

## Appendix 1 - Business Case

<b>Project Name:</b>	New build of an in-borough Residential Care Home and Short Breaks Facility for Children with SEND (Supported Housing Programme: P2)		
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## 1. Executive Summary

Approval is being sought to obtain capital funding to build a new six bed residential care home and overnight short breaks facility for children with Special Educational Needs and Disabilities (SEND) in the borough. The six beds will be divided into a four bed unit allocated to long term residential placements, and a two bed unit allocated to overnight and weekend short breaks. The building will be designed flexibly, to allow for changes in capacity within either residential care or short breaks depending on demand and need, with two dual-function beds available.

Original capital estimates were for £1,350,000. This has now been revised to £1,260,000 through consulting with the LBH Development Surveyor.

Approval is further being sought to carry out a procurement exercise to appoint an experienced care provider to manage the service on behalf of the Council through a block contracting arrangement.

The intention of this is to enable children with higher needs who cannot live at home, to live locally, reducing the numbers of out of borough placements, ensuring local networks are maintained, controlling costs and ensuring that a good quality service is delivered. Secondly, the development would enable a better provision of overnight short breaks locally, giving parents a vital break from caring. The overall aim of this is to maintain more children in their home setting for longer.

The establishment of a new provision would provide greater control over costs and quality for SEND residential care and short breaks, delivering:

- Increased accommodation capacity in Havering
- Savings and cost avoidance
- Improved outcomes for children in the provision
- Reduction in the likelihood of family breakdown through increased access to short breaks
- Reduction in the need to place out of borough

The aim of developing this provision is to provide a cost effective alternative to our current provision and keep vulnerable children in the borough close to their families and local networks and services, and to reduce future spend on spot purchased placements.

The provision of short breaks is a preventative measure, aimed at reducing the likelihood of family breakdown, and avoiding costs associated with placing children in residential care. The demand for overnight short breaks exceeds what is currently available. In the long term not meeting demand could lead to family breakdown and purchase of long term placements for children with significant cost implications.

It is expected that there will be a range of additional benefits as a result of having local residential care and short breaks provision. These include:

- Reduced travel time for social workers
- Ease of access to local professional therapies

- Ease of access to local educational facilities
- Improving crisis intervention strategies
- Access to local networks i.e. community services

This document will evidence that there is a shortage of residential provision, and overnight respite provision for children with SEND in Havering, and that there will be an increased demand for both in coming years. This shortage and the increased demand highlights the need to develop local provision in the form of a home that will provide residential and short break placements for Havering children with SEND.

For the background to the initiative and its rationale please see Appendix 1: Background.

## 2. Reasons / Drivers

### Improved outcomes

Having access to residential provision in Havering is important to delivering positive outcomes for children with SEND and their families. When children are placed out of their community, family and professional relationships are often disrupted or severed, and consistency is lost in terms of access to education and local services.

Short breaks are vital in supporting family relationships and promoting the health and well-being of parents who are caring for disabled children, and also that of the child themselves, and other family members affected by the caring situation. Having access to respite helps avoid family breakdown, and prevents crisis that could lead to family breakdown, and potential placement of a child in residential care. Having council owned, in borough respite provision will allow for increased access to short breaks for families and children who are in need of a break, and will support parents in being able to continue caring for their child for longer, and contribute to keeping families together.

Over half of Havering's children with disabilities who are placed within residential care are located out of borough. Ensuring we have our own residential provision in borough will enable us to respond better to any crisis situations. In addition to the potential for poor outcomes resulting from disruptions to relationships, we often do not have the level of oversight and quality control we would like with providers outside of Havering. It is much more difficult to ensure providers deliver high quality of care in provisions when using a spot purchasing approach. The difficulties of continuously monitoring a provision outside of Havering can mean the outcomes desired for children in these placements are not fully realised.

Bringing provision into the borough will allow ease of contact between social workers and children with SEND, will allow social workers more frequent contact, and cut down on travel times and costs associated with visiting children placed out of borough.

Developing local provision and commissioning a provider to manage and deliver the service through a block contract offers the chance to develop and maintain positive relationships and have much better oversight of outcomes. In this model we will work with the provider to jointly achieve identified outcomes and troubleshoot jointly when challenges arise. Having a council owned residential property for SEND will enable social care to work

closely with local services such as education, employment, and housing services. Keeping services local helps the local authority plan services more coherently and respond swiftly to any issues. Bringing new services into the community is positive in terms of adding social value, building community spirit, and increasing access for vulnerable members of the community. Developing this provision in borough will ensure that Children with SEND in residential care maintain links to their community and network of support.

