

New Children's Residential Provision

Date: 22nd March 2023

Report of: Chief Officer, Children's Social Work

Report to: Director of Children & Families and the Chief Officer, Financial Services

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

As a child-friendly city we have high ambitions for our children and young people; we want to create and support the right conditions for them to be happy, healthy, achieve and thrive throughout their lives. However, for some children and young people the local authority needs to provide care, with residential accommodation being through a number of routes, including fostering, in-house provision or external placements.

There is evidence that whilst those children and young people in external placements can have good outcomes, the council's in-house provision is better able to meet complex social, emotional, mental health and behaviour needs due to integration with Leeds services. Although the existing in-house provision meets the needs of some young people, there are a small number who would be more suited to living in smaller homes where their complex needs would be better met. It is proposed that by diversifying the council's existing children's residential accommodation portfolio, through the addition of 8 new homes, our in-house provision will be able to better meet the needs of this small cohort of young people. The homes will be acquired through the standard residential sales market, looking and feeling as close to a typical family home as possible.

The business case for this investment assumes not only a social value in improving outcomes for these young people, but also that, through increasing in-house provision there will be an aligned reduction in the need for external placements, which are more costly than internal provision, delivering a net saving against current placement costs.

The case for investment also includes the creation of a range of new staffing posts to support safe and effective management of the homes on a 24/7 basis.

Recommendations

The Director of Children & Families is recommended to:

- a) Note the content of the report and invest to save proposition for new capacity within the children's residential portfolio;
- b) Approve the overall business case as described in this report;
- c) Approve the revenue expenditure necessary for the operation of the proposed new homes;

- d) Approve the establishment of new posts, as detailed, to support the proposed new homes;
- e) Note the financial implications and give authority to spend budgets (revenue and capital) as identified in this report; and
- f) Note, as per the Scheme of Delegation, that the Chief Officer, Asset Management & Regeneration, will be required to approve the acquisitions, as and when properties are identified.

The Chief Officer, Financial Services is recommended to:

- g) Note the content of the report and invest to save proposition for new capacity with the children's residential portfolio; and
- h) Approve the necessary injection into the capital programme to enable property acquisitions.

What is this report about?

- 1 Between 2012 and 2021 Leeds successfully, and safely, reduced the number of children in care, unlike most other local authorities who saw numbers increase. Since 2021, as society emerges out of the Coronavirus pandemic, the city has begun to see an increase in the number of children looked after, with a 107 rise between December 2021 and September 2022.
- 2 Unquestionably children do best when they live in family-based care, through arrangements such as fostering. However, for some young people this is not always right, or manageable given their complexity of need. In these circumstances children are looked after in residential care.
- 3 The council currently has 9 residential homes for children and young people, with a further one under construction, due for completion in June 2023. Included within the portfolio are 7 four-bedroom homes, one home providing short breaks and a 5-bedroom long-term complex care home.
- 4 Despite this in-house provision, the requirement for residential care outstrips capacity, resulting in a reliance on external, private sector provision, either locally within Leeds, or in some instances further afield. Generally, external placements are considerably higher in cost than those the council can provide in-house and do not deliver the best outcomes for young people. For both these reasons external placements, whilst a source of capacity, do not provide value for money in terms of both finance and outcomes.
- 5 In September 2021, as part of the council's financial challenge response, a proposal was put to Executive Board for investment in increased in-house residential provision, enabling reduced reliance on external providers. The proposal put forward the requirement for four new small group living hubs, each hub comprising two homes. These would diversify the current children's residential portfolio, providing a range of options to meet the specific requirements of young people in care, in-particular those with more complex social, emotional, mental health and behaviour needs who may be better suited to living in smaller homes.
- 6 This proposal is seeking to deliver that diversification of the children's residential home portfolio, providing more suitable and cost-effective options for children looked after (CLA). Based on the identified need in 2021, the proposal seeks to acquire 8 properties, each providing 2 bedspaces for CLA, which will form 4 small group living hubs (two homes per hub). Work to forecast ongoing demand into future years anticipates a continued need to at least this level.
- 7 This proposition sits alongside, and complementary to another invest to save case focused on expansion and diversification of the council's in-house fostering provision. These proposals are complex and interrelated, taken together they present an opportunity to change the context Leeds operates in, to have and control more provision, to save significant amounts of money and, most importantly, to significantly improve the outcomes for the city's children looked after.

What impact will this proposal have?

