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**A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.**

Cabinet

11th January 2022

**Name of Cabinet Member:**

Cabinet Member for Children and Young People - Councillor P Seaman

**Director Approving Submission of the report:**

Director of Childrens Services

**Ward(s) affected:**

None

**Title:**

Homes for Disabled Children- acceptance of a capital grant, further capital borrowing and future homes for children with a disability.

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**Is this a key decision?**

Yes - the proposals involve financial implications in excess of £1m per annum.

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**Executive Summary:**

A sufficiency needs analysis is a requirement of section 22G of the Children Act 1989 and statutory guidance was issued in 2010. A recent analysis in Coventry has identified the need for additional provision for children with disabilities. Currently any child with a disability has to live outside of the Coventry because there is no appropriate home within the city boundary. Private provision has not been of good quality and currently the market is not providing suitable local homes for this group of children. Nationally this has been acknowledged by the Department for Education (DfE) which has recently announced an initiative to match any capital funding required to enable local authorities to open and run its own provision. An application has been made and the service is currently waiting for a decision. The current proposal is to refurbish a vacant Coventry City Council building attached to the current short breaks provision for children with disabilities and to undertake a business case to understand the feasibility of commissioning additional new build provision. This will enable children to live locally and this supports improved outcomes for children with a disability.

**Recommendations:**

The Cabinet is requested to:

- 1) Approve the acceptance of a DfE grant if awarded and the proposal to spend the grant award for the commissioning and provision of an additional children's home.
- 2) Approve capital expenditure of £0.5m to be met from prudential borrowing. In the absence of the DfE grant award, the full £1m to be met from prudential borrowing.
- 3) Delegate authority to Director of Finance, following consultation with the Director of Law and Governance, City Solicitor and Monitoring Officer, to negotiate final terms and approve entry into the grant funding agreement to secure the DfE funding with the City Council acting as the Accountable Body for the funding and any other agreements as required for further borrowing and future homes.
- 4) Task officers to scope out the potential for a second new build property that can be used for the purpose of a children's home.

**List of Appendices included:**

None.

**Background papers:**

None

**Other useful documents**

<https://www.gov.uk/government/publications/childrens-social-care-market-study-interim-report/interim-report>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/273812/sufficiency\\_-\\_statutory\\_guidance\\_on\\_securing\\_sufficient\\_accommodation\\_for\\_looked\\_after\\_children.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/273812/sufficiency_-_statutory_guidance_on_securing_sufficient_accommodation_for_looked_after_children.pdf)

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

Yes – the matter will be submitted to the Corporate Parenting Board on 27th January 2022

**Will this report go to Council?**

No

Report title: **Homes for Disabled Children – acceptance of a capital grant, further capital borrowing and future homes for children with a disability.**

**1. Context (or background)**

- 1.1 A sufficiency analysis has identified that additional resource is needed in the city for children with disabilities who are looked after by Coventry City Council and have an assessed need to live in a children's home. This analysis is reinforced by a recent report by the Competition and Markets Authority (CMA) which undertook an examination of the market on behalf of the Government. An interim report has been published. It found that there was a shortage of appropriate children's homes placements, that the largest market providers could be earning higher profits than the CMA would expect in a well-functioning market and highlighted the risk of private equity owned providers going into financial distress and ultimately having to exit the sector due to the high and increasing levels of debt. Coventry is already a provider of children's home provision registered with Ofsted. It is proposed that Coventry City Council now opens an additional home and investigates the feasibility of exploring a new build home to meet the identified gap in provision. This will future proof the Council from excessive placement costs caused by market swings such as those experienced throughout the Covid-19 pandemic.

**2. Options considered and recommended proposal**

- 2.1 Several options have been considered to meet the identified provision gap. These are accessing the private market, extension of the current block contract, commissioning further provision from the market and providing the provision internally.
- 2.2 Use of the private market- Coventry has used placements for children with disabilities in the city in the past. One of these homes ceased trading because it was not meeting expected profit margins of the provider and the second was issued a suspension notice by Ofsted following inspection as the care it offered children was inadequate. There is currently no private provision in the city and there is no indication that this situation is likely to change.
- 2.3 Use of existing block contract- there has been some discussion with Coventry's City Council's block providers to explore whether they are able to expand provision into this area. However, both providers have indicated that they do not have the skills and experience to run homes for children with disabilities.
- 2.4 Commissioning further provision from the market- there have been some preliminary discussions about commissioning out this service. However, early indications are that there is unlikely to be an appetite for providers to enter into a contract with the City Council to make this provision available in the city boundary.
- 2.5 Expanding internal provision- Coventry has a good track record in opening and running children's home provision. It currently runs 5 children's homes, all of which are currently judged as good by Ofsted. One of these is a short break home for four children with disabilities. This means that Coventry has experience of opening and running good quality children's homes within the city. In addition, the DfE has announced an initiative to local authorities that want to open their own provision to meet need to match capital funding. An application has been made to match fund the capital provision invested by Coventry City Council.
- 2.6 The analysis of options indicates that providing internal children's homes is the best option for providing high quality provision that meets the needs of children within the city boundary.

