

**Report to the Cabinet**

Meeting to be held on Thursday, 8 September 2022

**Report of the Director of Policy, Commissioning and Children's Health and the Head of Asset Management**

**Part I**

Electoral Division affected:  
(All Divisions);

**Corporate Priorities:**  
Delivering better services;  
Caring for the vulnerable;

**Lancashire Complex Children's Home Capital Funding Application**

(Appendix 'A' refers)

Contacts for further information:

Annette McNeil, Tel: (01772) 536842, Policy Information and Commissioning Senior Manager (Start Well)

annette.mcneil@lancashire.gov.uk,

Emma Pearse, Tel: (01772) 533230, Property Asset Manager,

emma.pearse@lancashire.gov.uk

**Brief Summary**

This report identifies an additional county council requirement for smaller children's home provision for children with more complex health needs. The report sets out proposals:

- (i) To submit a match funded capital bid to the Department for Education Children's Homes Capital Fund for the development of a three-bed, short-term children's home which includes specialist health intervention delivered as part of the placement (in collaboration with NHS partners).
- (ii) For the allocation of match funding within the capital programme during 2023/24 and 2024/25 as set out in Appendix 'A'. The cost is to be met by new capital borrowing.

This is deemed to be a Key Decision and the provisions of Standing Order C21 have been complied with. Compliance with Standing Orders C19 and C20 was not possible due to the application closing date.



## Recommendation

Cabinet is asked to approve:

- (i) The submission of an application to the Department for Education's Children's Home Capital Programme to develop provision for children who have more complex health needs.
- (ii) Match funding as set out at Appendix 'A', the cost to be met by new capital borrowing.

This decision should be implemented immediately for the purposes of Standing Order C29 as any delay could adversely affect the execution of the county council's responsibilities. The reason for this is to enable the application to be submitted to the Department for Education by 9 September 2022.

## Detail

The Department for Education's capital funding programme is designed to support local authorities to establish new children's homes provision via expansion, refurbishment, or new building work. This funding is available to local authorities to help create provision to:

- Establish innovative approaches to reduce the number of children needing care over time.
- Ensure sufficient provision for children with more complex needs.
- Address current shortfalls, including in geographic areas with fewer children's homes.

The Department for Education will provide up to £64m capital funding to local authorities over three financial years on a match-funded (50/50) basis. The deadline to submit an application is 11:59pm on 9 September 2022.

Lancashire has high demand for smaller children's home provision, that can deliver additional support for children looked after who have more complex needs (60% of all children's home placements made). Despite strong placement finding processes in place, securing this type of provision can be very challenging, especially for children with the highest complexity of need.

In January 2021, Cabinet agreed a series of 'Where Our Children Live' proposals, including the expansion of the internal children's home service to include more 'complex' placements to help meet demand, including the creation of three more Ofsted regulated smaller (3 bed) homes and a second Ofsted regulated short-term crisis home. In addition, the county council secured £0.502m in the first round of Department for Education capital funding in 2021 to develop a two-bed short-to-medium-term regulated children's home. Development of these homes is progressing well.



Since the above was agreed, the challenge of securing this type of provision has intensified, due to increased demand for children's home placements (35 more Lancashire children are now placed in children's homes compared to September 2021). It has become especially difficult to source homes for children with complex health needs, who require physical and/or mental health specialist intervention within their placement, due to a lack of specialist, good value, local provision. As a result, some Lancashire children have had prolonged stays on acute hospital wards (which a court ruling in 2021 found wholly inappropriate for a child's complex emotional needs - *Wigan BC v Y Refusal to Authorise Deprivation of Liberty*) and/or have had to be placed in provision that cannot fully meet their needs, with the increased risk of further placement breakdowns and hospital admissions.

Over the last 12 months, it has been extremely challenging to find the right home for 25 Lancashire children who required specialist health intervention as part of their placement. Eleven of these children have experienced multiple placement moves (three or more in the last year). No other options were available but to place fourteen of these children into homes that do not deliver the specialist care required:

- **3** young people have had to be placed in in-house provision which does not provide specialist health interventions.
- **6** young people have had to be placed with agency providers who do not provide specialist health interventions.
- **2** young people have had to be placed in semi-independent 'support only' provision, despite care for their health needs being required.
- **1** young person has had to be placed in regulated, short-term crisis provision whilst an alternative is sought.
- **1** young person has had to be returned home, against the preferred care plan, whilst an alternative is found.
- **1** young person remains on an acute hospital ward whilst an alternative is found.

Although eleven of the young people were able to be placed into regulated provision which includes some specialist health intervention (e.g., therapy), three of these placements have since broken down and seven of these placements are very high in cost at an average of £8,248 per week.

A joint working group, which includes representation from Lancashire County Council, the Lancashire and South Cumbria Integrated Care Board and other health partners, has been established to seek better ways in which children looked after can have their health needs met, preventing unnecessary admissions to and prolonged stays in hospital. The development of a Lancashire County Council run short-term children's home which delivers specialist health intervention within the placement, in collaboration with NHS partners, has been put forward. It is envisaged that the model of care will deliver time-limited health interventions/assessments to enable better understanding of need, a stabilisation of behaviours and more time to find the right long-term home for this group of young people.

Analysis suggests that the cost to the local authority of delivering this type of placement would deliver cost savings if three young people who require specialist health intervention are placed at any one time within the home, compared to the current agency placement costs paid:



Average current cost of delivering an existing in-house placement in a three-bed home (based on actual occupancy in 2021/22 and including overheads) - <i>cost of health interventions/assessments to be met separately by health</i>	£5,576 p/w
Average cost of the 11 regulated agency placements that include specialist health intervention delivered as part of the placement	£8,248 p/w
Cost saving of providing in-house health placement	£2,672 p/w per placement

This would equate to a saving of £8,016 per week and c£418,000 per annum across three placements. The cost of delivering only two placements at any one time in the home, should it not be possible to match three young people together, would be comparable to the agency costs currently paid.

