

Mr Marshall, Cabinet Member for Children and Young People	Ref No:
September 2019	Key Decision:
Children's in-house residential service strategy	Part I
Report by Executive Director People Services	Electoral Divisions: all
<p>Summary</p> <p>This report provides a summary of the recent review of in-house residential services for children. It seeks approval for a strategic framework and service model which seek to ensure that outcomes for vulnerable children are maximised and that long-term care costs are minimised. The proposed strategy is attached (Appendix 1) and provides a full context and history for the review and a rationale for the proposals.</p> <p>The Council's existing children's residential estate has three open establishments which all have a 'good' Ofsted rating and three establishments which are not in use. Proposals for the three closed homes are prioritised in the first phase (September 2019 to December 2020) of the overall plan for the service, with the three open homes to be focused on in the second phase (July 2020 to July 2021).</p>	
<p>West Sussex Plan: Policy impact and context</p> <p>Best start in life – The proposals seek to provide targeted intervention for the most vulnerable children and young people. Key to this is the ability to offer innovative support to create a 'team around the child' approach, whilst enabling parents and carers to support children in their own homes, preventing the need for longer term services.</p> <p>A Council that works for the community - The proposals seek to make more effective use of Council resources by maximising the use of its assets, in partnership with other agencies, to support better outcomes for children, young people, parents and carers.</p>	
<p>Financial impact</p> <p>The revenue financial consequences of the report will be a reduction in the net revenue budget requirement of £788k from year 2021/22 onwards to put towards the anticipated borrowing costs of £500k per annum. In 20/21 there will additional pressure on the revenue budget of £2m.</p> <p>Phase 1 of the proposed capital rebuild can be met through the capital improvement budget. Future capital requirement will be included in the capital programme considered by full Council in December.</p>	

Recommendations

The Cabinet Member for Children and Young People is asked to:

1. Approve the strategy for the in-house children's residential service (Appendix 1).
2. Endorse the implementation plan and the proposals for the investment required to deliver the strategy.