### **Operational service intelligence**

The Children and Young Adults with Disabilities (CAD) service has provided valuable insight as to the need for this type of provision to be developed in Havering:

#### Overnight short breaks

Senior managers in the CAD service have identified a gap in the provision of overnight short breaks in the borough for children of all ages with disabilities and complex needs. Due to the lack of provision in the borough and the high costs of spot purchasing overnight short breaks out of borough availability is limited.

Senior managers have highlighted a small number of cases where children with SEND have ended up in residential care out of the borough due to the lack of availability of respite in the borough. Havering is currently unable to offer respite to all families who are in need of it, due to the high costs of spot purchasing from providers in surrounding areas. Breakdowns are caused by a variety of factors, with the provision of respite being a vitally important preventative measure which could have at least allowed families to continue caring for their child for a longer period of time. In one such example, the council is now paying over £300,000 per year for a residential placement where operational teams believe that the young person could have been supported to remain at home with the provision of more overnight respite.

#### In borough residential care

Operational teams have also identified a gap in the provision of in-borough residential care for children with SEND, and varying costs associated with different providers. Children in need of a residential placement have also been placed out of borough due to a lack of SEND educational provision in Havering, an issue which will be minimised with the development of the new free special school in Havering.

Insight from the CAD service suggests that having SEND residential provision in borough will provide a range of benefits. Developing council owned residential property for children with SEND will allow the council to have control over placement costs, and closer monitoring of outcomes. Currently there is no option but to place young people with challenging needs out of the borough in high cost placements because Havering does not have sufficient access to local accommodation and support.

CAD managers have suggested that the need for local residential care and the need for local respite options are equally as important, and that through developing our offer of both types of provision, we would maximise opportunities for improving outcomes for children with disabilities and their families. One without the other would not be sufficient. By providing both facilities under one roof, we can commission a single provider, and ensure

consistency.

Operational insight has also highlighted the need for flexibility within the facility; need and demand may change and we need to ensure that we can meet this demand, and get the best possible use of the facility. This has led to the proposed flexibility that we aim to build in to the design of the building.

## **Savings and / or cost avoidance**

### Background information

The following is a range of national, local and commissioning information which demonstrates the potential for making savings through the delivery of short breaks and residential care.

#### *Short breaks*

Short breaks are a preventative measure, which help to maintain family relationships, and prevent disabled children from going into expensive residential care. National evidence shows the extent of cost savings that can be made by providing short breaks. Research by the Disabled Children's Partnership<sup>1</sup> looking at case studies from local authorities across the country found that preventing 22 children at risk of going into care with short breaks has a potential cost saving of £1,851,550. The research also showed that the annual cost of family breakdown is £1,820 for every taxpayer.

Directly commissioning a provider on a contract to offer overnight breaks in Havering should provide the council with savings, as commissioned providers should deliver the same service for a lower hourly rate than spot purchase rates. The provider used most frequently by the council to spot purchase short breaks charges £31.30 per hour for 1:1 support, rising to £53.80 for 2:1 support. Norwood, the provider who is commissioned on the council's short breaks framework to deliver overnight breaks tendered at £19.21 per hour for both 1:1 and 2:1 support. This cost is considerably lower than the spot purchase rates that the council is currently paying, and demonstrates the savings that can be made by commissioning a provider on a block contract, with more favourable terms for both parties.

There is the potential to offer short breaks to more complex children who currently have high cost respite packages in place. One example of this is IO, who needs specialist equipment in his room, including padded walls and a hoist. Currently, there are no short breaks providers available to the council who can offer the equipment that IO needs, so in order to provide IO's mother with respite, carers come into the home to provide care to IO, whilst she spends two nights in a hotel. The annual cost of this is £108,135, which is significantly higher than the cost of procuring 2 nights per month from a short breaks provider. It is possible that through developing our own short breaks provision, we could provide this kind of specialist equipment, offer children like IO a short break out of the home and save money on expensive care in the home.

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<sup>1</sup> Disabled Children's Partnership (2018), Secret Life of us Campaign: the case for a Disabled Children's Fund - <https://disabledchildrenpartnership.org.uk/wp-content/uploads/2018/07/Case-for-a-Disabled-Childrens-Fund.pdf>

### *Residential care*

There is national evidence which suggests that high quality residential care can result in the generation of social value. In 2008 the New Economic Foundation published a report looking at the long term cost of residential care. It found that for every additional pound invested in higher-quality residential care, between £4 and £6.10 worth of additional social value is generated.<sup>2</sup>

As with the provision of short breaks, through a longer term block contract with a provider, and Council owned accommodation, we expect to make significant savings.

