

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 12 April 2016

Report of: Kath O'Dwyer
Director of Children's Services and Deputy Chief Executive

Subject/Title: Residential Redesign

Portfolio Holder: Cllr Liz Durham

1. Report Summary

- 1.1. The purpose of this report is to start the process of redesign of residential homes for children in care. It is not intended to present a detailed analysis at this stage but to provide sufficient information about the broad direction of travel and plan a timeline to make decisions.
- 1.2. This redesign supports the strategic intentions and ambition for our children in care and demonstrates further evidence of the Council's passion and commitment to put children and particularly children in care at the heart of all that we do.
- 1.3. The Council's Corporate Plan 2016 – 2020 is clear in its priority setting and as a commissioning council we will apply the "best fit" approach to achieve its outcomes. The commissioning cycle outlined in the Corporate Plan includes a variety of vehicles to achieve outcomes ranging from in-house service provision to outsourcing.
- 1.4. Children in care are our children and it is our role to ensure they are supported, nurtured and helped to be, and feel, safe, achieve their potential and grow into confident young people and adults. Ensuring our children can live and grow up in a safe and stable home is integral to ensuring their wellbeing and securing their positive development.
- 1.5. The principal matters that will form part of the review are:
 - Contractual: whether to opt for in-house provision or to commission the service from the independent / voluntary sector or a mix as is currently the case
 - Operational: to consider the model under which the homes operate and the potential scope for the development of the service
 - Configuration: the number and size of individual homes and the total number of available beds

- 1.6 The key principles that drive decision making in respect of residential placements are good quality, value for money services that are local. The redesign of internal residential provision and how it sits in the wider external market is critical to achieving the key principles.

2 Recommendation

2.1 Cabinet is recommended to:

- i) Approve the design of Children's Homes to include retaining the three existing four bed properties and adding two additional two bed homes.
- ii) Delegate the decision of location of the two new homes to the Executive Director of Children's Services in consultation with the Children's Portfolio Holder.
- iii) Approve a wholly commissioned model of service ie no in-house delivery.
- iv) Agree the timeline for completion of the commissioning cycle to achieve the new model of provision by April 2017.

3 Reasons for Recommendation

- 3.1 As 'corporate parent' for children and young people in care, we need to ensure that a sufficient number, type and quality of accommodation is available in order to ensure the welfare and emotional / physical well-being of every child and that they reach their potential.
- 3.2 The requirement, under s22G Children Act 1989 for Local Authorities, to publish an annual Sufficiency Statement for children in care accommodation was introduced from April 2011. The sufficiency duty requires local authorities to do more than simply ensure that accommodation be 'sufficient' in terms of the number of beds provided. They must also have a regard to the benefits of securing a number of providers and a range of services. Fundamentally, the accommodation available must meet the needs of children. The model and configuration of our internal residential provision plays a vital role in delivering against this duty.
- 3.3 The contract for the two existing commissioned Children's Homes comes to a natural end at the 31 March 2017 having already been extended. This requires a decision to be made about Children's Home delivery going forward.
- 3.4 The commissioned service model has worked in respect of good levels of occupancy and good quality of provision. Running Children's Homes comes with high levels of management input and reputational risk. The commissioned model of delivery transfers some level of risk to the external provider.
- 3.5 The budget for cared for children external agency placements is under significant pressure. We need to ensure that the design and level of internal provision is a best value fit with the availability within the external market. The

recommendations in this report provide two positive steps towards better managing budget pressures:

- The proposal for two new two bed homes (with wrap around therapeutic support from Children's Services) should ensure that those children with higher levels of emotional and behavioural difficulties can be accommodated within our own provision close to local support rather than at distance within high cost external agency placements. The external market for this type of provision is becoming increasingly scarce due to demand and costs are rising.
- The cost of the commissioned service model is significantly more cost effective than the in-house model.

4 Background

- 4.1 The Council's starting point for the consideration of a child's placement is that we should always endeavour to find an appropriate family setting. Wherever possible, this will be a local foster care placement that facilitates continuation of contact with family and friends and attendance at the child's allocated school, unless the assessment indicates that this would not be appropriate for some specific reason.
- 4.2 A placement in residential care would only normally be made following an assessment of the child's need for such a service. However, this does not mean that we regard placement in residential care as a measure of last resort or as something to be tried only in the event of foster placement breakdown. Ultimately it always has to be about assessment and securing the right placement for each individual young person and in practice this has meant that in the past year for example, a small number of young people have been accommodated and moved straight into residential placements.
- 4.3 It is important early in this report to provide a snapshot of the views of children. The Council is committed to actively seeking and listening to service users (the voice of children) when it make its commissioning decisions. At this stage in the residential review it is important to capture what children have to say about the existing arrangements for residential provision. Some of their thoughts are outlined below:

