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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

11 October 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:**

Capital scheme for Children's home offering same day/short-term placements

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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:**

The Council wishes to establish an additional Children's home, offering same day/short-term provision. This will be funded via acceptance of a Department for Education (DfE) Capital Grant, which will also require match funding of 50% capital borrowing by Coventry City Council. Should the DfE Capital Grant bid not be successful then 100% capital borrowing will be required to fund the project.

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 offering same day/short-term care for children in Coventry.

For some children and their families, additional time/space is needed whilst a wrap-around offer of support can be put in place or, due to level of need/trauma, some may require longer-term residential care as a looked after child.

Coventry City Council currently operates 4 Children's homes for up to 16 looked after children and commissions an additional 12 placements with private providers within the city. Based upon the Ofsted registration of these homes, and others within the city, a placement offer cannot be made to children who require accommodating at short notice or for a short period of time.

Working across children's services, finding the right placement at the right time, despite being part of a regional framework can be a significant challenge due to current market pressures, particularly for unplanned placements. Therefore, we are often reliant on spot contract providers who may inflate costs of the placement due to the urgency to meet the child's immediate needs.

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 purchase and refurbish a privately owned residential property to offer this provision. This will enable children to live locally whilst assessment and appropriate support is put in place which enables improved outcomes for children needing a same day/short-term provision.

### **Recommendations:**

Cabinet is recommended to:

1. Approve the acceptance of a DfE grant if awarded which will be utilised towards the commissioning and provision of an additional children's home.
2. Approve capital expenditure of up to; -
  - a. The sum as specified in the private report to be met from prudential borrowing in the event the grant is successful, or,
  - b. In the absence of the DfE grant award, the sum as specified in the private report to be met from prudential borrowing.
3. Delegate authority to the Director of Children's Services following consultation with the Chief Operating Officer and the Chief Legal Officer to; -
  - a. negotiate final terms and approve entry into any grant funding agreement
  - b. secure the DfE funding with the City Council acting as the Accountable Body for the funding as well as any other agreements required to bring into effect the recommendations set out in this report.
4. Delegate authority to the Director of Children's Services following consultation with Chief Operating officer and Chief Legal Officer to undertake the necessary due diligence to identify and purchase a property that can be used for the purpose of a short-stay children's home.

### **List of Appendices included:**

None

**Background papers:**

None

**Other useful documents**

*DCSF 2010 – Sufficiency Statutory guidance on securing sufficient accommodation for looked after children*

[sufficiency\\_statutory\\_guidance\\_on\\_securing\\_sufficient\\_accommodation\\_for\\_looked\\_after\\_children.pdf \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/534560/sufficiency_statutory_guidance_on_securing_sufficient_accommodation_for_looked_after_children.pdf)

*Sir Martin Narey 2016 - Independent review of children's residential care [England]*

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/534560/Residential-Care-in-England-Sir-Martin-Narey-July-2016.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/534560/Residential-Care-in-England-Sir-Martin-Narey-July-2016.pdf)

*Josh MacAlister, Chair of the independent review of children's social care - Transforming Care*

<https://childrensocialcare.independent-review.uk/wp-content/uploads/2022/05/Transforming-care.pdf>

*CMA March 2022 - Children's social care market study*

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

**Has it or will it be considered by scrutiny?**

No

**Has it or will it be considered by any other council committee, advisory panel or other body?**

Yes

This matter will be submitted to the Corporate Parenting Board on Thursday 3<sup>rd</sup> November 2022

**Will this report go to Council?**

No

**Report title:** Capital scheme for Children's home offering same day/short-term placements

## **1. Context (or background)**

- 1.1. 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 offering same/day/short-term care for children in Coventry.
- 1.2. For some children and their families, additional time/space is needed whilst a wrap-around offer of support can be put in place or, due to level of need/trauma, some may require longer-term residential care as a looked after child.
- 1.3. The sufficiency analysis has identified the need for additional provision offering same day/short-term for children in Coventry. 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.
- 1.4. A full report was published in March 2022. It found that there was a shortage of appropriate children's home placements, that the largest market providers could be earning higher profits than the CMA would expect in a well-functioning market. The report highlighted the risk of private equity owned providers going into financial distress and ultimately having to exit the sector due to high and increasing levels of debt.

