

REPORT OF THE LEADER OF THE COUNCIL**INCREASING RESIDENTIAL CAPACITY FOR LOOKED AFTER CHILDREN****Purpose(s) of the Report**

1. To seek approval from Policy Committee to buy a house within Nottinghamshire in which to establish a new children's home and to delegate authorisation for the purchase.
2. To seek approval from Policy Committee for the addition to the capital programme of £550,000 for the purchase and refurbishment of a house to make it suitable to be used as a children's home.

Information and Advice**Background**

3. Excluding the 3 homes for children with disabilities, NCC has 3 children's homes with a combined capacity of 11 places. NCC has circa 86 children in residential homes provided by other organisations.¹
4. When a child for whom Nottinghamshire County Council (NCC) is the corporate parent needs to be placed into residential care and there is no appropriate space in one of NCC's own children's homes then a place has to be sought in the external market.
5. Whilst NCC has contracts with two providers which provide placements at standard rates, where a child's needs are perceived as being complex or challenging it can be hard to find an alternative placement and places when found are often far more expensive than NCC provision, with demand outstripping supply. The last few years have seen significant rises in the cost of such placements with external providers².
6. Local Authorities have a 'Sufficiency Duty' under the Children's Act 1989 (Section 22G). This requires they ensure there are sufficient placements within their geographical area to meet the needs of children and young people in care and take steps to develop provision to meet the needs of all children and young people in care

¹ NCC BI Hub, L12 – Looked After Children Today, 20th June 2019

² The average cost of cat1.2 LAC increased by 10% 2016-17 compared to 2018-19 whereas cat1.1, the lower level of complexity, increased by 2%.

locally, as far as is possible. Many of the external placements NCC uses are outside of Nottinghamshire.

7. Placements outside of Nottinghamshire make it harder for children to maintain links with their families, friends, communities and schools. Whilst there are occasions on which it is in the best interest of a Looked After Child (LAC) to be distant from these aspects of their lives, it is more usual that some link be maintained and built upon to achieve good outcomes for the children, including a return to the family home.
8. Placements outside of Nottinghamshire also make it more difficult to ensure children get the services they need from professionals within and beyond the council. Those professionals will tend to have stronger relationships with and better access to other services within the county than with those outside of the county, e.g. with Nottinghamshire Police and with Child and Adolescent Mental Health Services (CAMHS).
9. The recognition of the potential for cost avoidance, the increased control over placements and the better services to children through creating in-county capacity led to an investigation into the requirements for a new home within Nottinghamshire and a review of the property options.

Options

10. It was determined that a 4-bed children's home would be optimal. This size balances the need to create a homely feel with cost-effectiveness. NCC is experienced in managing this size of home: the current 3 NCC homes have 3, 4 and 4 beds respectively. The national trend has been toward this size of home; whilst larger homes can be successful they are more likely to provide an institutionalised experience rather than a homely environment. Furthermore, larger numbers of children make it harder to maintain a high occupancy as it becomes increasingly difficult to safely accommodate a wider mix of needs and challenges.
11. The portfolio of council property assets, either buildings or land, was assessed to determine whether any were suitable to be used to establish a new home. One site was identified but was withdrawn from the process when another department declared a need for the larger site of which it was part.
12. Initial searches have identified houses of the right size within the budget set that have the potential to be used to establish a children's home. Following committee approval, potential properties will be reviewed against criteria determined by residential services colleagues and their location assessed for risk.
13. The search for suitable houses will concentrate on the Mansfield and Ashfield areas. These areas have higher numbers of Looked After Children than others in the county and are close to the existing homes, allowing for support from colleagues.

Reason/s for Recommendation/s

14. Buying a house and making it suitable to be used in the establishment of a new children's home will quickly increase the children's residential care capacity within

Nottinghamshire and deliver the benefits of lower placement charges and increased availability of places.

15. This proposal is one of a number of initiatives NCC are pursuing in order to improve access to a greater volume and mix of residential placements which collectively provide better financial and social value to the Council.³ It will serve as a low-risk test of the benefits of Nottinghamshire expanding its children's residential care estate.

Statutory and Policy Implications

16. 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.

