



**Haringey Council**

<b>Report for:</b>	<b>CABINET</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Options for the Future of Directly Provided Children's Homes</b>
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<b>Report Authorised by:</b>	<i>Libby Blake</i> <b>Director of Children and Young People's Service</b>
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<b>Lead Officer:</b>	<b>Debbie Haith</b>
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<b>Ward(s) affected:</b>	<b>All</b>	<b>Report for Key Decision</b>
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**1. Describe the issue under consideration**

This report summarises the various options for the future of the residential provision provided for Looked After Children directly by the Council within the contexts of:

- 1.1 The services provided by the two principle homes – cited in this report as Home A and Home B (please see exempt appendix for further details)
- 1.2 The local children's residential care market
- 1.3 The planned market position as determined by the North London Strategic Alliance developments
- 1.4 The intention of the Council to move to an early intervention model, including the development of rapid response, family support and services for families with multiple problems
- 1.5 Maximising value for money within service delivery

**2. Cabinet Member introduction**

- 2.1 As Corporate Parents our duty is to ensure that we have good quality provision for our young people. We must also make sure we are getting good value for money and making best use of our resources.



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2.2 Having carefully considered a number of options I am happy to support the in principle decisions set out in the recommendation contained in paragraph 3 below..

2.3 I believe there is sufficient good quality accommodation for our looked after young people in the local private and voluntary sector. Some of the money saved can be reinvested in early intervention services to help prevent young people entering the care system.

### 3. Recommendations

3.1 It is recommended that Cabinet Members make an in principle decision, to close these homes, pending a final decision which will take into account the results of the equality impact assessment and consultation with staff, services users and other stakeholders, and authorise the Cabinet Member for Children, to take the final decision on the following proposals:

3.2 That the two residential homes for children –Home A and B are closed with effect from 1/7/12 releasing an efficiency saving and providing the opportunity additionally for a proportion of the resources saved beyond the planned 2012/13 savings requirements to be redirected to new rapid response services in line with the Children’s Strategic Improvement Plan;

3.3 That the properties are declared surplus to requirements and removed from the CYPS portfolio and a decision made on their future disposal.

3.4 This is in line with the determination to ensure that all placements for Haringey’s looked after children are recognised by external assessment as good or outstanding within a short timeframe, and that we secure better value for money in service delivery..

### 4. Other options considered

The various options are detailed below.

### 5. Background information

5.1 The future of the two homes has been the subject of debate for some time with concern arising in relation to quality of provision and value for money. Various models have been considered, including the redevelopment of the homes within a new approach, the closure of one home with some redirection of revenue funding to develop more early intervention services or the closure of both homes along with the development of other services. The debate has been prompted by concern that outcomes for young residents are less positive in some cases than might be expected, the homes are not well placed strategically, do not provide value for money within the current market availability of residential homes and some concerns that the homes are under used.

Taking the concerns raised in turn:

#### 5.2

##### **A. *That the homes are not providing good enough outcomes:***

Home A has an overall remit to provide medium to long-term placements for children and young people. In reality the service has worked with older young people (15 plus) whose



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care plan is to move to semi independence, and provides some opportunities for individualised self supporting programmes. The physical layout of the building, in its present form, does not sit well with an independence – based service, lending itself to a traditional “home” approach with a large communal kitchen, single main living space, etc. The young people living there have pathway plans which emphasise their potential for independence training but, realistically, these are not being met. The current Ofsted inspection rating is satisfactory, recently having improved from inadequate.

The occupancy level at the home is currently standing at 6 places out of 8 filled but this masks the general pattern over the last 2 years of the home running at a low level (4 – 5) of occupancy.

Home B aims to provide a therapeutic environment for teenagers, the core purpose being to help with longer term planning and to help young people move on, either back to a family based setting or to planned foster care services, provided either in Borough or in an independently purchased placement. There is some evidence of success in these aims with some success stories and some creative individual work with young people. However, there is a view that the majority of young people currently resident could have these aims met within less costly provision, i.e. within foster care from the outset or supported lodgings. The home is rated as satisfactory, recently having improved from inadequate.

