

## **CABINET**

**12 JANUARY 2021**

### **OPTIONS PAPER FOR MEDWAY CHILDREN'S ASSESSMENT UNIT**

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(Lead Member)

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#### **Summary**

The Outline Sufficiency Report issued in October 2020 set out the challenges and trends affecting our children in and leaving care (CIC and CL). As at end of October 2020, there were 459 children in care (age 0-25). The current rate of children in care is the highest that Medway has seen (73.5 per 10,000 0-17 year olds).

The report described our priorities to address those challenges and recommended proposed programmes of work to deliver on those priorities. One of the recommendations was to develop an assessment unit and consider the remodelling of existing council premises to support with the reunification of children back with families or into a more suitable and longer-term arrangements.

The Children and Young People Overview and Scrutiny Committee recommended to Cabinet that a provision be developed that ensures a greater number of children and young people receive the right intervention at the right time, a need highlighted during the ILACS inspection (Committee meeting of 9 January 2020).

This reflects the Sufficiency priorities to:

- Provide specialist high intensity support for complex LAC within Medway

- Create time and space to assess the needs of LAC and ensure that placements and support meet those needs to avoid repeated breakdowns and escalating need

This report seeks to outline the options available to Medway Council in implementing that recommendation and recommends an option to utilise the Old Vicarage property with a commissioned service to a partner/provider for a period of a year and a half, thereafter moving to two more suitable smaller units. This option meets the requirement to deliver an Assessment Unit at pace and offers the greatest savings whilst improving outcomes for the greatest number of young people.

## 1. Budget and policy framework

1.1 This report sits within the following budget and policy framework:

- The Medway Council Plan 2016/17 to 2020/21 includes the objective that children and young people have the best start in life in Medway, including the commitment to work with partners to ensure the most vulnerable children and young people are safe.
- The Joint Health and Wellbeing Strategy for Medway 2018-23 sets out five strategic themes, including working together to give every child a good start (theme 1) improving physical and mental health and wellbeing (theme 4) and reducing health inequalities (theme 5).
- Priorities in relation to the health and wellbeing of children and young people are set out in the Medway Improvement Plan, Early Help Strategy, the Looked After Children Strategy, the Young People's Homelessness Strategy, and Medway Council's Offer to Care Leavers.
- The Council has a statutory duty and responsibility to ensure sufficiency of provision of accommodation and care of children and young people and must ensure that they are placed in an environment likely to promote and safeguard their welfare and development.
- The Council has a statutory duty as a Corporate Parent. The role of the Corporate Parent is to act as the best possible parent for each child they look after and to advocate on his/her behalf to secure the best possible outcomes.
- The outline summary of the Sufficiency Report 2020 was presented to Star Chamber in October 2020 with the recommendation for an options paper to deliver an Assessment Unit in Medway. Star Chamber requested this paper be brought to Cabinet as a matter of urgency.

## 2. Background

### 2.1 **Assessment Unit objective**

An Ofsted registered children's assessment unit (AU) would provide therapeutic residential care during a period of individual needs assessment and engagement with support services and followed by outreach support.

2.2 The aim of the AU is to ensure that a young person's chances of returning to their family are maximised (including those on the edge of care), or where this

is not possible, to assess the young person's needs to engage the correct follow-on support.

- 2.3 The AU will serve two similar cohorts of young people:
1. Those young people newly entering in to care from the community, whose needs are not yet fully understood and where there is a good likelihood of returning them to the care of their family or otherwise to the most appropriate placement for them (reunification).
  2. Those children who are already in care, but who are caught in a negative cycle of placement breakdowns and or in unregulated arrangements. The AU will break that cycle by stabilising the young person, assessing their needs and engaging the correct support for their unmet needs and transitioning them to the appropriate follow on placement.
- 2.4 For both cohorts of young people, the work of the Assessment Unit will be symbiotic with, and contribute to, the permanency planning process that is a legal requirement for caring for children by both promoting the rapid, safe and supported return home where possible and ensuring needs are met in alternative long-term care. It would allow us to maximise the opportunities to enable young people to live with a relative or other person close to them under a Connected Carer or Special Guardianship Order (SGO) with robust support increasing the resilience of these placements. Additional work is ongoing with SGOs as this has been identified as a specific area of improvement in the Sufficiency Report. A strategy around SGOs is being completed by the Head of Service for Corporate Parenting, which will further support the work and throughput from the AU.
- 2.5 There will be clear opportunities for the AU team to support the edge of care programme of work and the work done by the Early Help teams in keeping children at home. There will also be clear opportunities for upskilling and developing relationships with the internal fostering team. Work will be carried out with the service in terms of a Reunification practice framework to ensure the reunification is undertaken and leads to improvement in assessment, training and outcomes for children.
- 2.6 The AU will include an outreach team that will work with the young person but can also support working with their family to ensure that a young person's chances of returning to their family are maximised.

### **Assessment Unit Description**

- 2.7 Due to the high levels of vulnerability of the young people undergoing assessment, one AU would support no more than 4 young people at a time. The cohort will be young people who present with challenging behaviour, increased levels of mental health issues, self-harm, substance abuse, and are at elevated risk of sexual and criminal exploitation. The home would be staffed by a wrap-around multi-professional support team and additional support brought in as required by the care plans for the young people.

