

**DEVELOPING CHILDREN'S RESIDENTIAL
CARE IN SOUTHAMPTON**

BUSINESS CASE

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Hilary Brooks		Director Children's Services, SCC	

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1 Executive Summary

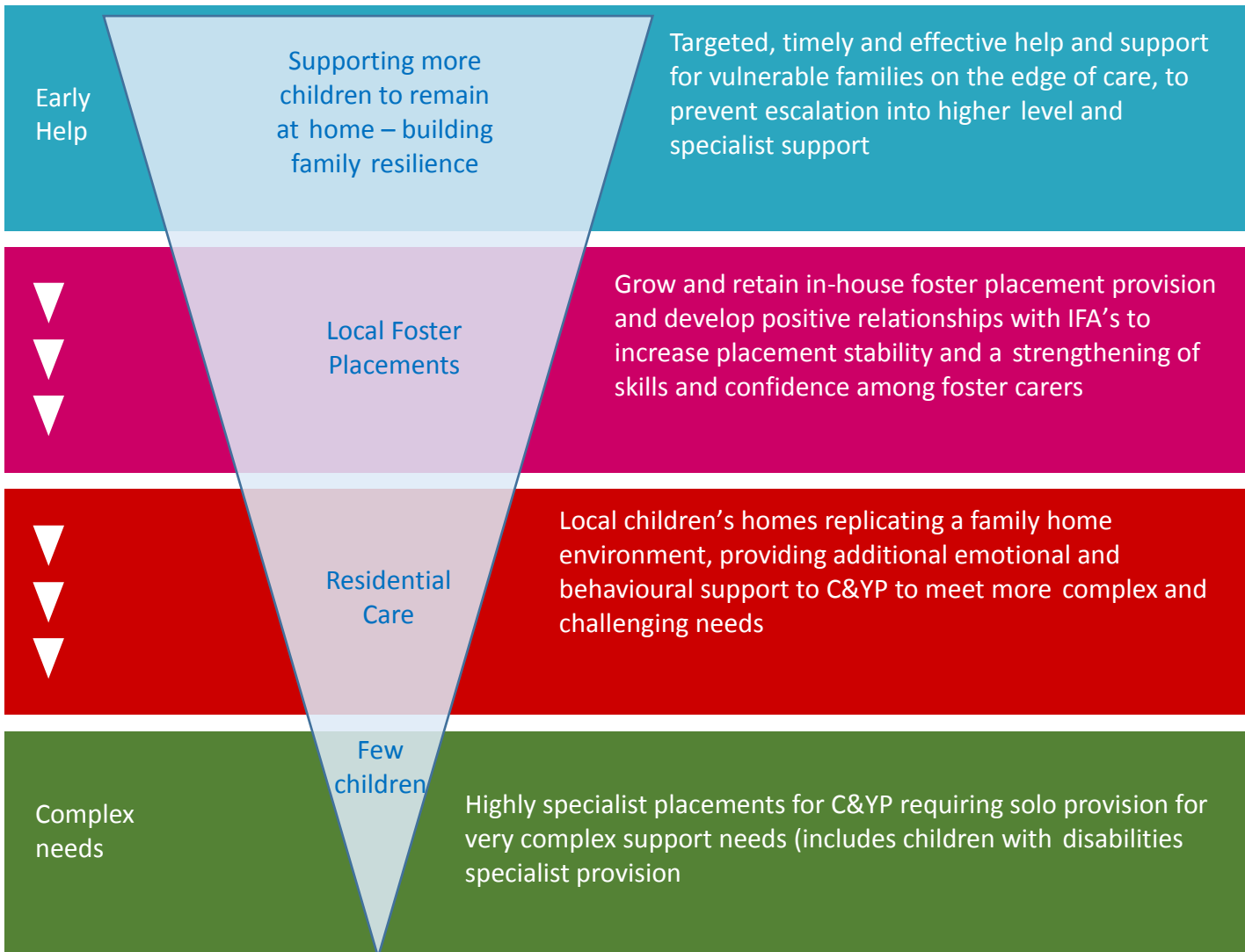
The purpose of this document is to set out the business case for providing Southampton City Council owned and managed children's residential care provision on a medium to long term basis as well as providing emergency/assessment care which may also take place on a planned break basis. This paper will set out the current need with both direct and indirect costs to the Council demonstrating that this service is best provided in-house rather than in the private market. This business case is in line with Southampton City Council's First Policy adopted April 2019; SCC First is a commitment by Southampton City Council (SCC) to use in-house services to meet SCC requirements where such capability exists and where "SCC Best Value" can be demonstrated.

The priority for Southampton City Council is to focus on the potential and safety of children, young people and their families by providing effective, value for money services that deliver positive sustained outcomes for them. The Council is committed to listening to children and young people, their families and the wider community to ensure that their experiences as service users is the best it can be, which not only meets their needs but is aspirational in targeted outcomes for all. This can be achieved through a whole service graduated response as follows:

- Early Help services providing targeted, timely and effective help and support to the most vulnerable families at the earliest stage, so that concerns do not escalate to an extent where they require higher-level services with more specialist support;
- Bringing together services which strengthen families, supporting children on the edge of care to remain at home with support provided through parenting programmes, family support and community involvement and planned breaks as appropriate;
- Engaging young people in positive activities, developing positive emotional health and wellbeing and preventing youth crime and anti-social behaviour;
- Developing closer links with foster carers to develop pathways for children and young people, who are currently in a residential placement, to step down to foster care where appropriate;
- Reducing the number of out-of-area placements made through the provision of local residential children's homes:
 - to accommodate children & young people who require medium to long term care thereby increasing their chances of maintaining their links with the local area, local community, family and friends, with the option of stepping down into Advanced Foster Care as appropriate;
 - to provide a short break provision with accommodation for one emergency placement primarily to be used to support edge of care involvement. This support short periods of residential i.e. a number of days while work is undertaken with the family with the express purpose of the children returning home with support.
 - to support step-down placements by the residential care staff maintaining links with the child/young person which will enhance placement stability and reduce the risk of placement disruptions. Step-down placements must always include a return home as one of the options available.

This proposal has been developed taking advice and guidance from Ofsted, Warrington Borough Council and Hampshire County Council, both of whom have 'Outstanding' residential provision. A proposal for ongoing mentoring has been made to the Director of Children's Services at Warrington as well as to Hampshire, and their decisions are awaited.

Graduated Response Model



2 Background and Challenges

Southampton City Council had seen a significant increase in the numbers of children coming into care over the five years 2010 - 2015, rising to a high of 637 in the summer of 2015. Whilst this number has been steadily reducing since then through a persistent focus on achieving permanency for children and dropped to 509 by mid-September 2018, the rate (105 per 10,000) is still higher than would be anticipated for a city of Southampton's size and demographic (the average rate for our statistical neighbours being 69 per 10,000). At the time of writing the number of looked after children remains just below 500. Rigorous oversight continues to ensure the right children are brought into care at the right time. A recent audit of children's entry into care has shown that our decision making was correct.