Occupancy has risen in recent times, but, again, this is a relatively new pattern with consistent under occupancy over the last 3 years.

Both homes are in favoured locations in the Borough and in good physical repair. The key question is whether the service is able to support these homes effectively enough to continue to improve them to good or outstanding care at a competitive cost. Our analysis demonstrates the cost is not competitive against other available provision within the same area where the Ofsted rating of quality of provision is equivalent or higher.

Further investment in these homes will not produce the results we seek in a reasonable timescale, does not represent value for money and may distract from the capacity to deliver other improvements to placements for children, which are current priorities.

### ***B. Strategic positioning:***

The need for increased supported living arrangements and preparation for independence for older teenagers is well researched in the Borough but Home A is not a good or sustainable resource in this respect. Equally, the offer made by Home B can be provided elsewhere either in the wider market and/or through a fundamentally redesigned service provision.

### ***C. Market availability:***

The local residential homes market is the subject of a thorough rethink via the North London Strategic Alliance (NLSA). Haringey is taking the coordinating and current lead role in this. The six Boroughs making up the Alliance are in a process of market mapping, pricing analysis and renegotiation, both with Independent Fostering Agency providers and with residential and other specialist providers. The plan is to achieve greater price and placement stability through collective arrangements across the Boroughs, utilising the increased purchasing clout this will achieve. Part of this is the creation of a set of direct and



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proxy measures for quality outcomes which can be woven into the contract arrangements with providers. There is also a current e-auction process underway for the supported living arrangements for the Borough.

Analysis undertaken with Placement Officers indicates that the internal residential homes are not the first choice when a residential placement is sought, as is the case with fostering services. The evidence is that, should the Borough choose not to directly provide residential care, there is sufficient resource available in the wider market to fill the gap. There are 9 residential homes in the Borough – 3 provided by the Council including the respite care unit for children with disabilities. The six privately run homes are graded – four as satisfactory and two as good.

The two potential problems with this approach are, of course, (a) that competitive pricing is worsened without there being a Council run comparator and (b) there is no quality comparator. On (a), competitive pricing is a myth – the unit cost of a directly provided residential place is very high in any case and, importantly, the opportunity cost of continuing to provide directly is very high, as these are resources which can go into developing “upstream” early intervention and other services if they are not tied up in “downstream” provision. As to (b), quality comparators, the internal residential homes are not good examples currently and do not hold up a standard to the independent sector.

### 5.3 COSTINGS

#### (a) Unit costs

The current unit costs of the two homes are: (Based on the base budget direct running costs of the homes and including premises related expenditure and capital charges)

Home A :

At full occupancy – £2346 per week

At average occupancy over the last year - £3754 per week

Home B

At full occupancy: £2884 per week

At average occupancy over the last year - £3841 per week

The costs of other local similar provisions are:

Of the 6 local homes, 4 are graded at good or satisfactory and have a basic weekly price of between £1800 and £2000 per week.

If the assumption is made that the worst case scenario would be to incur replacement costs at the going local independent sector rate for the average numbers accommodated at the two Haringey Council homes, there is the potential for a saving of £319k in a full year at Home A and a saving of £398k in a full year at Home B. A total of £717k.

Even with an assumption that all 14 places will need to be repurchased, the saving is £249k in a full year.

The actual savings are potentially greater, as the replacement service needs of the particular young people currently at the two homes are lower than the residential rate in



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many cases, as the preferred placement will be in fostering or in a semi supported independent placement.

### (b) Staffing

Agency staff makes up approximately 60% of Home B establishment and approximately 50% of Home A. The potential redundancy costs at Home B are low at around £10,000 and around £90,000 at Home A.

## 5.4 OPTIONS:

There are 4 viable options –

- Stay as we are
- Redevelop the homes
- Seek another provider to run the homes
- Close one or both homes and reinvest in early intervention services

Taking these in turn:

- Stay as we are:

It is difficult to justify doing nothing as a viable option for the reasons stated. The homes do not fulfil a unique high quality function and are not performing well enough financially at present.

