

**Report To:** **STRATEGIC PLANNING AND CAPITAL MONITORING PANEL**

**Date:** 14 March 2016

**Executive Member/Reporting Officer:** Councillor Peter Robinson – Executive Member Services for Children and Families  
Dominic Tumelty – Assistant Executive Director (Services for Children and Families)

**Subject:** **CHILDRENS RESIDENTIAL HOMES OPERATED BY TAMESIDE MBC – PROPOSAL FOR ALTERNATIVE USE OF CAPITAL FUNDING ALLOCATION**

**Report Summary** The Council agreed to a new service model around children’s residential provision and the development of an “Edge of Care Facility” to support the delivery of the unprecedented savings targets across the Council.

The success of the delivery of the new model, and therefore the delivery of savings, is dependent on the delivery of three new 4 bedroom properties. These properties were pursued through the positive relationships the Council has with various social landlords though these have proved fruitless as the housing sector is now feeling the effect of delivering its own savings.

The opportunity for the Council to purchase these properties has been progressed. It is proposed that £0.912 million capital investment previously approved in 2008 for a new and expanded short stay facility which has not progressed, be used alternatively to purchase three properties to support the delivery of recurrent annual revenue savings proposals within Childrens Services.

**Recommendations:** That approval is given to the alternative use of £0.912 million previously approved by the Strategic Capital Group in 2008 (to fund a replacement of Boyds Walk with a new and expanded building) to purchase three properties to support the implementation of the new residential provision service model within Children’s Services subject to the revenue costs of borrowing being met from the service revenue budget.

**Links to Community Strategy:** The Capital Programme ensures investment in the Council’s infrastructure is in line with the Community Strategy.

**Policy Implications:** In line with Council Policies.

**Financial Implication:** The existing capital programme includes an approved sum of £0.912 million for a Short Breaks Centre. The report requests an alternative use of this sum to purchase two new residential care properties and an ‘edge of care’ property. The capital resource will finance the cost of purchase and any associated remedial works to each property.

**(Authorised by the Section 151 Officer)**

Section 3 within the report provides details of the associated annual expenditure of the existing Council Childrens Services residential provision together with the proposed model of residential provision. The proposed new model will cost an

additional £0.176 million per annum. However the additional two bedroom capacity within the new model will deliver an estimated annual saving of £ 0.260 million (based on an average weekly cost of current placements) on the existing cost of external residential provision.

The new residential model is therefore estimated to deliver a net annual saving of £0.084 million.

However, it should be noted that borrowing will be required to finance the investment in the proposed two new residential properties. The associated annual borrowing repayments will incur additional expenditure for the Council for which there is no provision within the Medium Term Financial Strategy. The annual revenue borrowing repayments are estimated to be £ 0.040 million (20 year repayment period) and will be an additional cost to the Children Services revenue budget.

Therefore the estimated net annual saving within the Childrens Services revenue budget (including the annual borrowing repayment cost) is £ 0.044 million.

It should be noted that the sale of the existing St Lawrence Children's home will generate a non recurrent capital receipt for the Council. However an estimate of the potential value is not available at the time of writing this report.

Section 3 within the report also provides details of the estimated additional annual cost of the proposed new Edge Of Care provision within Children's Services (based on an existing model at Blackburn with Darwin Council). The proposed new provision will cost an additional £0.368 million per annum. However the new provision will support the avoidance of greater cost placements (foster care and external residential) for children who will remain in their family setting. The estimated annual cost avoided is £ 1.280 million per annum. This will therefore deliver an estimated net annual avoidance cost of £0.912 million.

However, it should again be noted that borrowing will be required to finance the investment in the proposed new Edge Of Care property. The associated annual borrowing repayments will incur additional expenditure for the Council for which there is no provision within the Medium Term Financial Strategy. The annual revenue borrowing repayments are estimated to be £ 0.021 million (20 year repayment period). There is also no provision within the Medium Term Financial Strategy for the estimated additional annual revenue cost of £0.368 million for the new provision. Therefore the annual borrowing repayments and new Edge Of Care provision (estimated annual total of £ 0.389 million) will again be an additional cost to the Children Services revenue budget. It should be noted however that this provision is expected to realise an annual avoidance cost of £1.280 million.

It is essential that the investment and the cost of any associated remedial works in the three properties does not exceed the existing capital programme sum of £ 0.912 million should the report recommendation be approved.