Proposal

1. Background and context

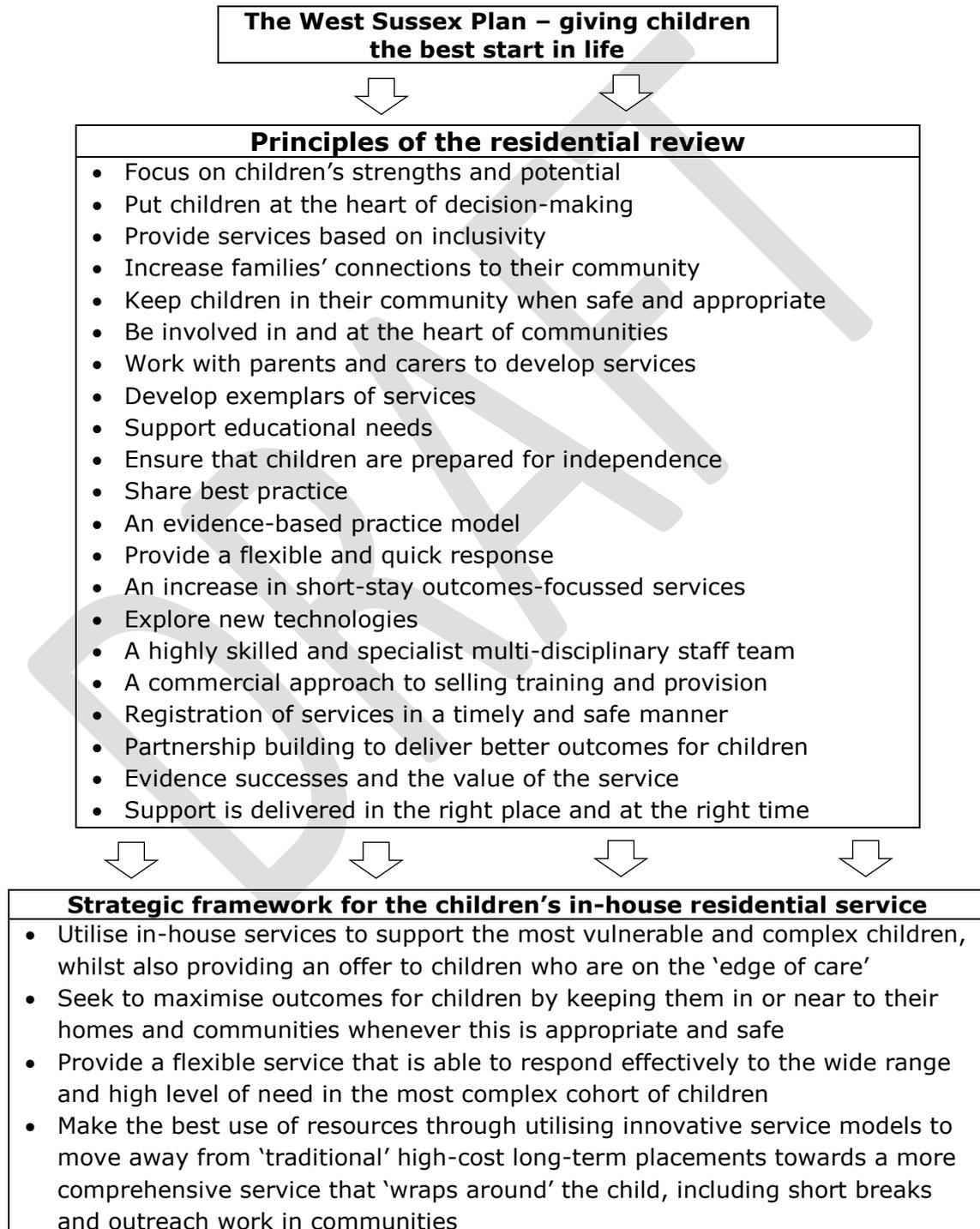
- 1.1 Residential homes have an important place in the wider strategy for how children with social care needs are supported. They form an important tool, alongside many other types of placement, to secure the best outcomes for children and to reduce the financial and social costs that can occur when children are on the edge of care, transitioning into adulthood and when they are looked after.
- 1.2 Many children with the most complex needs who cannot be adequately supported by the in-house service or external agencies in West Sussex are placed with out of county providers in locations as distant as Lincolnshire and Scotland. This negatively impacts upon children's connections with their parents, carers and social work teams.
- 1.3 The in-house residential strategy (Appendix 1) sets out the proposal for the future of the Council's in-house children's residential service. To determine the most efficient and cost-effective use of the residential estate, the demand and need projections for the county, the unit costings for individual homes, their service models and the learning available from other local authorities have all been reviewed. More detailed background and context for the review and the recent history of the Council's residential estate can be found in the attached strategy document.

2. Proposal Details

The strategic framework

- 2.1 This review recommended a strategic framework derived both from the West Sussex Plan and the principles adopted at the outset of the review. This framework sits within and complements the overall Ofsted improvement plan for children's services

2.2 The views of children and their families will be at the heart of what the residential service delivers. Through implementing the strategy, the service will better enable children in the care of the Council to thrive in a positive and supportive environment and to feel empowered to influence decisions on their care. What children have to say about the difference the residential service makes to them will continue to be heard and will inform the future development of the service, in particular through the Children in Care Council and the regular meetings that residential members of staff have with most difficult to reach young people in their care.



2.3 These aims were based on a profile of demand for residential placements in recent years. The majority of placements made to external residential children's homes can be broadly split in to three categories;

- Those made to 'mainstream' children's homes (i.e. those that do not normally offer education as an intrinsic part of the core offer),
- Those to specialist providers (e.g. therapeutic providers, homes specialising in support for victims of child sexual exploitation or those offering mental health support within the placement), and
- Those for children with severe and profound disabilities requiring high levels of support (e.g. staffing ratios of 1:1 or 2:1)

2.4 Although the latter two cohorts make up a minority of the total placements that the Council makes, it is these that are most likely to be for those children with the most complex needs, that are the most likely to take a child away from their home and community due to lack of nearby appropriate provision and often entail the highest cost due to the level of support required.