- Redevelop the homes:

It is difficult to see how the redevelopment of the services can be achieved without considerable new cost, both in terms of staff retraining, support, etc and in terms of changes to the physical layout and functioning of the homes. Good outcomes can be achieved by negotiation with other providers both within and outside of the NLSA changes underway.

- Seeking another provider to run the homes:

This could be viewed as a viable option if there was a confidence that a new provider would be prepared to commit considerable resource to physically revamping the homes, investing in staff retraining and development and establishing a long term relationship with the Council at no increased unit cost. This is unlikely to be achieved.

- Close one or both homes and reinvest in early intervention services:

The case for the investment in more “upstream” preventative early family intervention services is being made in the Children and Young People’s Service emerging Strategic Improvement Plan and provides a key tenet of the planned changes to Haringey’s service profile. A dedicated new rapid response service might cost in the order of £120k revenue per year. This is based on similar models in other Boroughs with a similar demography / demand profile. Any such new service needs to be seen as a part of the overall shift to an



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approach which is characterised by an early response to crises, the diversion from statutory intervention (including Police Protection Powers), intensive family support and an increased pool of in-Borough foster carers.

As a core part of this new service profile, the future of in-Borough residential provision as set against reinvestment in new services cannot be either economically or professionally justified. Closure of both homes would reveal direct revenue savings which could in part be reinvested in these new services..

### 5.5 Closure programme:

A detailed proposed closure programme will be drawn up if the decision in principle is taken to close the homes at this Cabinet meeting. There are various important aspects to this:

- 5.6 Informing the young people living at the homes of the purpose, helping and advising them on options and achieving a successful and positive move to alternative placements if appropriate. This process would be enhanced by engaging an independent agency to act as advocates for the young people. This could be achieved by extending the advocacy contract with Barnardo's. This will ensure objectivity in the process and give the young people a solid platform from which they can move on to other more suitable placements. In many cases this will mean moving on to placements which encourage independence and the preparation for adulthood.
- 5.7 Consulting staff on the proposed changes and complying with HR and legal requirements. There is sufficient time built in to the proposed closure programme to ensure that staff receive proper notice and are prepared for the changes, if these proposals proceed which may include redeployment and/or retraining for some staff.
- 5.8 Notifying Ofsted of the proposed changes
- 5.9 Consideration of the capital and asset effects of the closures, including plans for securing the buildings. Consideration will need to be given to the future use of the buildings - there are several options including:

The sale of one or both of the homes on the open market with the capital receipt being accrued by the Council. There are no restrictive covenants or conditions upon the sale of these properties. The likely capital receipt has not been assessed but will potentially be significant for both properties as they are in favoured residential areas and have considerable potential for residential conversion, including parking space and adjacent land.

Conversion of one or both of the homes to other use within the Council.

Lease or rent to a third party by the Council with a consequent rental income.

- 5.10 The question of alternative uses within Children's and Young People's Services has been explored and there are no obvious desirable options for this. There will be a need for premises for early intervention and intensive support services as part of the service improvement plans but these properties are not well placed geographically for this. The requirement will be in the more deprived areas of the Borough. Also, the properties are large and do not lend themselves to easy or economic conversion to the types of family work envisaged.



## **6. Comments of the Chief Finance Officer and financial implications**

- 6.1 The section on costings identifies the relative unit cost of the homes and compares it with alternative residential provision in the independent sector which suggests that poor value for money is being achieved from our homes. It is also apparent that, at full occupancy, the relative value for money at Home B is worse than Home A. Comparative information from the 2010 CIPFA benchmarking club for LAC reinforces this view, with the weekly cost for non Local Authority Children's Homes being on average 25% lower than those of LA Homes.
- 6.2 Excluding capital charges, which would not deliver a cashable saving, the cost of the homes in 2011-12 is £1.784m. The Council's Medium Term Financial Plan (MTFP) already includes a proposed £0.5m saving profiled across 2012-14. Taking into account 'worst case scenario' re-provision costs at £2,000 per week for 10 children (c£1m) and the saving already agreed suggests that a sum of up to £284,000 might still be available for Members to decide on its use.
- 6.3 Although re-investment opportunities are referred to in the report under option 4 (re-invest in early intervention services) any such proposals would need to be part of a separate formal growth bid outside of this report.
- 6.4 Account will need to be taken of any on-going building maintenance, security or other costs associated with the vacated homes pending a decision on any future asset use. Provision should be made for an appropriate transfer of budget to the corporate property portfolio in respect of those costs; based on past spending patterns a sum of around £25,000 would seem to be a reasonable estimate.
- 6.5 It is also clear that the actual cost of re-provision and therefore any residual saving, will depend on the number of clients requiring alternative accommodation and their relative complexity in the period leading up to closure however, in order to give clarity to the proposals in this report the Table below summarises the proposed revenue effect arising if the closure of the homes proceeds following consultation.





