

## Cabinet (Resources) Panel

23 February 2022

<b>Report title</b>	Children's Residential Provision Review	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Beverley Momenabadi Children and Young People	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Emma Bennett – Executive Director of Families	
<b>Originating service</b>	Children's Services	
<b>Accountable employee</b>	Alison Hinds Tel Email	Deputy Director Social Care 01903 553035 <a href="mailto:Alison.hinds@wolverhampton.gov.uk">Alison.hinds@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Directorate Leadership Team Strategic Executive Board Councillor Briefing Scrutiny Panel	11 January 2022 13 January 2022 18 January 2022 2 February 2022

### Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the recommended option to progress the development of a full feasibility business case to create a new restorative practice, multi-agency Children's Home(s) within the city.
2. Approve the allocation of £35,000 from the Transformation reserve for further development of the project's overall business case to be presented to Cabinet (Resources) Panel in June 2022.

### Recommendation for noting:

The Cabinet (Resources) Panel asked to note:

1. A strategic change in commissioning of spot purchasing local placements over out of city or national, in order to build successful stronger working relationships with our Wolverhampton providers and to ensure quality oversight improvements.

## 1.0 Purpose

- 1.1 This report presents a case for change in regards to the options to meet our statutory duties for sufficiency of residential provision and the wider needs of our children and young people in care. In summary, it is proposed to open an innovative restorative practice Children's Home within the city, whilst continuing to spot purchase placements, in order to address the needs of our most complex Children and Young People. It also explains why the change is required and how the proposal meets both our financial and strategic obligations in regards value for money and giving our children in care requiring residential provision the best start in life.
- 1.2 This paper, the "Home from Home" Children's Residential Commissioning Review (**Appendix 1**) and the Options Paper developed by the Children's Residential Provision Review Project (**Appendix 2**) sets out a case for change and why the preferred option has been recommended.

## 2.0 Background

- 2.1 A review of Residential Care in Wolverhampton, "A Home from Home", was produced and published in July 2021 by the Children's Commissioning Team and sought to take an overview of how City of Wolverhampton Council meets its statutory duty to ensure that there are sufficient places available where Children and Young People in Care (CYPiC) need residential placements.
- 2.2 This internal review was produced at a time of national concern from central government about the provision of residential care. The Children's Commissioner has expressed concern about the growth of private providers, which led to the children's social care review chair asking the Competition and Markets Authority to investigate the market for children in care placements. This led to an investigation of how a lack of availability and increasing costs could be leading to the needs of children in care not being met; does profit come at expense of quality in the children's social care market and what impact does this have on our ability to meet the needs of our Children and Young People in Care?
- 2.3 The report of the Children's Commissioner, '[Private provision in children's social care](#)', explores the growth of private companies providing placements in children's homes. It warns there is a clear lack of planning and oversight for the market, leading to an increasingly fragmented, uncoordinated and irrational market. Private provision accounts for 73% of the growth in the number of children in care between 2011 and 2019. The number of children in homes provided by the private sector has grown by 42% over this period whereas local authority provision has not kept pace and has shrunk in some areas. The Children's Commissioner argues that the responsibility for making the system work has fallen through the cracks: the growth in private provision may not have been a deliberate policy choice but it is a consequence of government inaction along with the options and funding available to local authorities.

- 2.4 The report finds that certain large providers are seeing a profit margin of around 17% on fees from local authorities, which can amount to over £200 million a year in total. It is felt that this diverts much needed resources from direct investment into preventing escalation with early intervention. It looks at how the companies providing these services are increasingly being owned by private equity firms and raises questions about the way some large private providers are financed, with high levels of debt that could potentially create instability in future. It also shows how opaque the system has become, with detailed and complex investigation needed to understand the ownership, accountability, profits, costs, and prices of different providers – and the situation changing rapidly.
- 2.5 A Children's Residential Provision Review Project was established in November 2022, and the concept brief signed off by the Transforming Children's Services Project Board. This Project group analysed the Commissioning Review and further data and financial analysis, and has met, produced and approved the Options Paper (**Appendix 2**)

A. The Children's Residential Provision Review **Project aim:**

To offer suitable, sufficient, and sustainable children's residential provision that:

- Meets demand
- Promotes the safety of children and young people
- Offers them the best quality support whilst in a placement and,
- Most importantly, puts children at the centre of its design and delivery.

B. The Children's Residential Provision Review **Project deliverables:**

A new restorative practice, multi-agency Children's Home(s) for children and young people with complex needs as part of the overall priorities set out in the Commissioning and Sufficiency Strategy.