2.5 All placements started in 2018/19 are shown below, divided in to higher, middle and lower brackets based on the total weekly cost of the placement.

Weekly cost bracket	Total no. placements in each bracket	Of total, no. out of county	Of total, no. to providers not on framework
Low (<£3,000)	9	6 (67%)	5 (56%)
Mid (£3,000 - £5,999)	48	31 (65%)	21 (44%)
High (£6,000+)	17	16 (94%)	12 (71%)
All	74	53 (72%)	38 (51%)

2.6 It is evident that for those in the higher weekly cost bracket there is not sufficient provision either within West Sussex or for which the Council has a defined route to service in place. Out of county placements can be at a significant distance from the county, in some cases hundreds of miles, and for those providers used in 2018/19 who were not within an available contractual framework, there was a small minority who were unregistered.

2.7 Closer analysis of those children who make up the majority of those placements costing in excess of £6,000 per week show that they fall in to one of two groups;

- Have been a 'looked after' child for a number of years with a pattern of multiple placement moves, the typical trajectory being foster care then residential care with the most recent placement being in a solo placement with high levels of staffing (i.e. the more 'complex' cohort), or

- Are coming into care, the first placement being a residential crisis provision due to needs and risks at the time of the placement being requested (i.e. the 'edge of care' cohort)

2.8 In order to provide these most vulnerable of children with the opportunity to be supported close to home and to ensure that the Council is getting value for money in terms of what is being paid to support these children, it follows that the most flexible assets (i.e. in-house services directly within the control of the Council) should be focussed on providing this support.

Options

2.9 The following six options were considered to deliver the strategy.

No.	Option	Assessment against strategic framework, incl. overall RAG
1	No change	In effect, this would mean making no changes to the service and reopening the closed establishments as they were, with the bare minimum of work in order to achieve registration. Given the underlying issues that led to closure (e.g. culture) and the recommendations of the Ofsted inspection, doing nothing would not be a viable option.
2	Maintain capacity and specialise	This would enable the Council to focus the resources it directly controls on supporting those children in the most complex situations, and who are the most difficult to place in the external market and therefore the most likely to be placed away from home, to stay in their communities.
3	Maintain capacity and increase through joint venture	This option retains some of the benefits of option 2 but with the risks attached to option 4. There is also the possibility that readying the market for such an offer could be prohibitive.
4	Joint venture	This option would create issues over control and responsiveness in the in-house stock, both to meet future changes in demand and also to allow room for innovation. There is also the potential to incur a higher cost as a result of having less flexibility to place children with complex needs.
5	Grow in-house capacity	This shares the same benefits as option 2, and whilst this option is not discounted, it will require further work on long-term demand to evidence if it is needed.
6	Outsource all	There is a level of risk in this option in maximising the Council's reliance on the external market and creating a greater exposure to provider failure. A lack of direct control would also make it more difficult to ensure the maintenance of a quality service. Work to compare unit costs of the proposed models to comparable services in the external market also indicate that this would be more expensive than in-house provision (only 1 of the 6 establishments came out as significantly more expensive to run in-house due to changes in its

No.	Option	Assessment against strategic framework, incl. overall RAG
		capacity, an issue which will be solved in phase two of the capital works when the establishment is extended).

2.10 The recommended option is option two. Maintaining in-house capacity and specialising would allow the Council to;

- Focus on supporting children with the most complex needs,
- Innovate with models that keep children from becoming children looked after (CLA) or going into longer term residential services,
- Retain control of its stock, which would support the shaping of the market,
- Better utilise the existing estate and buildings,
- Retain flexibility to accommodate the highest costing children whilst also offering new, innovative models,
- Retain control and therefore respond more quickly to meet a changing demand in the market if required, and
- Maintain a level of insulation from the impact of any provider failure in the external market

Proposals for the implementation of the programme

2.11 The changes to the three closed homes (Cissbury Lodge, May House and Seaside) form the focus of phase one of the programme and the proposals in this report, with the three open homes (Orchard House, High Trees and Teasel Close) to be looked at in detail during phase two.