The City does not have enough residential care provision and what exists is delivered by the independent sector. These homes will have children placed by other authorities as presently there are not any block contracts in place to ensure Southampton's children can be guaranteed a placement, which means that children who require residential provision are often placed out of area. As at March 2019, the Council had approximately 31 children placed in independent residential accommodation at a total cost of £4.6M, this had increased to 34 children being placed in residential care at 31/1/20 with an acceptance that between 34-40 children will be placed in residential care over the next year (refer to Financial Analysis (section 6)).

Care packages have been increasing on an annual basis due to the demand for placements. Once a child is in placement it is very difficult, and sometimes impossible, for the local authority to argue against increased support fees and this has directly impacted the External Placement Budget in the current financial year. A significant proportion of the children in residential provision are placed more than 50 miles away from Southampton, which is both detrimental to children and young people who subsequently find it harder to maintain networks and stability, as well as presenting a financial and time pressure for the Council.

There are six privately run residential homes on the Framework Agreement currently administered by the consortium of local authorities in the South East. Some of these are specialist provisions which include education on site. However, there are no Southampton children placed in any of these provisions at the time of writing.

Looked After Children Placement Sufficiency Strategy 2020 – 2025

Southampton City Council has a statutory duty under the Children Act 1989 to ensure there are enough local placements to support children in care remaining as close to their home and community as possible. Children and young people in the care of Southampton City Council require a range of placements to meet their needs. These placements include residential child care used for children and young people who struggle to manage relationships, as well as those who are needing an emergency placement but due to the lack of foster care placements, end up being placed in a residential facility.

The Sufficiency Strategy considers the anticipated levels of need and demand that will be required to enable the Council to ensure that there is sufficient provision in place to meet need locally wherever possible, with minimum disruption to the lives, education, care and health care of local children. The Strategy ensures there is flexibility in terms of quality and responsiveness to provide stable placements that meet their needs and aspirations, and provide maximum scope for children to either experience, or move towards experiencing a safe family home environment during childhood and adolescence.

As part of a systematic review of the current structure for provision of services and in response to a wider range of challenges, an overarching Children's Services Transformation Programme (CSTP) is in place within Southampton Children's Services in order to focus on the development of early intervention and prevention, and for those children who need to be looked after away from home, to drive forward timely permanence.

The Sufficiency Strategy focuses upon all accommodation needs from adoption to care leavers and consideration should be given to undertake a Housing Review to identify and map all available accommodation for teenagers aged 17+. A number of young people need additional support especially when being stepped down from residential care. This is a good opportunity to identify gaps in available accommodation and put plans in place to address these. Ofsted noted, in their recent report, the inappropriate use of bed & breakfast accommodation for young people, insisting this is discontinued immediately. This is particularly pertinent as Central Government announced on

12th February 2020 a proposed ban on the use of unregulated placements for children under the age of 16 years, with national minimum standards being introduced for semi supported and independent living accommodation for young people aged 16+. https://www.gov.uk/government/news/strict-new-measures-to-protect-vulnerable-children-in-care?utm_source=fb1b0e0a-2af5-4deb-9a18-53551ec2d40f&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

The mapping of all available accommodation for this particular age-group also feeds into the Sufficiency Strategy.

There is a significant challenge for local authorities to ensure there is enough good quality provision which allows children & young people to be placed within their home area whenever possible and safe to do so. Children & young people placed close to home are able to maintain their family links, their friendship groups, their hobbies and interests, access to their social worker, maintain their education placement and access local therapeutic services, leading to improved outcomes and building on their sense of community.

There are also challenges in ensuring that the cost of residential placements offers Value for Money for placing authorities. The weekly fee for residential placements varies greatly and does not necessarily correlate to the quality of provision. The price of residential care in children's homes is on an upward trajectory, partly due to the introduction of measures such as the National Living Wage and increased regulatory costs.

The Integrated Commissioning Unit is still exploring the opportunity of block contracts with local residential providers, building on the feedback received from the market following an engagement exercise. A possible issue and barrier to successful outcomes is the size of Southampton's geography, i.e. there is not the economy of scale alone to attract the market. The Integrated Commissioning Unit continues to explore possible collaborative arrangements for block contracts with other Local Authorities in the Children's Residential Care Framework.

It is worth noting that should this come to fruition, all Framework Agreements will guarantee a fixed price for a standard placement together with a menu of enhancements at fixed costs which can be purchased by the local authority. However, the issue faced on an almost daily basis is not when the local authority decides to purchase a bespoke support package, but when the provider insists that without purchasing enhancements, they would be unable to care for the child. Other examples discussed on a weekly basis within Children's Services is when providers refuse to reduce their costs even when it is known the service is not being used by the young person. It is these additional packages which drive up the placement costs and if the local authority is faced with the decision to end a child's placement or pay for enhancements, then it is likely the latter will be realised.

3 Impact on Local Authorities

Having taken the decision to close in-house residential provision over the years in favour of foster care, many local authorities are now considering growing their own provision locally by setting up and running smaller residential homes to ensure they can meet the increasing demand in, what is, a providers market with demand outstripping supply nationally.

There is now clear recognition that while fostering can meet the needs of many children, there will always be a significant proportion of children who require longer term residential care. Stoke, Shropshire and Nottingham local authorities have opened a number of children's homes with plans to open more. This increased demand is due to:

- Impact of Ofsted regulatory framework on the availability of placements and the matching of children with others already in placement;
- Narey report published July 2016 identifying that for some children residential care is their care plan and they should be stopped from trying to be matched into fostering households;
- Foster carers are unable to manage the complexities of young people
- Increasing complexity of young people’s support needs across the country, resulting in increased competition for residential placements.

4 Understanding Local Needs Analysis

CORE OFFER	ENHANCED TO SUPPORT	COMPLEX TO SUPPORT
<ul style="list-style-type: none"> • Trauma resolution to recover and repair any damage from adverse childhood experiences such as abuse and neglect, through building resilience and addressing mental health difficulties • Promote and support emotional well-being • Life skills and community inclusion 	<ul style="list-style-type: none"> • Autistic Spectrum Disorder • Learning needs and global development delay • Criminal activity • Risky behaviours • Challenging behaviours • Risk of exploitation • Education attainment • Employability • Financial independence 	<ul style="list-style-type: none"> • Complex disability and/or additional learning needs • Sexualised behaviour • Extremely challenging behaviour including violence against staff and other young people • Risk of absconding • Risk of arson • Psychological and/or psychiatric issues • Solo placement 24/7 and 2:1 or more support ratio

Local analysis indicates there is a range of needs amongst our children & young people, but the predominant need is emotional and behavioural difficulties (EBD) relating to Adverse Childhood Experiences (ACE’s) including sexual and physical abuse and neglect.

In 2018/19 the total of all children looked after at 31/3/19 was 475 of these: 396 (82%) were looked after as a result of abuse, neglect and socially unacceptable behaviour. There were, however, 894 children who experienced an episode of care in the same period.

A number of children were looked after due to having complex disability needs (12 = 2.5%).