Additional cost avoidance and added benefit of developing these services in borough would be the saving of officer time in travelling to support those placed out of borough (plus a reduction on costs incurred in travel and subsistence). The time saved will contribute to more face-to-face work with some of our most vulnerable children or young people.

### Potential service costs

The following is an outline of the potential costs of delivering a new residential and short breaks facility in Havering, and a comparison to the costs that we are currently paying for these types of care. This demonstrates the potential savings which could be made by developing our own provision.

#### *Lease costs*

The facility will be owned by the Authority, and leased to a care and support provider as part of their contract. The costs associated with leasing the property will therefore also need to be taken into consideration when looking at the cost of delivering the service.

LBH Property Services have provided an estimate of the annual rental cost, based on the size of the property in square feet. The Development Surveyor, who provided an estimate of construction costs, estimated the size of the property to be in the region of 3714 square feet. Property Services have provided estimated rental costs of £15-20 per square foot for properties in Hornchurch, where the proposed site for the development sits.

This estimate would place the least costs for the facility at between £55,000 and £75,000 per year. This estimate should be viewed with caution as it was obtained by a commercial letting agent, and we would anticipate that the council would lease the property for a lower amount than on the open market. For this reason, the lower end of the estimate of £55,000 will be used for the purpose of this business case. This can be worked out approximately as £18,333 in lease costs for the short breaks unit and £36,667 in lease costs for the residential unit.

#### *Running costs*

Managing this facility will incur running costs for the provider. Local residential care providers have provided us with a breakdown of the costs that they cover to manage

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<sup>2</sup> <https://neweconomics.org/2008/09/a-false-economy>

provisions. For the purpose of this business case we have used the quotation provided by the most comparable provision to the proposed facility (a home with 5 residential beds). We have broken the quote down into the costs associated with the care of children, and the costs associated with managing the building. The costs associated with the care of children have been calculated to be lower for the short breaks unit, as children will not be permanent residents of the facility, and costs such as pocket money and clothing do not need to be factored in. Running costs associated with running the building have been calculated as an annual figure as these are fixed and not dependent on the number of children staying in the facility. Running costs associated with care have been calculated as an annual figure for the residential unit as we expect this to be inhabited year round. Care related running costs for the short breaks have been worked out to a daily figure, as we do not expect the short breaks facility to have residents year round. Figure 1 below outlines the monthly costs of running a 5 bed provision, and what these costs are projected to be for a 6 bed provision.

Figure 1. Running costs

Running costs: building expenditure	£ per month	Running costs: care expenditure	£ per month (residential)	£ per month (short breaks)
Licenses, registrations, legal	500	Food and Household	1220	1220
Equipment hire	50	Activities	500	500
Telephone	50	Pocket Money	50	0
Postage and stationary	80	Other YP Expenses	50	50
Computer expenses	50	Clothing	350	0
Insurance	472	Motor and travel expenses	650	0
Repairs and renewals	250	Events / birthdays	100	100
Heat and Light	500	Medical	50	50
Rates	60	General expenses	50	50
Cleaning	145	<b>Total per month</b>	<b>£3,020</b>	<b>£788<sup>3</sup></b>
Council tax	144	<b>Total per year</b>	<b>£28,992<sup>4</sup></b>	<b>N/A</b>
Clinical waste	110	<b>Total per year (per room)</b>	<b>£7248</b>	<b>N/A</b>
Maintenance	300	<b>Total per day (per room)</b>	<b>N/A</b>	<b>£12.96</b>
<b>Total per month</b>	<b>£2,711</b>			
<b>Total per year</b>	<b>£38,693<sup>5</sup></b>			
<b>Total per year (per room)</b>	<b>£6448</b>			

### Care and support costs

Working on the assumption that the procurement process would enable us to achieve a competitive hourly rate, we would expect that providers would submit a commercial bid in the region of £19 per hour for care and support. For the purpose of this cost modelling, an hourly rate of £19 will be used for 1:1 support, and an hourly rate of £32.68 will be used for 2:1 support. The 2:1 hourly rate has been calculated based on the percentage increase

<sup>3</sup> Calculated using the monthly total per bed for a 5 bed facility, and multiplying by 2 to reflect the cost for the 2 short breaks beds

<sup>4</sup> Calculated using the monthly total per bed for a 5 bed facility, and multiplying by 4 to reflect the cost for the 4 residential beds

<sup>5</sup> Calculated using the monthly total per bed for a 5 bed facility, and multiplying by 6 to reflect the cost for a 6 bed facility

that we currently pay to our preferred provider for 2:1 support. A proportion of the lease cost will be added to the calculation of costs.