2.8 The unit will be run as a children's home and there will be a methodology behind the support programme to the young people that will run on a cyclical basis; for example up to 12 or 16 weeks per young person. 4 beds on a 16-week programme for each young person means a unit would take 13 young people per year, 17 young people per year for a 12-week programme.

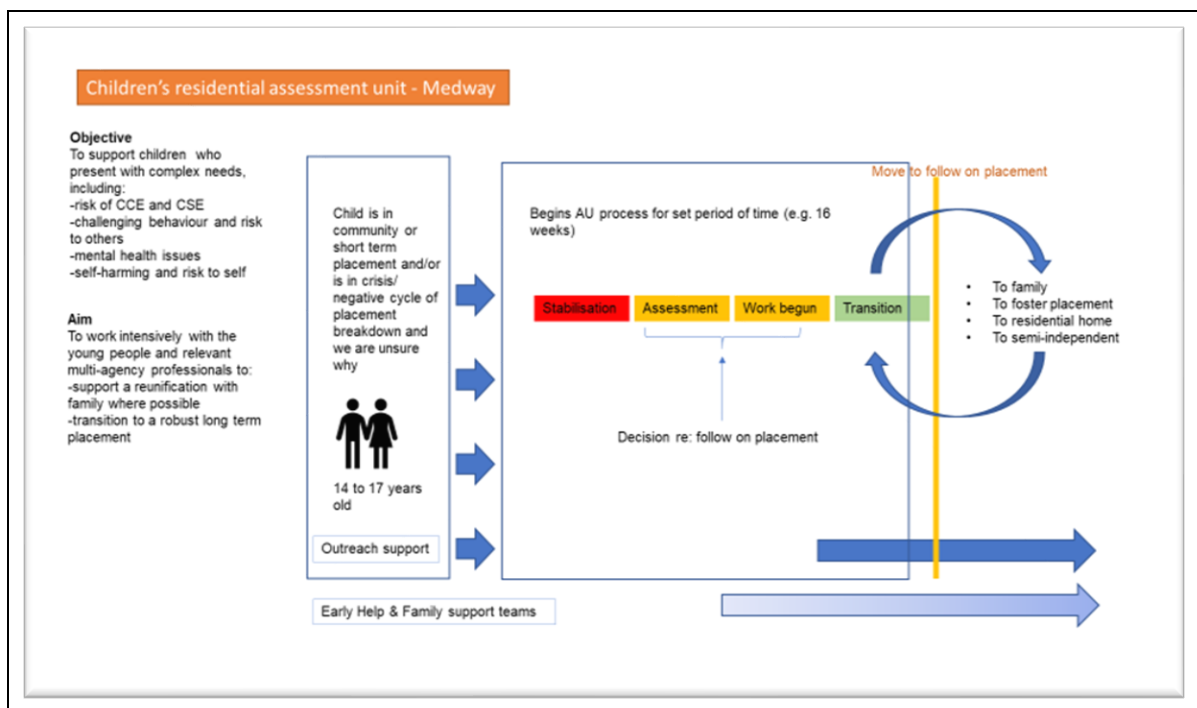
### Following Assessment

2.9 At a specified point during their stay in the AU (e.g. at week 6 to 8 of a 16 week stay), the most appropriate follow on placement for the young person would be established by the multi-agency 'team around the child' in conjunction with the young person and as per the methodology of the home.

2.10 The young person would then be either:

- stepping back into their family once the requisite work had been done with both the young person and family.
- moving into a foster care placement.
- moving into appropriate provision to meet the child's needs.
- moving on into semi-independence and supported accommodation.

2.11 In all situations, the young person would continue to be supported by the outreach AU team for a specified period to embed their transition into that setting. This would be scaled back should the young person move out of area.



## **Ofsted**

- 2.12 As the AU would be a registered children's home, it would require registration by Ofsted. Preliminary discussions with Ofsted are positive. They understand and support the need for this type of service. The critical factor in their eyes for the success of such a unit is to be extremely clear with the Statement of Purpose (SOP). This document lays out explicitly the methodology and purpose of the home and is the document to which Ofsted hold the home and provider accountable.
- 2.13 Ofsted would support Medway's plans for an Assessment Unit and as long as a quality application was made by an experienced provider with a clear and explicit Statement of Purpose, the application could be fast tracked. This means that from submission of application to approval the registration *could* be in place in 40-60 days.
- 2.14 Ofsted has reflected that Medway's plans follow those of other local authorities who are reconfiguring their arrangements for children coming into care. Most authorities so far have chosen an in-house model rather than commissioned arrangements.

## **Factors to be Considered**

- 2.15 There are a number of factors which must be taken into consideration for the AU to be viable, including the approach used to accommodate new admissions to the unit, and the physical/geographical situation of the unit.
- 2.16 A four-bed AU could be delivered from a 5-bed house (allowing one room for sleep-in staff) in a suitable neighbourhood in Medway. It is important to be in Medway to be able to engage local support services such as the Children in Care Health Nursing team, CAMHS, Speech and Language Therapy and so on. Ideally the house would be detached, as experience shows that significant amounts of time can be taken up dealing with neighbours, but this is not critical. Even so, the right neighbours can be a very positive influence on young people. The property should have room for therapy or workshop sessions, a garden for activity and easy parking for professionals.