Of the total number of children looked after in the period 2018/19:

25% had an Education Health Care Plan*

31% had Special Educational Needs Support*

44% had no identified Special Educational Needs*

**indicative*

Most of the current cohort do not require a specialist residential care provision; a good quality home registered for supporting children with educational & behavioural difficulties would be sufficient to meet needs. Similarly, only a small cohort of children with more specialist needs or for personal safety reasons require an out of area placement.



From analysis of the needs and sufficiency data we can make the following assumptions:

- The number of children looked after had been reducing over the past three years but have been rising in the current financial year (2017:540, 2018:522, 2019:475) with the prediction from 2020 that the number will remain between 480-500.
- Demand for local beds outstrips supply and this is likely to continue. There is no residential provision for the children Southampton needs to place within their home area. The nearest residential homes are located in Hampshire and Wiltshire.
- The number of episodes of care when children & young people were placed out of area during 2018-2019 were 157;
- Increased placement disruptions result in higher cost placements unplanned endings occurred on 43 occasions related to 35 children, reduced negotiation capacity as the need to find a regulated placement is the over-riding priority;
- Increasing complexity with older young people including self-destructive behaviours and child criminal exploitation

Our Children Looked After Strategy is clear that it is not the intention to actively seek to reduce the number of children looked after, but to ensure only those who need to be in the care of the local authority receive accommodation, with the provision being the most appropriate, able to meet their needs and promoting a step-down approach.

The national shortage of placements for young adolescents with complex and challenging needs often require an emergency placement at short notice/same day. These placements tend to be the most expensive as the local authority are unable to challenge the fee put forward by the private provider, given the need to appropriately accommodate the young person without resorting to using unregulated accommodation.

The pressure on the External Placement Budget continues to grow at a pace. The table below indicates the rising costs:

Financial Year	Independent Fostering Placements	Residential Placements (all categories)	Total
2018-2019	6,169,694	4,601,859	10,771,283
Forecast 2019-2020 (at Dec 2019)	7,532,076	6,295,101	13,827,177

The trend of increasing costs, as outlined in this report, is set to continue. In the current financial year, pressure on the External Placement Budget is expected to increase by more than £2M. A breakdown of emergency placements and the committed spend for the three months September-November is set out below.

Analysis of emergency placements September - November 2019 (3 months) committed spend

	No: of c&yp placed	Length of placement	Weekly cost	Total per month

September	6	3 time limited 3 unspecified 'ongoing'	36,117	145,899
October	6 (2 had two placements in the month resulting in 8 placements)	3 time limited 3 unspecified 'ongoing'	52,496	168,356,
November	5 (1 had 2 placements in the month) resulting in 6 placements	all unspecified 'ongoing'	37,146	93,048
Grand Total				407,303

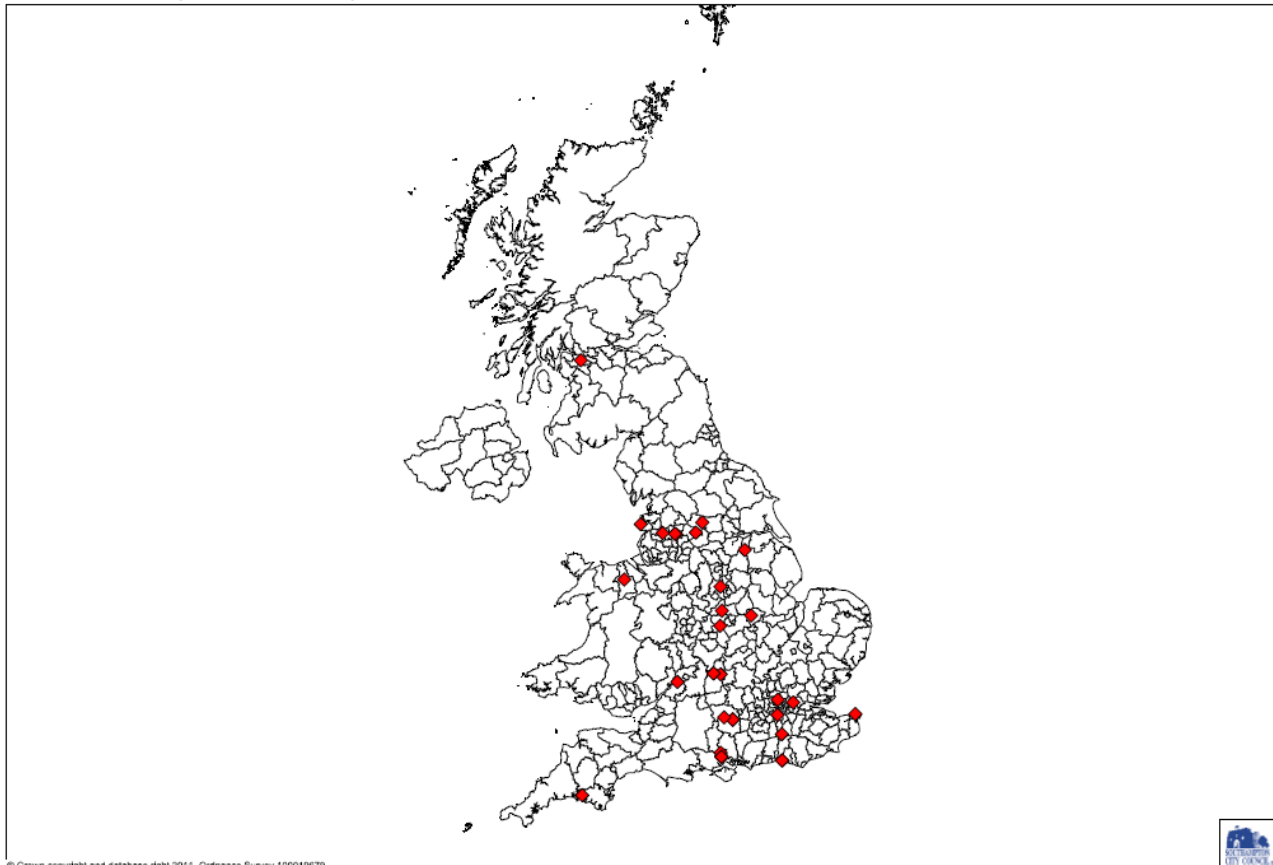
Notes: calculations based on day child placed to end of month or end of placement

November calculations taken to end of month

Current residential placements for Southampton's children and young people

In order to demonstrate where Southampton children are placed, the map below evidences the geographical distance from Southampton some children experience.

Residential LAC (as of 12/02/2020)



5 Financial Analysis

The Integrated Commissioning Unit has advised that the estimated running cost for 12 children as outlined in the financial modelling, works out to £3362 per week which significantly undercuts the Framework average price of £4,434 per week. There is a view that this is a counterintuitive result as local authority directly managed services tend to be higher than average. In order to address this the following need to be considered:

- The weekly cost of children's home provision is rising, particularly when additional therapeutic packages are required. Providers report that this is due to a range of factors including; rises in the National Living Wage, higher regulatory costs and greater expectations for training of staff as well as better understanding of the effects of compassion fatigue and emotional well-being support for staff.
- Private providers tend to have high insurance costs and need to build in HR, Legal, Governance and Training costs which local authority direct services do not have as they are able to benefit from corporate and service wide provisions
- The return on investment for this Business Case will be the reduction of the External Placement Budget. Private providers will have building costs and even if they purchase them themselves, a number of companies hold the assets in another company and charge rent. Private providers also have to include a profit margin and some must factor in dividends to shareholders.
- All these factors when added together increases the cost of residential placements as can be evidenced by the pressure on the External Placement Budget. This is the reason that

many local authorities are developing their own in-house provision as they can achieve Good and Outstanding Services for the same fee, or less in some cases.

