

Cabinet (Resources) Panel

6 July 2022

Report title	Children's Residential Provision – Phase 2 (Business Case)	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Beverley Momenabadi Children and Young People	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Emma Bennett – Executive Director of Families	
Originating service	Children's Services	
Accountable employee	Alison Hinds Tel Email	Deputy Director of Social Care 01902 553035 Alison.hinds@wolverhampton.gov.uk
Report to be/has been considered by	Directorate Leadership Team Strategic Executive Board Cabinet Briefing C&YP Scrutiny Board	8 June 2022 14 June 2022 14 June 2022 23 June 2022

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve that the council develops two Children's Homes, the first at a corporate asset site still to be confirmed, and purchases a private property for the second home.
2. Delegate authority to the Cabinet Member for Children and Young People, in consultation with the Executive Director of Families; and to the Cabinet Member for City Assets and Housing, in consultation with the Deputy Chief Executive, to approve the location and site of the two homes following consultation with key stakeholders, and approve the allocation of the capital provision to the individual capital projects in order that they may be progressed in a timely manner.
3. Note that the capital costs included in this report have been incorporated into the 'Capital Budget Outturn 2021-2022 including Quarter One Capital Budget Monitoring 2022-2023' report which is on the Cabinet agenda for today and will subsequently be reported to Full Council for approval on the 20 July 2022, assuming that Cabinet (Resources) Panel

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[NOT PROTECTIVELY MARKED]

approval to progress with the project is given. As the progression is dependent on that decision, if the project is not approved, the capital programme will be reduced accordingly.

1.0 Purpose

- 1.1 The purpose of this report is to seek approval for the funding to secure two properties to develop two local authority children's homes for children with complex needs. Each home will cater for up to two young people with the aim of creating high quality, specialist provision that will provide young people with a homely environment.
- 1.2 A comprehensive feasibility study considering all the options available has been completed between March and June 2022. The rationale for the preferred options contained in this report are based upon the findings from the feasibility study.

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. This sought to take an overview of how the 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 The review highlighted a number of areas for further work to support our continuing improvement:
 - The development of a new restorative, multi-agency Children's Home within the City, but outside the City Centre, to meet the first sufficiency priority of young people with complex needs
 - For young people to be at the centre of any future developments
 - For more robust contract monitoring, including high-cost placements and quality assurance visits
 - To continue with a mixed economy of provision but with focus on smaller, local units with stable, competent, well trained and supported staff who focus on meeting the individual needs of our CYPiC
 - To review transition into adulthood plans and ensure actions are in place
 - To improve communications with providers through more provider events
 - To work with regional colleagues to rebalance the market
- 2.3 In response to the commissioning review, a Residential Provision Project was established to identify the best option to address the review findings.
- 2.4 In February 2022, a report was presented to Cabinet (Resources) Panel that suggested five options in relation to residential children's home provision in the city. These five options were (1) continue with the spot purchasing placements; (2) block contract residential beds; (3) commission a provider; (4) develop in-house City of Wolverhampton owned provision; (5) a combination of option 1 and 4 whereby in-house provision would be developed alongside a strategic change in the 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.

- 2.5 Cabinet (Resources) Panel considered the five options and approved option five. It was agreed that a full feasibility business case for two new restorative, multi-agency children's homes in the city, would be developed between March and June 2022. This option was supported with a recognition of the benefits to children and young people in care being placed locally.
- 2.6 Providing specialist, high quality placements within the city will support young people to maintain links with their wider family networks, friends and education establishments. It will also enable any additional needs, e.g., mental health, Special Educational Needs, to be met by in-city services. When children in care are placed out of area, it can often be a challenge to get effective packages of support in place.
- 2.7 This report details the outcome of the feasibility study and recommends options to progress the development of two new, in-house children's homes that will cater for vulnerable, complex young people in care.
- 2.8 This item was considered as pre-decision scrutiny on 23 June 2022 by Children, Young People and Families panel and will therefore not be available to call in once a decision is made by Cabinet (Resources) Panel (CRP).

3.0 Progress

- 3.1 On 23 February 2022, Cabinet (Resources) Panel agreed for a full feasibility business case to be developed for two new restorative, multi-agency children's homes within the city. To support the feasibility business case, the allocation of £35,000 from the Transformation reserve was approved.
- 3.2 The feasibility business case has been developed between March and June 2022 in partnership with Housing Strategy and the Children's Residential Provision Steering Group. A number of potential options have been explored in detail.
- 3.3 When assessing the merits and viability of each option, consideration has been given to the needs of complex and vulnerable children in care, and also to the lessons learnt from previous local authority provision in terms of what makes an effective home.
- 3.4 Available research has also been reviewed to ensure the options considered will achieve the best possible outcomes for young people in residential care. In an evidence review undertaken by Research in Practice (December 2021), 'Reimagining Residential Children's Homes; Residential Care for Adolescents', there is recognition that residential care can be the right placement for some young people, but that this should be grounded in a culture of care. One of the underpinning principles should be 'would it be good enough for my child'. This research also references the importance of creating a 'home' environment and ensuring residential homes do not feel institutionalised.
- 3.5 In order to ensure that both homes function as successfully and effectively as possible, a specification for the homes has been developed. When giving consideration to potential property options, the following areas have been identified as critical:

- To preferably be detached
- To not be overlooked by neighbours
- To have 3-4 bedrooms; two bedrooms for young people, a bedroom for a staff office and space to undertake direct work with young people.
- To have some outdoor space
- To be of a style that will fit in with the surrounding houses in the area and not look 'institutionalised'
- To be in a suitable location e.g., low crime rates, no/low risk of gangs and exploitation, access to amenities such as schools and GP surgery
- To give due consideration to the proximity of any other privately run Ofsted registered Children's homes and the implications of opening another children's home.
- For the two new homes to be geographically close together to enable consideration of a shared manager across both homes. Office for Standards in Education, Children's Services and Skills (Ofsted) will allow multi-building children's homes to be registered whereby multiple homes can be managed by one manager. However, one of the requirements for multi-building registration is that the homes are in relatively close proximity of one another.

3.6 The business case has been developed with a focus five overarching options:

- To identify a suitable corporate asset which could be transferred to Children's Services
- To identify corporate land on which a home could be built
- To identify local providers whom the local authority could enter a lease agreement with
- To identify private land to purchase and build a home
- To identify a private property for purchase

3.6 The feasibility business case has reviewed all of the options that were identified, with pros and cons for each. These have been discussed in detail with the project steering group and either accepted or rejected as possible considerations.

4.0 Evaluation of alternative options

Corporate Assets

4.1 The feasibility business case has considered all available corporate asset options. Of these assets, a number have been ruled out due to the location and style of the buildings. However, it is recognised that there are benefits to utilising a corporate asset as work to renovate/ rebuild could be progressed immediately and at pace. There are suitable assets within the corporate asset portfolio, but consultation with key stakeholders is required prior to a site being identified. In order to ensure the provision created is of high quality and creates a homely environment for children in care, it is possible that demolition and a purpose built re-build will be required. The anticipated cost of demolition and rebuild is £450,000.

Corporate Land

- 4.2 All of the corporate land identified has been visited by the project team, discussed and agreed that it is not suitable for development. This is due to a number of reasons; however, the continual theme is that the land options are already in densely populated residential areas; it would be difficult to blend a new build into the existing surroundings and the plots of land are too small to provide a truly detached and spacious property to benefit and meet the needs of the young people who will be residing there.

Lease a property from a local provider

- 4.3 Discussions have taken place with local providers, however, no suitable properties have been identified. There is also a risk around security of being able to obtain a long enough lease.

Private Land to Purchase

- 4.4 Private land in a suitable location and of a suitable size is difficult to source. Throughout the feasibility study only two possible plots were identified. However, planning permission would be required to build a home on private land and there is no guarantee permission would be granted. In addition, there may be a need to apply for a change of use from residential to business. The risks associated with this option and the length of time it could take to obtain the necessary permissions, makes this a less favourable option. The cost of the land options considered ranged from £245,000 to £400,000. There would also be costs associated with the build of approximately £265,000, as well as legal fees.

Purchase a private property

- 4.5 The option for the Council to purchase a private property would result in an increase in the Council's assets. This is contrary to the ongoing review and rationalisation of assets. However, there are a number of benefits with this option. Firstly, this would maximise the element of choice over the area and style of the property. It would already be within the style of a 'family home' and fit in with surrounding properties. Secondly, purchasing a property rather than building a property, would hopefully result in the home being open and operational sooner. This could possibly be within six months, pending the completion of the sale of the property and the registration process with Ofsted. Having explored properties currently available on the market, the cost of a 3-4 bed property is estimated to be between £375,000 and £550,000. Budget to undertake any refurbishment work would also need to be taken into account, along with legal fees, surveyance fees and stamp duty estimated at £135,000.

5.0 Reasons for decision

- 5.1 The proposal supported by Cabinet (Resources) Panel on 23 February 2022 was to open two internal children's home in the city. Given the options that have been explored and outlined in section 4, there are two options being recommended.

- 5.2 Option 1 is to utilise an existing corporate asset to develop a new children’s home within the city. This may require renovation work or a complete rebuild. Work will be able to be progressed quickly, with an anticipated completion timescale of 10-12 months.
- 5.3 Option 2 is to purchase a private property in a location close to home number one. By doing this it will enable the recruitment of only one manager across both homes as Ofsted support multi-building registration. Purchasing a property will allow there to be a high degree of influence over the location and style of the property, and will ensure children in care are provided with a ‘family home’ environment to live in. This option will be able to be progressed more quickly than purchasing a private piece of land and building a home.
- 5.4 It is recommended that both of these options are progressed. If these options are not approved, the local authority will continue to struggle to meet the needs of the most complex, vulnerable young people in care. Whilst this cohort of young people is relatively small, it is often difficult to identify high quality, specialist provision.