## **Matching**

- 2.17 The critical importance of matching the young person with the proposed placement and the other young people already within, cannot be understated. For the young person, it is vital, in not requiring them to live in an ill-suited environment and setting them up to fail - adding to a list of things that have not gone right for them. For the residential children's home provider, there is the risk of impacting negatively on their Ofsted rating and therefore their business. For the Council and the public purse, the risk is that badly matched placements will break down and escalate costs for ensuing placements as well as increase the likelihood of safeguarding risk, reputational risk and financial risk.

- 2.18 In a residential children's home, the Registered Manager has complete autonomy over which children can be matched into a placement. This creates a tension for an assessment unit as the Council may:
- ask for placements for children where their background and life journey so far are largely unknown.
  - expect an assessment unit to take the children that we need assessing.
- 2.19 To mitigate against this issue, a number of practices can be used:
- the home be staffed by extremely qualified and competent staff.
  - the staff be well remunerated and not required to work lengthy shifts (i.e. reduce risk of becoming "careworn").
  - develop solid and trustworthy relationships and partnerships between AU and relevant council staff (social workers, placements team), be transparent and ethical about information sharing including sitting on already existing panels.
  - explore the potential of undertaking work to the property to allow for a discrete area to be made self-sufficient. When a young person is in crisis and needs one to one care and support they could then be cared for in this smaller "crisis" section and the main body of the house can continue its daily business without impacting negatively on the other young people. This would necessitate some capital funding: however, with the right brief to architects this could be kept within a specified budget.

## **Barriers and challenges**

### *Market appetite for delivering an AU*

- 2.19.1 Undertaking this kind of innovative activity has many risks attached. The cohort is specifically those young people whom residential providers are less likely to accept at present. However, most providers recognise that the system is currently not working for the most complex children and understand the need for innovative and brave solutions to address the matter.
- 2.19.2 Two elements will make the offer more attractive to providers: the offer of a premises and inclusion in the process of developing the service. Initial consultation with providers suggests that there would be definite interest in the opportunity of developing a service to operate from the Old Vicarage (OV). The initial caution that was universal among the providers in taking on the risks of such a project was lessened by indicating that we would work with the provider to ensure that the contract worked for all. The way in which we tender for the contract will be key to attracting their business.
- 2.19.3 The critical stumbling block giving rise to the caution universally expressed by the market was a concern over the provider's ability to retain autonomy over placement and matching decisions (see above) and not be pressured into taking a young person just because there is a vacancy and no other placement was available for them.

### *Multi agency support*

2.19.4 A critical factor in the success of the AU and its ability to deliver to its objectives, will be the surrounding multi-agency landscape. Robust consultative work would need to be done with schools, health and community safety partners.

### *Workforce issues*

2.19.5 Nationally, there is greater demand for qualified, experienced and capable care staff than there currently is in the workforce. This is the case both at care worker level right up to senior Responsible Individual level and all the way in between. Obtaining good quality care staff is an issue for many areas.

2.19.6 This represents both a risk – the AU will need to have high quality staff – and an opportunity – once established the AU will be able to work with other staff such as our internal foster carers transitioning young people into in-house foster placements to upskill them and continue to raise the level of the workforce to support these most complex (and by extension also the less complex) young people.

### *Change in culture of use of residential care*

2.19.7 Alongside implementing an Assessment Unit to return children to their family where possible and stabilising them into a resilient placement and school setting where not, there needs to be a recognition and a change in culture around the use of residential settings. Historically these have been seen to be a last resort, only to be used when a family setting proves untenable and, once used, lasting a significant amount of time in the child's life. It needs to be recognised that there are occasions when a period in a residential setting with trained professionals earlier in a care journey can make it easier for a young person to transition back into a family setting as long as the objectives of that stay are clear from the outset and the outcomes achieved for the young person.

2.19.8 This is where the AU can evidence the need for residential care early on should it be applicable, and the critical role of the family therapist, and the education or clinical psychologists will be key to ensure effective whole family functioning to deliver this work successfully.

## 3. Options for the Assessment Unit

### 3.1 **Option 1: Do Nothing**

3.1.1 If we do not proceed with an assessment unit, we will continue to see high levels of young people coming in to care from the community, but our ability to reunify them with their families in a sustainable way will be reduced.

3.1.2 Equally we will continue to see very complex children already in care continue to follow a negative cycle of placement breakdowns that impact so detrimentally on both the young person's wellbeing and the public purse.

- 3.1.3 One of the main drivers behind the recommendation to set up an AU is that we currently have no recourse other than high cost bespoke placements procured as spot purchases (off contract), due to their highly specialised nature. In addition, due to the lack of suitable provision, we continue the need to use unregistered provisions.
- 3.1.4 Since February 2020, Medway Council has had to make 11 placements for young people over the age of 16 years in unregistered settings where the level of support they require is high/complex and high cost and has resulted in a bespoke package of care. These placements are not only less likely to provide good outcomes for the young person, but extremely costly as they require two or more staff to one child supervision round the clock. This makes them anywhere between £5,000 and £10,000 per week (£260,000 and £520,000 per annum respectively). In other areas it is not uncommon to see higher rates than that and historically Medway has had placements costing up to £14,000 per week. These placements are also high risk for the provider and can quickly give rise to incidents. The existing cases are the legacy of the young person not previously receiving the right placement or intervention at the right time earlier in their care journey.
- 3.1.5 If we do nothing, we will be unable to prevent any reduction in the use of either costly bespoke placements or the illegal use of unregistered provision for complex under 16-year olds.
- 3.1.6 Other local authorities are coming to the same conclusion and have begun very similar work to set up AU's of some kind. Providers also understand the gap and at least one provider has begun the process of setting up a similar type of unit in Kent. Although this will be open to Medway too, it will only have three beds and will not provide the capacity or capability to support us in getting young people back to their families or in the right placement.