Whilst utilising the home as a solo placement is likely to be more expensive than current agency placement costs, it would enable a regulated placement to be delivered; provide an alternative to a prolonged stay in hospital; or enable a stabilisation of behaviours which could lead to regulated placement offers from Providers.

It is therefore proposed that an application is submitted to the Department for Education's Capital Funding Programme to 50/50 match fund the provision of a three-bed, short-term regulated children's home which delivers specialist health intervention within the placement, in collaboration with NHS partners.

Although the property can be located anywhere in the county, no potential site has been identified within the county council's current portfolio of land and property. It is therefore likely that a site will have to be acquired for this development. The Estates Service has advised that building plots for sale are in short supply and that it is more likely that buildings could be purchased with a view to demolition and rebuilding or refurbishment to provide a site. Provision has been made within the cost estimate to cover this scenario. In addition to looking at the private market Estates will work with our public sector partners and registered housing providers to identify a suitable site or property.

The Design and Construction Service has undertaken an appraisal of the work required and provided an estimated cost based on the size and layout of the county council's existing complex children's homes.

The estimated costs presented in this report are based upon the most expensive outcome being the purchase and preparation of a site for a new build construction. The costs have been uplifted to take into account the forecasted rate of inflation at the mid-point of construction and also include design and risk contingencies.

These costs will be firmed up during the initial planning stage of the project which is expected to run until September 2023. During this period the initial focus will be on identifying and acquiring a site or property. When a site has been obtained the Design and Construction Service will be able to provide a firm estimate of cost for either refurbishment of an existing property or for preparing the site for a new build.



This estimate will also reflect market conditions at the time resulting in a reduced level of risk in terms of inflationary pressures.

## **Consultations**

Consultation has taken place with the Lancashire and South Cumbria Integrated Care Board and NHS partners. All parties are in agreement that the proposed development and model of care would be of great benefit to Children Looked After who have complex medical needs.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

Currently, the county council is reliant on agency providers to deliver children's home placements which provide specialist health interventions/assessments for young people with complex health needs. Where agency providers are not prepared or able to deliver specialist regulated provision for a young person, the county council is left with no choice but to have to place a young person into provision that is not able to meet need (including some unlawful/unregistered provision) or for a young person to have to have a prolonged, wholly inappropriate stay on an acute hospital ward.

The Department for Education may decline to support the county council's application for match funding to deliver this project. A further report will be presented to Cabinet in the event of the application being unsuccessful.

## **Legal**

An amendment to the Care Planning, Placement and Case Review (England) (Amendment) Regulations 2021 came into force from 9 September 2021, which makes a placement by a local authority in an unregulated setting unlawful for any looked after child who is under 16 years of age. This applies to both existing placements as well as new placements.

Approval of this proposal will increase the number of regulated, internal 'complex' placements available and help to avoid the use of unregistered, unlawful provision.

Approval of this proposal will also support the findings of the Wigan judgement 2021 (Wigan BC v Y Refusal to Authorise Deprivation of Liberty) by ensuring the best interests of the child are satisfied. The Wigan judgement identified that the placement on an acute ward was wholly inappropriate for the child's complex emotional needs.

## **Procurement**

The selection of contractors to undertake the capital works will be carried out in full compliance with the Public Contract Regulations 2015, either through the Partnering Framework, or through undertaking a compliant procurement exercise where appropriate.



## Environmental Sustainability

Both the Department for Education and the county council are committed to decarbonisation and the design will reflect this commitment, with the building specification being of a standard that will be the equivalent of the Building Research Establishment Environmental Assessment Method rating of 'Very Good'. The cost estimate has included for such a specification.

## Property Asset Management

The application for match funding from the Department for Education relies on the identification and securing of a suitable premise. This will include gaining relevant planning permissions. The grant is time limited, and therefore it is possible that should there be delays in securing a site and planning permission, timescales for delivery will be affected. The Estates and Asset Management Services will work to identify a suitable site as a matter of priority with the county council's portfolio being reconsidered alongside acquisition options from both partner organisations and the commercial market.

## Financial

The capital implications, including the cost of borrowing on the revenue budget, of this proposal are set out fully at Appendix 'A' and are exempt from publication for the reasons set out below.

The premise-related running costs will be met by an increase in the corporate running cost allocation which will be funded from the revenue savings derived from this proposal. The design of the building will include environmental sustainability measures which will ensure that the building is as efficient as possible.

Based on current costs, the revenue costs to the county council of delivering three placements into the proposed short-term, Ofsted regulated children's home would equate to a saving of £8,016 per week and **£418,000 per annum (c£313,000 after borrowing costs)**, compared to the average costs being paid to agency providers. There are significant pressures in the current agency placements budget and the proposal will contribute to the long-term plans to ensure that spending is in line with future budgets. The cost of delivering only two placements at any one time in the home (should it not be possible to match three young people together) would be comparable to the agency costs currently paid.

Whilst utilising the home as a solo placement is likely to be more expensive than current average agency placement costs, it would enable a regulated placement to be delivered; provide an alternative to a prolonged stay in hospital; or enable a stabilisation of behaviours which could lead to regulated placement offers from specialist providers.



## List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

Appendix 'A' - Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. Appendix 'A' contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