2.12 Cissbury Lodge, one of the Council's biggest units, will be divided into two wings. One wing will provide support for children with a learning disability, offering overnight short breaks for up to six children at any one time. The staff team will also provide outreach support and training to parents and carers. Shorter sessional support at appropriate times will also be offered, for example for a four-hour period after school. This 'team around the child' approach will better support children to stay with their families and out of long-term residential care where this is in the child's best interest.

2.13 The second wing in Cissbury Lodge will be kept flexible and give the opportunity to meet longer stay needs, emergency placements or to work with children with complex health needs. There are ongoing discussions with health partners for potential joint funding of these spaces, as historically those using them have often been in receipt of continuing health care (CHC) funding.

2.14 Seaside will provide placements for children on the edge of care who are at risk of entering the care system. The aim is to work with these children and young people to help them into a supported placement or prepare them for

independent living. The two-bedroom bungalow on the site will be used for young people over the age of 16 to help support them to develop independent living skills and deliver training in how to maintain a tenancy.

- 2.15 May House will be used for emergency placements of up to 28 days to facilitate appropriate assessments, mainly for those young people with complex and high risk needs who need support to divert them away from secure care. The children will be assessed and triaged and the service will work closely with them and all other stakeholders to identify the most appropriate future arrangements to meet their ongoing needs.
- 2.16 Aside from the refurbishment of establishments to better meet the needs of children and taking part in the overall review of the service, it is not currently anticipated that there will be significant change to the service models at any of the phase two homes, as all 3 are currently rated 'good' by Ofsted.

Factors taken into account

3. Consultation

Members

- 3.1 The Cabinet Member has been consulted and has endorsed the approach to the strategy during its development. The Children and Young People's Services Select Committee has considered reports in relation to the recent history associated with the closure of three of the Council's homes and the plans for the review now completed. The Committee will review the proposals at the meeting on 11th September 2019.
- 3.2 Members of the Corporate Parenting Panel have been made aware of the review as part of regular updates from the Residential Service Lead. The panel have been appraised that some changes will be made to existing delivery models and that work is underway to re-open the closed establishments. They were supportive of this and understood the need for change.

External

- 3.3 Benchmarking has taken place with other authorities in order to compare how services are provided in West Sussex (e.g. in-house vs external) with some of the county's nearest neighbours. This exercise included Essex, Somerset, Leicestershire, Dorset, Hampshire, Gloucestershire and Worcestershire. Examples of best practice delivered by other councils, similar to what is being proposed by the strategy, have been looked at in order to learn any lessons from implementation. This has included several outstanding

homes in Brighton and Hove, as well as Surrey and East Sussex who are undertaking/have undertaken similar reviews of their in-house services.

- 3.4 High-level proposals for the future direction of the estate, as well as more detail on the proposals specifically for Cissbury Lodge, have been shared with the lead for the Parent and Carers Forum in order to take into account their feedback.
- 3.5 Due to the potential for children with complex health needs to be joint funded, Council service leads have met with CHC leads from the West Sussex CCGs in order to share details of the model proposed for Cissbury Lodge and to consider their comments before finalising the proposals.
- 3.6 Due to its proximity to and links with Cissbury Lodge, the Head of Oak Grove School has been part of the group developing the model for this establishment.

Staff

- 3.7 The modelling and design of the proposals has taken account of data on demand and national benchmarking. Teams from children's social care, lifelong services, the senior leadership team, registered managers, principal childcare officers, HR, legal, education and skills, finance, quality assurance, and children's participation have all contributed to the proposals presented in this report.
- 3.8 An initial, high-level description of the proposed model has been shared with affected staff, many of whom have been redeployed, as a precursor to more formal engagement sessions which took place in August 2019. Initial feedback is positive, with staff having been given a direct line of communication to the team managing the development and implementation of the strategy.
- 3.9 Unison has been briefed with the same high-level description of proposals that has been shared with staff.

