

## **REPORT OF THE CORPORATE DIRECTOR FOR CHILDREN AND FAMILIES INCREASING RESIDENTIAL CAPACITY FOR LOOKED AFTER CHILDREN**

### **Purpose of the Report**

1. The purposes of this report are:
  - a) to request approval for the allocation of the funding for the remaining four new 2-bed children's homes in accordance with the recommendations approved by Policy Committee on 18<sup>th</sup> March 2020, agenda item 6.
  - b) to request approval to vary the Children and Young People's Capital Programme to increase the budget for the four new 2-bed children's homes by 25% and to further increase the budget for one of these four new 2-bed children's homes by £258,000.

### **Information and Advice**

#### **Background**

##### **A, Establishment of New Homes**

2. Shortly after the approval of the recommendations of the March 2020 report to Policy Committee the project was put on hold in order to set up emergency accommodation during the first waves of the Covid-19 pandemic. One of the facilities established is still operating, providing specialist care to one of the authority's most challenging children. It allowed the authority to test partnership working with the operator, who are the charity who look after the largest number of Nottinghamshire children in our care. The facility is more cost-effective than the child's previous placement and has provided more appropriate care which has allowed them to settle and plan for transition to adulthood in a way not previously possible. The facility will remain registered and provide services to further children once the current child moves on.
3. During the last calendar year the project has resumed. Of the two 2-bed properties approved, the first is on track to open in January 2022 and the second is in conveyancing with a target to open in Spring 2022. The first child to be accommodated will be able to leave secure accommodation and have their high needs provided for in a more appropriate, community-based setting. Once the first child has settled, a second child will be matched. For these children such a placement will prove more cost-effective than the available alternatives.

4. The partnership working has continued to go well. We now have a model which we can use as a basis for further developments. We therefore intend to return to the pre-pandemic time-frame and purchase the remaining four homes within FY2022-23. This is a variation to the capital forecast which staggered the homes with 2 being purchased in each of FY2022-23 and FY2023-24.
5. The first pair of homes will be delivered within the budget approved by Policy Committee in March 2020. However, the project has observed the effects of the volatility in the housing market with rising prices, rapid sales and erratic vendor behaviour. The cost of building materials has risen as has the demand for building services.
6. The activity to relocate the Oakhurst children's home has not been as successful. It has been found that there are very few suitable properties. One reached the point of setting a date for exchange of contracts before falling through. A review of this objective will be the subject of a separate report.

## **B, Children's Homes: Contextual Factors**

7. In September 2017 there were 780 Nottinghamshire children in the care of the authority. There are currently c1000. Numbers have continued to rise over many years. This is reflective of the national picture.<sup>1</sup>
8. In line with our vision for children in care, most live in a stable family-type environment with foster carers or other kinship arrangements with connected family and friends. Those aged over 16 years who no longer require a 'care' setting live in supported accommodation, almost all of which is based within Nottinghamshire, as part of their transition towards independent adulthood.
9. However, approximately 150, mainly aged 10-16 years, live in children's homes. The number of young people living in a children's home has increased markedly over the past five years, as has the proportion this makes of the overall number of Nottinghamshire children in care. This is due to a number of factors, including:
  - a national shortage of foster carers; and,
  - an increasing number of children in care aged 10 to 16 for whom a foster placement may be less appropriate and, in any event, is more difficult to secure.
10. In Nottinghamshire, as with the rest of the country, it is the private sector that provides the majority of the residential placement capacity; 90% of the current 150 residential placements. The recent interim report of the Competition and Markets Authority (CMA) confirms the extent to which the market is broken, unable to cope with demand.<sup>2</sup>. The challenge this creates for the authority in trying to find places for vulnerable children and the negative effects delays, inappropriate, sometimes distant, placements and

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<sup>1</sup> ['The Future of Childrens Social Care: Emerging Findings', County Councils Network, November 2021](#)

<sup>2</sup> ['Children's social care market study: Interim report', Competition & Market Authority, 22/10/2021](#)

placement moves have on them were amongst the reasons for seeking to expand the council's internal estate.

