



Not for Publication: Appendix B of this report exempt/confidential under Access to Information procedure rules 10.4 (3 and 4)

Report of the Director of Children's Services

Executive Board

22nd July 2009

Subject: Future of East Moor Secure Children's Home, update.

Electoral Wards Affected:

Adel
Wetherby

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

1.0 EXECUTIVE SUMMARY

- 1.1 The Board received a detailed report in July 2008 about background and national context for the provision of secure children's homes, the funding and contracting arrangements for East Moor Secure Children's Home and the business case for re-building the home.
- 1.2 The Board authorised Children's Services to explore options for financing the rebuild with the two bodies responsible for the secure estate for children and young people - the Department for Children, Schools and Families (DCSF) and the Youth Justice Board (YJB).
- 1.3 Initial negotiations have now taken place. Children's Services has been successful in obtaining the offer of capital funding from the DCSF and the potential of an extended contract with the YJB to purchase bed spaces in a new, fit for purpose secure children's home.

- 1.4 A full options appraisal has been undertaken of appropriately sized sites in the city, and a report has been considered at Asset Management Board.
- 1.5 The information at appendix 'B' provides more financial details relating to the options appraisal referred to above. It is proposed that the information in these sections is designated exempt under Access to Information procedure rules 10.4 (3 and 4) as:
- This is information relating to the financial or business affairs of the Council and in the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosure, and
 - Publication could prejudice the City Council's commercial interests as it includes financial information relating to contracts that if published could influence negotiations between the Council and potential contractors. In these circumstances it is considered that the public interest in not disclosing this commercial information outweighs the interests of disclosure

2.0 RECOMMENDATIONS

The Executive Board is recommended to:

- Note the excellent progress made since the July 2008 meeting
- Agree that the Director of Children's Services can enter a contractual arrangement with the DCSF for the capital funding and YJB for an extended occupancy contract to finance the re-building of a secure children's home in the city
- Agree that despite the loss of a significant capital receipt, that the service preference for a rebuild on the land adjacent to the existing Secure Children's Home be endorsed.
- If the East Moor site recommendation is endorsed, agree that £18.1 million be injected into the capital programme for the new build secure children's home. £15 million to be funded through the grant from the DCSF and £3.1 million through prudential borrowing to be repaid through the occupancy contract with the YJB.

1.0 PURPOSE OF THIS REPORT

1.1 The purpose of this report is to:

- report on progress made by Children's Services to secure capital and revenue funding
- to report on the outcome of the site option appraisal, and
- to seek the Executive Board's authorisation for Children's Services to enter contractual arrangements to replace the current East Moor Secure Children's Home with a purpose built, fit-for-purpose and future-proof facility.

2.0 BACKGROUND INFORMATION

2.1 Leeds City Council has provided secure accommodation to boys and young men from all over the country for over 25 years at East Moor Secure Children's Home. The services provided at East Moor Secure Children's Home have recently been inspected by Ofsted and rated as 'good' and are considered to be 'high performing' by the Youth Justice Board. As the largest city in the region, Leeds is well placed to continue to provide this service on behalf of smaller authorities and to be a centre of excellence in the secure estate.

2.2 East Moor SCH is a 36-bedded unit made up of four discrete house units, each of nine beds, grouped around a central courtyard. The buildings form the perimeter of the courtyard and, in addition to the living accommodation, include a Sports Hall/Play Barn, Administration Block, and a Communal Block accommodating catering facilities, communal dining room and other shared facilities. These buildings are on two storeys, the living units have their bedrooms on the first floor, and three of the four units have communal bathroom facilities.

2.3 Set apart from these buildings is a purpose-built, single-storey Education Unit with classrooms, workshops and practical areas. Alongside this is a large all-weather sports pitch, and open grassed areas used for games and horticultural activities.

2.4 New standards for residential care for children and young people require en-suite bathrooms for privacy and single storey accommodation to ensure the safety of young people in secure accommodation. There are other issues with the current building, which mean that it is coming to the end of its useful life.