I feel staff understand me and help sort out problems I have

The home is nice and welcoming

I feel I have a lot of choice and don't just get told what to do

Some staff are very demanding and I get on better with some than others

I prefer to live in residential care as in a foster placement it felt like I was betraying my family; I still have a family and I don't want to live in another one. I like seeing different staff on shift providing there's always someone I know on duty

I'd like more choice about who I live with as some young people cause issues and disrupt the house

I do find it difficult living with other young people; my autism means that I can't help winding people up sometimes but they don't always understand why I'm doing it

I'd prefer to live in a family with one other young person as I'd find it easier... but I know I can't as I don't always behave very well

I feel I get on well with the staff and feel that they support me most of the time; sometimes it can be difficult working with staff that I don't know so well

I wish I had a bit more freedom... for example if I want to stay at a friend's house I have to go through my social worker. I don't feel I can just do what normal young people do.

I'd have preferred to live in foster care as it's more like a family... residential care has had its ups and downs, both good and bad

There's too much paperwork... in a family there's no risk assessments and your life isn't written about every day

I absolutely love it here, it's the best thing that's ever happened to me. It's dead homely... like a family

- 4.4 The voice of children will play an important part of decision making throughout this review and commissioning cycle.
- 4.5 The overall profile of the Cared For or Looked After population has tended to mirror national trends in recent years with around 60% of children placed in foster care and under 10% in residential placements. At the time of writing the residential population stands at 28 young people out of a Cared For population of 394, or 7.1 % of the total. Whilst inevitably, each of these 28 children has a set of unique circumstances and experiences, it is possible to make a number of general points about their placements in residential care:
- There has been a steady decline in the number of our children in residential placements in recent years but the complexity of individual cases is clearly increasing; we would highlight factors such as high level CSE, self-harm and mental health issues, attachment disorders and Harmful Sexualised Behaviour as significant reasons why some children cannot safely be looked after in foster care
 - 17 children are currently placed in independent or voluntary sector homes
 - 7 of these children are placed significantly more than 20 miles from home with the top three distance placements being 58, 54 and 42 miles away
 - 6 of the 28 have complex health needs including physical and learning disabilities and they are all placed in specialist independent or voluntary sector provision

- 93% of children in residential placements are in homes rated Good or Outstanding
- We are actively searching for foster families for 4 of the 28; three of these children are aged under 12 and in the past year we have implemented a strategy that no children of this age should be placed in residential care again
- Of the 11 children in agency EBD placements, 4 could have been placed in our own provision had we have had a suitable vacancy at the time; the others have levels of challenging behaviour or other considerations such as those outlined above that would have made it difficult to match them into any of our four-bedded homes.
- A significant proportion of the total, perhaps 6 or 7 young people could be moved into families with the appropriate level of support but have made positive choices about residential care
- The trend for smaller homes has continued and the majority of our young people live with two or three others

4.6 When the authority has had to utilise the external agency market via the framework contracts available or spot purchase, then we regularly find that there is little correlation between the effectiveness of a service in terms of outcomes for young people, its Ofsted rating and the weekly fees. Some of our most successful placements have been in homes that are at the lower end of the fee range whilst conversely, we have had a number of unhappy experiences with providers who promised much and charged a great deal, but ultimately delivered little.

4.7 The current internal residential service comprises three four-bedded children's homes:

- Claremont in Crewe is owned and operated by the Council;
- Ivy Lane and Victoria Lodge in Macclesfield are also owned by the Council but are managed and staffed under a contractual arrangement with the Together Trust.
- A fourth home at Broad Street in Crewe which had been owned and operated by the Council was closed in June of last year after it had been beset by problems.

There has been a steady improvement in the service as a whole with all three homes rated 'Good' by Ofsted at their last key inspections and occupancy levels throughout 2015 have generally been high.