- 2.7 The plan is to create a home for children with disabilities in a refurbished property attached to Coventry's existing short breaks provision. This makes use of the DfE match capital funding available, and due to the tight delivery timelines within the grant, will enable the us to provide in-city in house provision for looked after children with disabilities before the end of the next financial year.
- 2.8 Running concurrently with this it is proposed that a comprehensive exercise will be undertaken to assess the feasibility of establishing new build facilities. This may deliver a sustainable future plan to provide children with disabilities first class homes to live in. It also means that there will be staggered opening of these additional premises, as a refurbishment can commence immediately, whilst new build feasibility plans are established, and a full business case presented to members.

### **3. Results of consultation undertaken**

- 3.1 There has been continuing discussion with young people, their families, partner agencies and organisations representing families who have children with disabilities. There is overwhelming feedback that there needs to be local provision for this group of children. Some have had to move considerable distances to be placed in a home that meets their needs. This makes continued contact with their families difficult and a disconnect in services such as school and health as new services and professionals are allocated to work with the child in the area of their new home. This means children with complex needs are having to cope with significant changes in their lives. All feedback has underlined the benefit of young people remaining in the city where their families can be better involved in the child's care planning and local professionals work together to meet the child's needs. This will all contribute to better outcomes for the child who is placed in the city.

In addition, there will be better outcome efficiencies for Children's Services. Having children closer to the city will mean that there will be wider savings in transportation and social worker time. It will be easier and quicker to visit children who are based in our own homes. Staff at the homes will use the same recording system as the allocated social worker meaning that communication is more efficient, and the needs of children can be identified more easily and met more quickly.

### **4. Timetable for implementing this decision**

- 4.1 Once approved the refurbishment of the children's home will begin immediately. Coventry City Council is now waiting for a decision from the DfE which has been delayed because of the volume of applications it has received. There are specific requirements regarding completion of provision attached to the DfE grant. These will be monitored regularly through a project management group, chaired by the Strategic Lead for looked after children and oversight by operational staff including finance and property services colleagues. There will be regular reports on progress to the Lead member for Children's Services and Corporate Parenting Board.
- 4.2 A comprehensive and detailed business case for a second new build will be presented to the lead member through her regular briefings. This will also include partners across the City Council. The outcome of any decision to approve a further business case will return to Cabinet for full and final approval.

## 5. Comments from Director of Finance and Director of Law and Governance

### 5.1 Financial implications

The Council intends to refurbish and repurpose a vacant Council owned building to enable it to be used as a residential children's home for looked after children with disabilities. The total capital outlay needed to undertake this work has been estimated at £1,012,770 following surveys and site visits.

In October 2021, a bid was made to the DfE under its Children's Home Capital Fund programme for the capital project to be 50% match funded. If the Council's bid is successful, the DfE will contribute up to £506,385 towards the capital work.

The Council will need to fund the remaining 50% of the capital project from prudential borrowing and would be broken down as follows.

Capital funding		
DfE	Council	Total
£506,385	£506,385	£1,012,770

If the bid for DfE capital match funding is unsuccessful the Council will seek to fund the entire £1m refurbishment from prudential borrowing.

### Revenue funding

The council currently provides residential care for children with disabilities via spot contracts. While the amount spent on this varies depending on the needs of the children and provision available at any point in time, modelling has suggested that the operational running costs needed to operate an internal 4-bedroom residential home for looked after children with disabilities effectively, is 6% cheaper per week per placement. This assumes an 87% occupancy rate. Current and expected average unit costs are detailed in the private report.