2.5 Thirty-four of the bed places at East Moor are contracted directly to the YJB for boys and young men on secure remand, or on a secure sentence from the court. The other two beds are used for boys and young men placed on 'welfare' grounds. These are provided at no cost to Leeds City Council; other local authorities pay £637 per night for this service.

Update on Progress

2.6 In July 2008, the Executive Board approved the formation of a Project Board to explore options for funding a new build secure children's home in Leeds, including the potential for securing a longer term contract with the YJB for the purchase of beds.

- 2.7 Meetings were organised with the DCSF and YJB to brief them on the local authority's commitment to explore options for a new build secure children's home in the city. It was made clear that the project needed to be self-financing. The DCSF advised that because of predicted need for places in secure children's homes, a capital programme was in development. The YJB provided assurances that they would be in a position to enter into a longer term contract for beds once a new, fit for purpose building was in place.
- 2.8 East Moor SCH's existing occupancy contract with the Youth Justice Board is due to expire on 30th June 2009; a full re-tendering exercise was undertaken between July and October 2008. At the same time, expressions of interest and bids were invited by the DCSF for capital grant aid for re-provision and refurbishment Projects. A fully costed bid for a new building was submitted by the project team.
- 2.9 These bids were considered in tandem, the intention being that Government investment is targeted at Secure Children's Homes that demonstrably have a long-term future.
- 2.10 The outcome of the tendering process was announced on 26th March 2009. The East Moor bid was recognized as being one of the best tender documents received, and was successful in both submissions, in that the centre has been awarded:
- a) An occupancy contract with the YJB for 34 beds, initially for 5 years with a guaranteed extension to 7 years when the new building becomes operational, at a bed price of £500 per night.
 - b) A capital grant from the DCSF for £15m to finance the provision of a new 34-bedded Secure Children's Home, with associated initial project management revenue of £75k to take the project through to RIBA stage D. This funding was awarded on the basis of estimated building costs, and does not include costs of any land purchase.

The DCSF has indicated that the capital funding is to be made available in the current public spending agreement that ends March 2011. There is a commitment that the capital funding will be carried forward into the financial year 2011/12 if significant progress has been made with the new build.

3. MAIN ISSUES

3.1 CONTINUITY OF SERVICE

- 3.1.1 The contract with the YJB requires the Secure Children's Home to provide 34 beds throughout the year. This means that there is no option to demolish the existing buildings and to build on the same site. The plans for the new build must ensure that the new home can be designed, built and brought into use with no detriment to the operation of the current East Moor SCH.

3.2 LOCATION OF THE SECURE CHILDREN'S HOME

- 3.2.1 In order to deliver the new facility, a site is required that is a viable alternative in terms of location, accessibility and size.

3.2.2 Over the last 6 months, site investigations have been carried out. A list of 9 potential locations was provided by Strategic Asset Management, and subsequently reduced to a viable shortlist of two. These were:

- The land adjacent to the existing East Moor SCH – site of East Moor school
- The Thorp Arch site, adjacent to the Wealstone Prison (area C on the attached map)

Maps of both of these sites are attached at annex one.

3.2.3 A Site Options Appraisal was then undertaken by Strategic Asset Management which considered each site against 22 factors. This appraisal involved consultation with City Development, Planning and Highways officers and representatives of the Strategic Design Alliance.

3.2.4 The East Moor site scored highly on the service suitability score mainly because of the effective relationships that have been established with local services such as GPs, dentists, schools, colleges and apprenticeship schemes and the local community over a very long period. Effective re-integration for Leeds young people who are placed at East Moor relies on effective partnerships with a wide range of services. This site would also deliver benefits in terms of service continuity.

3.2.5 The Thorp Arch site, from a service point of view, is less desirable because of its position adjacent to a category C HMP. Secure children's homes want young people and their families to feel that their needs are being met in a caring children's home environment, where they can be looked after securely. Other service issues include the on-going revenue costs of transport for over 130 transferring staff, many of whom work shifts and accessibility of public transport for both staff and young people's visiting family members which is not as good as the current site.