The number of older children being looked after is significant as they are likely to have more complex needs and may remain looked after until 18 years of age, with a commitment to support them until 25 years. There is a rise in the number of children & young people in high cost residential placements with the most expensive placement to date being £12,000 pw for a child placed in a caravan with 1:2 staffing of 12 hours (4 members of staff per 24 hours) due to no placement being offered by any provider, this was an unregulated placement. Plans are in place to increase our foster carers numbers however, this may not address the needs of children with more challenging and complex needs who require therapeutic support until the Advanced Foster Care Scheme is commenced, scheduled for March 2020.

The Advanced Foster Care Scheme will be piloted with six fostering households, recruited both externally and in-house. Some fostering households may be approved for more than one child with the initial capacity of the service anticipated to be 10 children. Carers will be requested to accommodate any child referred to them, unless there was a concern about matching a child with a child already in placement.

The scheme's dedicated supervising social worker would undertake the initial setup of the scheme and support the scheme carers. Carers would also be supported by a 0.5FTE psychologist post, a mental health social worker, three family engagement workers and an administrator.

The first foster carers are anticipated to be approved by December 2020 and available for placements from January 2021.

6 Specification of in-house residential provision for children aged 10-18 years

Modern children's homes are based on a model of care which is as close to family life as possible; with a regular staff team skilled in working with children & young people who present with attachment difficulties and other challenges arising from adverse childhood experiences. It is recognised that for some children the intimacy of living in a foster family is too much for them, they may have difficulties managing attachments to adults or they may not wish to have a replacement family. For these children it is now recognised that residential care can, and does, provide excellent care.

In her social care commentary: creating the environment for excellence in residential practice (published 13th February 2020), Yvette Stanley, National Director, Social Care, Ofsted, shares what a sample of consistently good and outstanding children's do to maintain their success. <https://www.gov.uk/government/speeches/social-care-commentary-creating-the-environment-for-excellence-in-residential-practice>. These findings have been incorporated into this business case.

Mechanisms for oversight and monitoring of the homes

It is recognised that Council members and officers are likely to have some reservations with this proposal due to the reasons for closing its children's homes some 10 years ago. The reasons for the homes closure are given as:

- Poor management and conduct of staff
- Poor location
- Spiralling costs

These issues will now be addressed.

Management of homes and conduct

The involvement of Ofsted is discussed in section 8, however their involvement will also be covered in this section as it applies to the management oversight and conduct of the home. The Children's Homes (England) Regulations 2015 apply to this project together with the Children Act 1989 and associated amendments. Members can access the Children's Homes Regulations by following this link: <http://www.legislation.gov.uk/ukxi/2015/541/contents/made>

Every children's home is required to have a Registered Provider who has the time to robustly manage all Registered Managers appointed. Historically, Registered Providers have been the Director of Children's Services or an Assistant Director however, this is no longer felt to be appropriate as individuals in these roles do not have the time to devote to the homes and are distanced from every day practice. The Registered Provider will be the Service Manager (Residential) which is a new post included in the financial modelling. In order to achieve registration, Ofsted must be convinced that the Registered Provider has the qualifications, time, knowledge and experience to provide robust management oversight, supervision of all Registered Managers, leadership qualities and high aspirations for children looked after. A Registered Provider can have management oversight of multiple homes, but must under law appoint a Registered Manager to each home.

Registered Managers will be interviewed by Ofsted under a 'fit persons interview', their qualifications, skills, experience and knowledge explored together with their capacity to manage a home, as part of the registration of children's homes processes. Safer recruitment practices will be in place, as always, for all staff employed by the Council. A person suitable to act as Registered Manager must have within the last 5 years, worked for at least 2 years in a position relevant to the residential care of children and worked for at least one year in a role requiring the supervision and management of staff working in a care role and have achieved NVQ Level 5 (outlined below) or be working towards it (The Children's Homes (England) Regulations 2015).

The Registered Manager will be supported by two Team Leaders who will manage a team of six care workers for the two bedded homes, up to nine for the short break home. In addition, the home will be supported by a psychologist employed to support all the staff employed to work in residential homes.

The Registered Manager is required to hold a qualification equivalent to Level 5 Diploma in Leadership and Management for Residential Child care. If the Registered Manager does not hold this qualification, they have three years under Regulation to gain this for the date of appointment.

All care staff are required to hold a qualification equivalent to Level 3 Diploma for Residential Childcare and have two years under Regulation to gain this, from the date of appointment.

Scrutiny measures

It is proposed that the Lead Cabinet Member for Children's Services undertakes the same scrutiny by Ofsted by registering them at the same time as the Registered Provider. It is further proposed that the Lead Cabinet Member visits the homes on a regular basis, including attendance at staff meetings in order to satisfy themselves that the conduct of the homes is professional at all times, that aspirations for children are high and that staff are going the 'extra mile' to ensure the children feel safe and secure.

Each home is required to appoint an independent visitor who are required, by law, to visit each home at least on a monthly basis to inspect the homes (Regulation 44). They are required to produce a monthly report which is sent to Ofsted HMCI and included in the policies and procedures will be a requirement to send the report directly to the Lead Cabinet Member for Children's Services and the Executive Director/Director for Children's Services. It is worth noting that the independent visitor will undertake unannounced as well as announced visits.

Every six months, the Registered Manager is required, by law, to undertake a review of the quality of care for children which includes feedback from the children and young people placed, as well as any actions needed to improve or maintain the quality of care provided (Regulation 45). This report must be sent to Ofsted HMCI and as stated above, will be a requirement that this report is sent directly to the Lead Cabinet Member for Children's Services and the Executive Director/Director for Children's Services.

Notifications of significant events (Regulation 40) which are:

- Death of a child
- A child involved in, or subject to, or suspected of being involved in CSE
- An incident requiring police involvement which the Registered Manager considers to be serious
- An allegation of abuse against the home or a person working there
- Child protection enquiry involving a child at the home
- Any other incident relating to a child which the Registered Manager considers to be serious

These notifications must be sent without delay to Ofsted HMCI and the local authority, which would be the Service Manager (Residential) who would alert higher management as appropriate. However, as a reassurance the independent visitor will look at all notifications made during the previous month on their regular visit and reporting on any themes or concerns.

Ofsted do read the reports submitted to them i.e. Regulation 40; Regulation 44 and Regulation 45's, they monitor them closely and use them to inform their inspections. Ofsted can undertake additional inspection visits to the home if they felt they had reason to do so.