**Legal Implication:**  
**(Authorised by the Borough Solicitor)**

The Council has a statutory duty to provide adequate and satisfactory residential care for children in its care and this report sets out how that can be achieved with a view to ensuring value for money.

**Risk Management:**

Failure to properly manage and monitor the Council's budget will lead to service failure and a loss of public confidence.

**Access to Information:**

The background papers relating to his report can be inspected by contacting Dominic Tumelty, Assistant Executive Director, Services for Children and Families by:



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## **1. BACKGROUND**

- 1.1 Tameside MBC is currently responsible for the operation of three residential childrens homes across three properties at Chester Avenue, Clough Fold and St Lawrence Road. In addition, the Council also delivers respite support for children with a disability at Boyds Walk, the latter has recently transitioned to be a children's home for children with disability, reducing respite support as a consequence. St Lawrence, Clough Fold and Chester Avenue have all recently reduced status in OFSTED categories due to staffing issues which are being remedied but also in the case of St Lawrence Road due to it being deemed unfit for purpose by the regulator.
- 1.2 Demand has continued to be high for residential care which has meant that the Council has had to increasingly purchase placements from the independent sector, primarily out of the borough and at often at a premium in relation to the placement costs.
- 1.3 At present there are 34 young people in placements with independent sector providers with individual costs ranging from £1900 per week to £4975 per week - the different weekly costs and therefore rate of charge is dependent on the profile of the young person and the availability of beds. Not all of these homes are at the same standard as our own.
- 1.4 Approval has been given to replace the children's home at St.Lawrence Road with two new properties which will increase the number of places available in Council provision by two beds. One of these properties has been purchased and a second identified. Prior to this, the Council lost 3 homes due to the length of time taken by internal processes to make an offer.
- 1.5 In addition, approval has also been given to progress plans to develop an "Edge of Care" facility be developed to provide intensive support for young people who present such challenges that they would otherwise be placed in a costly external residential placement. A feature of this unit would be the integrated support from a range of partner agencies.
- 1.6 To support these plans, agreement was given that the Council should source three new properties to support this cost saving proposal.
- 1.7 In sourcing the three new properties, it is now proposed that an allocation of £0.912 million approved in 2008 to build a replacement property for Boyds Walk for the provision of short breaks for children with disabilities be used instead for the purchase of the houses.

## **2. CURRENT SITUATION**

- 2.1 It is clear that St Lawrence Road is in need of change. As a building, it is owned by the Council but is not fit for purpose as a children's home due to its layout, state of repair and size. Outcomes for children in a 5 bedded unit are inevitably harder to achieve than in reduced size homes. In addition, St Lawrence Road had been designated as a place where young offenders could be placed in emergency, thus further destabilising those whose home it is.
- 2.2 As indicated previously it has been agreed that this provision be closed and in its place two smaller units, each with three beds, are opened thereby improving the standards for children in our care whilst increasing capacity.
- 2.3 The need to replace the property used on St.Lawrence Road has been heightened with the recent visit from Ofsted who have found the provision wanting in a number of areas, including the physical environment.

- 2.4 The savings proposals in respect of children's homes provision have relied heavily on the increased number of beds being available from the early part of 2016.
- 2.5 Efforts have been made to source properties through the positive relationships the Council has with a number of social landlords though these have stalled as the reductions in public funding are now big experienced in the housing sector. The result has been a lack of development money available to fund the building and purchase of new properties. This has been compounded with the recent government direction of reducing rents over the coming years. Social landlords have based all their financial predictions on continuing annual rent increases in line with inflation and this is now impacting on their willingness to take new projects on.
- 2.6 The focus of sourcing the properties required has therefore shifted to the Council purchasing properties to fulfil the plans going forward. The Council purchasing the properties directly will also remove any cost pressure of lengthy leasing agreements with the housing providers. As an approximate calculation, the type of property being sought is likely to cost on average £0.001 million per month in rent, which would provide an annual cost for the three properties of £0.036 million.
- 2.7 The proposal is therefore that the £0.912 million approved by the Strategic Capital Group in 2008 for the replacement of Boyds Walk with a new and expanded building be used instead to purchase three properties.
- 2.8 The original capital allocation approval was based on a new residential unit being built to provide short breaks for children with disabilities. It was planned that the new facility would complement the improvements to the special school stock in line with the "Building Schools for the Future" programme. The plan was that the young people who use the short breaks facilities would be able to make maximum use of the extended school facilities. The plan included offering short breaks in partnership with the Clinical Commissioning Group (Primary Care Trust at the time) during the daytime to children below school age who have complex medical conditions, many of whom have regular admissions to the Children's Ward at Tameside Hospital.
- 2.9 Ultimately this proposal has not progressed beyond the planning stage though the £0.912 million capital allocation still remains available within the capital programme. Reallocating this funding for use to purchase the three new properties required will support the delivery of significant savings initially, and with the Edge of Care facility ensure that Childrens Services can avoid the significant costs associated with placing young people in expensive residential placements.