### Short breaks unit

Costs for the short breaks unit are modelled on the current spend on overnight short breaks placements, and will be using the costs of all children currently accessing overnight short breaks.

We have modelled potential costs for the short breaks unit using two different models to demonstrate the range of spend and savings possible.

### **Model 1: Comparison of the current annual costs of the overnight short breaks we commission, against the potential cost of the new provision, based on the total number of nights being used currently (equivalent to 25% capacity of the new service)**

Model 1 is based on the support needs of the current cohort and whether they access breaks on weekends or weekdays. Using Model 1, the same number of short breaks would be delivered as currently, for a lower cost.

#### *Current costs for overnight short breaks*

Figure 2 below shows the current costs for all overnight short breaks that the council is currently paying for. The average cost per night that we are currently paying for a short break is £704.21, and annual costs based on daily rates would be £139,681.20. The number of nights per week being used by young people who have accessed overnights in 2018/19 would equal 184 nights over a year.

Figure 2. Current costs for short breaks

Young Person	Annual cost	Unit cost (cost per night)	Number of nights per year	Additional Information
HC	£9,014.40	£751.20	12	1:1 support
PH	£5,640.00	£470.00	12	1:1 support
LF	£18,028.80	£751.20	24	1:1 support
EC	£17,550.00	£731.25	24	1:1 support
WS	£46,483.20	£968.40	48	2:1 support
AD	£9,014.40	£751.20	12	1:1 support
OL (weekday)	£13,521.60	£563.40	24	1:1 support
OL (weekend)	£18,028.80	£751.20	24	1:1 support
EK	£2,400.00	£600.00	4	1:1 support
<b>Total</b>	<b>£139,681</b>	<b>£6,338</b>	<b>184</b>	
<b>Average</b>	<b>£15,520</b>	<b>£704</b>		

#### *Potential costs for the new facility*

When the potential cost per night for this new short breaks provision is compared to the average cost per night that the authority currently pays, it is apparent that there would be

potential to make savings. An overnight stay would generally be for 17 hours, and at an hourly rate of £19, the nightly rate for this new provision could be around £323. An overnight stay on the weekend would generally be for 24 hours, and at an hourly rate of £19, the nightly rate could be around £456, both are much lower than the current average cost per night as shown in Figure 2.

Figure 3 below shows potential annual spend on the proposed new short breaks unit, were the same number of nights per year offered to families as are currently being used. The annual costs here also include the running costs associated (as outlined in Figure 1). The running costs here are broken down into building related costs, which are incurred 365 days per year, and care related costs, which are only incurred on the number of days that are being used for short breaks. This would see the unit being operated at 25% capacity, and would not allow us to supply any additional breaks.

Figure 3. Potential spend on short breaks based on current usage

Young Person	Daily rate	Number of nights per year	Spend
HC	£456	12	£5,472
PH	£323	12	£3,876
LF	£456	24	£10,944
EC	£456	24	£10,944
WS	£784	48	£37,647
AD	£456	12	£5,472
OL (weekday)	£323	24	£7,752
OL (weekend)	£456	24	£10,944
EK	£456	4	£1,824
		<b>Total care and support cost</b>	£94,875
<b>Daily running cost (care)</b>	£12.96	184	£2,385
<b>Annual running cost x 2 rooms (building)</b>			£12,896
		<b>Lease cost</b>	£18,333
		<b>Total cost</b>	<b>£128,489</b>

This shows the potential to make annual savings of £11,192, based on an hourly rate of £19 for care and support.

Figure 4. Potential savings on short breaks

	Number of nights per year	Spend
Current	184	£139,681
Potential	184	£128,489
	<b>Savings</b>	<b>£11,192</b>

### Model 2: Comparison of the current annual costs of the overnight short breaks we commission, against what the costs could be to run a new provision at 75% capacity

- Model 2 has been based on the assumption that children staying at the facility would require 1:1 support, as the majority of children currently using overnights have this level of need. However, it is possible that some children using the facility will have higher levels of need, and will require more than 1:1 support
- We are modelling this on 75% capacity, as this is the capacity that popular short breaks providers currently run at, and would be the capacity that we would want our provision to aim for
- We have accounted for weekends, including additional hours for weekend stays, and have made the assumption that weekends will be at 100% capacity through the year, as weekends are currently the most popular time to have a short break
- Using Model 2, more short breaks would be offered than currently, at an increased cost