**Table 1 – Revenue Financial Impact**

<b>Description</b>	<b>£000</b>	<b>Proposed Treatment</b>
Existing Residential Homes budget provision (excl. capital charges)	1,784	Base Budget Provision
<b>Application of resources</b>		
Agreed savings 2012-14 MTFP	500	Savings target (MTFP)
Estimated re-provision costs	1,000	Added to placements budget (CYPS)
On-going property maintenance costs	25	Added to surplus property budget (Place & Sustain)
Potential additional savings	259	

The report deals only with the revenue consequences of the proposed homes closure.

## **7. Head of Legal Services and legal implications**

- 7.1 The Council has a general duty to children in need within the Borough to provide accommodation in accordance with the criteria prescribed by Sections 20 and 21 Children Act 1989. There is no policy or Council strategy which provides that the Council must meet these obligations by direct provision. The commissioning arrangements currently in place meet the needs of the service users affected and any new arrangements should continue to meet these needs so that the Council may discharge its duties without the need for these homes.
- 7.2 A decision by Members to close these homes needs to be taken in line with legislative requirements and must be informed by and take into account the outcome of a meaningful consultation with service users, providers and other stakeholders.
- 7.3 In reaching their decision Members must also have specific regard to the Council's public sector equality duty and thus should take into account full equality impact assessments.
- 7.4 The extent of the public sector equality duty on the Council is enforced by the Equality Act 2010 and particular consideration must be given to the effect of proposals on a number of specific groups within the community, defined as those with protected characteristics under the Equality Act 2010 (by reason of their ethnicity, sex, age, or disability and to the proposals made to reduce or mitigate any such effects.
- 7.5 A decision to close these homes will have specific consequences for the staff who are employed by the Council within the units concerned. The Council's Corporate Committee or, alternatively, officer delegation arrangements under the remit of the Corporate Committee, retains responsibility under the terms of the Council's Constitution for decisions regarding changes to the staffing establishment.
- 7.6 In view of the implications of the recommendations contained in this report, Members should, before making any decision concerning the closure of these units give due consideration to a completed consultation with staff and trades unions while taking into account the outcome of consultations with service users and other stakeholders.





- 7.7 Any decision to dispose of these properties will require compliance with the relevant legislation that governs their disposal. This will depend on the purpose for which these properties are held. Further comments will be made when this reported back to the Cabinet Member for final decision.

**8. Equalities and Community Cohesion Comments**

Looked After Children may come from all walks of life but in reality minority and disadvantaged groups are often over represented amongst them. The proposals in this report will affect a small number of looked after children for whom new placements exist within the local area. As new placements are identified each young person will be supported by an individualised review and planning process managed by an Independent Reviewing Officer and with advocacy available. In setting the standard that Haringey will be a provider of good or outstanding care for looked after children our intention is to provide care at a higher quality than previously for this group. An Equalities Impact Assessment will be undertaken during the course of the consultation.

**9. Head of Procurement Comments**

If one or both of these properties are determined, surplus to Children's Services' requirements a review will be undertaken by Corporate Property Services to consider any need by another part of the council. Any disposals will be reported to Cabinet as part of the corporate Property Review.

Disposal of these properties will deliver a capital receipt and a contribution to corporate property revenue savings

**10. Policy Implication**

**11. This is contained within the body of the report**

**12. Use of Appendices**

A- Exempt information

**13. Local Government (Access to Information) Act 1985**