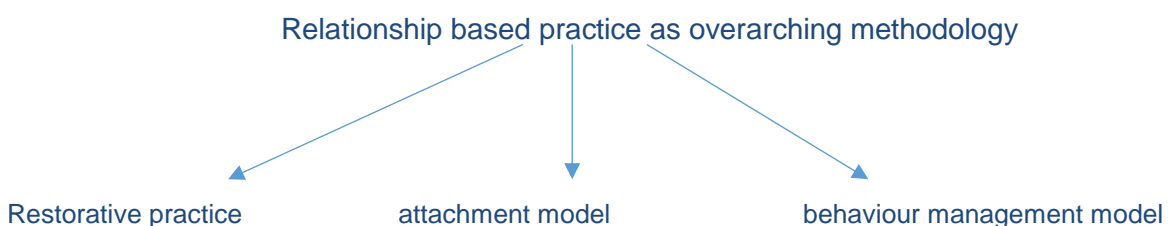
Model of Practice

In order to achieve and maintain an Ofsted 'Outstanding' rating, the model of practice must be embedded. This means that, when inspected, the staff can speak to the model of practice and have a clear understanding of how the different elements support each other. In 2018, Eleanor Schooling, National Director Social Care, Ofsted in her blog discussed the importance of having a model of practice i.e. a preferred way of working with children and their families, stating the benefits can be:

- improved and more dynamic assessment
- clearer identification of strengths and risks
- improved focus on the child's day-to-day lived experience
- better understanding of concerns and what needs to be achieved by parents
- improved social worker morale, supporting staff retention
- greater focus on practice and learning
- more confident social workers.

<https://socialcareinspection.blog.gov.uk/2018/03/01/a-preferred-model-of-practice/>

A model of practice for residential homes is demonstrated below.



(PACE/Solihull approach)

(Team Teach/NAPPI (BILD framework))

This model will be developed with input from 'Outstanding' providers of residential homes such as Hampshire and Warrington with whom contact has already been established.

Location of children's homes

It is understood that the children's homes previously managed by Children's Services were poorly located. A location assessment must be submitted with other registration documents to Ofsted for their consideration. The location assessment must outline all risks and how these are mitigated against. Ofsted are clear that they will not grant registration if they felt:

- The home is poorly located
- The children are likely to experience hostility by neighbours
- The children are unlikely to be included in community activities.

In the past, public meetings were held in village halls hosted by the provider of a proposed children's home in order to inform the community of their plans. This is no longer considered the best way to manage proposed children's homes, rather face to face contact by the Service Manager (Residential) or Registered Manager visiting the neighbours and explaining the plans, results in a good foundation for community inclusion.

Preference is for either detached three bedroomed houses or end of terrace for the longer stay homes and a detached property for the short breaks & emergency home.

The location assessment is a living document and must be reviewed each year, detailing the appropriateness and suitability of the location of the premises taking into account the requirement of regulation 12(2)(c) (the protection of children standard).

Financial modelling

Setting up five two bedded children's homes and one four bedded short break and emergency provision in Southampton to meet some of the existing need (14 bed-spaces) would require a capital investment of £2.3M, revenue costs have been checked and are now complete and will require an investment of £6.1M over a three year period. It is proposed that the introduction of the homes is undertaken in three phases to ensure attention to detail is given to each home, allowing for induction and embedding of the model of practice which will minimise any delay in registration of the homes by the regulator.

Phase 1 2020 – 2021 (Homes 1 & 2)

Set up costs for medium-long term stay home (2 beds) to be operational December 2020:

Capital costs (house, legal & other fees, refurbishment)	£332,500
Revenue costs (Ofsted registration/annual fees, staffing and children's costs)	£238,143

Annual running costs for two children placed £413,794

Set up costs for emergency/crisis unit (4 beds) to be operational December 2020:

Capital costs (house, legal & other fees, refurbishment)	£649,000
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Revenue costs (Ofsted fees, staffing and children's costs)	£330,993
<i>Annual running costs for four children placed</i>	<i>£599,246</i>
Additional revenue costs Phase 1:	
Service Manager (Residential Care) operational July 2020	£59,931
Psychologist operational September 2020	£41,944
Youth Engagement Worker operational October 2020	£15,198
Phase 2 2021-2022 (Homes 3 & 4)	
Set up costs for two medium-long term stay home (2 beds) to be operational April 2021:	
Capital costs (house, legal & other fees, refurbishment) £332,500 x 2	£665,000
Revenue costs (Ofsted fees, staffing and children's costs) £419,554 x 2	£839,108
<i>Thereafter annual running costs per home (average)</i>	<i>£413,794</i>
Additional revenue costs Phase 2:	
Service Manager (Residential Care)	£79,908
Psychologist	£71,904
Youth Engagement Workers x 2	£60,792
Phase 3 2021-2022 (Home 5 & 6)	
Set up costs for two medium-long term stay home (2 beds) to be operational January 2022:	
Capital costs (house, legal & other fees, refurbishment) £332,500 x 2	£665,000
Revenue costs (Ofsted fees, staffing and children's costs) £205,832 x 2	£411,664
<i>Thereafter annual running costs per home (average)</i>	<i>£413,794</i>
Total Capital Investment requested	£2,311,500
Revenue Costs FY20/21 (Houses 1 & 2)	£686,209
Revenue Costs FY21/22	£2,476,416
NB: includes full year costs for Houses 1,2,3 & 4 and part costs for Houses 5 & 6 plus additional staffing	
Revenue Costs FY 22/23 (full year costs for all homes with 14 bed spaces)	£2,880,820
NB: includes additional staffing	

Total Revenue costs requested 2020-2023
£6,125,076

All staff in the homes will have access to a Clinical Psychologist to assist with the development of behaviour management strategies as well as helping them to understand the children's behaviour, the reasons behind any challenges which arise and their response to the child. All staff will be trained to the appropriate NVQ standard as defined by Regulation. Additionally, staff will receive training in the model of practice for each home which is currently being developed.

The programme to develop an Advanced Foster Care service is a timely one. It is envisaged that these foster carers will make strong links with the medium-long stay homes, with a number of the children placed being matched to the carers on a step-down approach while remaining supported by the residential staff, initially, to minimise placement disruptions.

The homes will be located in safe residential locations, close to good transport links, schools & colleges, parks & recreational facilities. A positive location assessment is critical to the success of the application and registration issued by Ofsted. The homes will include staff overnight accommodation as well as access to rooms which allow the children & young people placed to have private visits from significant others.

The longer-term homes will also be registered to take children and young people on a short notice/same day basis. Restricting the homes to just two children will enable excellent matching, which will minimise placement disruption and improve outcomes for the children placed. There is expertise at the most senior level within Children's Services of developing and overseeing multiple children's homes, which will give confidence to the Council that this proposal is built on significant skills, experience and knowledge in this field.