6.0 Financial implications

- 6.1 The recommendation of this report is to open two internal Children’s homes within Wolverhampton. The first of these is proposed to be built on land the Council currently owns, and the second will be a residential property to be purchased in a nearby area and converted for use as a Children’s home.
- 6.2 Indicative costs, subject to testing the market, suggest that the total capital cost to the Council of bringing the two homes into operation will be in the region of £1.1 million. This report requests delegated authority to allocate these budgets once the final sites are identified. If one of the sites chosen is earmarked for disposal, then using it for a children’s home would forego any capital receipt the Council may receive.
- 6.3 Whilst the recommendation is to build the first children’s home on an internal site, if a suitable site is unavailable, the first site may be purchased on the open market similar to the second planned children’s home. The cost should be equivalent or less, however if this is not the case further approvals will be sought.
- 6.4 The annual estimated revenue cost to the Council of the two homes is shown in the table below. As the capacity of the homes will be 4 children the cost per placement per week will be in the region of £6,900 per week.

Estimated Annual Revenue costs of 2 homes £000	
Staffing	1,285
Non staffing	85
Capital cost	65
Total	1,435

- 6.5 In 2021-2022 there were 14 placements where the total cost was more than £7,000 per week. The average placement duration was 128 days. Of these placements, 13 were made through the external placements panel, whereby placements are jointly funded by Children's services, Education through the High Needs Block, and health partner organisations.
- 6.6 The average annual cost to the Council of the most expensive external placements in 2021-2022 was £5,800 a week, met from existing budgets for external provision within children's services. Therefore, it can be estimated that the additional costs of having internal residential provision for 4 of those placements would be £219,000 per annum.
- 6.7 There remains within children's services a 2022-2023 revenue budget of £864,000 for the recently closed internal residential provision, meaning the additional cost of the new internal provision can be met from this existing budgets.
- 6.8 It should be noted that the Department for Education has a capital funding programme to support local authorities to establish new children's homes on a 50:50 match funding basis. There will be another application window later in the year and the Council will be applying at this stage for funding to establish the internal residential provision.

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7.0 Legal implications

- 7.1 Pursuant to Section 120 of the Local Government Act 1972 the Council is permitted to acquire land for the purposes of any of their functions under that Act or for the benefit, improvement or development of their area or any purpose for which it is authorised. This report sets out the strategic importance of this acquisition of land and is in accordance with the Council's Constitution.
- 7.2 In relation to the acquisition of the land detailed above, there is no statutory requirements in respect of the purchase price, however, the Council is bound by its overall fiduciary duties and Section 151 of the Local Government Act 1972 which relates to the financial arrangements of local authorities. The allocation of the capital provision is detailed in the report and is in accordance with the relevant legislation and the Council's Constitution.
- 7.3 Subject to approval of the recommendations, the Council will be required to enter into a number of legal agreements that will include a transfer of land and sale contract together with ancillary agreements. It will also be necessary for there to be appropriate title checks and searches as part of the due diligence. The land once acquired will need to be registered with the Land Registry. There is likely to be stamp duty land tax implications, which needs to be taken into account as part of the financial arrangements.
- 7.4 The proposed approach is legally compliant and ultimately helps to ensure that the Council's legal duties in relation to looked after children are met. Legal advice will be provided throughout this transaction.

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8.0 Equalities implications

- 8.1 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.
- 8.2 At this time, it is not considered that the options presented in the feasibility business case require 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 of disproportionality within the cohort.
- 8.3 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.
- 8.4 A full equalities impact assessment will be undertaken as work develops to set up and open the two new children's homes.

9.0 All other implications

- 9.1 If Cabinet (Resources) Panel approve the recommendations and plans progress to establish two new local authority children's homes, staff will be recruited following existing recruitment processes.
- 9.2 City Assets would support the repurposing of a corporate asset to support the successful delivery of Children's Services and the Council's corporate parenting commitment.
- 9.3 If plans progress with the two new homes, there will be a need to liaise with Fleet Services in order to progress the procurement of two vehicles (one for each home). A full business case will be submitted to Fleet Services to substantiate this request. Fleet will fund the capital cost of purchase, or the revenue cost of hire/lease, which ever option is deemed most appropriate following a review of the business case and an options analysis. The anticipated cost to purchase an electric people carrier is £35,000. Revenue costs for fuel and repairs have been included in the projected revenue budget for each home.

10.0 Schedule of background papers

- 10.1 "A Home from Home" Children's Commissioning Residential Review July 2021.
- 10.2 [Children's Residential provision Review](#) Cabinet (Resources) Panel paper 23 February 2022.

- 10.3 [Children's Residential Provision Review Project Options Paper](#) presented to Cabinet (Resources) Panel 23 February 2022.