### 3.0 The Case for Change and current market capacity and usage

- 3.1 For the past six years, Wolverhampton has gradually reduced the number of children in care, although 2017-2018 saw a slight increase before coming down again in March 2019. Table 1 highlights the numbers of CAYPIC at the end of each financial year and our current total as of September 2021.
- 3.2 Table 2 below shows a snapshot of the placement types at end of each financial year. There has been a year-on-year reduction in the use of external foster placements, however this has increased slightly recently. Again, this is linked to Unaccompanied Asylum Seeker Children (UASC) as external carers are often more experienced and a suitable cultural match to UASC than our internal carers. There has been a slight decrease in use of internal and connected carers which is not linked to the increase in external placements but linked to the reduction in children in care overall. Whilst placement with parents is 35, this will also impact on the reduction of children placed with internal and connected carers which combined is 279.

**Table 1 – Starts and Ends Per Year**

Financial Year	Starts	Ends	Net	CAYPIC as at 31 March
2015-2016	134	258	-124	654
2016-2017	176	191	-15	639
2017-2018	187	174	13	652
2018-2019	135	160	-26	627
2019-2020	129	167	-38	589
2020-2021	97	143	-46	543
2021-2022 (To end of Sep 21)	61	71	-10	533

**Table 2 - Placement Types at end of each Financial Year**

Placement Type	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Sep 2021
Adoption	24	27	27	15	23	27
Connected Carer	73	110	89	111	97	93
Agency (external) FC	247	207	197	149	128	133
LA (internal) FC	188	205	191	210	202	186
Residential Care (EPP and residential)	32	42	42	39	29	36
Placed with Parents	38	20	39	24	35	35
Semi Independent / Independent Living	19	20	28	26	18	15
Residential School	6	0	4	1	1	8
Anything else	12	21	10	14	10	0
TOTAL	639	652	627	589	543	533

- 3.3 Residential care, which is the focus of this project, has also seen an increase within the year linked to a change of care plan for a small cohort of young people where residential has been agreed as a more suitable placement option. We have also undertaken some work to analyse our placement planning and continue to review use of residential care within our Residential Panel moving young people back to family setting where appropriate.
- 3.4 As an authority, Wolverhampton have achieved and consistently maintained the majority of CYPiC placed with internal foster carers than external providers in the last three years. With careful planning of young people moving into residential with Head of Service oversight, and where appropriate close monitoring for a step down into foster care via both the External Placements Panel (EPP) and residential panels, Wolverhampton have been successful in reducing the number of children and young people placed into residential care in line with a clear sufficiency strategy. However, there remains a small cohort of children where there have been repeated fostering placement breakdowns and where the external residential market has been unable to meet their needs.
- 3.5 The 2021-2022 budget for Children's Services is £49.1 million of which the placement budget is £31.0 million including staffing and other associated costs.
- 3.6 Of this placement budget in 2021-2022 we had very high-cost expenditure for two children with complex needs. One child's care totalled £563,423 over the period, at a cost of £11,221 per week, and the other £498,792 at a cost of £9,709 per week. We can see that not meeting the needs of the projects target cohort is costing us in excess of £1 million annually.
- 3.7 Wolverhampton has access to a mixed economy of provision in procuring residential placements including the Regional Flexible Contracting Arrangement (FCA) through the West Midlands Placements Portal, other regional block contracts and spot purchase where necessary.
- 3.8 When looking at current open CYPiC the average age at the start of the placement is 7.8 for those not in a residential placement, compared to 13.9 for those in a residential. 62% of those not in residential are under the age of 10 at the start of the placement, when looking at those in residential this reduces to 12%. This indicates that CYPiC are much more likely to be placed in residential at an older age with those not in residential more evenly distributed across the age groups.
- 3.9 Therefore, having the option to place our most complex CYPiC within a residential placement at an earlier stage as part of an evidenced decision would be helpful for placement stability and reduction in placement breakdown for a small cohort of children and young people. However, our strategic approach would always be to maintain family placements where possible.