7 Risk Management

Risk	Likelihood H/M/L	Impact	Mitigating action
Funding - Capital and revenue funding will not be granted.	M	If funding is not approved SCC will continue to make residential placements according to the current process and costs.	A phased approach to the project has been developed which also means funding will not all be required in a single financial year.
Placement matching - It may not always be possible to have full occupancy of all homes depending on the needs of individuals.	L	Fixed costs will continue to be occurred in terms of the operation of the homes.	Decision taken to have 2-bedded units to lower this risk. 2 bed-unit means fewer children would be placed together as it has low capacity. Long term SCC could also consider making placements available to other LA's if vacancies exist and are in

			the best interests of young people.
Demand for services – it is likely that SCC will require more placements than these proposals aim to create.	M	SCC will continue to commission both internal and external placements and accept costs for those external placements.	Care plans will review the need of young people and those who can achieve the best outcomes from local provision are more likely to be recommended for placements. In some cases it will be in a young person's best interest to not have a local placement and this proposal supports this approach.
Community resistance - It is possible local residents/stakeholders may resist the opening of these homes	M	Potential negative reputation and poor relationships with stakeholders. Stakeholders could also cause delays to the homes development and cause costs increases to SCC.	Location of homes will be carefully planned and resources identified to work with stakeholders at an early stage.
Ofsted registration – Ofsted only approve registration application once the home is ready to take placements. Should they decline registration the home will not be able to take placements.	L	The purchased home would be unable to take placements.	Early engagement with Ofsted already begun and will continue throughout the project to gain their view on proposals and understand any concerns they have so we can amend proposals.
Reputation – an SCC managed home increases the reputational risk for SCC should any poor practice take place.	L	Potential negative reputation, poor relationships with stakeholders and increase scrutiny on the unit.	Experienced staff will be recruited to meet essential qualification requirements with job descriptions and new policies and procedures will be implemented to ensure good practice.

8 Governance

The Council will need to assure itself that re-introducing residential care provides good care for young people, particularly in light of recent cases which have highlighted the potential for child sexual exploitation, with the Rotherham Inquiry being uppermost in decision makers minds. The Independent Inquiry into Child Sexual Exploitation 1997-2013 undertaken by Alexis Jays OBE states in her Executive Summary *'Over the first twelve years covered by this Inquiry, the collective failures of political and officer leadership were blatant. From the beginning, there was growing evidence that child sexual exploitation was a serious problem in Rotherham. This came from those working in residential care and from youth workers who knew the young people well.'*



<https://www.rotherham.gov.uk/downloads/file/279/independent-inquiry-into-child-sexual-exploitation-in-rotherham>)

In the Cabinet Paper dated 3rd September 2014 'Response to the Independent Report prepared by Alexis Jay' prepared by Martin Kimber, Chief Executive, he states '*The report is critical of past actions in a number of areas, but at the core is poor political and managerial leadership*'. (<https://www.rotherham.gov.uk/downloads/file/278/council-response-to-alexis-jay-report>)

Martin Kimber goes on to say '*The Independent Inquiry highlights the particular vulnerabilities of looked after children. In the past the Council did not have the right level of training for commissioners of services to ensure we placed as appropriately as we might young people who were vulnerable to sexual exploitation. The report author acknowledges that one solution is not suitable for all young people. Whilst some benefitted from being placed out-of-authority, for some it made them more vulnerable as they ran back to Rotherham, or indeed tried to groom others into child sexual exploitation. The key is having good quality child focussed assessments that take account of individual vulnerabilities before seeking an appropriate placement. This is a national issue and I will refer this matter to the Department for Education for consideration. Multi-agency working with the police is stronger and a multi-agency safeguarding hub is operating. National awareness has moved on as a result of Operation Yew Tree, a spate of celebrity prosecutions for child abuse and successful prosecutions of perpetrators of child sexual exploitation*'.

It must be noted that serious failings are not just limited to local authorities, a documentary aired on television 13th December 2017 (Channel 4) 'Who Cares? Children's Homes Undercover' evidenced abuse and serious failings of two major private residential providers. Undercover reporters secured jobs as care staff at residential homes in Shropshire run by the two largest commercial providers of care for looked-after children: Cambian Group, which runs more than 160 homes, and Keys Group, which runs close to 90. (<https://www.theguardian.com/society/2017/dec/13/itv-film-reveals-serious-failings-at-uk-childrens-homes>).

A number of actions detailed below evidence how SCC will ensure lessons learnt from serious failings in both statutory and private sectors will be put into practice, it is also important to note that significant attention will be paid to the location of the homes should this proposal be accepted. Detailed work will be undertaken when selecting areas of the city which support young people to thrive and do not increase any risk factors, this includes consideration of crime rates in local wards of Southampton and other known risk factors specifically related to CSE. It cannot be over emphasised that Ofsted will not register a children's home if they deem it to be inappropriately located or if children are deemed to be likely to face hostility from or are isolated by the community where the home is located.

External Governance

Ofsted

HMCI (Ofsted) registers, inspects and monitors all residential provision in England and as part of this feasibility study, Ofsted's Regulatory Team Manager for the South East has been consulted on the proposals put before the Council and has offered further consultations as needed. Ofsted provides a Guide which accompanies the Children's Homes (England) Regulations 2015 which includes the quality standards which set out the aspirational and positive outcomes homes are expected to achieve.

Changes in Regulation and standards since 2015



When reflecting upon previous practices and concerns relating to previous in-house residential provision, it is important to note that there have been significant changes in Regulation since 2015. The national minimum standards have been replaced with quality standards. Ofsted have produced a Guide to the Children's Homes Regulations including the quality standards (April 2015) which sets out the aspirational and positive outcomes that Ofsted expect the homes to achieve. They also set out the underpinning requirements that homes must meet in order to achieve those overarching outcomes. The key principles of residential child care are:

- Children in residential care should be loved, happy, healthy, safe from harm and able to develop, thrive and fulfil their potential
- Residential child care should value and nurture each child as an individual with talents, strengths and capabilities that can develop over time
- Residential child care should foster positive relationships, encouraging strong bonds between children and staff in the home on the basis of jointly undertaken activities, shared daily life, domestic and non-domestic routines and established boundaries of acceptable behaviour
- Residential care should be ambitious, nurturing children's school learning and out-of-school learning and their ambitions for their future
- Residential child care should be attentive to children's need, supporting emotional, mental and physical health needs, including repairing earlier damage to self-esteem and encouraging friendships
- Residential child care should be outward facing, working with the wider system of professionals for each child, and with children's families and communities of origin to sustain links and understand past problems
- Residential child care should have high expectations of staff as committed members of a team, as decision makers and as activity leaders. In support of this, children's homes should ensure all staff and managers are engaged in on-going learning about their role and the children and families they work with
- Residential child care should provide a safe and stimulating environment in high-quality buildings, with spaces that support nurture and allow privacy as well as common spaces and spaces to be active.

The process for registering Children's Homes with Ofsted

There are three stages to registering a children's home with Ofsted which include submitting a location risk assessment, all policies & procedures as set out in Regulation, the names of the Registered Manager for the home and the Responsible Person which will be a senior member of Children's Services; both of whom will be interviewed by Ofsted who will assess their suitability, skills, knowledge and experience to run a children's home. Once registered, Ofsted are required to inspect each children's homes at least twice a year, with one of these being a full inspection. Following a full inspection, inspectors will make a number of judgements, including a judgement on the overall progress and experiences of children living in the home. If inspectors identify a failure to meet a regulation, Ofsted will set requirements that the Registered Manager must meet. Any failure to meet regulations may lead to consideration of enforced action.