11. The shift to a 2-bed model for the additional residential capacity was in recognition of the need to focus the expansion in the placement types which are in shortest supply and where that lack has the greatest effect, both on the children and the placements budget. Having more 2-bed homes will certainly increase the available capacity and the authority's ability to ensure good matches of children with complex challenges. It has though been recognised that there are certain needs which the market does not provide sufficient good quality, reasonable cost placements to meet. It would be possible to establish some of the remaining 2-bed homes in ways that meet these needs, providing better care for our children and making better use of our limited resources.
12. Emergency placements are a type which the market does not provide well for. These create a challenge partly through being at short notice but also arising in circumstances where the child is not known, making it hard to determine the suitability of a placement. If short-term placements were available then we would be better able to assess children's needs, find them appropriate placements and so provide them with a far higher chance of the placement being successful. Placements which are not successful can precipitate a pattern of placement breakdown and the escalation of both negative experiences for the child and cost for the authority.
13. Until September 2021, when faced with a lack of placements in the face of an emergency, Local Authorities had the, albeit undesirable, option to place children in settings that were not registered with Ofsted. Legislation was then brought in to prevent their use. However, without either the conversion of unregistered settings to become registered or new settings taking their place, the supply of placements has effectively been reduced and the market has not filled that gap. In order not to contravene this legislation NCC needs different options, which the Children & Families Department is considering, informed by several recent emergencies and the experience of establishing Covid-driven emergency settings during 2020.
14. One of the many different ways of working which was developed during the 2020 response to the pandemic was the support offered by the Youth Service and Outdoor Education to support children in care. This built on work they were developing pre-pandemic and proved vital in maintaining the stability of many placements. It suggested that the combination of different skill-sets from across children's services could create powerful innovative solutions which would help vulnerable children reach their potential. This can be seen in two of the major elements of NCC's Whole Family Safeguarding Transformation Programme: Multi-Disciplinary Teams and Placement Support.

### **C, Opportunity to Purchase a Property for Use for Activity and Emergency Placements**

15. An opportunity has arisen for the authority to buy the property next to one of its existing Outdoor Education facilities. The property appears suitable to be utilised as one of the four 2-bed children's homes to be purchased. The property would require a scheme of work to convert for appropriate use to provide both Activity Placements, through

joint-working with the Outdoor Education facility, and Emergency Placements as an alternative to unregistered placements. This would provide known capacity which would help manage existing placement budgets, reduce the occasions on which NCC had to consider an unregulated – and now illegal – placement and add to the efforts to reduce time spent in care.

16. Numbers of older children entering care are growing and they can be harder to place. Activity Placements are particularly effective with older teenagers. They can enable children to reduce their length of stay in residential care, thereby reducing the demand for placements. The facility would also be used to provide short support packages for children at risk of entering care. Transitioning to ongoing contextual support from the Youth Service, as part of a multi-disciplinary team approach within their community would help young people and reduce the probability of them re/entering care.
17. The short-term remit of the facility would also make it suitable to take emergency placements. The national scarcity in placements is increasingly creating crisis situations for NCC in which unregulated placements are an illegal option set against the safety of vulnerable children. Keeping children within the region, with a known service and at a managed cost, would allow for a full assessment of need, and so the identification of an appropriate subsequent placement. This increases the probability of a successful period in care.
18. In addition to being a registered children's home it would be registered to provide emergency placements and limited-term Activity Placements and would be a registered Alternative Provision for education purposes.
19. The council's Young People's Service, through its Youth Work offer and Notts Outdoors provision, has, over the last few years, and particularly during the 2020 lockdowns, been trialling new ways to support care placements, such as offering respite and sibling contacts or providing activities for children in residential homes. These have proved very successful. They have been prevented from doing more on site by not having registered children's home accommodation.
20. Exploiting this opportunity would require additional funding. It should also be noted that the facility is in Derbyshire.
21. The Outdoor Education facility is leased on a 21 year term which the Council has the right to extend, the landlord's limited grounds to seek possession notwithstanding. The current term is due for renewal on 30 April 2025.