Figure 5. Cost modelling for short breaks at 75% capacity

<b>Weekdays (3 days per week x 52 weeks per year = 156)</b>				
Room	Daily rate	Daily running cost (care)	Number of nights	Spend
Room 1	£323	£12.96	156	<b>£52,413</b>
Room 2	£323	£12.96	156	<b>£52,413</b>
<b>Weekends (2 days per week x 52 weeks per year = 104)</b>				
Room	Daily rate	Daily running cost (care)	Number of nights	Spend
Room 1	£456	£12.96	104	<b>£48,774</b>
Room 2	£456	£12.96	104	<b>£48,774</b>
<b>Annual running cost x 2 rooms (building)</b>				<b>£12,896</b>
<b>Lease cost</b>				<b>£18,333</b>
<b>Total spend</b>				<b>£233,603</b>

If we were to increase the number of nights that were offered to families, and run a short breaks unit at 75% capacity, it would cost £233,603 per year, which is £93,922 more than we spend currently. However, we would be able to offer 336 nights more respite per year to families than we are currently offering. To offer this many more nights at the rates we are currently paying would cost us nearly £200,000 more per year than our current annual costs.

If we were to run a short breaks unit at 50% capacity, it would cost us £181,190 per year, which is £41,509 more than we are currently spending. However, we would be able to offer 180 nights more respite per year to families than we are currently providing. To offer this many more nights at the rates we are currently paying would cost us over £100,000 more per year than our current annual costs.

Figure 6 outlines these costs and the savings that would be achieved (against current costs for the same number of nights of short breaks) were we to run the facility at 25%, 50% or 75% capacity.

Figure 6. Comparison of costs for short breaks - varied capacity

Capacity	Costs		Saving
	Current rates	Potential rates	
25%	£139,681	£128,489	<b>£11,192</b>
50%	£252,945	£181,190	<b>£71,755</b>
75%	£335,446	£233,603	<b>£101,843</b>

This demonstrates that, although we would need to spend more than we are currently in order to offer more overnight short breaks, this would cost less than if we were to increase the number of short breaks offered at current costs. The demand analysis shows that there will be increased need for short breaks over coming years, and operational intelligence tells us that demand is currently outweighing availability, and the lack of short breaks available are causing higher costs further down the line. It is inevitable that the Authority will have to increase availability of respite, and to do so using the proposed new short breaks provision will be cheaper than to do so using our current provision.

### Residential unit

For the residential unit, the care and support hours are based around the support needs of a cohort of young people currently in residential care who were identified for the purpose of this cost modelling. We have also accounted for school holidays, and have included additional staff hours for 12 weeks per year within the cost modelling. We are also working on the assumption that the residential unit would be at 100% capacity the majority of the time. As with the short breaks unit, costs are modelled on an hourly rate of £19 for care and support. A proportion of the lease cost will be added to the calculation of costs.

### *Current costs for residential care*

Operational teams have identified a cohort of 4 children who would have been suitable to be placed in the facility, had it been available when they went into care. These children will be used as examples for the purpose of modelling current costs against what the costs could be for the new development. Figure 7 below shows the current placement costs for the four children identified.

Figure 7. Current costs for residential care

Young Person	Current annual placement cost	Unit cost (cost per week)	Additional information
KB	£171,340.00	£3,295.00	1:1 support
VS	£205,964.29	£3,960.85	2:1 support
JFA	£248,982.14	£4,788.11	1:1 support
NS	£273,750.00	£5,264.42	1:1 support
<b>Total spend</b>	<b>£900,036.43</b>	<b>£17,308.38</b>	
<b>Average spend</b>	<b>£225,009.11</b>	<b>£4,327.10</b>	

### Potential costs for the new facility

The estimated cost of running the residential facility would be in the region of £668,763 when care and support costs are accounted for alongside running and lease costs. The current annual placement costs for the four young people identified are £900,036 for 2018/19. This could deliver savings of up to £231,273 based on these placement costs, and an hourly rate of £19 for care and support (see Figure 8).

This saving would reduce to £170,857 if the successful provider were to tender at £21 per hour and at £25 per hour, savings would be approximately £50,000. However, we would not expect a tender at £25 per hour to be competitive enough to be successful, so this eventuality is excluded from the cost modelling.

Figure 8 shows the overall costs of running the facility. It shows the total number of support hours needed for each room in the facility on weekdays and during weekends and holidays, along with the hourly rate attached to these. The table also includes the annual running costs associated with running the building, and those associated with the care of children (as identified in Figure 1), and the annual lease cost for the residential part of the facility.