## 3.2 **Option 2: Provide the AU Service Internally**

- 3.2.1 Providing the service internally allows for greater control and oversight of the young people referred to the service although it does not give the Council the ability to insist that a young person be given a place there. That remains with the Registered Manager of the home. Nevertheless, there would be no conflict of interest in sharing data and the senior managers of the AU could be appropriately integrated into internal processes to maximise the service's ability to perform seamlessly with Children's Services.
- 3.2.2 However, to deliver such a service also entails both significant effort, cost and risk. This includes developing the underlying methodology to which the home will function and undertaking regular Ofsted inspection preparation. This would be in addition to securing and maintaining the site, managing legal and resourcing (including recruitment, training, salaries and pensions) and set-up and registration costs.
- 3.2.3 A provider managing multiple sites will be able to operate more cost effectively than the Council. For example, some costs can be shared across the sites making it more cost effective per home – economies of scale.



Providing one site alone is less cost effective and does not allow for flexibility of staff cover from the pool of staff associated with multiple homes. For the local authority to undertake a high-risk intervention such as an AU, there would need to be additional services set up within the Council to oversee, run and monitor the home and accountability of senior management. There would also be the internal conflict of managing the need to place children against the Registered Manager's autonomy to matching and agreeing the placements. It does not appear that there is substantial internal appetite for such an undertaking.

- 3.2.4 Some larger County Councils, for example Hampshire, are proceeding with this internal provision model. However, they already operate 8 children's homes internally and thus are able to draw upon the economies of scale and support of the other 7 homes.
- 3.2.5 It could be considered that in the future once our own need has lessened, Medway could keep 3 beds for internal use and make 1 bed available to other placing authorities. A potential £6,000 a week tariff could generate £252,000 pa if it were occupied 42 weeks a year.

### **3.3 Option 3: Commission the AU Service Using Provider's Premises**

- 3.3.1 This option considers commissioning the service externally from a provider who already has their own site locally.
- 3.3.2 A number of providers have been looking to set up residential homes in Medway and have faced a selection of different barriers. Over the last two years we have been seeking to promote more residential care in Medway. Only two providers have managed to secure an appropriate site; one is still engaged in putting in a quality Ofsted application, another has only received planning permission from the Council for two years which is not enough to allow for a viable children's home so the property is currently mothballed. Renting from an independent landlord is a possibility but carries much greater risk for the provider and many are unwilling to do this. This is therefore not considered a viable option. If the Council were to provide a site such as the OV, this would attract significantly more interest from providers.

### **3.4 Option 4: Commission the Service Operating on Council Property**

- 3.4.1 This option considers commissioning the service externally from a provider, but using properties owned by the Council. There are three potential properties considered. This option also considers three different approaches to using the property selected (or the capital value).

## *Potential Properties*

3.4.2 There are three properties considered.

**Aut Even** is a spacious 5 bedroomed house in a quiet residential area in Twydall. The property has been until recently used to provide residential respite care for young people with disabilities. As such it has been equipped to be DDA compliant with rails over beds, adapted bathrooms, an internal lift and so on. The two main considerations for this site are:

- There would be significant refurbishment required to bring the property into line for an Assessment Unit. This would both delay the timeline and increase the cost.
- The location is not ideal for a home for young people with challenging behaviour. The area is very residential and may be over-sensitised (and therefore resistant) to a children's home operating in this community. We do not want to set our young people up to fail by placing them in an area where they are unwelcome.

**147 Nelson Road** is a council-owned mental health day centre for adults. It has recently been proposed that the service be amalgamated with the Community Services Outreach Team (CSOT) and is therefore discounted as an option for the AU.

**The Old Vicarage (OV)** is set up as an eight-bed home with additional bedroom for sleeping in staff. It was operated as a residential children's home until the end of January 2020. It was closed because its format (SOP) did not permit the placement of young people with complex requirements, and therefore operated significantly under capacity for long periods of time.

There is an outside cabin that can be used for therapeutic and activity work. The bedrooms are upstairs in clusters with many corridors and intermediary doors. Although there is a main front entrance, there are also back/side doors to the garden which is not enclosed. The property would need refreshing prior to opening. There would also be the possibility of undertaking refurbishments to the property such as creating a separate space for young people who are in crisis to minimise any negative impact on other residents and potentially work to decrease the risk of carrying voids.

3.4.3 Not only is there greater estimated cost involved in refurbishing Aut Even; its location does not lend itself to the establishment of an AU. After due consideration, it is therefore felt that the OV presents the most cost-effective option.