## **2. Options considered and recommended proposal**

- 2.1. 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 that is supported by partner agencies e.g., Health, and investigates the feasibility of exploring the purchase and refurbishment of a privately owned residential property for children needing a same day/short-term placement 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 and the expected economic downturn due to the current cost of living crisis.
- 2.2. The home sets out to address known/experienced placement challenges. The residential team will work closely with families, partners and wider services to enable children to safely return home whenever possible or onto more permanent and appropriate placements based on their individual needs and welfare.
- 2.3. A primary function of the home will be to respond to potential unplanned admissions to care, which can include:
  - When the Police have exercised their powers of protection in respect of a child and request the local authority receive the child
  - Discharges from hospital relating to mental health & emotional well-being where

there is no longer a need to remain in hospital following CAMHS assessment, but they require additional support before returning home, planned fostering or residential therapeutic care

- PACE beds - preventing children from remaining in custody overnight, when no alternative placement can be found in the region
  - For children remanded into the care of the Local Authority when no alternative placement can be found in the region
  - Critical family relationship breakdowns (particularly for adolescents), enabling time & space whilst intensive restorative work is undertaken and/or FGC completed to look at alternatives to becoming long-term 'looked after'
  - Children who need long-term foster placements within Coventry or for siblings, which cannot be accessed at short notice
  - Placement stability- 'respite' for children in foster placements who may be in crisis, working closely with carers and the wider services such as Edge of care, Horizons to create a solution focused plan that enables the child to return to live with their carers
  - 'Respite' for single parent/carer who is admitted to hospital in an emergency and where no alternative care for the child is available
- 2.4. Working closely with the Placement Team stringent 'gate keeping' will be needed to ensure that children do not remain living within the home for a long period of time. Whenever possible and appropriate we will still seek to place children within a foster placement in Coventry and enabling further time to plan for these placements, will mean less children are placed 'at a distance'.
- 2.5. Given the significant market pressure when we are in need of a same day placement, we often have limited choices and can be required to commission spot placements at high costs.
- 2.6. Several options have been considered to meet the identified provision gap. These are:
1. Accessing the private market- consideration of a specific block contract for 'hard to place' children and commissioning further provision from the market or providing the provision internally.
  2. Use of the private market- there is currently no private provision of this type in the city and there is no indication that this situation is likely to change. There are however out of city placements that are usually high-cost and involves the child moving away from Coventry's key services, family and friends.
  3. Use of existing block contract- there has been some discussion with Coventry 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 capacity or structure to run homes for children needing same day/short-term crisis intervention within the city.

4. Commissioning further provision from the market- the cost of external residential placements made by Coventry have increased by 32% in the 5 years since 2017/18. A short-term residential home will help Coventry drive value by reducing its reliance on this market.
  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, for children who need medium to long term residential care. Coventry has experience of opening and running good quality children's homes within the city. In addition, the DfE has created an initiative to local authorities that want to open their own provision to meet need and to match capital funding. An application has been made to the DfE to match fund the capital provision requested to be invested by Coventry City Council.
  6. The analysis of options indicates that providing internal children's homes is the best option for ensuring high quality provision that meets the needs of children within the city boundary. Combining with partner agencies such as Health, we can offer same day/short-term provision for children within the Coventry area and build upon the success of our Reunification Project & Edge of care services.
  7. The plan is to purchase and refurbish a privately owned residential property for children needing a same day/short-term placement to meet the identified gap in provision.
  8. This makes use of the DfE match capital funding available, in line with the delivery timelines within the grant [March 2025]. We have clear project plans in place which will enable the us to provide further in-city, in-house provision for looked after children.
- 2.7. As part of the bid process a review of suitable properties for sale within Coventry was undertaken on 18 August 2022. Seven properties were identified as being potentially suitable, subject to visits and surveys.
  - 2.8. Although the home will be established to house up to four young people at any one time, the property purchased will need to be a 5+ bedded home and have sufficient space for the home's requirements.
  - 2.9. The new short-term residential home will provide real value by giving the service extra time to put support in place and find the most appropriate placement; whether to remain at home with family, enter foster care or enter a more suitably matched residential or another placement.
  - 2.10. As well as significant immediate financial benefits, there are also longer-term ones associated with better matched placements that lead to reduced placement breakdown and escalation of costs, plus better education and health outcomes. This along with improved outcomes for young people demonstrates the strong value of a short-term provision.

