forecast is £10.666m with £4.127m being met from the Covid grant.*

As at 23 August 2021, there were 99 children and young people in external placements, compared to 46 in 2018/19. We are seeing the biggest increase in children aged 5 to 12 which is 31, compared to 9 in 2018/19. Whilst the 13 plus age group is our lowest cohort of care starters, their weekly average cost of a placement is the highest amongst all of the age cohorts.

Independent placement market conditions are volatile; demand is outstripping supply, costs are rapidly rising and are unsustainable, and children are being placed at a distance from their networks. While local authorities have a duty to ensure there is sufficient provision in their area to meet the needs of the children in their care, it is increasingly the case that we are operating in a national market where providers are able to set the terms of engagement. In this environment local authorities struggle to shape their market; individually they lack the ability due to the relatively small number of children they are each responsible for placing, and providers are able to fill their provision with 'easier to manage' children from across England and set whatever price they choose. Local authorities bid against each other and drive up the price; Cordis Bright research for the Department for Education (DfE) showed that the more local authorities commissioned placements within a home, the higher the average fee being charged (Department for Education, 2020e). In all of this it is easy for the child's experience to be lost.

The capacity within our good to outstanding residential provision is insufficient to meet current and future demands, and those children placed in these internal settings have consistently better outcomes. The critical factor is recognising high cost does not equate to better outcomes. The occupancy of all of our in-house homes is almost always at 100%, with space only available as children transition out.

We are predicting that the national upward trend in the numbers of CIC will continue as will the numbers of children presenting with complex emotional health needs and the need for them to receive trauma informed care. Lincolnshire children's needs are always best met within their own communities where they can be close to their networks and receive support from strong local services.

The objective of the project is to deliver two new buildings over the next three years to be used as Children's Homes that will meet current and predicted need and within the capital funding available. The buildings need to be in agreed suitable locations and fit the criteria required by the Children's Homes Regulations 2015 and Ofsted. They need to provide the right environment for children and young people to feel safe and thrive.

Following a process to assess existing LCC property assets and preferred suitable geographical locations, three potential sites have been shortlisted and are being considered:

1. Lincoln property, hopefully with an early 2022 completion of works and opening of first home in September 2022 (subject to costs and the Capital Appraisal decision in November 2021). Currently at Royal Institute of British Architects (RIBA) Stage 3 for detailed design to prepare for going out to tender. Planning application has been submitted and approval granted. This is the proposed highest priority

solution for one of the two new homes. It would also lead to significantly improved short breaks provision through the relocation of Strut House to be co-located with St Francis Special School.

The proposed project is to make use of the former residential accommodation at St Francis Special School which would be extensively refurbished and modernised to become a five bed short-breaks home for Strut House to relocate to. It would provide enhanced facilities to ensure a wider and more complex range of needs could be met. The re-location would then free up the existing Strut House which would become an ideal new children's home. These two projects are combined as one and are subject to the appropriate capital appraisal scheme and decision (please see the Lincoln Children's Home report due for an Executive Councillor decision between 23 and 30 November 2021).

2. New Build on an East Lindsey site could be open in summer 2023 (subject to cost and capital appraisal scheme decision at a later date). Currently at RIBA Stage 2. This project is dependent on additional capital being secured through a bid to the Department for Education (DfE) as it is not deliverable within the available £1.5m.
3. Use of an existing LCC property in South Kesteven which requires remodelling and refurbishing. Currently progressing to RIBA Stage 2. Structural surveys are taking place on an existing property to determine if this is an economically viable option for a second home. If we are unable to progress with the preferred East Lindsey new build proposal then this would be the proposal put forward for a second home and would also be subject to the capital appraisal scheme decision as required at a later date.

Progression post RIBA Stage 3 will be subject to a capital appraisal scheme decision, based upon cost and best value. Potential 50% match funding is available through the new 2021 DfE Children's Homes Capital Funding. Following an information event with the DfE, Lincolnshire will be applying for 50% match funding for two projects (1 and 2 above). The outcome of the bid will be known in November 2021. If the bid is unsuccessful then it is proposed that 1 and 3 are progressed utilising the £1.5m.

Running in parallel to this project is the Residential Reform Project, where work has already commenced in respect of developing the Statement of Purpose, establishing revenue costs, staffing structure, recruitment of staff and the Ofsted registration timeline.