2015 Occupancy:

	Jan-Mar	Apr-June	July-Sept
Ivy Lane	100	100	100
Victoria Lodge	87.8	100	95.9
Claremont	81.4*	79.4*	96.2

* Note low occupancy due to a very difficult placement and high staffing ratios required

- 4.8 In terms of daily operation, the homes are run along broadly similar lines and there are no specific considerations for admissions beyond the usual risk assessment and matching of individual young people to the group. When it comes to the budgets for the service and the nominal weekly fee for each young person, the additional costs associated with local authority terms and conditions and staffing levels means that the differences between the homes are significant. This is exemplified below when you compare both operating models:

Operating Model	Value over 3 years	£ difference from current model
Current Together Trust price @ £377k per home	£3393k	
Adjusted Together Trust price @ £434k per home	£3906k	+ £513k
Current market price using external agency spot purchase @ £2100 pw	£3931k	+£538k
Current market price using external agency spot purchase @ £2300 pw	£4306k	+£913k
Revised In-house price @ £542 per home	£4878k	+£1485k
Current In-house price @ £621k per home	£5589k	+£2196k

- 4.9 The table above takes the cost of existing models of operation (commissioned via Together Trust and in-house delivery of Claremont) and applies them to all three homes over a three year period to gain a clear understanding of cost. This provides a significant difference of **£2196k** over a three year period. However it is important to ensure that a fair like for like financial comparison is made when considering value for money. Both delivery models have been reviewed and adjusted (mainly around staffing complement) with a resulting **£972k** cost difference. This remains a significant cost difference.
- 4.10 It is reasonable to anticipate future external bids to come in at a slightly higher value due to general demand in the market, raised levels of expectations via Ofsted inspection and cost pressures such as the living wage. Utilising the current market price for spot purchasing external agency placements the cost difference ranges from **£972k** to **£572k**.

4.11 The analysis above, alongside quality indicators, points to the commissioned service model being better value for money.

4.12 Beyond the pure high level cost however, there are various other considerations in opting for an in-house or commissioned model, and a sensible starting point would appear to be a decision about whether we opt for a single model of in-house or commissioned service or maintain the existing mix. An initial basic SWOT analysis is set out below.

a) In-House Provision

Strengths A sense of doing the right thing: looking after our own children Control and ownership	Weaknesses Cost All the risk carried in-house
Opportunities Greater scope for multi-disciplinary working Creating a vision and a model: therapeutic in-house provision Fewer agency placements	Threats Reputational risk: running children's homes well is difficult (see Broad St) Ofsted's position is increasingly demanding

b) Commissioned Service

Strengths Significant cost benefits Burden of risk carried elsewhere	Weaknesses Lack of ownership and control Tension over admissions and occupancy A sense of selling to the lowest bidder (see CE & Continuum Group)
Opportunities Scope for innovative partnerships and new ways of working	Threats Associated reputational risk and bad publicity (see Dinan Chase)

4.13 In relation to timescales the following contract periods are a key determinant of the speed at which the review is undertaken:

- The Ivy Lane contract was for 3 years from 1st April 2012 to 31 March 2015 (Initial Term) with an option to extend for periods of up to two years upon giving six months' notice prior to the end of the Initial Term or Extension Period. The contract has been extended for 17 months until 31 August 2016.

There are 7 months of the possible 2 year extension period left with a possible extension to 31 March 2017.

- The Victoria Lodge is for 3 years from 1 September 2013 to 31 August 2016 (Initial Term) with an option to extend for a further 7 months upon giving six months' notice prior to the end of the Initial Term. The contract could then be extended to 31 March 2017.

4.14 In order to allow the maximum time to undertake a thorough review and go to the market if a commissioned model is part of the redesign solution the option to extend the contracts for Ivy Lane and Victoria Lodge has been taken i.e. 31 March 2017.

4.15 A final consideration regarding timing is that the Government has asked Martin Narey to conduct a review into the purpose and role of children's residential care with a focus on what works best to improve outcomes. The report (to which we will be submitting a paper in evidence) is due to be completed in the spring of 2016 and whilst we could probably be confident of second-guessing many of its likely findings, it would seem prudent to await publication before embarking on a final course of action.

4.16 A proposed timeline is attached at Appendix 1. The key milestones within the timeline are as follows:

- Initial review and redesign completed by 29 February 2016
- Cabinet Report on review and options – 12 April 2016
- Cabinet Report on progress towards solution (could include contract award) – July 2016
- Mobilisation of redesigned service – September 2016 onwards
- Redesigned service starts 1 April 2017

5 Model of Operation

5.1 It will be widely recognised that many independent sector organisations claim to provide services that are 'therapeutic' in nature and that a significant proportion of them fall short when either their operational models, clinical input or staff training programmes are examined in any detail. Nevertheless it is often appropriate for our homes to offer more than a straightforward residential placement, irrespective of whether we opt for an in-house or commissioned service. A genuinely therapeutic approach recognises that the abusive experiences and attachment difficulties that have brought children into residential care in the first place cause damage and harm in the form of emotional, psychological and behavioural problems (and in some cases, actual physical changes to the structure of the brain). The central task of the home therefore, is to try to put some of this damage right: to use some form of recognised model and therapeutic input to assist young people in coming to terms with their life experiences, to develop relationships with adults founded on mutual trust and respect, and to actively prepare them for early adulthood and beyond.

