



CABINET

Subject Heading:

The Development of a Semi-Independent Provision and Residential Units in Borough

Cabinet Member:

Councillor Robert Benham Cabinet Member for Children's and Learning Services.

SLT Lead:

Tim Aldridge, Director of Children's Services.

Report Author and contact details:

John Green, Head of Joint Commissioning,
0170 843 3018,
john.green@havering.gov.uk

Policy context:

Following the Office for Standards in Education, Children's Services and Skills (OFSTED) 2016 inspection report¹ there was a recommendation that LBH brought more of its children and young people back to the borough.

In the LBH's action plan in response to the OFSTED report, LBH committed to developing provision in partnership with providers.

The Secretary of State's Sufficiency Guidance² places a statutory duty on local authorities to provide sufficient accommodation to meet the needs of young people in its care.

Financial summary:

The works tender requires capital monies to carry out the refurbishment of two Council owned buildings at an estimated total contract value of £350,000.

¹ Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board Report published: 9 December 2016.

² Department for Children Schools and Families (2010), Sufficiency - Statutory guidance on securing sufficient accommodation for looked after children.

There will also be a tender(s) for a care provider(s) to provide services for either two semi-independent or one semi-independent and one residential contract for five years.

Based on current costs, to provide semi-independent living for 6 people, over 5 years, estimated expenditure would be £1.25m. (for both provisions this would double to £2.5m for 12 people). The intention is to provide savings by tendering for these services with increased assurance for the provider and with more control over property costs.

Based on current costs, to provide residential care for 6 people, over 5 years, estimated expenditure would be £5.0m. The final agreed values might be less than these amounts given that this is a competitive tender.

The funding of care services will come from existing revenue budgets.

Is this a Key Decision?

The proposal is the subject of a Cabinet report because it is a significant change in the way that the LBH will accommodate looked after children within the borough. It covers permission to tender for both renovation of property and provision of care.

The change will have an effect on two Wards.

When should this matter be reviewed?

March 2020

Reviewing OSC:

Children's Services

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

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SUMMARY

This report provides background information, reasons, options, risks, mitigation and partner's feedback on our proposal.

RECOMMENDATIONS

The Cabinet is recommended to review and approve the commencement of tendering processes for:

- 1) The works to refurbish two council properties;
- 2) The funding to carry out the works, which is estimated to be £350k
- 3) A care provider to deliver and manage a semi-independent 6 bedded unit in the borough.
- 4) A care provider to deliver and manage a residential or semi-independent 6 bedded unit in the borough.
- 5) The delegated authority for the Director of Children's Services to make the decision in relation to decide on whether the provision will be semi-independent or residential.

REPORT DETAIL

1. Background

- 1.1 Cabinet approval is sought to obtain capital funding to redevelop two buildings in the borough to provide care for children and young people and to commence the tender process for care provision in the aforementioned buildings.
- 1.2 The buildings being refurbished have the flexibility to be either developed into a semi-independent or residential provision. We will involve impartial providers to inform the final design of the two sites.
- 1.3 Semi-independent provision is intended to support and transition young people leaving care to become capable of managing their lives independently.
- 1.4 Residential care is generally for younger children taken into care who need accommodation and support whilst being separated from their family

There is a choice whether to use the properties:

- 1.4.1 Both as semi independent
- 1.4.2 To use one for residential care and one for semi independent
- 1.5 The first option is attractive because there is clear demand in the market for such provision and it is relatively straightforward to implement.
- 1.6 The second option has attraction because there are greater potential savings from establishing a residential provision³; however developing a residential provision requires an increased level of compliance with OFSTED for registration purposes which risks delay in getting the provision operational.
- 1.7 There is also a risk that the demand from Havering will not be sufficient to fully populate the provision. Successful policies have pushed down the number of residential placements required in the past year.
- 1.8 In addition there needs to be consideration of compatibility of the children, in terms of living in the same accommodation, many of whom have high needs and whether, by the nature of the problems they experience, that it is more appropriate for the child / young person to be placed outside Havering.
- 1.9 This makes it unlikely that the Havering current cohort of 8 children in residential care would be suitable to simply transfer into a provision of 6 beds. An option that has been in consideration is that spare capacity could be used for generating receipts from other boroughs but there is a risk that this would add complexity to the management of the provision. It is also of note that on reaching the age of 18, any young person placed in Havering by another borough, who wishes to remain here as they enter adulthood, any Care Act 2014 duties and responsibilities will likely fall to Havering Adult Social Care (although any residual leaving care duties stay with the original placing authority)
- 1.10 Further analysis is underway in regards to the need for in borough residential provision, which could be provided within the planned new builds that will be delivered after the refurbishments. This would allow for the more complex planning and requirements of a residential home to be built into a longer timeline.
- 1.11 Further analysis of these risks and comparative benefits will be conducted and lead to a balanced recommendation.

³ Based on the current residential out of borough placements a level of savings of between two and three hundred thousand in the first full year of delivery has been estimated. This depends however on the provision being fully occupied consistently with children from current out of borough provisions.

- 1.12 In the meantime the refurbishment can proceed without this decision because, in either case, the property changes will be the same. This report will therefore illustrate the benefits of two semi-independent provisions because this provides a minimum level of savings. Any increased savings from residential would only enhance the financial case.
- 1.13 In general the establishment of these provisions will provide a range of benefits, including:
- Increased accommodation capacity in Havering
 - Financial savings
 - Improved outcomes for children in the provisions
- 1.14 Revenue funding will be redirected to fund the provider costs.
- 1.15 The project is estimated to save, for two semi-independent units, an annual sum of £144,104 across both sites in the 2019/20 financial year which will contribute to the medium term financial strategy for Children's Services.

2. The properties

- 2.1 We have tried going to the open market to secure a number of buildings in order to base the semi-independent units in the borough, but this has proved prohibitive based on local rental costs and availability.
- 2.2 Following discussions with colleagues in Property Disposal we have been able to secure two vacant council owned buildings in the borough on five-year leases for an occupancy fee of £2,300 per month, exclusive of VAT, for each property.
- 2.3 These properties are proposed to be the site of the new services in borough. The capital funding will enable the refurbishment and bring the properties up to a standard that will encourage the Council's ethos of a family environment.
- 2.4 A schedule of works has been shared with Technical Services who will be managing the refurbishment project and have estimated the cost of the works. The timeline for the refurbishment is 24 weeks.
- 2.5 The Corporate Procurement Category Officer will be supporting and advising the Commissioning Project Manager through the commissioning of a supplier to carry out the works.
- 2.6 The capital required for the renovation of both properties is estimated at £350,000. The two proposed services will be based at:
- Widecombe Close, in the Heaton ward (6 bedded home)
 - Park End Road, in the Romford Town ward (6 bedded home)

3. Semi-independent provider

- 3.1 We will undertake an open tender procedure which covers exclusion grounds, selection and award criteria. An Open procedure means that any organisation can respond to the advertised Contract Notice, request/download the procurement documents and submit a tender. The tender will identify a provider who will submit a bid and rate below the framework price and the market. The difference in what we will be charged for the service will form the basis of a proportion of the savings for the project.
- 3.2 We have met with providers to inform our approach and to identify some of the potential risks.
- 3.3 The timeline for the procurement of the care provider for semi-independent will take approximately three months.