4. Financial (revenue and capital) and resource implications

- 4.1 The estimated revenue and capital costs for the work required to all establishments is show overleaf.

Home	Feasibility cost (revenue) £000	Capital cost (building works + fees) £000	Estimated opening
Phase one			
Seaside	125	1,650	Mid to late 2020
Cissbury Lodge	50	3,300	Late 2020
May House	125	825	Mid to late 2020
Phase one total	300	5,775	-
Phase two			
Teasel Close	40	902	Open
High Trees	40	957	Open
Orchard House	60	3,168	Open
Phase two total	140	5,027	-
Grand total	440	10,802	-

- 4.2 Viability studies for the estate were undertaken in December 2018. Further feasibility work and site visits have also been conducted at all phase one establishments since then. This indicates that the total requirement for capital investment will be £10.8m.
- 4.3 Feasibility studies have commenced for phase 1 and the £5.7m capital requirement will be met by the capital improvement budget. The capital requirement for phase 2 will be included in the updated capital programme presented to full Council in February.
- 4.4 The review of staffing models, which will ensure that roles are consistent and suited to the proposed service, will result in an increase in the revenue cost. At the core of this will be changes already underway to improve training for staff and the CPD pathways (see section 4.20 for more detail). Whilst there has been a small reduction in non-staffing costs in the proposed budgets across the service, there has been an increase in staffing costs of £1.2m in order to invest in this area.
- 4.5 In the past, the establishments have not been well maintained across the estate. An increased budget for the ongoing maintenance of higher specification buildings, once capital works are complete, is shown below. Ancillary costs, such as food and clothing allowances and costs for back office functions at each home have also been analysed to produce the proposed budgets.

Home	Existing revenue budget £000	Proposed revenue budget £000	Shortfall £000
Phase one			
May House	755	871	116
Seaside	780	851	71
Cissbury Lodge	2,292	2,115	-177
Phase one total	3,827	3,837	10
Phase two			
Orchard House	2,337	3,106	769
High Trees	807	856	49
Teasel Close	783	851	68
Phase two total	3,927	4,813	886
Business team	0	216	216
Maintenance	0	100	100
Grand total	7,754	8,966	1,212

- 4.6 Although the work intended for phase two for the three open 'good' establishments is likely to be small in comparison to phase one, the majority of the additional budget requirement lies here. This is because Orchard House, which holds the majority of the additional need, has historically had a high degree of overspend on agency staff in order to deliver a safe service. This establishment's proposed staffing model has consequently been adjusted, also taking in to account the increase in the level of 1:1 care needed, leading to a requirement to increase the budget.
- 4.7 Another key area driving the overall shortfall is the proposal to invest in management and business support to the service to ensure more effective upkeep of the refurbished buildings and to help deliver a more efficient and effectively run service. This would be accounted for annually through the appropriate finance and governance procedures.
- 4.8 All proposed models have been shown to offer the potential for significant cost avoidance. The figures shown below were arrived at by analysing demand for similar placements in the external market in 2018/19 and translating this to a demand and subsequent avoidance of placement cost in the three homes in phase one. The degree to which higher-cost subsequent placements could have been avoided was also taken in to account.

