
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
Council

11 July 2023
18 July 2023

Name of Cabinet Member:

Cabinet Member for Children and Young People - Councillor P Seaman

Director approving submission of the report:

Director of Childrens Services (Interim)

Ward(s) affected:

Properties / land to be determined however it is not deemed to have a significant impact on any particular ward

Title:

Children's Residential Children's Homes Strategy.

Is this a key decision?

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

Executive summary:

The Council wishes to establish additional Children's homes to meet the needs of more children in need of residential care within the city. This will help improve outcomes for looked after children whilst also reducing the Council's reliance on the expensive external residential market, creating overall financial savings for the Council.

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 of residential care for children within Coventry.

Coventry City Council currently operates four Children's homes for up to 16 looked after children and commissions an additional 12 placements with private providers within the city. A further two homes have already been approved by cabinet and are in the process of being purchased/ built. The 'short stay same day' children's home is due to open in November 2023 and our first purpose-built home for looked after children with a disability is due to open in June 2024.

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. Therefore, we are often reliant on spot contract providers who may inflate costs of the placement due to the urgency to meet a child's immediate needs or due to the complexity of the child's trauma responsive presenting behaviours.

The proposal and 3-year Residential Strategy is to:

- Purchase and refurbish two further privately owned residential properties to create two homes for up to 4 looked after children in each, with trauma related emotional and behavioural difficulties.
- Build a further home for looked after children with a disability, as referenced within the approved Cabinet report from January 2022
- Consider a new build, modernised and purpose built residential short breaks home, to replace Broad Park House, with the current property being sold on Logan Road following completion.
- Embed the workforce Strategy for Children's Residential Services, with capacity to develop the existing and future work force to expand the children's home portfolio, run by the Council, improve outcomes for children and financial savings, based on the current residential market.
- The success of the Strategy will result in a decrease in future placement expenditure of c£1m per annum.

Recommendations:

Cabinet is recommended to:

1. Approve the Residential Children's Homes Review and Strategy 2023-2026 appended at Appendix 1 of this report
2. Delegate authority to the Director of Children's Services (interim) following consultation with the Chief Operating Officer (Section 151 officer) and the Chief Legal Officer to undertake the necessary due diligence (including the power to enter into any necessary legal agreement) required to facilitate the following; -
 - a. purchase land and build an additional children's home for the purpose of accommodating four looked after children with a disability
 - b. purchase land and re-build an existing short breaks children's home (Broad Park House) for the purpose of accommodating children with disabilities and additional needs

- c. purchase and renovate two properties to open two additional children's homes for the purpose of accommodating looked after children whose needs are best met within this type of provision
3. Delegate authority to the Director of Children's Services following consultation with Chief Operating Officer and Chief Legal Officer to (where required) commence all necessary procurement for works or services necessary to bring into effect the recommendations set out in 1 and 2 above.

Cabinet is recommended to request that Council:

1. Approve capital expenditure of up to the sum stated in the private element of this report to be met from prudential borrowing which shall be utilised solely for the delivery of the recommendations set out in 1-3 above as well as the objectives set out in the Residential Children's Homes Review and Strategy 2023-2026 which is appended to this report.

Council is requested to:-

1. Approve capital expenditure of up to the sum stated in the private element of this report to be met from prudential borrowing which shall be utilised solely for the delivery of the recommendations set out in 1-3 above as well as the objectives set out in the Residential Children's Homes Review and Strategy 2023-2026 which is appended to this report.

List of Appendices included:

Appendix 1 - Residential Strategy 2023-2026
Appendix 2 – Equalities Impact Assessment

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.gov.uk/government/uploads/system/uploads/attachment_data/file/534560/Residential-Care-in-England-Sir-Martin-Narey-July-2016.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

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?

No

Will this report go to Council?

Yes 18 July 2023

Report title: Residential Childrens Homes Strategy 2023- 2026.

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 care in a residential children's home in Coventry.
- 1.2. For some children, due to level of need/trauma, they require medium to longer-term residential care as a looked after child.
- 1.3. The sufficiency analysis has identified the need for additional provision to care 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 opens 3 additional homes that are supported by partner agencies e.g., Health, and investigates the feasibility of exploring the purchase and refurbishment of 2 privately owned residential properties for children needing residential care to meet the identified gap in provision, alongside a further newbuild home for children with disabilities. 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 homes set 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 move to foster care, or transition to adulthood based on their individual needs and welfare.
- 2.3. Additional homes will enable more children to be cared for within Coventry and the strengthening of our support to our carers through our Workforce Strategy will ensure that children experience stability, loving, meaningful relationships provided by skilled and resilient carers.
- 2.4. Working closely with the Placement Team and Operational Lead for Residential, careful consideration will be given to the matching of children to a home and alongside those children already living there. By increasing the options available,

we will decrease the current challenges that this often presents due to limited homes within the city.