Figure 8. Running costs – residential unit only

<b>Week days</b>						
Daily / annual		Support	Number of staff	Hourly rate	Number of support hours	Total
Daily	Room 1	one to one	1	£19	8	£152
Daily	Room 2	one to one	1	£19	8	£152
Daily	Room 3	one to one	1	£19	8	£152
Daily	Room 4	two to one	2	£32.68	8	£261.44
Daily	Sleeping night	N/A	1	£19	9	£171
Daily	Waking night	N/A	2	£19	9	£342
Daily	Day staff	N/A	1	£19	7	£133
Daily	Total daily care and support costs					£1,363
Annual	Annual care and support costs					£272,600
<b>Weekends and holidays</b>						
		Support	Number of staff	Hourly rate	Number of support hours	Total
Daily	Room 1	one to one	1	£19	15	£285
Daily	Room 2	one to one	1	£19	15	£285
Daily	Room 3	one to one	1	£19	15	£285
Daily	Room 4	two to one	2	£32.68	15	£490
Daily	Sleeping night	N/A	1	£19	9	£171

Daily	Waking night	N/A	2	£19	9	£342
Daily	Total daily care and support costs					£1,858
Annual	Annual care and support costs					£304,712
Annual	Annual running cost x 4 rooms (building)					£25,792
Annual	Annual running cost x 4 rooms (care)					£28,992
Annual	Annual lease cost					£36,667
Annual	<b>Total</b>					<b>£668,763</b>

The four children used for the purpose of cost modelling have particularly high needs, with higher than average placement costs. The average residential placement cost for children with disabilities was £172,692 in 2018/19. Four children at the average placement cost would total £690,768 per year with our current providers.

To ensure that savings would still be possible based on an average placement cost, an additional calculation has been made to determine what the cost would be to run the facility at a one to one rate for each child, which would represent an average placement. This would cost £613,343 per year, which would produce savings of £77,425.

### Overall savings

As there are various variables which could affect the savings achievable from this project (as discussed above), a range of likely savings have been worked out using the different variables. See Figure 9 below.

The savings for the short breaks unit have been calculated using the cost of delivering the same number of nights of respite as is currently provided, i.e. at 25% capacity.

Figure 9 below outlines the potential spend and potential savings that could be achieved, when accounting for the different variables that have been mentioned in this section. For the residential unit, we have calculated savings for a higher needs cohort with both a higher cost and a lower cost provider, and a general needs cohort with both a higher cost and a lower cost provider. For the short breaks unit, we are assuming an average level of needs, and have calculated savings for a higher and a lower cost provider. A maximum and minimum level of savings has been calculated for each unit.

Figure 9. Potential spend / savings – residential and short breaks

<b>Residential unit</b>			
	<b>Current spend</b>	<b>Potential spend</b>	<b>Savings</b>
High needs cohort / lower cost provider	£900,036	£668,763	£231,273
High needs cohort / higher cost provider	£900,036	£729,179	£170,857
Lower needs cohort / lower cost provider	£690,768	£613,343	£77,425
Lower needs cohort / higher cost provider	£690,768	£668,279	£22,489
<b>Short breaks unit</b>			
	<b>Current spend</b>	<b>Potential spend</b>	<b>Savings</b>
Average needs cohort / lower cost provider	£139,681	£128,489	£11,192

Average needs cohort / higher cost provider	£139,681	£137,624	£2,057
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### Potential additional savings

Our data shows that the cost of placements is increasing year on year. There is the potential to make greater savings than those demonstrated in Figure 9 if we compare our estimated spend on the new facility with what our current costs could be projected to be in 2020/21 when it is estimated the facility will be operational. These additional savings are demonstrated in the investment appraisals (Figure 10.)

There is also potential for Children’s services to make an income of approximately £55,000 per year from the lease of the facility to the care provider. The lease costs have been included in the cost modelling as costs that will be included in the price of our contract with the care provider. However, these costs will come back into the Local Authority from the care provider in payment of the lease, and could add to the total savings in terms of income.

### **Improved Management of Expenditure**

The overall spend on residential placements for a child with disabilities has increased by over £100,000 between 2015/16 and 2017/18, and is projected to increase again for 2018/19. Building a local provision is expected to reap the benefits of greater control over costs and quality and provide significant cost avoidance in future years.

The build of this provision will be completed in partnership with Housing Services to ensure costs are managed. As a result of building our own provision, we will have greater control over the costs throughout the lifetime of the contract.

### **Quality and Contract Management**

Through improved contract management of our own residential care home over a longer term, we will improve relationships with providers and establish better partnership working. As a result we will be able to manage demand more effectively while developing quality measures to improve outcomes for children and young people in these services. The current market, which requires a certain amount of spot contracting, does not accommodate such a partnership approach

Tendering for a care provider will ensure best value and quality. Through having a block contract with a care provider, we can directly manage performance and monitor the quality of the service that they are providing. A block contract also provides us greater certainty and control of costs.

