

**Report to the Cabinet**

Meeting to be held on Thursday, 11 April 2024

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

**Part I**

Electoral Division affected:  
(All Divisions);

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

**Residential Children's Homes**

(Appendix 'A' refers)

Contact for further information:

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**Brief Summary**

This report identifies a county council need for additional in-house children's homes, for children with more complex needs. The report sets out proposals to establish up to 15 new homes, comprising four 4 bed homes, eleven 2 bed homes and two solo crisis beds in an existing home. This would deliver up to 40 additional in-house residential children's home beds.

This is deemed to be a Key Decision and the requirements of Standing Order C18 have been complied with.

**Recommendation**

Cabinet is asked to approve:

- (i) The establishment of up to 15 new homes, comprising four 4 bed homes, eleven 2 bed homes and two solo crisis beds in an existing home. This would deliver up to 40 additional in-house residential children's home beds.
- (ii) Capital funding as set out in Appendix 'A' for acquisition and works for the 15 new homes and two solo crisis beds.
- (iii) That the programme be subject to review by the Cabinet Member for Resources, HR and Property (Deputy Leader) and the Cabinet Member for



Children and Families, in conjunction with the Executive Director for Education and Children's Services and the S151 officer, after the delivery of the first 9 homes and two crisis beds (first 3 waves) to ensure that the approval is delivering benefits as expected.

## Detail

Lancashire County Council has a statutory duty to ensure there is a range of local homes available, sufficient to meet the needs of the children and young people in the care of the local authority. Whilst there are significantly more children's homes in Lancashire than in any other local authority in England (274 homes), it can still be very challenging to find homes for children in the care of the county council with the most complex needs. This is because 70% of the 259 agency children's homes in Lancashire are not providing homes for Lancashire children.

In Lancashire, almost 15% of the children in the county council's care live in agency children's homes, but the cost of this accounts for almost 50% of the placements budget. 207 of Lancashire's children are living in homes operated by agency providers and 83 children are living in homes that are classed as high cost (costing £6,000 or more per week).

Lancashire's existing in-house children's homes are typically larger homes aimed at children with more mainstream, lower-level needs and behaviours. However, the homes that are most difficult to find, and that are the costliest, are smaller homes that can care for children with more complex needs and behaviours, for which the county council predominately relies on the agency children's home market to deliver.

The Government's national strategy for Children's Social Care, Stable Homes, Built on Love, recognised that there are not enough of the right homes in the right places for children in care to live in and this shortage is having a negative impact on children and young people's wellbeing and outcomes.

There is no single solution to address this challenge. Nationally, and within Lancashire, there is a major focus on supporting children to remain safely with their families where it is safe to do so, increasing sufficiency of foster carers, and in ensuring that the right kind of residential children's homes are available for children who need them. The option to develop in-house children's home provision forms part of the overall solution and is an approach that has been supported by Government through the national strategy, with Lancashire being a beneficiary of matched capital funding for two homes to date.

The Government's Spring Budget 2024 included an announcement of £45 million match funding to local authorities to build an additional 200 open children's home placements. The detail and timing of opportunities to apply for this new round of funding is not yet known, but will be considered alongside the programme and, if applications are successful, would have the potential to reduce the cost of borrowing and increase the level of savings achieved.



Further expansion of in-house provision will help to achieve several key objectives including:

- Increase the likelihood of being able to secure the right home in the right place and the right time for Lancashire's children in care.
- Improve outcomes for children living in children's homes through improved home stability.
- Reduce the number of children in very high-cost agency children's homes.
- Reduce the overall spend on the agency placements budget.

To achieve these objectives, plans have been developed to establish 15 new homes, comprising four 4 bed homes, eleven 2 bed homes and two solo crisis beds in an existing home. This would deliver 40 additional in-house residential children's home beds, in addition to the proposals for additional homes already agreed by Cabinet.