- 3.10 Local Placements and Providers of choice as a strategic commissioning change**
- 3.11 Spot purchase of placements will always be a last resort in terms of commissioning decisions, however, use of this option will remain a requirement in certain circumstances and to ensure we meet our statutory duties and sufficiency needs.
- 3.12 When a decision to spot purchase is taken, we see that local placements and providers will be the first choice. This ensures we meet several strategic priorities, including that of the 'Wolverhampton Pound' by spending our money locally with in city providers and employers.
- 3.13 Importantly, Commissioners will have the ability to build meaningful working relationships with Wolverhampton providers which foster collaborative and responsive approaches to best meet the needs of our Children and Young People. New contract management approaches of "A Shared Responsibility of Success" were introduced in 2020 as part of the Children's Sufficiency and Commissioning Strategy. This approach brokers open and supportive dialogue with a provider and Local Authority service teams, beyond the old Contract Holder vs Contractor relationship. Having local Wolverhampton providers, with an understanding and interest in the city allows this approach to be introduced more effectively.
- 3.14 Quality assurance of local provision is more practical and embeds a collaborative approach. With local provider relationships, quality assurance functions can be both desk based as well as on site visits. The improvements in quality standards by moving from national or regional providers to local has been demonstrated within other commissioned contracts and is an approach we have sought to increase as part of market engagement practices.
- 3.15 Summary of the current market and case for change;**
- A. The vast majority of residential placement sufficiency can be met through framework and spot purchasing arrangements. Access to Framework and Spot Purchase arrangements needs to be continued, but the provider market developed beyond the reliance on large national provision.
  - B. Placement stability in both Fostering and Residential placements has improved and is being sustained. However, having the option to place our most complex CYPiC within a residential placement at an earlier age as part of an evidenced decision would be helpful for placement stability and reduction in placement breakdown.
  - C. The age range for children in Residential is higher than for those not in residential provision. Combined with the higher placement breakdowns and missing episodes, it would suggest that justified and evidenced residential placements as an option to step down from, rather than to utilise as a last resort to step up to would see better outcomes for our CYPiC.

- D. Missing episodes reduce where a clear residential placement decision has been made and is an available placement option, rather than one of last resort.
- E. There would be clear savings made on placement costs by making a residential placement decision earlier, as opposed to attempting repeated fostering placements. This needs to be quantified as part of the overall business case against costs of establishing a new restorative practice, multi-agency Children's Home within the city. However, it is clearly in the best interests of some of the children and young people we place.
- F. Requirements for residential provision is expected to reduce between 2022 and 2025, however, there remains a residential requirement for a small cohort of children with complex needs and this needs to be made available as a placement choice as early as possible. Particularly to reduce our reliance on high cost out of city private provision for this small number of CYPiC.

#### **4.0 Needs Analysis**

- 4.1 The needs analysis is available in the Children's Commissioners "Home from Home" Residential Review produced in July 2021. **(Appendix 1)**. This needs analysis clearly establishes the requirement to better meet the needs of;

##### **A. Children in Care with Complex Needs**

- this will be the main cohort of children in residential care
- the majority of these children will be open to the Disabled Children and Young People Team
- the majority of these residential placements would be funded through the External Placements Panel
- the needs of this cohort are not currently being met and we require a new smaller in-city residential home for children with the most complex needs.

##### **B. Children in Care with Complex Needs but not Health Needs**

- the number of children in this cohort would remain small and,
- they will require full time care in residential placements
- the needs of this cohort are not currently being met and we require a new smaller in-city residential home for children with the most complex needs.

#### **5.0 Feasibility**

- 5.1 A full feasibility Business Case will need to be developed, and this paper requests funding of £35,000 from the transformation reserve to be able to achieve this. This will be developed between February 2022 and May 2022, reporting to Cabinet in June 2022.

#### **6.0 Implementation**

- 6.1 Following submission of a full business case in June 2022, the implementation period would be planned from July 2022 with expected completion in June 2023.

## **7.0 Evaluation of alternative options**

- 7.1 **Appendix 2** details the five options considered and rationale for the recommended option as part of a full Options Paper. The Children's Residential Provision Review project group analysed and gave collective analysis on all options.

## **8.0 Recommended Option**

- 8.1 Option 5 - To continue using spot purchase and Framework placements, alongside the establishment of a new restorative practice, multi-agency children's home within the city. The proposal, whilst not at full business case stage, is for two properties to accommodate up to two Children with Complex Needs each and the additional supporting services and staff required to meet their needs.
- 8.2 It is now unusual for residential children's homes nationally and locally to be more than two bedded homes for young people's compatibility of needs to be managed safely with the right staffing ratio. The proposal is to explore the development of two residential children's homes that would cater for no more than two children each.
- 8.3 Given the reducing demand for residential placements and increase in usage of internal fostering, we would not wish to commit to larger properties that can cater for more than two young people. Having two properties that can cater for two young people each, will allow placement teams to better manage risks around voids.
- 8.4 We do, however, require properties that can cater for two young people (as opposed to a 1) in order to provide a family environment. There will also need to be space for 24 hour onsite support staff. Two properties, that can house two young people each, will ensure a focus on an individual child's needs without further influences within their living space. There is clear rationale and evidence of successful current delivery practice within Children's homes of this size.
- 8.5 The new restorative practice children's home would differ from previous internally run services through its statement of purpose to meet the needs of our most complex cases, and the staffing ratios to achieve this
- 8.6 The location of the new restorative practice children's home should be conducive to working with highly complex and vulnerable young people. Previous homes were purpose built as an assessment centre and did not have a homely feel. As previous homes were located close to the city centre, close to a main road and in an area where there are issues that could place young people at increased risk of gangs and exploitation, this will be avoided with the development of this project with location a key output.
- 8.7 The home will provide specialist support to young people who have experienced a significant amount of trauma. The focus of the home will be on trauma recovery with a view to supporting young people to improve their emotional regulation. As such, residential staff will need to be highly skilled and trained in trauma informed interventions.