4. Tender processes

- 4.1 Due to the contract value the authority is obliged under Public Contract Regulations (2015), European and United Kingdom procurement rules, to follow a tender process to identify prospective providers to carry out the works or services required.
- 4.2 The objective of the tender is in general, a competitive tender process carried out in an open, objective and transparent manner to achieve best value for money. We will ensure that the following principles are adhered to in conducting the procurement function including: non – discrimination, equal treatment, transparency, mutual recognition, proportionality, freedom to provide service and freedom of establishment. The Directives impose legal obligations on public bodies in regard to advertising and the use of objective tendering procedures for contracts above certain value thresholds.
- 4.3 To support the execution of the key requirements in the tender process a project plan has been pulled together and key stakeholders have been invited to form a project group with a governance structure established in order to report on progress of the proposal. This project reports into:
 - a) Supported Housing Programme Board
 - b) Children's Services Commissioning Group
- 4.4 The project plan sets out the tasks, activities, deliverables, milestones and includes the following:
 - a) Governance and compliance
 - b) Provider engagement
 - c) Filling the provision
 - d) Care provider tender process for residential and semi-independent

- e) Consultation and communication
 - f) Buildings – property costs
 - g) Building contractor tender process
- 4.5 In accordance with the Council’s contract procedure rules the procurement exercises will take the following tender approaches:
- a) The refurbishment works will be through a single stage selective tendering process
 - b) The semi-independent care provider(s) tender will be from an open procedure.
- 4.6 We have followed the appropriate authority and delegation path to ensure we have sufficient delegated authority to proceed with a procurement activity that this report is part of.
- 4.7 We are seeking the authority to procure in order to assist the Council in achieving its statutory duties, responsibilities, strategies, policies and service objectives.
- 4.8 Authority is going to be obtained from Checkpoint to proceed with the proposed approach. A robust business case has been drafted and approved by the Senior Leadership Team.
- 4.9 The procurement timetable is as follows;

Stage	Timescale
SLT Meeting	6th March 2018
Forward Plan	30 th May 2018
Leader’s Briefing	9 th July 2018
Checkpoint 1	17th July 2018
Cabinet Meeting	25 th July 2018
Report Published Decision	30 th July 2018
Young People’s Consultation	July 2018
Care Provider Tender Published	September - October 2018
Evaluation	November 2018
Award	January 2019
Completion of Works	February 2019
Mobilisation and contract start semi-independent	March – April 2019

REASONS AND OPTIONS

5. Reasons for the decision

- 5.1 It is the duty of the local authority looking after children to provide continuous accommodation, to advise, assist and befriend children in care with a view to promoting their welfare and provide support for accommodation when the authority have ceased to look after them (section 19A and 22 of the Children's Act 1989). The Sufficiency Guidance 2010 places a duty on local authorities to provide sufficient accommodation to meet the needs of young people in its care.
- 5.2 This duty is supported by statutory guidance that makes it clear that children should live in the local authority area, with access to local services and close to their friends and family, when it is safe to do so. The guidance emphasises that 'having the right placement in the right place, at the right time', with the necessary support services such as education and health in place, is crucial in improving placement stability, which leads to better outcomes for looked after children.
- 5.3 There are limited numbers of semi-independent placements in the borough. Havering currently has thirty-four children or young people placed out of the borough in semi-independent placements.
- 5.4 Along with a scarcity of provision in the borough, demand is also increasing. Nationally the number of looked after children continues to increase. At 31 March 2017 there were 72,670 looked after children, an increase of 3% on 2016.
- 5.5 The level of increase in Havering is significantly greater than the national trend. Havering has seen a 32% increase in its looked after population since 2013, compared with some of our comparator boroughs that have seen decreases in their looked after population or increases of less than 10%.

Local Authority	2013	2014	2015	2016	2017	Diff	% Change in LAC Pop since 2013
Barking and Dagenham	415	455	450	415	410	-5	-1%
Havering	185	205	240	230	245	60	32%
Redbridge	205	215	215	215	230	25	12%
Bexley	255	260	275	260	240	-15	-6%
Dudley	730	755	740	725	675	-55	-8%
Essex	1,255	1,135	1,025	1,005	1,010	-245	-20%
Kent	1,825	1,820	1,870	2,315	1,900	75	4%
Medway Towns	410	380	425	430	390	-20	-5%

- 5.6 The increase in the looked after child population places increasing pressure on the brokerage team in sourcing placements to meet demand. Finding placements locally for the growing 'children in care' population that is able to meet their totality of needs, including consideration of ethnicity and culture. Market forces are also a constraint as other local authorities in the region and nationally are competing for vacancies across the sector.