The proposed annual budget for the operation of the two new homes is £0.637m, which includes:

Staffing:	£561,190.00
• 1 x Homes Manager – G12	
• 1 x Assistant Manager – G10	
• 2 x RCO 3's – G9	
• 5 x RCO 2's - G7	
• 6 x RCO 1's – G5	
Allowances (including Sleep in's)	£21,440.00
Premises related	£11,100.00
Transport related	£8,280.00
Ofsted BAU Budget	£3,500.00
Other supplies and services	£31,400.00
Sub Total	£636,910.00

There will be initial one-off set up revenue costs for both homes, including furniture, white goods etc. which will be secured through one-off funding streams.

The return on investment scenario based on two homes being fully operational at a capital cost of £1.5m is as follows:

Return on Investment			
Homes Configuration	Weekly Saving	Annual Saving	£1.5 Million
4 Bed Unit 6-12; 4 Bed Unit 12-18	£10,794	£561,288	2.67 Years

The profile of the savings during the start-up share of the new homes will be subject to the opening date and planned child placements, however the forecast annual savings are £0.561m when the two homes are fully operational. These forecast savings are being put forward into the Council's medium term financial plan to support the Council's overall financial position.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

An Equality Impact Analysis has been completed (Appendix A). In summary the analysis indicates that if new provision for Children's Homes is created there would be a long-term positive impact on more young people in the wider Lincolnshire area.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The JSNA and the JHWS have been taken into account during the preparation of this report on the proposal to build two new children's homes.

If the residential provision is created then it will ensure that CIC gain support for the development of the life skills they need and it is not considered a negative impact.

The proposal to have more in-house children's home placements will help ensure that people will continue to be supported in all areas including mental health and managing health conditions and/or disabilities.

Any new homes would help reduce any distances that young people might be from their support groups. It is expected that there would be a positive impact on health and safety and general wellbeing.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

This duty has been considered but no negative implications have been identified as young people in care will have individualised care plans to support their highest needs and the homes are closely monitored through the Residential Children's Homes Regulations, Care Standards, which fall under the Ofsted framework. Mechanisms must be put in place to ensure that any risk to possible increases in potential crimes and anti-social behaviour are mitigated against. With the opportunity to have young people located closer to their support networks it will present the opportunity to have a positive effect on CIC.

3. Conclusion

It is critical that Lincolnshire has enough children's homes in the right areas that can provide high quality care for children and young people who need to be cared for by the Council. This report sets out why existing provision is insufficient and details the scope and expected outcomes of the capital programme.

The decision is required from the Executive Councillor to determine whether to approve the proposal to build two new children's homes in Lincolnshire (Lincoln and either East Lindsey or South Kesteven) using the allocated £1.5m from the capital programme. The factors to consider in making this decision are within this report and must be considered.

The Council believes that this proposal is in the best interests of children and young people, particularly for those young people that are some of the most vulnerable in our society and need the highest level of care. This proposal will support the future sustainability of specialist provision across Lincolnshire for CIC and help meet the ambitions of the CIC Transformation Programme. It would also seek to use existing assets and value for money which will be explored in more detail through the capital scheme appraisal for each project.

It is recommended that this proposal is implemented. The advantages of implementing this proposal are detailed earlier in the report.

4. Legal Comments:

The Council has the power to provide the new Children's Homes referred to.

The decision is consistent with the Policy Framework and within the remit of the Executive Councillor.

5. Resource Comments:

The recommendation to deliver two new children's homes to support the increased demand of the Children In Care cohort will ensure the children and young people that access the provision will remain within their local communities and be able to access high quality of care.

The pandemic has resulted in an increase in externally commissioned residential placements, however pre-pandemic, the market conditions for external placements were not favourable for Local Authorities with high unit costs and significant demand nationally for placements. This demand continues to drive placement costs up.

Within the Council's 10 year capital programme, £1.5m is earmarked to support the delivery of creating two new children's homes. The return on investment on the capital expenditure is favourable. In addition, the homes will secure long term revenue savings for the Council, since the operational delivery of the internal homes are more cost effective than externally commissioned residential placements.

6. Consultation

a) Has Local Member Been Consulted?

Yes

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The decision was considered by the Children and Young People Scrutiny Committee on 19 November 2021. The comments of the Committee will be reported to the Executive Councillor.

d) Risks and Impact Analysis

The CIC Transformation Programme has a detailed risk and issues log, which is updated at regular intervals and has external challenge through the CIC Transformation Governance Board.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Equality Impact Analysis

8. Background Papers

Document title	Where the document can be viewed
Proposal on the Future of the Boarding Provision at The St Francis Special School – Decision on 9 March 2021	https://lincolnshire.moderngov.co.uk/ieDecisionDetails.aspx?ID=686

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