Input from colleagues in Health will be crucial in meeting the needs of this vulnerable and complex cohort

- 8.8 To continue spot purchase arrangements, but with a strategic change to local providers of choice. Commissioners will have the ability to build meaningful working relationships with Wolverhampton providers, that foster collaborative and responsive approaches to best meet the needs of our Children and Young People. New contract management approaches of “A Shared Responsibility of Success” were introduced in 2020 as part of the Children’s Sufficiency and Commissioning Strategy. This approach brokers open and supportive dialogue with a provider and Local Authority service teams, beyond the old Contract Holder vs Contractor relationship. Having local Wolverhampton providers, with an understanding and interest in the city allows this approach to be introduced more effectively.

### **Reasons for decision(s)**

- 8.9 **Appendix 2** details the five options considered and rationale for the recommended option as part of a full Options Paper. The Children’s Residential Provision Review project group analysed and gave collective analysis on all options.

### **9.0 Timeline for Change**

- 9.1 Needs Analysis (April 2021 – July 2021) COMPLETED
- 9.2 Feasibility (November 2021 – June 2022) Subject to Cabinet Resources Panel Approval
- 9.3 Implementation (July 2022 – June 2023) Subject to Cabinet Resources Panel Approval

### **10.0 Financial implications**

- 10.1 This report requests approval to use £35,000 from the transformation reserve to fund the development of the business case as per the recommended option.
- 10.2 The development of a Children’s residential provision will in all likelihood have capital and revenue financial implications, and these will be detailed in further reports once the business case is completed.  
[JB/07012021/E]

### **11.0 Legal implications**

- 11.1 Legislation is clear that the local authority needs to act in a manner that promotes the safety and wellbeing of children it looks after. This option will allow the local authority to explore whether the proposal can meet the needs of our most complex, vulnerable children in care and achieve the most optimal outcomes and opportunities for them.  
[SB/06012022/E]

## **12.0 Equalities implications**

- 12.1 When the regional residential provision framework was developed, an initial Equality Analysis was undertaken. There were no specific equalities issues that arose from this. The framework is to enable additional, more specialised support for vulnerable children and young people who require residential care.
- 12.2 At this time, it is not considered that the options paper requires further equalities analysis. However, as part of the commitment in Children's Services to developing work around equalities, there will be regular analysis of the young people accessing residential support in order to identify protective characteristics and any areas disproportionality.
- 12.3 Whilst the numbers to be supported by the recommended option are relatively small and therefore not representative of the wider community, it is important to understand the characteristics of those being supported to help shape the provision and ensure it is accessible to all.
- 12.4 A full equalities impact assessment will be undertaken as part of the full business case to be presented to Cabinet (Resources) Panel in June 2022.

## **13.0 All other implications**

- 13.1 Human Resources will ensure that all Council policies and procedures are followed in the development of the new roles required to deliver the proposed option. Particular in relation to recruitment of a new skilled workforce with terms and conditions that meet the Single Status agreement and OFSTED requirements.

Human Resources will keep the Trade Unions informed throughout the process.

- 13.2 As outlined in item 8.0 - Recommended Option 5 of the report, Children's Services will need to work with the Assets and Estates Team in identifying the two properties to fulfil the service area needs and be fit for purpose. Any suitable Council owned assets will initially be explored to meet with the provisions specified within the proposal.
- 13.3 Where no assets within Council ownership can be identified, a review will be undertaken to acquire the properties externally either by freehold or leasehold which will feed into the full feasibility Business Case for Cabinet approval in June 2022.

## **14.0 Schedule of background papers**

- 14.1 None

## **15.0 Appendices**

- 15.1 Appendix 1: "A Home from Home" Children's Commissioning Residential Review
- 15.2 Appendix 2: Children's Residential Provision Review Project Options Paper
- 15.3 Appendix 3: New Concept form - Children's Residential Provision Review Project