#### **D, Operating Model for the Property to be used for Emergency and Activity Placements**

22. The home would be owned by NCC. It would be registered as a children's home and operated by Homes2Inspire.
23. The Activity Placements would be provided by NCC Outdoor Education from Hagg Farm and other sites as required.

24. The home's Statement of Purpose would be agreed with Ofsted during registration. Whilst the defined purpose would remain broad enough to be flexible in the children it could accommodate, its aim would be to provide short-term emergency placements and medium-term (commonly 28- or 90-day) activity placements. It would not be used as a longer-term / permanent home.
25. Particular expertise would be developed in:
- a) stabilisation, rehabilitation, step-down, thorough assessment and close matching to suitable placements in order to prevent inappropriate admission of children into long term care, facilitate the exit of children for whom long-term care is not required and prepare those for whom long-term care is appropriate.
  - b) developing experiences which would provide children with skills, attitudes, knowledge and resilience to maintain positive lifestyles in difficult circumstances. Such elements as mentoring and personal budgets would be refined. Children would be linked into long-term support from the Youth Service beyond their time at Hagg Farm, centred on sites in Nottinghamshire, such as The Mill and Youth Centres.
26. Potential exists to allow other Local Authorities to place children in the new home. These would initially be offered within the D2N2 partnership. The compensation received would offset costs of occupancy below capacity.

### **Other Options Considered**

27. The opportunity outlined is somewhat unique given the infrequency of suitable property adjacent to existing facilities coming to market.
28. The continued expansion of NCC-owned children's homes is in line with the direction previously determined by Policy Committee. It is one of a number of initiatives which are being implemented and considered in order to reduce the numbers of children in care, optimise their length of stay in care and to improve the authority's position in the placement market.

### **Reason/s for Recommendation/s**

29. The Benefits of the establishment of the form of children's home Hagg Farm Cottage would become include:
- a) Improved provision for older children, numbers of whom are growing within care and who can be harder to place than younger children but for whom this form of care is particularly effective.
  - b) Reduction in the need to use unregulated placements. This would be seen as a positive step by Ofsted.
  - c) Cost effective. The existing relationship with the operator and the prior existence of the Outdoor Education facility allows for a cost-effective service which will cost less than the scarce private sector provision.

- d) Close to home: Whilst the facility is not in Nottinghamshire, it is next to an existing NCC facility and children in the home will be close to their communities and support networks, able to maintain essential contacts with family and friends and with support services which become difficult when placements are made in more distant parts of the country.
- e) Regional working: within the D2N2 region. There is potential to work with those partners on this initiative, strengthening the model and the partnership.
- f) Potential to offset costs. As these placements are so hard to find and having the assurance of being part-provided by NCC, other Local Authorities would be keen to take up excess capacity. The relationship with the other authorities in the D2N2 partnership should provide sufficient demand to maintain full capacity.
- g) Reduction in pressure on current capacity. There is some evidence that the national growth in numbers of children in care is in part due to children staying longer in care<sup>3</sup>. In many cases that will be entirely appropriate but the pressures on the system are such that different approaches which enable children to move out of residential care faster would improve the capacity of the system to cope. Having greater availability of suitable emergency and short-term placements of this type would also reduce the pressure on the Placements service,
- h) Reducing numbers entering care. The facility could be used to provide interventions which prevent children who are known to be at risk or in need of support or respite from coming into care.
- i) Furthering innovation in Children's Services. Examples of innovative practice can be catalysts for further change. It is notable that in a recent funding scheme for new children's homes the Department for Education held innovation as one of its key criteria.

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<sup>3</sup> ['Children looked after in England including adoptions'. National Statistics. 18/11/21](#)

## Statutory and Policy Implications

30. This report has been compiled after consideration of implications in respect of finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, crime and disorder, sustainability and the environment and ways of working. Where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required. An EqlA has been completed.