Home	No. 'eligible' identified children in 2018/19	Estimated cost avoidance £000
May House	9	530

Seaside	25	547
Cissbury	20	1,362
Total	54	2,439

- 4.9 This model has indicated a total potential cost avoidance of £2.4m per annum for all phase one establishments. Of this, £1.1m is expected to be delivered by the models at May House and Seaside. This was calculated using data from which cohorts which are easily identifiable, providing assurance that this level of cost avoidance is achievable.
- 4.10 As the model proposed for Cissbury Lodge is new and untested within West Sussex, it is not possible to identify the cohort for whom services would be appropriate in the same way as has been done for May House and Seaside. However, there remains a high degree of certainty that this is the right course of action when balancing risk with the need to innovate, and there is a level of confidence that subsequently there will be sufficient cost avoidance delivered by the model.
- 4.11 The closure of Cissbury Lodge and the subsequent placements required for the children previously staying there created a £2m pressure on the current children's disability team (CDT) placement budget, which the cost avoidance for phase one must answer, along with the net £1.2m increase in the service budget, in order for the model to be sustainable. The total cost avoidance of the proposed models in the long term must therefore be at least £3.2m in order to 'break even'. £2.4m of this has so far been identified, with £0.8m still to be evidenced.
- 4.12 By way of mitigation it is proposed that during the capital works, officers track children going through the placement system to assess what percentage would have been able to access services in phase one establishments. The table below indicates the additional number of placements that this process would need to identify in order to be reassured of a net zero impact on the children's services' revenue budget, assuming that the additional cost avoidance required is evenly distributed across the three homes.

Home	Total additional cost avoidance required to ensure net zero impact on budget (£000)	No. additional children/yr this equates to
May House	258	4
Seaside	258	12
Cissbury	258	11
Total	773	28

- 4.13 This process will enable both a higher degree of confidence in the figures and facilitate greater understanding about the type of provision that provides the

greatest return on investment. Flexibility has also been built in to the Cissbury Lodge model to allow long-term placements if required.

- 4.14 Whilst some cost avoidance for each establishment will begin to be realised from the point of reopening, there will be a gradual build up to the total estimated cost avoidance. This will likely accrue gradually from years 1 to 2 as more children are supported in more appropriate placements. For all establishments there will also be a period of at least 3 months after the completion of all building works where the service will be paying for staff but waiting for Ofsted registration, as per their policy, which will lead to a further delay in the realisation of any cost avoidance. There is a therefore a requirement for a bridging amount of £2m in the budget for the next financial year (2020/21) in order to cover this.
- 4.15 The overall revenue consequences of the proposals, incorporating the bridging amount and taking in to account when each establishment is set to open, are summarised below.

	Current Year 2019/20 £000	Year 2 2020/21 £000	Year 3 2021/22 £000	Year 4 2022/23 £000
In House Residential Homes				
Revenue budget	7,753	7,753	8,965	8,965
Change from proposal	0	1,212	0	0
Remaining budget	7,753	8,965	8,965	8,965
External Residential Placements				
Revenue budget	13,879	13,879	14,667	12,667
Change from proposal	0	-1,212 <u>+2,000</u> 788	-2,000	0
Remaining budget	13,879	14,667	12,667	12,667
Net change to children's revenue budget	0	+2,000	-2,000	0

- 4.16 The cost to temporarily re-house children placed within the service has not been taken in to account. All phase one homes are closed and would not require this, and it is not thought that the works required at any phase two establishment would be significant enough to require this.
- 4.17 The initial capital funding required will need to be factored into any benefits realisation and return on investment portfolio. The new unit costs include a preventative maintenance regime which should maintain the estimated lifespan of the buildings.
- 4.18 The revenue cost of borrowing this amount of capital equates to circa £0.5m per annum. Although this is not a direct cost to children's services, it is a cost to the Council which must be taken into account.

Human resources, IT and assets impact.

4.19 There are 82 members of staff involved who have been temporarily assigned to other roles in the Council. Following the agreement of the proposals, there will be a review of the staffing model to achieve consistency of roles, responsibilities and grades across the whole residential estate, as well as retention of the in-house staff team.