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

- 3.1. There have been continuous discussions with young people, their families, partner agencies and organisations representing families who have looked after children or are on the edge of becoming looked after. There is overwhelming feedback that there needs to be more local provision for families and their children who may be in crisis. When needing an urgent placement, due to lack of placement sufficiency within the city, some have had to move considerable distances to be placed in a foster home or residential children's home that can meet their needs.
- 3.2. When children are enabled to remain in Coventry, we can undertake intensive work with them and their families with the aspiration for them to return home if safe to do so. This is challenging if a child is placed a significant distance from the city and we are then unable to engage with them through relational based practice to find mutually agreed solutions to resolve/decrease any safeguarding concerns.
- 3.3. 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 contribute to better outcomes for the child who is placed in the city.
- 3.4. 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 home 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.
- 3.5. Working closely with Health, we have seen a significant rise in the number of children who present at hospital with mental health & emotional wellbeing needs, many of whom do not have a medical need and, following CAMHS assessment, are deemed fit for hospital discharge.
- 3.6. Through discussions with Health, we have established joint daily 'Bronze' and weekly 'Silver' escalation meetings to ensure children move on as quickly as possible. However, for some children and their families, we have agreed that additional time/space is needed whilst a wrap-around offer of support can be put in place or, due to level of need/trauma, some may require longer-term residential care as a looked after child.
- 3.7. Additionally, some foster carers have told us that they find self-harming behaviours difficult to manage. We will support the carers of children who are already looked after who may be presenting with self-harming behaviours or mental health concerns with 'respite', to prevent potential placement breakdown and ensure children achieve permanency.

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

- 4.1. Once approved the search for an appropriate property will begin immediately. Coventry City Council is now waiting for a decision from the DfE. 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. The aim is for the proposed home to be operational by October 2023.

#### **5. Comments from Chief Operating Officer (Section 151 Officer) and Director of Law and Governance**

- 5.1. Financial Implications

##### **Capital funding**

- 5.1.1. The Council intends to purchase and renovate a residential property to open a children's home. This home will offer same day/short term placements for children needing a crisis provision. The total capital outlay needed to undertake this work has been estimated at a sum as stated in the private report based upon current suitable property market prices and previous experience of opening 3 previous homes and the financial implications associated with this.
- 5.1.2. In September 2022, a bid was made to the DfE under its Children's Home Capital Fund programme for this capital project to be 50% match funded. If the Council's bid is successful, the DfE will contribute up to the amount as stated in the private report towards the capital work and the Council will fund the balance from prudential borrowing.
- 5.1.3. If the bid for DfE capital grant is unsuccessful the Council will seek to fund the entire capital project costs from prudential borrowing which is stated in the private report

##### **Revenue funding**

- 5.1.4. Many of the Council's highest costing placements have been made in emergency situations where only one provider is found. Despite the high cost, the placement is often ill equipped to meet all the needs of the young person. There is often no other option due to a lack of crisis/short term provision in the City.
- 5.1.5. A new short-term residential home will provide real value by giving the service extra time to put support in place and find the most appropriate placement; whether to remain at home with family, enter foster care or enter a more suitably matched residential or another placement.
- 5.1.6. Coventry has more than 80 looked after children placed in residential homes. Over 80% of those are placed with external providers, showing how heavily reliant Coventry is on the external market.