A six-monthly review that focuses on the quality of the care provided in the home, experiences of children living there and the impact the care is having on outcomes and improvements for the children must be sent to Ofsted as well as being made available to Corporate Parenting Board.

In order that the Council can be reassured that strong management oversight of the proposed residential provision will occur, it has been agreed that the Responsible Individual will send the Lead Member and the Executive Director the monthly reports prepared by the Independent Person (see below) as well as all Ofsted reports.

Teri Peck, Regulatory Inspection Manager (Ofsted) has offered to meet with the named Councillor together with the author of this report to discuss any concerns members have. Ofsted are in full support of local authorities developing their own provision.

Visits by an Independent Person

An Independent Person must be appointed to carry out monthly visits to each home, on both an announced and unannounced basis, to undertake a rigorous and impartial assessment of the home's arrangements for safeguarding and promoting the welfare of the children in the home's care. These reports are inspected by Ofsted during their inspections and will be made available to the senior manager within Children's Services with responsibility for residential care. The reports may contain recommendations for improvement. Should an Independent Person feel the management of the home is of concern they can make contact with Ofsted who may undertake an unannounced visit to the home.

Internal Governance

As corporate parents, councillors and appropriate officers have more understanding of criminal exploitation of children and young people and have access to training to raise awareness of the needs of Looked After Children and CSE. All placements made with independent fostering agencies or residential homes have to be agreed and signed off by the Service Lead, Children's Services. There is active involvement with the Children in Care Council where their care experiences and the quality of support they receive is regularly presented to the Corporate Parenting Board.

Strengthening the scrutiny of practice and care of children's homes is achieved by the appointment of a Service Manager for Residential Care, who will supervise the Registered Managers of the planned homes. This Service Manager will attend the Corporate Parenting Board, reporting regularly on the outcomes of the Independent Visitors visits, Ofsted involvement and visits and any other matters which the Board should be made aware of. It must be noted from the Rotherham Inquiry that until 2009 a negative culture existed which downplayed the scale of child sexual exploitation, and while Southampton Children's Services work in a culture of openness and transparency, senior managers are clear that there can be no room for complacency.

The Service Manager (Residential Care) will report to Children's Services Leadership Team (CSLT) chaired by Service Lead for Children's Services. The Service Manager will receive monthly supervision and regular appraisals. The Service Lead will also undertake announced and unannounced visits to the children's homes.

Regular meetings have been set up attended by all stakeholders to oversee the development and set-up of the residential homes. It is recommended that a named Councillor attends these meetings.

9 Benefit Realisation

The financial calculations are based on places being filled throughout the year, however there will be voids at times due to the matching criteria used which will result in some savings relating to children's costs although staffing costs will remain constant. The consequence of having voids is that this could result in external placements being sourced in the private sector if a child's needs cannot be matched against the existing children in the home. The rationale behind having two bedded homes is that voids will be minimised, with the expectation being that the long stay homes will be fully occupied.

There are a number of benefits from running and managing local authority children's homes, some are included in the Option Appraisal in Section 9, the ones which require closer examination are outlined below:

Benefits for children

The benefits for children are that they can remain within or close to their community, are more likely to be able to attend the same school, can continue with hobbies, talents and interests, have more meaningful and engaging time with their birth families, relatives and friends which could result in a return home or a placement with a friend or family carer.

Children & young people who are placed some distance away from their families and networks do become isolated and begin to dissociate themselves from Southampton. Returning to Southampton when their care episode ends at 18 years of age can result in the young person not feeling settled or safe, which can lead to depression and a feeling of hopelessness. Children and young people, where it has been identified that they should return to Southampton as soon as a suitable residential placement is sourced, must be prioritised for the medium to long term homes.

When considering the safety and welfare of children and young people, it is important to note that the private providers consider the matching of a referred Southampton child and makes the decision to offer a placement in their home or not. The local authority is often unaware of the 'stories' of the other children or young people in the home which can lead to Southampton's children being exposed to criminal exploitation and bullying, more 'missing' episodes as well as difficulties in being able to assess the level of care provided on a daily basis. The Guardian newspaper in February 2019 published an article following representations of a parent of a Bromley child being placed out of area stating:

"The all-party parliamentary group for runaway and missing children and adults has initiated an inquiry into the use of out-of-borough placements. Figures that have already been collated show that the practice has increased by 77% since 2012, which equates to almost 4,000 children. This accounts for more than 60% of all children in residential homes.

The group's chair, Labour MP Ann Coffey, also recently surveyed all UK police forces about the use of vulnerable children by drugs gangs with county lines operations. Many cited evidence of the targeting of children in care, especially those living away from their home areas.

Coffey said: "When children are placed at a distance from their family and friends they become isolated, it increases their chances of going missing, and they are more prone to exploitation by sexual predators and criminal gangs. It's also harder to rehabilitate them within the family and the community."

<https://www.theguardian.com/society/2019/feb/16/social-care-children-out-of-borough-homes-parents>

The placement of children in out-of-area residential care also featured on ITV's Good Morning programme on 23rd December 2019, with Government promising additional funding for local authorities to better manage this issue.

Ofsted commented in their inspection report of Southampton's Children's Services published 9th January 2020 'Most children who come into care are placed in suitable settings. A lack of sufficient local placements means that some matching, particularly for vulnerable adolescents, is resource-led rather than child-led, resulting in some children living in settings a long distance from Southampton.' Ofsted also commented that while 'visits to see children, including a substantial number placed at a long distance from the local authority, largely adhere to their care plan requirements and most children are seen alone. Some children are not seen soon enough following their entry to care.'

Providing local placements for Southampton's children will remove some of the obstacles experienced by staff which has impacted upon their ability to complete some statutory tasks within timescales. Social workers are better able to build relationships with children if they are placed locally, and there is more opportunity for a success plan of rehabilitation home, if the work with the family and child can commence swiftly.

Effects of education instability which is often instigated due to placement moves, is a feature for some of the most vulnerable young people. There can be significant gaps between one education provision ending and another commencing which could be minimised by increasing local placements.

The **Rees Centre** produces research evidence to improve policy and practice in the areas of children's social care and education and a study undertaken in 2015 revealed the following:

- Young people who changed school in Year 10 or 11 scored over 5 grades lower than those who did not
- For every 5% of school absence young people in care scored over 2 grades less at GCSE
- For every additional day of exclusion young people in care scored 1/6th of a grade less at GCSE

<http://www.education.ox.ac.uk/rees-centre/>

Corporate parenting means the collective responsibility of the council, elected members, employees and partner agencies, for providing the best care for children, keeping them safe and maximising their capabilities. The Council have an aspirational vision for all children and young people and the development of an in-house residential service complements the Council's wish to maximise children's life chances and choices.

Benefits for employees

All looked children should receive a visit during the first week of placement, the first month and thereafter normally at six weekly intervals, although more frequent visits can take place. The child is also subject to a Looked After Child Review which takes place during the first month of placement, the third month of placement thereafter on a six-monthly basis. Additionally, the child should have a looked after child medical within the first week of placement, thereafter regular and at least annual health checks. This means that a number of staff need to take days out of their week to visit out-of-area children which can mean up to two days away from the office, subject to the distance. Clearly, it is in everyone's interest to have children placed within Southampton, if at all possible, as this will directly impact positively upon the availability of social workers not only for the child in residential care, but also for other clients.