4.20 Consistent continuing professional development and training has been factored into the unit costings, with a training pathway plan already underway for all staff teams to confirm basic skills and develop enhanced skills to work in the proposed new model. Some steps have already been taken, including;

- An updated residential training pathway in place following extensive partnership work with the Learning and Development team, which sets out training requirements, expectations and logs individual attendance,
- Monitoring the completion and effectiveness of training in supervision,
- Reflection on impact of training on a 'your learning' document,
- Registered managers maintaining an overview of individual establishment training matrices on a monthly basis,
- All senior staff undertaking observations of residential staff to ensure that learning is being put into practice and any areas for improvement to be addressed via the performance management framework where needed,
- Improvement of record keeping around attendance, ensuring management oversight,
- Ensure only the management team undertake supervision,
- New training course being delivered on effective supervision,
- Specific practice guidance on supervision in children's homes that sits alongside the corporate supervision policy for children's social care, and
- Ofsted updated via each establishment's statement of purpose on staffing qualifications and experience (Ofsted have had the training pathway shared with them and this has received very positive feedback)

5. Legal implications

- 5.1 The Council must provide suitable support for children falling in its duty. This can be discharged in a variety of ways and the proposal supports a wider menu of options to best meet the needs of those children.

6. Risk implications and mitigations

Description	Impact	Mitigation
Recruitment and retention of staff.	Any significant impact on staffing either in terms of staffing numbers or staff satisfaction has the potential to delay the readiness of the safe re-opening and running of the residential service.	Implementation will include a well-planned staff engagement programme, the required support, training and development intervention with effective leadership and management.
Proposed Cissbury Lodge model found not to be cost effective.	Collecting new data on the current/incoming cohort may show that the proposed model is not the most cost-effective use of this establishment.	The model and cohort can be reworked based on new data, providing this is completed prior to committing to a building design.
Stakeholder scrutiny following the decision to close Cissbury Lodge.	Any delay or issues with the reopening of this establishment has the potential to impact negatively on the residential estate and the wider re-opening of previously closed services.	Engage with the lead for the parent and carer forum to ensure that thoughts and views are considered as part of the redesign. Continued and consistent engagement with the parents and carers to ensure that there is an open relationship.
Delay in approval of capital programme funding.	Submitting multiple business cases for different parts of the programme (i.e. phases 1 and 2) will mean multiple decision points and a greater potential for delay in the release of funding.	Project manager to work closely with the capital programme team to identify the most appropriate and effective path for business cases to take.
Requirement to temporarily re-house children.	Whilst this is unnecessary for phase one and considered unlikely for phase two, there would be an increase in placement costs was this to be required.	Close monitoring of the impact of proposed designs by the project manager, along with involvement of operational managers.
Delay in building works.	The longer that homes remain closed, more children are being placed out of county, removing them unnecessarily from their families and increasing the cost to West Sussex.	Work closely with the multi-disciplinary consultant (MDC) through a dedicated Council project manager to ensure the maintenance of

Description	Impact	Mitigation
		momentum and to minimise any delay in building works.
Programme and project management resource requirement.	Slippage and minimal risk control will mean that the projects in the programme will not meet the time, quality and costs standards that are set out to be achieved.	Closely monitor capacity of the programme team and escalate risks via the Strategic Residential Improvement Board.

7. Other options considered (and reasons for not proposing)

7.1 Set out in paragraph 2.9.

8. Equality and human rights assessment

8.1 Developing the service as proposed will mean that any placement of a young person will better suit their individual requirements, with the 'team around the child' ethos present throughout each service. This provides more equality of access to appropriate services and supports keeping children close to their home and community connections. The public sector equality duty is discharged through existing residential care policies and procedures and these will not be affected by the strategic framework proposals.

9. Social value and sustainability assessment

9.1 A full sustainability assessment has been completed with the Sustainability Team who support the model. Comments include;

- There is social value in keeping children in their communities and supported by family and carers,
- Less travel for social work and commissioning teams across the country to out of county placements,
- Less travel for family and carers of the child,
- The renovation of buildings can include more 'green' and sustainable features, and
- The opportunities for adults and children with a disability from local communities to come and care take some of the gardens and buildings

10. Crime and disorder reduction assessment

N/A

Kim Curry

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Appendices:

1. In-house residential service strategy 2019-22

Background papers:

None

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