- 8 The expected outcome, once the proposal is delivered, is that as a corporate parent, the council is better able to meet the needs of young people in our care, especially those with complex needs. Longer term this will result in improved outcomes and better overall life chances for those young people.
- 9 Wider social value delivered through the proposal will come from improving outcomes and future opportunities for those young people in the council's care. Having a more suitable and stable home will provide better foundations from which to be healthy, happy and thrive.
- 10 The main aim of the proposal is to create homes for CLA that as closely as possible mirror a 'normal' family home (domestic kitchen, dining and lounge area, good sized bedroom, as well as, ideally, some outdoor space), providing a living environment to support young people to achieve better outcomes. Each property will be able to provide a home for up to 2 young people, with a third bedroom providing a workspace and/or overnight accommodation for staff.
- 11 It is intended to acquire the properties through open market purchase, ideally within areas with strong communities, schools that work well with CLA, as well as those with good transport links and leisure opportunities. The properties within a 'hub' will need to be within approximately 2-3 miles of each other as they will be overseen by a single registered manager.
- 12 In-house homes run at a lower unit cost per bed than the equivalent costs for provision in the private sector, therefore in the immediate term there would be savings realised for each placement withdrawn from the private sector, estimated for the purpose of the business case at c.£330,000 per placement per year.
- 13 The group of young people identified as best suited to live in a small group living home, such as those proposed, are currently either in high-cost external placements, or in existing in-house residential homes blocking beds from being used by others and therefore reducing the overall capacity of in-house provision.
- 14 In addition, in-house homes are integrated within Leeds services and manage a higher level of risk and challenge than is seen in the private sector. The benefit of this is better prevention and intervention either before, or as these risks or challenges emerge. When there is an escalation in challenging behaviour from young people in care there is an option to be placed on a 28-day break, the anticipated annual saving on this spend is c.£350,000, with the wider benefit of avoidance of escalation and need for this reactive intervention for that young person.
- 15 The proposal will have minimum impact on other areas of the council, however as the new homes will be owned assets the ongoing maintenance of them will need to be internally commissioned through Leeds Building Services (the council's in-house provider).
- 16 Asset Management & Regeneration has a role to play in the strategic management of the council's real estate portfolio, and therefore the new homes will need to be added to the property register, and be reviewed through established mechanisms from time to time, i.e. Children & Families Asset Management Board.
- 17 Asset Management & Regeneration, along with colleagues from Leeds Building Services, are actively involved in the project's management and delivery arrangements.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

Health and Wellbeing

- 18 The health and wellbeing of those young people who will eventually live in the small group living homes will be improved, due to the greater suitability of the living and care arrangements to meet their more complex needs. This in turn will have an impact on the future outcomes for those

young people, which may include greater educational attainment, continued engagement with learning and/or training, improved employment opportunities, and better life circumstances to stay healthy and well for longer.

Inclusive Growth

- 19 Better outcomes for young people will also impact on inclusive growth, with the right support and stability there will be improved opportunity for educational attainment, skills development and therefore future employability and economic activity.

Zero Carbon

- 20 A widened in-house residential offer will mean reduced reliance on external provision which is often away from young people's family and friends, in some cases placements being necessary many miles away.
- 21 The need to place young people out of area generally necessitates longer journeys for those young people, their families and social work teams to undertake contact sessions, access education, healthcare appointments and provide required support. By being able to provide living arrangements within the city this will reduce the number and length of vehicle movements.
- 22 The new homes acquired will undergo refurbishment ahead of occupation, to what level will be dependent on the condition of each property purchased. The work will seek to minimise waste, make use of sustainable materials wherever possible, and create homes that are as energy efficient as possible within cost limitations.
- 23 Further to this, the proposal will also reduce the number of void beds across the council's residential portfolio, as smaller homes offer more appropriate living arrangements for those young people whose complexity of needs means they cannot live alongside others. In terms of climate emergency this will mean that energy consumption per child looked after is lowered given improved levels of occupancy across the residential portfolio.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 24 The proposition was put to Executive Board (September 2021) as part of a number of service review proposals. It was approved at this time for further development and noted that the Director of Children & Families would be the final decision maker.
- 25 The Executive Member, Adult and Children's Social Care and Health Partnerships has been consulted at various stages throughout the proposition's development and remains supportive.
- 26 As the proposal is not pre-determining the exact communities where the homes should be located consultation and engagement, with ward members and local neighbours, will take place as and when suitable properties are identified.
- 27 Further to this, consultation will take place with key partners, e.g. the police, to ensure any local sensitivities or known challenges form part of the process for considering suitability of properties.
- 28 Trade Unions have been consulted on the new staffing posts and are supportive.
- 29 Internally, both HR and Finance have been party to the development of this proposal and are supportive of it being put forward at this time.

What are the resource implications?