The proposed Model for the building design and service model is outlined in Appendix 2.

## **3. Costs**

### **Capital outlay and construction costs**

The capital budget request to cover the cost of construction is £1,260,000.

Estimated construction costs have been sought from an LBH Development Surveyor as advised by the Supported Housing Programme Board member, the Director of Regeneration.

The Development Surveyor reports, “estimates have been provided with allowances for professional and planning fees, but excluding land costs and LBH time charges. This information should be used with caution until further clarification can be sought, especially in this situation where approved feasibility/ design drawings are not yet available.”<sup>6</sup>

The on-going funding of residential and short breaks placements has already been secured through the Children’s budget.

#### **4. Investment Appraisal**

An investment appraisal looks at investment and how long it will take for benefits to return that investment. This only gives a sense of the value that the initiative is delivering in financial terms, without considering the wider benefits that will be outlined elsewhere in the business case.

These are the estimates of the financial benefits of the investment from current information available, based upon certain assumptions. If the assumptions do not materialise, resulting in changes to the information, the business case will be updated and decision makers advised.

Assumptions include:

- Costs prove to be accurate once formalised tendering is completed
- Provision will be fully operational by June 2020
- Current residential and overnight short breaks unit costs increase by 2% per year until the facility is built, and continue to increase at that rate whilst the facility is in use
- The lease costs for the provider which are included in the cost modelling result in income for Children’s services
- The CAD service identify young people who are appropriate to move into the newly built property, at a former alternative cost per week that will realise value for money if placed in this provision instead

See Figure 10 overleaf for full investment appraisal. The investment appraisal has been carried out using both the maximum savings calculated, and the average savings calculated to show the range of time that it will take to pay back the capital investment.

The investment appraisal shows that, were we to achieve the maximum savings expected, return on investment would be achieved between 2022/23 and 2023/24. Were we to achieve the average level of savings expected, return on investment would be achieved by 2027/28.

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<sup>6</sup> Clement Ojediran, Development Surveyor, Property and Land

Figure 10: Estimated investment appraisal assumption 1: Tender at £19 per hour – High Needs

Investment Appraisal	2018/19	2019/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Indicative Identified Cohort High Needs - Tender price £19 per hour			Saving**	Cost avoidance*	Payback in Years					
Estimated capital investment		1,260,000								
Running Costs										
Care and Support			£672,308	£672,308	£672,308	£672,308	£672,308	£672,308	£672,308	
Resident related running costs			31,377	31,377	31,377	31,377	31,377	31,377	31,377	
Building related running costs			38,693	38,693	38,693	38,693	38,693	38,693	38,693	
Building Lease			55,000	55,000	55,000	55,000	55,000	55,000	55,000	
Net Cost			797,378	797,378	797,378	797,378	797,378	797,378	797,378	
Current estimated Cost			1,039,717	1,039,717	1,039,717	1,039,717	1,039,717	1,039,717	1,039,717	
<b>Net Operating (Saving)/deficit</b>			<b>(242,339)</b>	<b>5</b>						
Capital Charges *			37,800	37,800	37,800	37,800	37,800	37,800	37,800	
<b>Net (Saving)/Deficit including Capital Charges</b>			<b>(204,539)</b>	<b>6</b>						

Lease Income *			(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	
<b>Total Net (Saving)/deficit including Capital Charges and estimated Lease Income</b>			<b>(259,539)</b>	<b>5</b>						
Potential Cost Avoidance re Inflation on Current Contracts			(42,000)	(63,600)	(85,700)	(108,200)	(131,200)	(154,600)	(178,500)	

#### NOTES

**Based on £19 per hour** - Total savings and cost avoidance **excluding Capital Charges is £242,339 per annum**. This equates to a payback period of 5 years.

**Lease Income** - This is an estimate based on figures provided by LBH housing services. The actual lease value would need to be confirmed.

**Capital Charges** - this represents the cost of borrowing and is based on 3% of the capital outlay.

**Land Appropriation from the HRA** – There is a risk that costs associated with the transfer of land from the HRA to the General Fund will apply. It is unknown what these costs are at this stage and are therefore not included in the investment appraisal.