5.7 The unit cost of placements has also increased over the last three years in the context of a decrease in central government funding. In order to deliver quality services within the means of the children's services budget, it is essential that we develop cost effective capacity.

5.8 There are therefore, two main drivers for seeking capital funds to develop semi-independent and residential provisions in Havering.

6. Cashable savings

6.1 Through the development of in borough services, in a Council owned property, we will be able to offer prospective providers an opportunity to rent the properties at below the market rate. This will reduce the unit cost that a provider will bid to secure the contract for these services.

6.2 Below are current semi-independent costs for a subset of young people who are potential matches for the proposed provision. The costs of this group are representative of the wider population of young people in semi-independent provisions. The current costs are matched against the newly proposed costs to identify potential savings.

6.3 The cost of care under the new proposal is based on provider feedback. These costs remain an estimate from the best information available until now, so their veracity will continue to be worked upon in dialogue with external and internal social care and property expertise.

Current Placement	Current Costs				Proposed Costs				Estimated Saving Yr 1
	Current Weekly Cost	Care	Accom	Current Annual Cost	Proposed Weekly Cost	Care	Accom	Proposed Annual Cost	
Semi Ind 1	£876.00	£256.00	£620.00	£45,552.00	£570.00	£300.00	£270.00	£29,640.00	£15,912.00
Semi Ind 2	£800.00	£200.00	£600.00	£41,600.00	£570.00	£300.00	£270.00	£29,640.00	£11,960.00
Semi Ind 3	£825.00	£680.77	£144.23	£42,900.00	£570.00	£300.00	£270.00	£29,640.00	£13,260.00
Semi Ind 4	£850.00	£220.00	£630.00	£44,200.00	£570.00	£300.00	£270.00	£29,640.00	£14,560.00
Semi Ind 5	£700.00	£100.00	£600.00	£36,400.00	£570.00	£300.00	£270.00	£29,640.00	£6,760.00
Semi Ind 6	£750.00	£150.00	£600.00	£39,000.00	£570.00	£300.00	£270.00	£29,640.00	£9,360.00
									£71,812.00

7. Improved outcomes

7.1 Children and young people in care across the country have said time and time again that stable relationships are of paramount importance. When children are placed out of their community, familial and professional relationships are often disrupted or severed. When this happens, children placed out of their community are at greater risk of going missing from their placement and are at greater risk of exploitation.

7.2 In addition to the poor outcomes resulting from disruptions to relationships, it is more challenging to have the oversight and quality control required with

provision outside of Havering. Developing local provision and commissioning providers to deliver services through a block contract offers the chance to develop a relationship with the provider and have oversight of outcomes. In this proposed model we will work with the provider to jointly achieve identified outcomes and troubleshoot jointly when challenges arise.

- 7.3 In addition, local looked after provision gives an opportunity to better co-ordinate the care pathway for young people. This model enables an opportunity to support transitions from foster or residential care into semi-independent and eventually to independent living accommodation while supporting them with local services.
- 7.4 Keeping services local helps the local authority plan services more coherently and respond swiftly to any issues.
- 7.5 The improved outcomes are in line with recommendations made from the Office for Standards in Education, Children's Services and Skills (OFSTED) 2016 inspection report and the Authority's corresponding improvement plan.
- 7.6 **Option one:**
 - 7.6.1 That we continue to spot purchase residential placements where the price secured is determined by the market and all placements are outside the borough.
 - 7.6.2 This approach would see us continue to commission semi-independent placements either from the framework or spot purchase placements at increasing cost.
- 7.7 **Option two:**
 - 7.7.1 Contract a provider to refurbish the identified two properties in Havering. Alongside the refurbishment work, we will commission a provider to manage and deliver a semi-independent service in each of the two buildings.
 - 7.7.2 This option will give us greater control over the cost and quality in the placements while keeping more children local.
- 7.8 **Recommended option**
 - 7.8.1 Option two is the recommended option that we secure two Council buildings; renovate them and then tender for providers to deliver services at the respective sites.
 - 7.8.2 The approach will reduce the accommodation cost element of a provider's unit cost and deliver savings. We also project improved outcomes for children through improved contract monitoring practices and a robust service specification.