3.2.6 There is a marked difference in the land value at the two sites – the whole East Moor site has been valued at £12m, whilst it is estimated that Thorp Arch site could be acquired for £2m. This means that affordability and value for money score for the Thorp Arch site is considerably higher.

3.2.7 A report on the outcome of the appraisal exercise was submitted to the Asset Management Board; they noted the East Moor site was the preferred site for Children's Services which would result in a significant loss of capital receipt.

A confidential financial report is attached at annex two that shows the capital impact of the programme. This report also shows that some capital saving could be made with a reduced scheme at the East Moor site by retaining the Education Block, the Multi Use Games Area (MUGA), car park and possibly some of the high security fencing. A reduced capital receipt would be available through the sale of land surplus to the requirements of the secure children's home. The net loss of capital receipt of the East Moor site is £8m.

3.3 NATURE OF SERVICE TO BE PROVIDED

3.3.1 East Moor Secure Children's Home currently provides 34 beds on contract to the YJB and 2 beds for young men placed on welfare grounds. The planned new build will also have 36 beds and is designed to take girls and young women as well as boys. The YJB have a block contract for 34 of the beds; the other 2 beds will be available to Leeds children and young people who require secure accommodation on welfare grounds at no cost to the authority. If the beds are not required for children from

Leeds, they will be sold to other placing authorities, providing a further source of income.

- 3.3.2 Over the last two financial years (2007/8 and 2008/9) the two welfare beds at East Moor have accommodated Leeds boys for a total of 664 nights at an estimated saving of £465k based on a typical market cost of £700 per night. When the new home is operational and able to accommodate girls and young women securely, the potential for revenue savings will increase.

4.0 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE

- 4.1 The programme of work required to deliver a new build secure children's home is being managed using the Delivering Successful Change methodology. An effective Project Board is in place and the Project Assurance Unit has commented favourably on progress to date.
- 4.2 The local authority is under no statutory obligation to provide a secure children's home in the city.

5.0 LEGAL AND RESOURCE IMPLICATIONS

5.1 LEGAL IMPLICATIONS

- 5.1.1 Children's Services has successfully negotiated with DCSF and YJB the capital and revenue arrangements for re-building a new Secure Children's home in the city at no overall revenue cost to the authority.

5.2 RESOURCE IMPLICATIONS

- 5.2.1 The site identified as being the preferred option by Children's Services, adjacent to the existing SCH, has planning permission for housing. The use of this land for a secure children's home represents a potential net loss of a capital receipt of £8m.
- 5.2.2 Clarification has been sought about the potential risk to the local authority of the DCSF requiring re-payment of the £15m grant in the event of the SCH ceasing to operate. The DCSF has indicated that they would be unlikely to require re-payment of the capital funding unless the service closure was due to the YJB foreclosing on the occupancy contract because of inadequate performance by the service provider. Advice from DCSF indicates that if the supply of this type of secure accommodation was no longer required, as long as the buildings continued to be used to meet DCSF priorities, no repayment of capital grant would be expected. The DCSF has indicated that a financial liability to repay a portion of the capital grant in the event that the authority ceased to provide the SCH service would remain for 25 years.

6.0 RECOMMENDATIONS

The Executive Board is recommended to:

- Note the excellent progress made since the July 2008 meeting
- Agree that the Director of Children's Services can enter a contractual arrangement with the DCSF for the capital funding and YJB for an extended occupancy contract to finance the re-building of a secure children's home in the city

- Agree that despite the loss of a significant capital receipt, that the service preference for a rebuild on the land adjacent to the existing Secure Children's Home be endorsed.
- If the East Moor site recommendation is endorsed, agree that £18.1 million be injected into the capital programme for the new build secure children's home. £15 million to be funded through the grant from the DCSF and £3.1 million through prudential borrowing to be repaid through the occupancy contract with the YJB.

7.0 BACKGROUND PAPERS

Report to Executive Board 16th July 2008: Future of East Moor Secure Home