## *Potential Approaches*

3.4.4 There are three alternative approaches to using the OV, and these are detailed below:

- a. Adapt and use the single property selected (the OV) as an AU

- b. Adapt and use the OV for a year and a half, using that period to acquire and set up two units which are more suitable geographically and physically
- c. Sell the OV immediately, using the proceeds to acquire and set up two units which are more suitable geographically and physically

### *Assumptions*

#### 3.4.5 A number of assumptions have been made:

- Each stepdown from Residential to, e.g. fostering, will be £2,300 per week (please see 4.2 below). In this exercise, this is considered a cost saving.
- Stepdown from short-term fostering to reunification is estimated at just over £1,000 per week. This is considered cost avoidance.
- There are an estimated 10 placements per year if only the OV is used (a maximum of 16 could be achieved if programme duration is 12 weeks, 12 if programme duration is 16 weeks).
- There are an estimated 10 CiC placements per year and 10 reunifications (EOC children) per year if we use two new Assessment Units (a maximum total of 32 could be achieved if programme duration is 12 weeks).
- The assumptions above are based upon the likelihood of void rooms.
- The OV will be ready for use from Sept 2021: it will be used for CiC high cost placements initially, and a combination of CiC and EOC (reunification) placements from 2023/24.
- The two new AUs will be ready from Apr 2023 in option 4b (or Oct 2022 in option 4c): a comparison timeline is in Appendix 1.
- Where there are two AUs, these will serve two different cohorts: CiC placements and EOC (reunification) placements respectively

### *Options*

- 3.4.6 **Option 4a:** Provide suitable housing stock (the OV) for a provider to deliver a four-bed AU for young people from 14 to 17 years with no rental costs and paying only for the commissioned service to be delivered from this locality. The OV would be run as a 4-bed service – leaving 4 bedrooms void. Any number of rooms greater than that makes *matching* young people virtually impossible to achieve and the additional beds remain void. The additional space would be used for therapeutic activities, family visits, foster carer visits.

**Option 4a: Children's Assessment Unit: Five Year Savings from use of OV from Sept 2021**

	21/22	22/23	23/24	24/25	25/26	Total
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Savings:</b>						
Five Year Savings based on 10 assessments of 14-17 yr olds placements per year. Assumption is that rehabilitation will be targeted from Sept 2021 to March 2023 and then from 2022/23, time will be split equally between rehabilitation and reunification assessments.	(1,183)	(2,069)	(1,351)	(1,378)	(1,406)	(7,387)
<b>Expenditure:</b>						
Provider costs	467	816	832	849	866	3,830
Capitalised Refurbishment Costs	33	33	32	31	30	159
Rehabilitation/Reunification after Assessment based on average saving of Foster care/reunification per week	485	849	437	446	455	2,672
<b>Net Saving</b>	<b>(198)</b>	<b>(371)</b>	<b>(50)</b>	<b>(53)</b>	<b>(55)</b>	<b>(727)</b>

3.4.7 The capitalised costs in the table above relate to £159,000 for the refurbishment of the OV amortised over 5 years. The service anticipates that due to the size and layout of the OV, and also the complexity of the young people, some internal reconfiguration of the building may be required to make it fit for purpose. This figure therefore includes all fees such as architect's fees and potential planning permission if significant alterations are required.

3.4.8 **Option 4b:** Commission a four-bed AU for young people from 14 to 17 years at the OV site for a year and a half, using that period to acquire and set up two units.

3.4.9 It is recognised that it may be difficult to effectively operate one AU combining children already in care (CIC) with those on the Edge of Care due to difficulty in matching. A longer-term objective would therefore be to operate two smaller units (one for reunification EOC children) and one for halting placement breakdown (CIC).

3.4.10 The AU could be set up and run from the OV initially. Thereafter, two smaller properties would be procured (partly funded by the estimated £750,000 receipt from the sale of the OV). The AU would gradually transfer into the smaller sites. The cost of a detached 5 bed house in Medway has been estimated at £600,000. The cost for two units would therefore be in the region of £1.2m plus fees, costs of obtaining planning consent, stamp duty (£38,000 per property for a £600,000 house) and works, total in the region of £1.5m. The estimated value of the OV is £750,000.

3.4.11 This would shorten the lead-time for an AU to be up and running compared to Option 4c. The assumption is that the new units will be operational from April 2023.

3.4.12 This is the preferred option.

**Option 4b: Children's Assessment Units: Savings from use of OV from Sept 2021 until March 2023 followed by 2 new Assessment Units**

	21/22	22/23	23/24	24/25	25/26	Total
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Savings:</b>						
Five Year Savings based on 10 assessments in the Old Vic per year until March 2023 and then 20 thereafter in two new AUs	(1,183)	(2,069)	(2,578)	(2,630)	(2,682)	(11,141)
<b>Expenditure:</b>						
Provider costs	467	816	1500	1530	1561	5,873
Stamp Duty and legal fees	0	0	76	0	0	76
Capitalised Costs: Old Vic Refurb 2 yr costs followed by 2 new AUs capitalised over 20 yrs less Old Vic Capital Receipt	78	76	59	58	57	329
Rehabilitation/Reunification after Assessment based on average saving of Foster care/reunification per week	485	849	832	849	866	3,880
<b>Net Saving</b>	<b>(153)</b>	<b>(328)</b>	<b>(111)</b>	<b>(193)</b>	<b>(199)</b>	<b>(982)</b>

3.4.13 The capitalised costs in the table above relate to £154,000 for the refurbishment of the OV amortised over the first 2 years. The service anticipates that due to the size and layout of the OV, and also the complexity of the young people, some internal reconfiguration of the building may be required to make it fit for purpose. This figure therefore includes all fees such as architect's fees and potential planning permission if significant alterations are required. The configuration for this option will consider the future resale of this property after approximately two years. Costs after Year 2 relate to the purchase of two smaller properties costing an estimated £600,000 each (requirement for five-bedroom property in an appropriate location) plus refurbishment costs and planning consent costs of £150,000 each. These costs will be offset partly by the estimated £750,000 capital receipt from the sale of the OV. The remainder of £750,000 is then amortised over twenty years.