IMPLICATIONS AND RISKS

8. Financial implications and risks:

- 8.1 An application for capital funding was made to refurbish two properties in Havering to provide services for looked after children.
- 8.2 The current costings to refurbish the two properties is based on the initial schedule of works and the estimate provided by Asset Management but may be revised following a competitive tender and our consultation with service users. The building works are expected to be completed by the end of 2018-19.
- 8.3 The cohort to be placed in the semi-independent provision has been identified by Children Services from the CYP we already have placed out of borough; and plans will be instigated to initiate early discussions with service user, families and providers to facilitate the transfers back to Havering and to stream line the support to be provided by Havering through its 'face to face' project.
- 8.4 Savings will be realised during 2019-20 provided the refurbishment of the semi-independent provision is completed and ready to be leased to a provider in early 2019. The early planning will facilitate the smooth transfer to the in-borough provision from the new financial year as part of a planned process.
- 8.5 The risks are that we do not fill the provision and that there are voids or unoccupied beds. To mitigate this risk across the semi-independent provision we will sell beds to partner authorities across the sub region and generate income. This risk is deemed to be low because we have over 34 children or young people placed out of borough who would be able to access this service. Through good planning and early identification of the cohort by Children's Services the risk of voids should be further alleviated. This work has already begun.
- 8.6 In 2019-20 the semi-independent service is expected to deliver full year savings of £72k; and the same level of savings in the subsequent four years. The risk is that we are not able to move on young people within a twelve-month period to release bed space for the next cohort to be referred. The contract and the key performance indicators will be closely managed to ensure that the key outcomes that equip CYP with the key skills for life to manage their own affairs and property successfully and have the ability to live rich and fulfilled lives.

- 8.7 Across both sites the level of savings will be £144,000 in 2019/20 and will contribute to the Children's MTFS annual savings target of £250,000. The original speculative estimate of savings for this proposal was £250k. After more detailed analysis a more conservative figure of £144k has been identified. However further analysis and exploration of care costs as part of the procurement process will be undertaken and may lead to further adjustments of this figure.

	2018-19	2019-20 Savings	2020-21 Cost Avoidance	2021-22 Cost avoidance	2022-23 Cost avoidance	2023-24 Cost avoidance
Estimated capital cost	£350k					
1 st Semi-independent unit savings		£72k	£72k	£72k	£72k	£72k
2 nd Semi-independent unit savings		£72k	£72k	£72k	£72k	£72k
Total savings		£144	£144	£144	£144	£144

- 8.8 If the second property were tendered to identify a provider to deliver and manage a six bedroom residential provision, the level of risk is high because Havering has relatively low numbers of children or young people in residential provision. The service we are looking to develop is six bedroom but the total number of we have placed out of borough in residential is eight (8). Due to the level of need of those placed in residential the six to be identified by Care Management have to be carefully matched and risk assessed before a referral is made.
- 8.9 Any voids will be managed by careful planning and when tendered the management of voids or risks will be shared with providers. If we cannot make appropriate placements to the residential steps will taken to either sell the beds to a partner authority or scoping will be undertaken to identify whether it would be feasible to develop both services into semi-independent provision.
- 8.10 The level of savings to be delivered under a residential model in 2019-20 will be £224k. This level of savings has been calculated in-conjunction with a residential provider. In subsequent years (20/21 – 23/24) savings or cost avoidance may not be achieved if we do have the cohort to place. Further savings or cost avoidance can only be delivered through the sale of bed spaces or in response to increases in the looked after population and referrals to residential. Currently this does not appear to be the trend.