- 2.5. Given the significant market pressure when we are in need of a residential children home 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: Accessing the private market- consideration of a specific block contract for 'hard to place' children, commissioning further provision from the market or providing the provision internally.
 - 2.6.1.1 Option 1: Use of the private market (Not recommended) - there are limited private provision of this type in the city. There are however out of city placements that are usually high-cost and involve the child moving away from Coventry's key services, family and friends.
 - 2.6.1.2 Option 2: Use of existing block contract (Not recommended)- 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 currently plan to open further homes in the city.
 - 2.6.1.3 Option 3: Commissioning further provision from the market (Not recommended) - the cost of external residential placements made by Coventry have increased by 57% in the 5 years since 2017/18. Newly commissioned residential placements over the last 12 months have risen by 73%.
 - 2.6.1.4 Option 4: Expanding internal provision (Recommended) - 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.
- 2.7. 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 more children within the city boundary. Combining with partner agencies such as Health, we can offer more children care within the Coventry area and build upon the success of our Reunification Project & Next Step fostering.
- 2.8. The plan is to purchase and refurbish 2 privately owned residential properties and create a further new build home for children with disabilities, which will meet the identified gap in provision. We have clear project plans in place which will enable the us to provide further in-city, in-house provision for looked after children. With proposed additional Residential Service manager posts identified within the Strategy, they will take the lead and be accountable for the setting up and running of the homes alongside the residential Team managers.
- 2.9. The proposed workforce expansion also includes a Development Officer, to

strengthen our workforce offer in terms of training and development and address some of the recruitment challenges as we become an established provider of Council managed quality residential care to our children.

- 2.10 Increased training opportunities will not only improve the care afforded to the children, but also provide development opportunities to grow future managers and lead to the retention of staff through a career progression pathway.
- 2.11 As well as significant 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 the Residential Children Homes Strategy.
- 2.12 Broad Park House, short breaks children's home affords valuable support to children and their families, through regular short breaks and ongoing family support. The home has operated on the same site since 1967 and is co-located to an empty building that is costing the council continued running costs and is in need of modernisation. Due to the co-location next to a children's home, it is challenging to identify how or who this could be utilised by. The exterior of the building reflects the era in which it was built.

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 need of residential care. When needing a placement, due to lack of placement sufficiency within the city, some have had to move considerable distances to be placed in a 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 with mental health & emotional wellbeing needs, becoming looked after children. Many need Child Adolescent Mental Health Services (CAMHS) assessments and ongoing support and with our strong established relationship with CAMHS, each home has a designated CAMHS support and can ensure the right support at the right time is provided. In addition, our strong partnerships with health mean we can access services more swiftly within the city, when they are needed.
- 3.6 Working closely with the Virtual School & SEND, we can ensure children's Educational needs are met and that they are supported quickly to achieve their full potential, which can be a challenge when working with SEND departments for children placed at a distance.
- 3.7 Our Social Workers tell us that their preference is always for a child to be placed within a Council run children's home. Our homes do not 'serve notice' on children's placements, however, will work with Social Workers and Education to identify a planned move if it is deemed that their needs could be met more effectively elsewhere.
- 3.8 Broad Park House move proposal- further consultation will be undertaken with parents, carers, staff and professionals in regard to the proposed move and the rationale behind this.

4. Timetable for implementing this decision

- 4.1 Once approved recruitment will commence for the first service manager, to support the recruitment of staff, including two Registered Managers and the Residential Development Officer.
- 4.2 The Strategy proposes a staggered timeline of opening new homes to enable staff recruitment, training and Ofsted registration timelines to be achieved. The aim is for the proposed homes to be opened over a 3-year period.
- 4.3 Each home's development project will have a 'working group', ensuring timelines are met and risks mitigated.
- 4.4 These will be monitored regularly through a project management oversight group, chaired by the Strategic Lead for Looked after Children, with reporting from the Operational Lead for Residential and other departments including finance, legal and property services colleagues. There will be regular reports on progress to the Cabinet Member for Children and Young People and Corporate Parenting Board.

5. Comments from Chief Operating Officer (Section 151 Officer) and Chief Legal Officer

- 5.1 Financial Implications
 - 5.1.1 The financial requirement for the total Residential Strategy shows the split between Capital investment and Revenue costs set against the existing resources. It shows that upon implementation of the whole strategy savings of c£1m will be achieved

against the Children's Services placements budgets. Further information is provided in the private element of this report.