## HR Implications

31. The operating model for the new facility is to be confirmed. Should there be any impact on roles and/or establishment then approval will be sought from Children and Young People's Committee.

## Financial Implications

32. In March 2020, Policy Committee approved the recommended budget of £380,000 to establish each 2-bed home. That was based on 2019 estimates. Given that:
- a) average house prices in the region have increased by 16% since November 2019<sup>4</sup>,
  - b) building materials have gone up in price by 17.6%<sup>5</sup>,
  - c) there is a scarcity of placements for children with more complex needs, the search for the remaining properties will include particular requirements to meet these needs. This may result in, for example, properties with larger gardens, with more rooms or located in a semi-rural position. This would also tend to increase the costs over the first two homes, where the focus was on providing a typical home environment within a community in an area with few homes,
  - d) the project has had experience of buying in the market,
  - e) the project has learned that onsite parking is a significant advantage in securing planning permission, which can increase cost, and,
  - f) the project will be buying property throughout 2022-3,

it is proposed that the project's budget be increased by 25%.

The total budget for four more 2-bed homes would therefore be £1,900,000, an increase of £380,000.

33. The following table shows the acquisition and set up costs of developing the remaining four 2-bed homes. The table also shows the addition of an adjustment to reflect the rise in house prices, the increase in the costs of building materials and the more particular requirements.

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<sup>4</sup> ['UK House Price Index: September 2021'](#), Office for National Statistics

<sup>5</sup> ['Construction materials cost increases reach 40-year high'](#), RICS, 19 November 2021

	<b>Activity / Element</b>	<b>Cost £</b>
Current Budget	Purchase of a house to be made into a 2-bed home	300,000
	Set up costs (including alterations, legal fees, refurbishment, fixtures, fittings & equipment)	80,000
	Total to establish one 2-bed home	380,000
	Total to establish four 2-bed homes	1,520,000
Recommended Budget	Additional Funding at 25%	380,000
	Total to establish four 2-bed homes	1,900,000

34. The following table shows the additional cost to purchase and refurbish the available property to establish the emergency / Activity Placement home.

<b>Element</b>	<b>Cost £</b>
Purchase of available property	693,000
Base budget for 2-bed home	475,000
Additional funding required to purchase	218,000
Additional cost of refurbishment	40,000
Total additional funding	258,000

35. The following table shows the relative costs of external and internal Activity Placements.

Average External Activity Placement Cost £/week	Estimated Internal Activity Placement Cost £/week	Difference £/week	Annualised saving £ (80% occupancy)
8,500	7,500	1,000	41,600

## RECOMMENDATIONS

36. That Finance Committee approves:

- the allocation of the funding for the remaining four new 2-bed children's homes in accordance with the recommendations approved by Policy Committee on the 18<sup>th</sup> March 2020, Agenda Item 6 and as detailed in this report.
- a variation to the Children and Young People's Capital Programme to increase the budget for the four new 2-bed children's homes by 25% and to further increase the budget for one of these four new 2-bed children's homes by £258,000.

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### **Constitutional Comments [CJ 29.12.2021]**

The recommendations fall within the remit of Finance Committee by virtue of its terms of reference.

### **Financial Comments [GB 29.12.2021]**

The approved Children and Young People's capital programme already includes a £1.27m allocation to increase residential capacity for looked after children. This report builds on the provision and is set out around the report submitted to Policy Committee in March 2020. It is proposed that a £2.16m variation to the capital programme is approved, subject to a capital bid being presented to the Corporate Asset Management Group, to purchase and refurbish four new two-bed properties at a cost of £1.90m. It is proposed that a further £0.26m is required to help establish an activity / emergency placement setting. This variation to the capital programme will be funded from borrowing.

### **Background Papers**

EqlA - Hagg Farm Cottage Activity & Emergency Placements

### **Electoral Division(s) and Member(s) Affected**

All