As well as the cost of social workers and other staff being away from the office, there are also transport, overnight and other associated costs to be taken into account.

The implementation of an in-house residential service will reduce the External Placements Budget as well as having a direct impact on the staffing budget by reducing overnight and other associated costs.

10 Options Appraisal

Option 1: Deliver In house

The pros and cons of this option are considered to be:

Pros	Cons
<ul style="list-style-type: none"> • The Council would have complete control of service quality, design of homes and the management of the home making it far easier to integrate the service within its wider children's services offer. • Staff would be recruited to work flexibly across the residential services and other community-based services. Staff could be trained alongside other children's services staff employed by the council. • Staff would retain links and offer support to children & young people moving on from the home, helping them to settle in and supporting their carers. • The management of the residential provision will be integrated with the management of other children's services, ensuring principles and approaches are common with the rest of the Council's provision. • The Council exposure to high costs for additional 'therapeutic services' would be reduced. • The Council would have greater control over who accesses the provision - exclusivity for Southampton City children • Social workers would have more time to devote to their cases and spend less time travelling • Children and young people would be better able to maintain their family and networks and are more likely to 	<ul style="list-style-type: none"> • Care planning around admission and discharge of children into local placements would need to be carefully developed to avoid voids as much as possible. • Would need to commit to working closely with Ofsted to achieve Good or Outstanding rating. • Reputational risk: Children's Services would have control of placements and whilst will be solely responsible; through effective management and quality assurance, risks of poor delivery and Ofsted inspections can be mitigated against. • Would need to ensure that all support packages are carefully managed and reduced over time, if safe and appropriate to do so, based on the needs of each young person.

Pros	Cons
<p>develop a positive relationship with Southampton</p> <ul style="list-style-type: none"> • Children’s educational needs will be better met • The model of practice will be a relationship based restorative approach incorporating TEAM Teach which is established within Children’s Social Care • Can consider mitigating voids through offer of vacant beds to partner authorities such as Wiltshire & Hampshire on a reciprocal arrangement 	

Option 2: Tender for providers to directly manage homes provided by Southampton City Council

Pros	Cons
<ul style="list-style-type: none"> • Commitment to providers to mitigate set up costs and work in partnership. The timing of a change in approach is good; the wider residential sector is keen to explore other ways of working with local authorities • Can mobilise and allows for more flexibility in approach • A reduction in fee in exchange for the Council support in driving improvements could be considered • Could consider mitigating voids through offer of vacant beds to partner agencies which may be welcomed 	<ul style="list-style-type: none"> • Care planning around the admission and discharge of children into local placements would need to be improved to avoid voids as much as possible. • Providers can still give notice to discharge children resulting in new costly placements • The Council has no control over the provision, although this can be mitigated to some extent through stipulating the terms of the contract and tight contract monitoring. • Would need to commit to changes in practice by working more closely with contracted providers to drive up quality, including practitioner input if Ofsted performance declined.



	<ul style="list-style-type: none"> • Reputational risk the Council will not have control of placements made, but would be jointly culpable if service standards decline as the homes would belong to the Council • Residential staff are managed under a separate management structure, with its own separate governance arrangements, staff development and training, in turn leading to different values/cultures. • Even though the Council provide the buildings, the provider can still decline SCC referrals if they consider them to be inappropriate or do not meet their matching criteria for other children & young people already placed in their homes • Providers motivated to fill voids and will want to offer places to other local authorities. SCC would have to legally negotiate to control the sale of beds. • The provider would not find this an attractive offer
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Option 3: Do nothing – continue with current contractual arrangement or tender for providers to provide services

Pros	Cons
<ul style="list-style-type: none"> • The Council does not have the bureaucratic burden of registering the provision under OFSTED and maintaining registration • The Council does not have the additional administrative and managerial burden of recruiting, training and supervising residential staff and running and maintaining the buildings • The Council holds no risk in terms of redeploying staff or paying redundancy should it decide it no longer requires the service at a later date. 	<ul style="list-style-type: none"> • The Council has no control over the provision, although this can be mitigated to some extent through stipulating the terms of the contract and tight contract monitoring. • Immediate notice of closure of homes due to OFSTED involvement has occurred on a number of occasions in 2019 resulting in children being moved without notice to alternative care provision. • Would need to commit to changes in practice by working more closely with contracted providers to drive up quality,



	<p>including practitioner input, if Ofsted performance declined.</p> <ul style="list-style-type: none"> • Residential staff are managed under a separate management structure, with its own separate governance arrangements, staff development and training, in turn leading to different values/cultures. • The opportunity to integrate the residential provision within the wider children's offer, with staff working flexibly across settings, would be greatly reduced. • Even though the Council could block book beds, should the provider engagement exercise be successful in the future, the provider can still decline SCC referrals if they consider them to be inappropriate or do not meet their matching criteria for other children & young people placed. • Price pressures will not be addressed. This is likely to mean SCC are not getting the best prices possible and a greater reliance on out of area provision. • SCC's influence in shaping the local market and driving up the quality of individual homes is limited due to relatively low demand. • Children's education attainment is compromised.
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11 Recommendations

- 11.1 It is recommended to proceed with Option 1, a new way of providing high quality placements locally for Southampton's children and young people. This option offers security for investment in homes and staff, and would also give Southampton the most effective levers to drive up the quality of provision. This Option provides for 14 residential bed spaces becoming available within a two-year period. A phased approach allows Children's Services to build on successful implementation and further develop residential provision according to need.
- 11.2 It is proposed to proceed as soon as Cabinet & Council approval is secured as children cannot be placed in the homes until Ofsted have approved the registration which will take some time. Prior to the submission to Ofsted for registration, the homes must be compliant with regulations, the majority of staff recruited and ready to commence employment as soon as registration is achieved.
- 11.3 It is proposed that the project consists of three phases:
- Phase 1 – one medium-long term home and one time-limited emergency/crisis and planned breaks unit. The aim is to have the homes operational by December 2020.
 - Phase 2 – two medium-long term homes to be operational by April 2021
 - Phase 3 – two medium-long term homes to be operational by January 2022.
- 11.4 It is recommended that a Housing Review takes place to identify and map all available accommodation for teenagers aged 17+. A number of young people need additional support especially when being stepped down from residential care. This is a good opportunity to identify gaps in available accommodation and put plans in place to address these. Ofsted noted, in their recent report, the inappropriate use of bed & breakfast accommodation for young people, insisting this is discontinued immediately. The mapping of all available accommodation for this particular age-group also feeds into the Sufficiency Strategy. The Service Manager (Permanence) will lead on this piece of work.
- 11.5 A meeting is set up with a named Councillor, report author and project team lead with Ofsted's Regulatory Inspection Manager for the South East to discuss the proposals and concerns from members.
- 11.6 A named Councillor is invited to attend the Project Meetings which will oversee the development and set up of the children's homes.