Financial Implications

17. The purchase and refurbishment of the new home will be funded through a £550,000 capital investment. This was agreed in principle by NCC's Capital Asset Management Group (CAMG) on 8th October 2018, pending the property options appraisal and Policy Committee Approval.
18. A subsequent paper, which will evaluate the options for different operating models for the new home, will be taken to Children & Young People's Committee. There may be advantages in having an external partner play a part in its management. However, in order to determine its viability and budget implications, a financial model has been developed as if NCC were to operate it alongside its existing homes.
19. There will be some revenue implementation costs in advance of the home opening for recruiting and training staff (2019/20) and running costs before the home is up to full capacity (2020/21). The timescale is only indicative and will depend on when the home purchase is completed. These costs are estimated at £250,000 and £73,000 respectively which will be met by a request from contingency of up to £323,000. These costs will be considered as part of establishing the budget for future years.
20. The annual revenue cost of running the new home, including the above, is estimated at £699,000 and will be funded from the existing external placements budget which is £26.6m.

³ External Placements Budget for Looked After Children, Report to Children & Young People's Committee, 15th October 2018.

21. The table below shows the financial model for the new home if it were to be run by NCC.

	Annual Running Cost £	Estimated cost of avoided external placements £	Net Annual Cost/Saving (-) £
Year 1	250,000	0	250,000
Year 2	698,700	626,080	72,620
Year 3	698,700	804,960	-106,260
Year 4	698,700	804,960	-106,260
Year 5	698,700	804,960	-106,260

Notes on financial model:

- Staff recruitment & training will be phased and will start prior to opening (Year 1).
- Occupancy in the first full year of operation (Year 2) will be 70% due to phased introduction of children. The new home will phase the entry of its initial residents to properly manage the mix of children and stabilise group dynamics.
- Occupancy is estimated to rise to 90% after the first year (Year 3). This is an average of the occupancy of the 3 existing homes in the 12 months to Nov 2018.
- The estimate of the costs of external placements is based on a projection drawn from 3 years of data relating to placements for children with complex needs.
- The table may under-estimate the savings that will be made in future years; analysis has shown that the costs of external placements are rising faster than the costs of running a home.
- Corporate Overheads are excluded from the annual running costs of the home.

HR Implications

22. The HR implications of the new home will be determined following the evaluation of options for its operating model.

RECOMMENDATIONS

23. That Policy Committee approve the addition to the capital programme agreed in principle by the Capital Asset Management Group to assign £550,000 for the project to buy a house and make it suitable to be used as a new children's home.

24. That authorisation of the acquisition of a suitable house is delegated to the Corporate Director for Place, in consultation with the s151 officer and the Chairman of Policy Committee.
25. That options for the new home's operating model be developed and evaluated for approval by NCC's Children & Young People's Committee.

Councillor Mrs Kay Cutts MBE
Leader of the Council

For any enquiries about this report please contact:

Adrian Smith

Corporate Director, Place

0115 977 3680

Constitutional Comments (EP 20/06/2019)

26. The recommendations fall within the remit of the Policy Committee by virtue of its terms of reference. The terms of the purchase must be approved by the Corporate Director for Place in consultation with s151 Officer and the contract for the purchase must be in a form approved by the Group Manager for Legal, Democratic and Complaints.

Financial Comments

27. The purchase and refurbishment cost associated with the establishment of the new children's home is expected to be £550,000. Subject to approval, the capital programme will be varied to include this project in the Children and Young People's capital programme, funded from borrowing. **(GB 04/07/2019)**
28. There will be some revenue implementation costs in advance of the home opening for recruiting and training staff (2019/20) and running costs before the home is up to full capacity (2020/21). The timescale is only indicative and will depend on when the home purchase and refurbishment is completed. These costs are estimated at £250,000 and £73,000 respectively which will be met by a request from contingency of up to £323,000. These costs will be considered as part of establishing the budget for future years. **(SAS 08/07/2019)**
29. The annual revenue cost of running the new home, including the above, is estimated at £699,000 and will be funded from the existing external placements budget which is £26.6m. **(SAS 08/07/2019)**

Electoral Division(s) and Member(s) Affected

All