### **3. FINANCIAL IMPLICATIONS**

#### ***Residential Service***

- 3.1 The current estimated 2015/16 cost to the Council of the existing residential service (Clough Fold, Chester Avenue, and St Lawrence Road) is **£1,235 million** per annum. This service currently has capacity for 10 residential beds per night. As indicated previously, operating a children's home with four or five beds severely hampers the outcomes that can be delivered for children, and has driven this review of provision and the resultant proposal to remodel the provision over four rather than the existing three properties whilst increasing capacity to twelve beds per night.
- 3.2 The proposal is that each property has the following indicative staffing structure:
- 1 x Practice Manager
  - 2 x Residential Child Care Worker

- 6 x Assistant Residential Child Care Worker

The service will then be overseen by two Team Managers to whom the Practice Managers will report.

- 3.3 The cost of this revised service model amounts to **£1.412 million** per annum, which equates to an increased cost of **£0.176 million**. Given that this effectively increases the number of beds available in Tameside by two the minimum saving this provides (based on an external placement cost of £2,500 per child per week) an annual gross saving of £260,000 per annum. The net annual saving would be **£0.084 million**. Work to date however has focussed on children in the more expensive residential payments currently which at an average of £4,500 per placement per week. This would increase the annual saving to **£0.292 million**.
- 3.4 However, it should be noted that borrowing will be required to finance the investment in the proposed two new residential properties. The associated annual borrowing repayments will incur additional expenditure for the Council for which there is no provision within the Medium Term Financial Strategy. The annual revenue borrowing repayments are estimated to be £ 0.040 million (20 year repayment period). Therefore net annual saving for the Council including the annual borrowing repayment cost is £ 0.044 million.
- 3.5 It should be noted that the sale of the existing St Lawrence Children's home will generate a non recurrent capital receipt for the Council. However an estimate of the potential value is not available at the time of writing this report.

#### ***Edge of Care Facility***

- 3.6 Based on the model used for each of the Childrens homes identified in 3.3 above, which accords with the model adopted by Blackburn with Darwen, the cost of this new service has been estimated at **£0.368 million** per year.
- 3.7 Based on an estimate that 40 young people per year will access the new service will equate to a cost of **£9,211** per young person.
- 3.8 Assuming that the proposed service would support 40 young people per year, and applying the 97% success rate of retaining people in their family setting against this, the implication is that the Council would need to find places for 39 young people in either foster care or residential care. When the current placement profile (current split is 86% of placements in foster care and 14% in residential care) is applied the Council would need to place 6 young people in residential care at an average total cost of £ 0.780 million per year, and 33 young people in foster care (internal) at an average total cost of £ 0.500 million per year. This equates to an additional annual cost of £1.280 million per year.
- 3.9 Given the assumptions the new service has the potential to save/avoid additional costs of **£0.912 million per year**. This is a minimum figure as the residential care cost has been calculated on the basis of the lowest residential placement cost currently being funded by the Council.
- 3.10 However, it should again be noted that borrowing will be required to finance the investment in the proposed new Edge Of Care property. The associated annual borrowing repayments will incur additional expenditure for the Council for which there is no provision within the Medium Term Financial Strategy. The annual revenue borrowing repayments are estimated to be £ 0.021 million (20 year repayment period). There is also no provision within the Medium Term Financial Strategy for the estimated additional annual revenue cost of £0.368 million for the new provision

***Properties Required***

- 3.11 The properties being considered are all in the £0.250 - £0.270 million price range – with the purchase price, property alterations and associated purchase costs it is expected that a capital allocation of £ 0.912 million as a maximum sum will be required..

**4. RECOMMENDATIONS**

- 4.1 As stated on the report cover.

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