Gross Savings

- 30 The placements budget for 2022/23 was £68.4m, as at period 10 the projected year end spend was £79.3m, an in-year overspend of £10.9m. The overspend, in some part, can be attributed to the increase in children entering care over the course of the year. Due to constraints of in-house capacity, there is reliance on high-cost external placements to meet the accommodation and support needs of some of these young people, where other pathways such as fostering are not deemed appropriate or achievable.
- 31 For this business case an annual average cost per external placement has been assumed at £330,000. With the proposed additional 16 bed capacity, assuming full occupation (best case scenario), this would avoid gross external placement costs of c.£5.3m.
- 32 Above gives the 'best case scenario' based on full occupation, however the business case has been developed assuming a more realistic, yet achievable 70% occupancy rate, which would avoid c.£3.7m of gross external placement costs once all 16 beds were available. This allows for periods between a young person exiting the hub provision and new one entering, as well as for instances where a young person requires to be in single occupancy due to challenges in living alongside others. Officers believe that the 70% rate would be easily achievable, and that there is a good likelihood that a higher rate will be realised of up to 80%, which would result in increased savings should all other factors remain as per the business case, e.g. capital expenditure, inflation, staffing costs etc.

Costs

- 33 There is a significant staffing requirement that comes with the proposal, the majority being essential for the safe and effect running of the homes on a 24/7 basis. The onboarding of staff has been profiled to run in advance of the homes being ready for occupation, avoiding delay in moving young people in.
- 34 Detail of the proposed new posts is shown at appendix 1. In summary this is:

Role	No.
Service Delivery Manager	1
Registered Manager	4
Deputy Manager	8
Senior Residential Practitioner	3
Residential Practitioner	52
Therapeutic Training Officer	2

- 35 With the exception of the Therapeutic Training Officer post, all those listed above are existing job roles within the service, therefore this proposal will see more of the same posts created. The Therapeutic Training Officer is a new role created as part of this proposal, the job description for which has been through the necessary job evaluation process and graded at PO3.
- 36 The annual staffing costs are shown in the table below, these figures assume that:
- Acquisition and occupation of all 8 homes is achieved by the end of 2024/25; and
 - All residential practitioners progress to qualified (senior practitioners) by 2026/27.

	2022/23	2023/24	2024/25	2025/26	2026/27
Cost (£000s)	51	856	2,176	2,972	3,257

- 37 Other assumptions made in the business case relate to the following variable factors:
- Inflation – pay (4% for 2023/24, 2% thereafter), running and external placement costs
 - Capital cost - £400k per property plus £50k refurbishment
 - Staffing – phased recruitment tracking with property purchases, plus progression from unqualified to qualified residential practitioner
 - Timeline – occupation of 2 homes by Q3 2023/24, Q1 and Q3 2024/25, and Q1 2025/26
- 38 Given the current nature of the housing market and the need to act fast in making an offer, the project is seeking to secure a capital envelope within which to deliver the 8 new homes based on what is thought to be a generous average purchase price of £400k (including all costs associated with conveyancing/acquisition), plus £40k capital for immediate improvement works and £10k for purchase of items to make the home ready for occupation, e.g. kitchen appliances, curtains, carpets, beds etc.
- 39 On the above basis the upper limit of capital expenditure being sought is £3.6m.
- 40 Further to the initial capital investment an annual provision for property maintenance has been made. Given the acquisition timeline it is not anticipated that spend against this will be required until 2024/25 when the first hubs have been operational for 12 months.

Net Savings

- 41 The investment and savings profile, see below table, has provided a programme for delivery, this aims to have the first two homes (1 hub) acquired in Q2 2023/24. Thereafter the programme plans for each further hub (2 properties) to be acquired in Q4 2023/24, Q2 2024/25 and Q4 2024/25. The table below shows the projected savings over the Medium-Term Financial Strategy up to 2026/27 (year on year change in the budget).

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£000s	£000s	£000s	£000s	£000s	£000s
COSTS						
Financing Costs	12	83	86	15	0	196
Other Revenue Costs (staffing/maintenance)	63	950	1,490	876	306	3,685
Total Costs	75	1,033	1,576	891	306	3,881
Savings						
Total Savings	0	-839	-1,954	-1,538	-87	-4,418
Net Costs/(Savings)	75	276	-310	-680	222	-417

- 42 Due to the need to invest both in property and staffing up front within this scheme, net savings aren't forecast until year 2024/25 when all 4 hubs will be occupied. The savings derived won't be achieved until occupation, at which point the corresponding external placements will cease and savings realised.
- 43 The in-year savings reduce in 2026/27 due to the intention that all 52 residential practitioners will remain in post and become qualified after two years, at which point they will progress to a higher grade. However, if there is turnover leading to a mix of qualified and unqualified staff then costs will be lower. The difference between an unqualified and qualified post is about £10k per year.
- 44 Should the average property acquisition cost be lower than £400k, and/or an occupancy level of more than 70% realised then the net savings will increase.