3.4.14 **Option 4c:** Sell the Old Vicarage immediately (estimated value in the region of £750,000) and use the proceeds to purchase 2 smaller sites that could then deliver AU for two cohorts: determined by whether they are already in long term care or on the edge of care (one reintegration/rehabilitation home, one reunification home).

3.4.15 This will add significantly to the timeline for an AU to be up and running. However, there is the potential that we could use the time to run the tender for an AU provider such that they might be in place in time to advise on securing the best property.

3.4.16 Although the two new units would be operational six months earlier than Option 4b, i.e. October 2022, this option offers the lowest savings. In addition, it implies that we will continue to bear high cost placements until that time.

**Option 4c: Children's Assessment Units: Savings from use of two new Assessment Units from Oct 2022**

	21/22	22/23	24/25	25/26	25/26	Total
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Savings:</b>						
Full Year Savings based on 20 assessments per year from Oct 2022 in two new AUs specialising in rehabilitation, reunification and prevention	0	(1,289)	(2,630)	(2,682)	(2,736)	(9,337)
<b>Expenditure:</b>						
Provider costs	0	750	1530	1561	1592	5,432
Stamp Duty and legal fees	0	76	0	0	0	76
Capitalised Costs: 2 new AUs including refurbishment costs capitalised over 20 yrs less Old Vic Capital Receipt of £750k	0	59	58	57	56	231
Rehabilitation/Reunification after Assessment based on average saving of Foster care/reunification per week	0	416	849	866	883	3,013
<b>Net Saving</b>	<b>0</b>	<b>12</b>	<b>(193)</b>	<b>(199)</b>	<b>(205)</b>	<b>(584)</b>

3.4.17 The capitalised costs in the table relate to the purchase of two smaller properties costing an estimated £600,000 each (requirement for five-bedroom property in an appropriate location) plus refurbishment costs and planning consent costs of £150,000 each. These costs will be offset partly by the estimated £750,000 capital receipt from the sale of the OV. The remainder of £750,000 is then amortised over twenty years.

3.4.18 Options 4a and 4b would deliver the AU in the shortest time. Options 4b and 4c would need to factor in the time required to secure and buy the properties and then begin Ofsted registration which may take longer as these are likely to be unknown sites. A draft timeline is in Appendix 1. The advantages and disadvantages of the options are summarised in paragraph 4.3 below.

## 4. Advice and analysis

### 4.1 Medway's Sufficiency

4.1.1 Medway's Sufficiency has repeatedly identified the following pressures, challenges and trends, which need to be addressed:

- The number of children in care is increasing
- The number of in-house foster carers is dropping, causing an over-reliance on IFA placements and external arrangements
- The number of distant placements is increasing
- The number of complex children and harder to place children is increasing
- The cost of placements is increasing

4.1.2 Furthermore the above is a national picture and therefore the registered options of fostering and residential children's homes are inundated with referrals making it easy for them to choose the easiest children to match against. The consequence to Medway (and other areas) is that there is little provision available to our most complex young people frequently ending up in bespoke packages of care. This increases the risk of negative outcomes for

the young person, the risk of placement breakdowns and the likelihood of spiralling needs and associated costs.

4.1.3 The need for these bespoke packages is a result of the consistent year on year increase in the number of children coming into care at a later age (14 to 17 years) having had time to develop very complex needs and, frequently, challenging behaviour. This group has represented the most significant group coming into care for the last four years and is likely to continue to do so for the foreseeable future.

## 4.2 **Benefits of an Assessment Unit**

4.2.1 The Assessment Unit(s) would be in a position to either:

- a) Stabilise the young person and ensure work is done with both them and their family to promote reunification with family at an early stage in their care journey; or
- b) Ensure that the needs of the young person are assessed and matched to the correct placement, transitioning them into robust foster or residential placements as needed with a robust support plan.

4.2.2 Although it is not yet known at what price the market will estimate delivering the service as this is a new approach, the staff costs would need to be around £500,000 pa so an estimate for annual delivery of the service would be in the area of £800,000.

4.2.3 The average placement cost per year of a child in care is £55,000 (without social work costs, legal costs etc).

- A short-term IFA placement costs approximately £55,000 pa (i.e. approximately £1,000/child/week). Every child returned home from a short term therefore saves this amount.
- Every child stepped down from residential to fostering would prevent around £2,300 per week, representing in the region of £120,000pa.

4.2.4 One Assessment Unit caring for 13 children per year between the ages of 14 to 17 years old would:

- Properly assess young people at an early stage in order to reduce the need for bespoke placements. Even if these placements were unavoidable (as the capacity for the *local* regulated sector to take these placements will take time to grow) then they would at least be de-escalated out of crisis, stabilised and accompanied by a robust behaviour management plan that the following setting could apply. This would both improve the outcomes for the young person, reduce the likelihood of placement breakdown as well as result in a lower cost of the follow-on bespoke placement.
- Potentially have an effect on our existing cohort. Although the AU would not be a “step down” facility, nevertheless, there are young Medway

people currently in out of area residential provision who could potentially be brought home via the AU. As of October 2020, there were 26 young people in residential settings eight of whom were potential candidates for either reunification to family or stepdown to local provision via the AU. A further four were less likely candidates but still potentials.