- 5.1.2 The first two homes for Children with Disabilities and the Short Stay/Same day home have already been through Cabinet approval and the service have successfully identified grants to support a significant amount of these two projects.
- 5.1.3 Capital funding
- 5.1.4 This report seeks approval to proceed with the remainder of the Strategy. Capital resources (the sum stated in the private element of this report will be required) in order to open the three further homes and replace the existing short breaks home with a new one, and although the service will be actively seeking grant opportunities at every stage of the Strategy to support the expenditure it is currently assumed that this will need to be met from Capital Borrowing and potential capital receipts.
- 5.1.5 The planned profile of the capital spend for these properties are set out in the private element of this report which will add new assets to the Council's property portfolio.
- 5.1.6 Revenue Funding
- 5.1.7 There will be ongoing costs associated with operating each residential home, including staff costs, finance costs and other general running costs such as groceries and utility costs. Further details on these costs are set out in the private element of this report.
- 5.1.8 In addition, there is a need to strengthen the infrastructure of support available across the internal homes. This group of staff will ensure the effective running and ongoing improvement of the homes. The total cost of this is set out in the private element of this report.
- 5.1.9 Growth of the Council's internal residential provision will lead to reduced spend on spot and framework beds. The total expenditure on placements that would be replaced by this Strategy once all homes are fully operational is set out in the private element of this report.
- 5.1.10 If all projects reach completion within the planned timeframe shown within section 9.2 of the attached Strategy, and achieve the expected savings against the current expenditure, the full year impact on the service will be savings of c£1m per annum by 2027/28.
- 5.1.11 Significant savings attributed to this Strategy have been included within the budget setting process for 2023/24. The prioritisation of these projects has shifted from this 2023/24 budget setting estimate due to DfE grant opportunities and exploration of the external property market. It has also been possible to include more detail regarding investment costs and short-term budget pressures attributed to implementation periods when opening a new home.

- 5.1.12 There is an updated 5-year financial plan surrounding this Strategy and compares this to the figures included within the 2023/24 MTFS. The detail behind this updated financial plan is shown within the strategy document included as an appendix.
- 5.1.13 This will be kept under continuous review by the Project Board and will be subject to change if any of the projects change their prioritisation in the timeline or incur any slippage

5.2 **Legal Implications**

- 5.2.1 The Council has a general duty to look 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 registered managers are appointed to oversee the operation of the children's homes, 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.
- 5.2.4 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 One Coventry Plan?**

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

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

- 6.1.1 Increasing the economic prosperity of the city & region: The opening of new homes will increase employment opportunities, with the children's residential services employing over 130 staff, with training & development opportunities and a clear career pathway.
- 6.1.2 Improving outcomes and tackling inequalities- providing care to more looked after

children within the city, including those with a disability. 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.

- 6.1.3 Continued financial sustainability of the Council 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 needs of children are at the heart of this initiative.
- 6.1.4 Family Valued- working with the children and families of Coventry, who are in need of support, our homes will maintain relationships and where possible, support children to return to the care of their parents, through reunification, if it is safe to do so.
- 6.1.5 Managing performance and managing progress- the homes will be subject to significant scrutiny and governance as they are 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, Ofsted, in accordance with regulation. The additional Service Manager's will have a leading role, undertaking quality assurance tasks, working with Registered managers to achieve excellence.
- 6.1.6 Tackling the causes and consequences of climate change (please refer to 6.5)

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 in relation to matching children who can live alongside each other, workforce challenges and reputational risks. 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 these homes will mean improved placement choice for children with complex needs. The registered managers will work closely

with our partners and the wider services to ensure children access the right support at the right time.

6.4 Equalities / EIA?

6.4.1 An Equality Impact Assessment has been completed and is appended at Appendix 2 of this report.

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

6.5.1 The plans to refurbish new homes 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 was completed in March 2023. There is therefore potential to expand the scheme should additional funding be provided as part of the refurbishment projects. This would further reduce the carbon emissions associated with the proposed purchase of any additional property.

6.5.3 Emissions related to travel will be reduced by more looked after children being cared for in the city, as professionals and families will not have to travel long distances to see them.

6.5.4 Significant consideration is given to the impact on the environment when undertaking a new build, through careful planning and appropriate ecological surveys. Newly built properties will comply with current legislation, with new energy efficient heating systems, solar panels and insulation. Gardens will have wild-flower areas to support pollination and herb/ vegetable gardens.

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 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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Other Members				
Names of approvers: (officers and members)				
Finance: Tina Pinks	Finance manager	Finance	8 June 2023	19 June 2023
Legal: Julie Newman	Chief Legal Officer	Legal and Governance	12 June 2023	16 June 2023
Legal: Nancy Perkins	Solicitor and team leader	Law and Governance	12 June 2023	16 June 2023
Legal: Oluremi Aremu	Head of Legal and Procurement Services	Legal Services	12 June 2023	19 June 2023
Director: John Gregg	Director of Children's Services	-	12 June 2023	14 June 2023
Members: Councillor Pat Seaman	Cabinet Member for Children & Young People	-	12 June 2023	14 June 2023

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