45 Based on the proposal taken to Executive Board in September 2021, the Medium-Term Financial Strategy (MTFS) already assumed net savings of £5.7m, collectively across this proposal and a further one focused on fostering, over the three-year period 2022/23 to 2024/25. Work since September 2021 has further developed the proposal, specifically refining detail around necessary associated staffing. The latest residential and fostering proposals continue to deliver long-term savings, with some changes to the profile of savings in individual years. Any temporary cashflow needs will be managed through the use of reserves which will be repaid once the savings have been achieved. Due to the scale and complexity of the proposals, the delivery of savings will be monitored closely and reported throughout the implementation period.

What are the key risks and how are they being managed?

46 The key risks of the proposal are:

- Failure to secure and deliver the new homes will lead to savings not being realised, resulting in continued pressure within the Children & Families budget.
- Suitable properties within proximity to create the 'hub' model are not available or able to be acquired leading to single homes being operated resulting in ineffective use of resources e.g. cost of one registered manager for one home, rather than two homes.
- Delays in implementation (homes being secured and operational) will lead to savings not being realised as per the financial business case resulting in continued in-year pressure within the Children & Families budget.
- Challenges in recruitment of new staff to the service, to enable safe and effective running of the new homes, is delayed or not successful leading to the need to use agency staff resulting in higher costs and a negative impact on projected savings.
- Interest rates may increase ahead of the capital monies being drawn down which will impact on borrowing costs, resulting in realisation of reduced savings.
- Neighbour objection to properties being used as children's residential homes leading to challenges in acquisition, resulting in delays in delivery against the programme.

47 Risks are being identified and managed by a multi-service project team which has been established to move forward, effectively and at pace, with the proposal. Where appropriate mitigating actions are in place and are actively being monitored.

What are the legal implications?

48 The new homes will provide additional in-house capacity through which the council will fulfil its statutory corporate parenting duty to children and young people in care.

49 Each hub will be required to have a Registered Manager to comply with the Children's Home (England) Regulations 2015.

50 Each home will need to be registered with Ofsted, which is responsible for regulation of Children's Homes under the Care Standards Act 2000.

51 Legal support will be required in the trans-actioning of property acquisitions, this will be co-ordinated through the work of Asset Management & Regeneration in identifying, securing and undertaking of due diligence prior to purchase. Legal costs have been factored within the acquisition budget.

52 At this stage there are no further known legal implications.

Options, timescales and measuring success

What other options were considered?

53 Following identification of the benefits associated with increasing the council's in-house children's residential portfolio a number of options were considered:

- i. Do nothing – not an option when considering the high cost of, and lower outcomes for children and young people in external placements;
- ii. More of the same – development of 4+ bed homes mirroring those already within the council's portfolio. Whilst this would increase overall capacity it would not address some of the challenges experienced, for instance where young people with specific behavioural needs cannot be placed alongside others resulting in 'bed blocking', meaning only 1 bed in 4 can be occupied therefore 3 young people in external placements. For this reason, it was considered critical to diversify the residential portfolio to offer a greater range of housing options for young people, enabling their needs to be better met; and
- iii. Capacity through larger homes – a model previously used but moved away from in recent years due to challenges of managing larger numbers of young people with complex needs together, and poorer outcomes experienced by those young people. For all the reasons this model was moved away from, this option was dismissed as an appropriate solution to delivering increased capacity.

How will success be measured?

54 Success will be measured against 3 factors: time, cost and outcomes.

55 An ambitious, yet realistic, implementation timetable has been developed. The timetable is critical to realising savings and better outcomes for young people, delays in acquiring and getting the new homes operational will mean continued placements within, and expenditure on external residential placements, and therefore delays in realising the outcomes and financial benefits of the proposal.

56 This invest to save proposition has been developed using a median assumed acquisition cost. Should costs be incurred above this level there will be a reduction in the profiled savings across future years. Alternatively, should the costs be less than assumed within the business case greater savings will be achieved.

57 Once delivered the new homes will mean that the council, as corporate parent, is better able to meet the needs of young people in care, especially those with complex social, emotional, mental health and behaviour needs. Longer term this will result in improved outcomes and better overall life chances for those young people.

What is the timetable and who will be responsible for implementation?

58 The proposal has 2 essential and inter-dependent strands: staff recruitment and property acquisition. Activities on both strands will commence immediately following business case approval, with the first 2 homes programmed to be operational by Q3 2023/24. Thereafter, 2 further new homes are programmed to become operational every alternative quarter, the last 2 being operational by Q1 of 25/26.

59 The Head of Corporate Parenting will be responsible for implementation of the decision.

60 Further decisions necessary for implementation of the business case which will be taken as Significant Operational Decisions (if not administrative), as a direct consequence of this decision.

Appendices

Appendix 1 – Proposed new posts

Appendix 2 – EDCI screening

Background papers

None