To support the expansion, homes operated by the county council would operate in a cluster model, with 6 clusters expected across Lancashire, overseen by a Responsible Individual (a role required as part of Ofsted Registration). The 6 clusters would operate between 5 and 8 homes (including Adolescent Support Unit, outreach and short breaks), and a group of homes within each cluster would be overseen by a Home Manager, who will be the Registered Manager (a role required as part of Ofsted registration) looking after around 7 to 8 young people. An additional Head of Service will be required to provide effective oversight of what will be the largest local authority provision in the country.

There are several issues (such as grading, establishment and disestablishment of posts, and changes to working arrangements) that will need to be addressed to deliver the new model, and staff engagement and consultation will be undertaken as part of the delivery plans.

Learning from a home previously agreed by Cabinet, which will be jointly staffed by NHS teams, will be considered as plans develop, together with opportunities to extend the current use of assistive technology.

The anticipated maximum cost of acquiring the 15 new homes and 2 extra crisis beds is set out in Appendix 'A', together with the expected revenue implications. Appendix 'A' is deemed to be in Part II and exempt from publication for the reasons set out below.

## Appendices

Appendix 'A' is attached to this report. For clarification it is summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Financial and Property Implications

## Consultations

N/A



## **Implications:**

This item has the following implications, as indicated:

### **Risk management**

#### **Regulatory risk**

Following completion of these expansion plans. Lancashire will operate 30 homes delivering 100 beds, making it one of the largest operators of Local Authority Children's Homes in the country. Whilst this gives the county council significant control over the costs of care, the approach brings greater reputational risk associated with Ofsted gradings of county council homes alongside greater risks associated with planning and concerns from residents about the location and operation of homes in their area. Lancashire's in-house service has a good track record of successful integration within communities and of operating good or outstanding homes, but it will be challenging to ensure that all homes are rated as such at any point in time.

#### **Human Resources**

The model will require significant numbers of additional staff, and there are already challenges in recruitment and retention. Recent steps to increase the numbers of "bank" staff, who can be contacted to provide short term cover, have gone some way to reducing immediate pressures, but a whole service restructure and a review of pay and reward will be needed to ensure that the staff needed are recruited and retained. Formal employee consultation will be undertaken as part of the delivery plan.

#### **Legal**

As properties come forward during the programme the property legal team will carry out the relevant due diligence searches and advise on the title to the property to ensure that risks are identified prior to acquisition.

#### **Financial**

Delivery of the new model will incur revenue costs of £15.1m per annum by the end of 2027/28 including the annual revenue costs of repaying the borrowing required for the initial capital investment. The anticipated reduction in the costs of agency children's homes is at least £17.4m, leading to a net saving from 2027/28 of around £2.1m per annum as set out in table 1 of Appendix A.

Savings as a result of the investment are not immediately realised as the upfront costs associated with staffing and cost of borrowing for example, in advance of homes opening, means additional revenue costs are expected in the first two years. Homes must have at least 50% of staffing in place, including the responsible individual and registered manager, prior to starting the registration process, so there is little flexibility in deferring staffing. There is an estimated net cost of the proposal, due to the level of upfront investment required, in 2024/25 of £1.327m which will be



funded from the transitional reserve, and £0.783m in 2025/26 which will be reflected in the next update of the medium term financial strategy.

Financial modelling assumes an occupancy rate of 95% for the new homes proposed. Occupancy rates for existing in-house homes have been above 95% for 9 of the past 12 months, and consistently above 95% for the last 7 months. The level of estimated saving would reduce should occupancy levels fall below 95% overall, but a net saving would still be achieved unless it dropped below 83%.

Further financial implications are set out in Appendix 'A' which is deemed to be in Part II and exempt from publication for the reasons set out below.

## **Property**

The property implications are set out in Appendix 'A' which is deemed to be in Part II and exempt from publication for the reasons set out below.

## **List of Background Papers**

Paper	Date	Contact/Tel
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None		
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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.