4.2.5 The current weekly placement costs of the 12 potential AU residents are £52,727.90 (£2,741,850.80 pa). Placement costs only of the 14+ year olds currently amount to £40,375.27 (2,099,514.04 pa).

4.2.6 Although the AU places themselves would be of a similar cost to a residential place, the follow-on placement costs are likely to be reduced. Indicative scenarios are shown in the table below, but it should be borne in mind that it is likely to be difficult to have all four beds filled all the time. Despite best efforts, there will be moments of void beds due to the complex and challenging needs of the young people.

4.2.7 A further benefit will be to ensure a strong link between the AU and the in-house fostering service. Both will have a therapeutic model that will need to be compatible if not the same. Any possibilities to upskill the Fostering workforce with the professionals from the AU will be maximised, thereby increasing the positive impact for other children in care.

### 4.3 Option Summary

	For	Against
<b>Option 1</b> Do nothing	<ul style="list-style-type: none"> <li>No outlay for AU service</li> <li>Sale price of OV £750,000 placed back in capital projects</li> </ul>	<ul style="list-style-type: none"> <li>Placement costs continue to increase exponentially</li> <li>Reduced positive outcomes for complex young people</li> </ul>
<b>Option 2</b> Provide internally	<ul style="list-style-type: none"> <li>Greater control over young people's care journey</li> <li>No conflict of interest in sharing information around eligible cohort</li> <li>Positive impact on internal fostering team and potential to share some therapeutic costs</li> </ul>	<ul style="list-style-type: none"> <li>Significant cost outlay (minimum &gt;£450,000)</li> <li>Significant risks to Council such as additional inspections</li> <li>Does not give unrestricted ability to place a child in AU – authority retained by Registered Manager</li> <li>Lack of internal appetite</li> <li>No significantly reduced timeline to set up</li> <li>No sale price of OV</li> </ul>
<b>Option 3</b> Commission the AU service using Provider's premises	<ul style="list-style-type: none"> <li>Market appetite to deliver but less easily fulfilled due to sourcing site constraints</li> <li>Ability to hold provider to account</li> <li>Reduction in unregistered placements</li> <li>Prevention of high cost bespoke placements</li> </ul>	<ul style="list-style-type: none"> <li>No sale price of OV</li> <li>AU costs in the region of ~£800,000 pa</li> <li>longer timeline to deliver</li> <li>Ability to choose provider with best methodology that is symbiotic with internal fostering plans may be hampered by requiring them to have a property</li> </ul>



	<ul style="list-style-type: none"> <li>• Ability to step young people down into less costly placements</li> <li>• Significant savings to 13 placements per year</li> </ul>	
<p><b>Option 4a</b> Provide OV to commissioned service</p>	<ul style="list-style-type: none"> <li>• Market appetite to deliver</li> <li>• Shortest timeline to deliver</li> <li>• Ability to hold provider to account</li> <li>• Ability to choose provider with best methodology</li> <li>• Reduction in unregistered placements</li> <li>• Prevention of high cost bespoke placements</li> <li>• Ability to step young people down into less costly placements</li> <li>• Significant savings to 13 placements per year</li> <li>• Reworked premises would reduce, but not eliminate the risk of void placements due to optimised ability to manage children in crisis</li> </ul>	<ul style="list-style-type: none"> <li>• No sale price of OV</li> <li>• AU costs of ~£800,000 pa</li> <li>• Need to combine both edge of care young people with children in care and/or age groups potentially lessening effectiveness of AU to deliver</li> <li>• Initial spend of £3-5,000 to obtain architect's design for reworked property, followed by cost of works</li> <li>• Delay to timeline</li> </ul>
<p><b>Option 4b (preferred option)</b> Provide OV to commissioned service for 2 years and acquire and set up two units.</p>	<ul style="list-style-type: none"> <li>• Ability to hold provider to account</li> <li>• Reduction in unregistered placements</li> <li>• Prevention of high cost bespoke placements</li> <li>• Ability to step young people down into less costly placements</li> <li>• Ability to choose provider with best methodology</li> <li>• Significant savings to 13 placements per year</li> </ul>	<ul style="list-style-type: none"> <li>• No immediate sale price of OV</li> <li>• AU costs in the region of ~£800,000 pa</li> <li>• Initial need to combine both edge of care young people with children in care and/or age groups potentially lessening effectiveness of AU to deliver.</li> <li>• Timescale and cost of acquiring the two properties and carrying out works to them, estimated at £1.5m.</li> <li>• Requirement to obtain planning consent for a change of use from a dwelling house (Class C3) to a residential institution (Class C2.) Need for information campaign to residents and other stakeholders.</li> </ul>