There will be an initial period before any savings are realised, due to the need to establish the home and train the staff. It is expected to take approximately 3 months before occupancy reaches the required level for savings to begin accumulating. The impact of this during the first financial year is a one-off running cost pressure of approximately £165k above the available budget. From 2023/24 onwards we would expect a small saving.

In the event of an unsuccessful DfE grant bid and the Council funding the full £1m refurbishment from prudential borrowing, this would have an impact on revenue of an additional £29k per annum attributed to a higher repayment amount.

### 5.2 Legal implications

Section 22 (3) of the Children Act 1989 sets out the general duty of the Council looking after a child to safeguard and promote the welfare of the child. Furthermore the Council is required under section 22G of the Children Act 1989 (s.9 of the Children and Young Persons Act 2008) to take steps to secure, so far as is reasonably practicable, sufficient accommodation for looked after children in their local authority area.

Governance will need to be considered for the operation of the children's home to ensure a registered manager is appointed to manage the home and appropriate quality assurance arrangements for monitoring in compliance with statutory requirements under the Children's Homes (England) Regulations 2015.

Section 1 of the Localism Act 2011 permits a Council to do anything that an individual may do, whether or not normally undertaken by a local authority (the General Power of Competence). If successful, the Council will be accepting a grant for the delivery of the outcomes specified and compliance with any funding criteria and requirements. The Council would be the accountable body for the funding.

As the accountable body, it is anticipated that the Council will be required to enter into a grant funding agreement with the DFE to govern the terms and conditions of the grant funding. Legal advice will be sought on the terms and conditions of the grant agreement to minimise any risks.

Any procurement exercise will be conducted in compliance with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and Subsidy Control Rules and supported by relevant officers.

## **6. Other implications**

### **6.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))?**

The initiative will contribute to the Council plan in the following ways:

Locally committed- the homes will protect some of the city's most vulnerable children, keeping them local to meet their needs and make sure that they continue to have regular involvement with their family. It will engage local partners so that the health and wellbeing of this group of children will be significantly improved.

Delivering our priorities with fewer resources- the opening of additional homes will make savings on the Children's Services Placements budget. This has been demonstrated through an effective cost/benefit analysis and business case. It will add social value to the communities in which the homes are located. The refurbished property is in a ward in the city which would benefit from the additional investment. The needs of children are at the heart of this initiative.

Managing performance and managing progress- the homes will be subject to significant scrutiny and governance as they registered with Ofsted. Once registered, the homes will be subject to significant quality oversight including monthly assessment by an independent visitor and inspection by regulatory inspectors by Ofsted in accordance with regulation.

### **6.2 How is risk being managed?**

Tight governance processes are proposed that will make sure that any emergent risks are identified and mitigated at the earliest opportunity. The underlying outcome is that children's homes open within robust timescales. This will include representatives across the whole of the Council who are involved in the delivery of the project. These will be coordinated by the Strategic lead for looked after children.

There is always a level of risk operating a children's home. However, as Coventry has a track record running homes currently judged as good by Ofsted, it is anticipated that any risks can be ameliorated through robust management and active leadership.

### **6.3 What is the impact on the organisation?**

The initiative is a key pillar of the Council's corporate parenting responsibilities. Opening further children's homes in the city will provide children with high quality provision in the city. Operating this home will mean improved placement choice for children with complex needs. The registered manager will be better able to match a child to a vacancy because there will be an ongoing relationship with colleagues as an employee of the Council.

#### **6.4 Equality Impact Assessment (EIA)**

An Equality Impact Assessment will be completed as part of the business case for a new build home.

#### **6.5 Implications for (or impact on) climate change and the environment**

The plan to refurbish the new home will take account of all current building regulations and will be 'future proofed' to meet all environmental regulations. There has been close liaison with the Safety, Health, Environment and Quality Manager to identify the best ways of minimising any impact on the environment from any future new build homes.

Coventry City Council has secured ERDF funding towards the installation of Solar PV on the existing residential part of the building. This project is scheduled to be delivered in January 2022. There is therefore potential to expand the scheme should additional funding be provided as part of the refurbishment project. This would further reduce the carbon emissions associated with the proposed expanded residential function.

#### **6.6 Implications for partner organisations?**

Partner agencies are required to provide ongoing services to children who are looked after. This includes health services and education provision. Feedback from all partners is that it is easier to deliver high quality services when children remain within to the city. It is anticipated that any new home opened by Coventry City Council will homes will be located within the city boundary. This means partners will be in a better position to meet children's needs, improve their health and education outcomes and support families.

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