- 5.1.7. The cost of external residential placements made by Coventry have increased by 32% in the 5 years since 2017/18. A short-term residential home will help Coventry drive value by reducing its reliance on this market.
- 5.1.8. The annual operational costs of the new home have been determined and includes day, waking night, administration, and management staff, in addition to other running costs such as groceries, trips and utility costs.
- 5.1.9. At the 75% anticipated occupancy rate, equivalent to 3 out of 4 beds being occupied, the effective bed cost is more expensive than the average cost of a standard residential bed. However, the following need to be considered:
- The short-term home is of a specialist nature, with high staffing levels and waking night staff
  - The cost of many crisis placements far exceeds the average standard rate
  - The home will act as a mechanism for preventing entries to care or finding better matched placements, avoiding significant placement costs
  - At 75% occupancy and an average length of stay of 4 weeks, the home could accommodate up to 40 stays per year.
- 5.1.10. A review of 14 potentially suitable young people for the home was undertaken. The young people were in Edge of Care, Through Care and Youth Justice service areas. Of the 14, it was determined that 5 could have been prevented from entering residential placements if a short-term home was available. This would have avoided costs sufficient to fund the running costs of the short-term residential home.
- 5.1.11. As well as significant immediate financial benefits, there are also longer-term ones associated with better matched placements that lead to reduced placement breakdown and escalation of costs, plus better education and health outcomes. This along with improved outcomes for young people demonstrate the strong value of a short-term provision.

## 5.2. Legal Implications

- 5.2.1. The Council has a general duty to looked after children under section 22 (3) of the Children Act 1989 to safeguard and promote their welfare. Additionally, section 22G of the Children Act 1989 (section 9 of Children and Young Persons Act 2008) requires the Council to secure, where reasonably practicable, sufficient accommodation for looked after children and those whose circumstances make it consistent with their welfare to provide them with accommodation within their local authority area.
- 5.2.2. To ensure compliance with the statutory requirements under the Children's Homes (England) Regulations 2015, governance around the operation of the children's home will be required to ensure a registered manager is appointed to oversee the operation of the children's home, as well as appropriate quality assurance arrangements, are in place for monitoring.

- 5.2.3. As defined in Section 1 of the Localism Act 2011, a council is empowered to do anything an individual may do, whether or not normally undertaken by a local authority. If the application for the grant is successful, the Council will accept a grant based on the outcomes specified and in compliance with any of the funding criteria and requirements. It would be the Council that would be held accountable for the funding.
- 5.2.4. Consequently, the Council, as the accountable body, will be required to enter into a grant funding agreement with DFE to govern grant terms and conditions. To minimise any risks, legal advice should be sought regarding the terms and conditions of the grant agreement.
- 5.2.5. It is the responsibility of the Council to ensure that any procurement is conducted in compliance with the Council's policy and legal obligations, including the Contract Procedure Rules, Public Contracts Regulations 2015, and Subsidy Control Rules. This will be facilitated 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:

- 6.1.1. 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 and services. It will engage local partners so that the health and wellbeing of this group of children will be significantly improved.
- 6.1.2. Delivering our priorities with fewer resources- the opening of an additional home 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 needs of children are at the heart of this initiative.
- 6.1.3. Family Valued- working with the children and families of Coventry, who are in need of short-term intensive support, which may include a short stay for the child within our home to enable restorative and solution focussed work to be completed.
- 6.1.4. Managing performance and managing progress- the home will be subject to significant scrutiny and governance as they are registered with Ofsted. Once registered, the home will be subject to significant quality oversight including monthly assessment by an independent visitor and inspection by regulatory inspectors, Ofsted, in accordance with regulation.

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

- 6.2.1. Robust 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 agreed timescales. This will include representatives from 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.
- 6.2.2. There is always a level of risk operating a children's home. However, as Coventry has a good track record running children's homes while working closely with 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?**

- 6.3.1. 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 within the city. Operating this home will mean improved placement choice for children with complex needs. The registered manager will work closely with our partners and the wider services to ensure children access the right placement at the right time.

## **6.4. Equalities / EIA?**

- 6.4.1. An Equality Impact Assessment will be completed as part of the business case for a new residential provision.

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

- 6.5.1. 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 will be close liaison with the Safety, Health, Environment and Quality Manager to identify the best ways of minimising any impact on the environment from any renovations.
- 6.5.2. Coventry City Council has secured ERDF funding towards the installation of Solar PV on the existing residential children's homes, which will commence in October 2023. 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 purchase of an additional property.

## **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 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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