<p><b>Option 4c</b></p> <p>Use capital receipts from sale of OV to procure two smaller units</p>	<ul style="list-style-type: none"> <li>• Market appetite likely to be high – could potentially be delivered by two partnered providers</li> <li>• Savings to 26 placements per year</li> <li>• Ability to hold provider to account</li> <li>• Reduction in unregistered placements</li> <li>• Prevention of high cost bespoke placements</li> <li>• Ability to step young people down into less costly placements.</li> </ul>	<ul style="list-style-type: none"> <li>• No return of OV costs to capital budget</li> <li>• AU costs in the region of ~£800,000 pa</li> <li>• Longer timeline to deliver</li> <li>• Likely to have slowing down effect on OFSTED registration as OV is known and approved entity whereas two new sites will need new approval</li> </ul>
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## 5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
There is a risk that the market may not be interested in delivering the service	Service is innovative and high risk	Consultation with providers to engage in process of development and honing offer to market.	D2 - Medium to low. Already had indications of interest
There is a risk that Ofsted registration process may take a long time/ not got through	Poor quality application could delay process	Award to top quality provider with experience and robust offer. Ensure clear SOP.	C2 - Medium to low.
There is a risk that void beds may occur from time to time	Matching will dictate ability to place children together	Well paid, experienced staff not working long shifts can handle higher levels of challenging behaviour	B3 - Medium to high as unavoidable in some cases
There is a risk that even with a fully functioning AU, we still need to place young people in expensive placements	AU will only be able to take 13 children per year.	If AU works well then a second AU for younger age group could be envisaged. Immediate work ongoing with residential market and peer LA's to reduce pressure in system	B2 - Medium to high

Risk	Description	Action to avoid or mitigate risk	Risk rating
Risk of losing voids to e.g. KCC	Should Medway not have an immediate candidate for the vacancy	Clear T&Cs in contract over void management	D4 - Low
There is a risk that suitable properties within budget where planning consent can easily be obtained for change of use to C2 may be more difficult to find.	Suitable properties will be dwellings and may require planning consent for change of use	Consult the LPA and only buy properties if planning consent for change of use can be obtained	B3 - Medium to high

## 6. Consultation

6.1 A core group of local residential children's homes were consulted at the end October. Additionally, selected close partners of Supported Accommodation provision who are attempting to set up local residential provision were interviewed. Two other local authorities were interviewed as well as selected key internal professionals. Preliminary discussions were held with OFSTED. Timescales did not permit more elaborate consultation. It would be advisable to undertake an element of constructive dialogue with providers during the procurement process.

## 7. Climate Change Implications

7.1 In relation to the Council's declaration of a climate emergency, increased ability by the Council to house our young people with their families here in Medway, or alternatively with specialised local provision that meets their needs is very much in line with this policy. Travel emissions by the young people and the associated professionals working with them will be decreased, in some cases significantly.

7.2 This will form part of the service specification in relation to recycling and making the home compliant with government guidance.

## 8. Financial implications

8.1 The Medium-Term Financial Strategy makes the following assumptions:

- The 2 new AUs will be running from April 2021
- The 2 new AUs will cost £1.5m to run from April 2021
- The 2 new AUs will realise a gross saving of £2m next year, 2021/22, so a net budget saving of £500,000
- The Residential overspend this year of £4,031,152 at Round 2 2020/21 revenue monitoring will be a pressure on next year's budget
- Residential demographic growth is also assumed to be £1,510,337 in 2021/22

8.2 The first operational AU will not be running until September 2021 at the earliest. As such, the current MTFs assumptions cannot be met. It should nonetheless be noted that forecast savings for the preferred option 4b of £153,000 will be achieved in year 2021/22 plus savings of £328,000 in 2022/23. Therefore, there will be a savings shortfall in 2021/22 of £347,000. However, stabilising the placement numbers (and costs) will reduce the need for incremental demographic growth in future years.

## 9. Legal implications

9.1 Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.

9.2 The Council will need to ensure that the process it adopts to procure the provider complies with the relevant procurement regulations and the Council's Contract Procedure Rules.

9.3 Dependent on the option chosen the Council may need to obtain specific advice on any property aspects of the contract and any related transaction.

9.4 Property transactions of over £500,000 must be reported to the next full Council meeting for information.

## 10. Recommendations

10.1 That the Cabinet notes the comments from the Children and Young People Overview Scrutiny Committee.

10.2 That Cabinet agrees to proceed with option 4b, as set out in section 3 of the report and in doing so agrees to:

- commence procurement of a four-bed Children Assessment Unit for 14-17 year olds at the Old Vicarage site;
- delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Resources and the Portfolio Holder for Children's Services (Lead Member), to acquire two alternative units and obtain all necessary consents for their use for the future provision of the service, for the purposes as set out in paragraph 3.4.8;
- delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Resources, to declare surplus and to dispose of the Old Vicarage site, on best terms reasonable obtainable, once the property is no longer needed.
- delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Resources, to lease the Old Vicarage and the two new properties as part of the letting of the outsourcing contracts.
- Recommend to Full Council that it adds £1,500,000 to the capital programme to fund the purchase and related fees and costs for the purchase and conversion of the 2 alternative properties.

## 11. Suggested reasons for decisions

- 11.1 Option 4b delivers the most cost-effective service in the shortest timeline while placing the management of our vulnerable and complex children in the hands of experts well-resourced to do the job, by operating two units after a two-year period.
- 11.2 Option 4b builds in the opportunity to improve outcomes for a larger number of Medway's young people over time, whilst delivering value for money and the greatest cost savings of the options examined. It offers a long-term opportunity to contribute towards savings in public money and protect the Council from reputational risk.

### Lead officer contact

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### Appendices

Appendix 1: Proposed Timelines per Option

### Background papers

None.