- 5.2 We have already considered options for developing the role of the Children & Families Support Team at Cledford House and it is envisaged that an expanded team could play a far greater role in the development of a therapeutic residential service to some of our most troubled young people.

6 Configuration of Properties

- 6.1 The current configuration of properties means that by definition, any young person who cannot be matched into a four-bedded home is likely to require an agency placement. Moreover, the properties themselves are not ideal and in fact none of them matches up to the specification put forward at this same stage of the commissioning process in 2011. However, there is a need to be pragmatic and mindful of costs, and therefore one possible way to achieve significant change with the least disruption and expense is outlined below as initial food for thought:

Ivy Lane: although ideally the garden could be bigger, this home functions well as a four-bed, largely because of its split level design; this means that young people can be in different parts of the home without all being on top of each other and I would therefore propose to maintain it as it is.

Claremont and Victoria Lodge: feedback from young people and experience / observations of social care staff re what a four-bedded home should look and feel like would indicate that neither of these properties is really big enough. However registrations could be maintained at 4 to give some flexibility to the service as a whole but the general expectation would be that both these homes would operate in future as three-beds.

- 6.2 Homes 4 & 5: to give a small increase in capacity but to significantly improve our ability to respond to our more challenging young people in borough, a proposal could be to open two two-bedded homes operating under one Registered Manager and in leased properties.

7 Wards Affected and Local Ward Members

- 7.1 The recommendations have the potential to affect all areas of Cheshire East as the location of homes is yet to be determined.

8 Implications of Recommendation

8.1 Policy Implications

- 8.1.1 The review will put cared for children at the centre of Council policy and decision making. The review will be undertaken with clear reference to the Children and Young People's Plan, Corporate Parenting Strategy and Sufficiency Statement.

8.2 Legal Implications

8.2.1 There are a number of pieces of legislation and statutory guidance that set out the role of the local authority in respect of cared for children and care leavers. There are statutory obligations and guidance for the role of the Local Authority as the Corporate Parent in the Children's Act 1989 and 2004, and the Children and Young People Act 2008.

8.2.2 Statutory Guidance: Securing Sufficient Accommodation for Looked After Children, 2010, requires local authorities to develop a plan to secure sufficient accommodation for cared for after children within their local authority area and which meets their needs. They can only do this if they work in partnership with other agencies as the requirement is not just about accommodation and placements but also securing a 'diverse range of universal, targeted and specialist services working together to meet children's needs' and applies not only to cared for children, but also those on the edge of care and at risk of custody.

8.3 Financial Implications

8.3.1 The review will ensure that the best value for money solution is put in place. This will focus on the most effective blend of internal / external provision for the varying number and need of cared for children. The final financial implications will only be evident when the overall review is complete and comparison to the reduced use of the external agency market is clear.

8.3.2 It is however clear that even if we do nothing in respect of the current model of Children's Homes the cost of re-commissioning the two homes currently run by Together Trust will provide an estimated budget pressure of at least £100k in 2017-18 and beyond.

8.4 Equality Implications

8.4.1 None at this stage.

8.5 Rural Community Implications

8.5.1 None identified at this stage.

8.6 Human Resources Implications

8.6.1 There are no human resource implications at this stage. However if the wholly commissioned model is agreed then consultation and effective communication with the staff at the home operated in-house will take place. Potential TUPE considerations will also have to be planned in consultation with the Trade Unions.

8.7 Public Health Implications

- 8.7.1** Cared for children are more at risk of health inequalities than their peers. The proposals are expected to improve the awareness and response in respect of these health needs.

8.8 Other Implications

- 8.8.1 None.

9 Risk Management

- 9.1 Cared for children are a vulnerable group that are risk of a number of factors – poor education and training, health, safeguarding and transition into adulthood. The design of an effective residential offer will aim to mitigate these risks to our children.
- 9.2 Individual elements of the review will provide risks surrounding reputation (ie location of Children's Homes) and finance.

10 Access to Information/Bibliography

- 10.1 The legislation and key statutory documents in relation to cared for children and young people and cared leavers are set in this paper.

11 Contact Information

Contact details for this report are as follows:-

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