	2018-19	2019-20 Savings	2020-21 Cost Avoidance or savings	2021-22 Cost avoidance or savings	2022-23 Cost avoidance or savings	2023-24 Cost avoidance or savings
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Residential unit savings		£224k	£0	£0	£0	£0
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- 8.11 If we are not able to refer the number required to sustain the second property as a residential steps will be taken to develop the second property as a second (2nd) semi-independent provision in borough. This will vastly reduce the level of savings that could be delivered.

9. Legal implications and risks:

Procurement and Contracts

- 9.1 The Council's Joint Commissioning Unit (JCU) is seeking Cabinet approval to commence procurement processes for (i) the supply of refurbishment works (the "Works"); (ii) the supply and management of semi-independent care and support services; and (iii) the supply and management of residential or semi-independent care and support services (together the "Services").

- 9.2 The Council is a local authority as defined by section 270 of the Local Government Act 1972 and has a general duty under section 1 of the Care Act 2014 to promote the well-being of individuals.

- 9.3 "Well-being" in relation to an individual is defined within the 2014 Act as including suitability of living accommodation.

- 9.4 This is a key decision subject to the requisite (call-in) procedure under paragraph 17 of Part 4 [Rules of Procedure], Overview & Scrutiny Committee Procedure Rules) of the Council's Constitution (the "Constitution").

In accordance with paragraph 8 Part 4 [Rules of Procedure], Contract Procurement Rules (CPR) of the Constitution, the JCU intend to secure the (Checkpoint) Gateway Stage 01 review panel approval to proceed with the procurement process, on the 17th July.

- 9.5 The EU procurement financial threshold for works is £4,551,413. The estimated total value of the Works is £350,000, which is under the EU procurement threshold. Therefore the procurement will be conducted via the appropriate process and a minimum of five suppliers will be invited to tender, in accordance with paragraph 13 of Part 4 [Rules of Procedure], CPR, of the Constitution.
- 9.6 The Services fall within the description of "Health, social and related services" under Schedule 3 of the Public Contracts Regulations 2015; and are services to which the light-touch regime (LTR) may apply. However the relevant financial EU procurement threshold for LTR services is £615,278.

- 9.7 The estimated total value of the Services is £1.78m. This is over the EU procurement threshold, and would typically require a Contract Notice to be published in the Official Journal of the European Union (OJEU), as well as an advertisement on Contracts Finder.
- 9.8 Officers intend to conduct the procurement exercise via an open tender on the Council's e-tendering suite, in accordance with Part 4 [Rules of Procedure], Contract Procedure Rules (CPR), paragraph 2. Any tenders received will be evaluated against pre-determined best price-quality ratio of a 70% cost and 30% quality weighting.
- 9.9 There are no implications for the Council under the Transfer of Undertakings (Protection of Employment) Regulations 2006 as a result of this procurement.

Property

- 9.10 The proposal consists of plans to enter into commercial leases with the Services providers of five years.

Planning

- 9.11 The two properties are currently vacant and were previously used as supported accommodation for clients with learning disabilities. We have sought guidance from Planning and have been advised that planning permission will not be required as we can apply for a certificate of lawfulness if we can evidence that the former usage and future development are related – which they are. The future usage will remain under C2 class (care home).

10. **Human Resources implications and risks:**

- 10.1 The recommendation made in this report does not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

11. **Equalities implications and risks:**

- 11.1 An EIA will be drafted and submitted to support the tender exercise and consultation will be undertaken with looked after children on the design and service element of the proposal.
- 11.2 The proposal as an opportunity to promote equality and enhance the outcomes for looked after children who are currently placed out of the borough. The approach will operate within the spirit of the Equality Act 2010 and Havering Council's Fair to All Equality Policy.

- 11.3 No looked after child will experience discrimination or detrimental treatment due to any 'protected' characteristics, as set out in the legislation and our own policy.
- 11.4 The proposal is an opportunity to provide therapeutic support and increased levels of face to face contact – which we expect to deliver improved outcomes.
- 11.5 If the accommodation is intended to be inclusive/suitable for disabled children it should be made accessible.

BACKGROUND PAPERS

- 12 None