Figure 11: Estimated investment appraisal assumption 2: Tender at £21 per hour – High Needs

Investment Appraisal	2018/19	2019/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Indicative Identified Cohort High Needs - Tender price £21 per hour			Saving**	Cost avoidance*	Payback in Years					
Estimated capital investment		1,260,000								
Running Costs										
Care and Support			742,800	742,800	742,800	742,800	742,800	742,800	742,800	
Resident related running costs			31,377	31,377	31,377	31,377	31,377	31,377	31,377	
Building related running costs			38,693	38,693	38,693	38,693	38,693	38,693	38,693	
Building Lease			55,000	55,000	55,000	55,000	55,000	55,000	55,000	
Net Cost			867,870	867,870	867,870	867,870	867,870	867,870	867,870	
Current estimated Cost			1,039,717	1,039,717	1,039,717	1,039,717	1,039,717	1,039,717	1,039,717	
<b>Net Operating (Saving)/deficit</b>			<b>(171,847)</b>	<b>7</b>						
Capital Charges *			37,800	37,800	37,800	37,800	37,800	37,800	37,800	
<b>Net (Saving)/Deficit including Capital Charges</b>			<b>(134,047)</b>	<b>9</b>						
Lease Income *			(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	

Total Net (Saving)/deficit including Capital Charges and estimated Lease Income			(189,047)	(189,047)	(189,047)	(189,047)	(189,047)	(189,047)	(189,047)	7
Potential Cost Avoidance re Inflation on Current Contract			(42,000)	(63,600)	(85,700)	(108,200)	(131,200)	(154,600)	(178,500)	

**NOTES**

**Based on £21 per hour** - Total savings and cost avoidance **excluding Capital Charges is £171,847 per annum**. This equates to a payback period of 7 years.

**Lease Income** - This is an estimate based on figures provided by LBH housing services. The actual lease value would need to be confirmed.

**Capital Charges** - this represents the cost of borrowing and is based on 3% of the capital outlay.

**Land Appropriation from the HRA** – There is a risk that costs associated with the transfer of land from the HRA to the General Fund will apply. It is unknown what these costs are at this stage and are therefore not included in the investment appraisal.

Figure 12: Estimated investment appraisal assumption 3: Tender at £19 per hour – Lower Needs

Investment Appraisal	2018/19	2019/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Indicative Identified Cohort Lower Needs - Tender price £19 per hour			Saving**	Cost avoidance*	Payback in Years					
Estimated capital investment		1,260,000								
Running Costs										
Care and Support			616,767	616,767	616,767	616,767	616,767	616,767	616,767	
Resident related running costs			31,377	31,377	31,377	31,377	31,377	31,377	31,377	
Building related running costs			38,693	38,693	38,693	38,693	38,693	38,693	38,693	
Building Lease			55,000	55,000	55,000	55,000	55,000	55,000	55,000	
Net Cost			741,837	741,837	741,837	741,837	741,837	741,837	741,837	
Current estimated Cost			830,449	830,449	830,449	830,449	830,449	830,449	830,449	
<b>Net Operating (Saving)/deficit</b>			<b>(88,612)</b>	<b>14</b>						
Capital Charges *			37,800	37,800	37,800	37,800	37,800	37,800	37,800	
<b>Net (Saving)/Deficit including Capital Charges</b>			<b>(50,812)</b>	<b>25</b>						

Lease Income *			(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	
<b>Total Net (Saving)/deficit including Capital Charges and estimated Lease Income</b>			<b>(105,812)</b>	<b>12</b>						
Potential Cost Avoidance re Inflation on Current Contract			(33,600)	(50,800)	(68,500)	(86,400)	(104,800)	(123,500)	(142,600)	

#### NOTES

**Based on £19 per hour** - Total savings and cost avoidance **excluding Capital Charges is £88,612 per annum**. This equates to a payback period of 14 years.

**Lease Income** - This is an estimate based on figures provided by LBH housing services. The actual lease value would need to be confirmed.

**Capital Charges** - this represents the cost of borrowing and is based on 3% of the capital outlay.

**Land Appropriation from the HRA** – There is a risk that costs associated with the transfer of land from the HRA to the General Fund will apply. It is unknown what these costs are at this stage and are therefore not included in the investment appraisal.

Figure 13: Estimated investment appraisal assumption 2: Tender at £21 per hour – Lower Needs

Investment Appraisal	2019/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Indicative Identified Cohort Lower Needs - Tender price £21 per hour		Saving**	Cost avoidance*	Payback in Years					
Estimated capital investment	1,260,000								
Running Costs									
Care and Support		681,459	681,459	681,459	681,459	681,459	681,459	681,459	
Resident related running costs		31,377	31,377	31,377	31,377	31,377	31,377	31,377	
Building related running costs		38,693	38,693	38,693	38,693	38,693	38,693	38,693	
Building Lease		55,000	55,000	55,000	55,000	55,000	55,000	55,000	
Net Cost		806,529	806,529	806,529	806,529	806,529	806,529	806,529	
Current estimated Cost		830,449	830,449	830,449	830,449	830,449	830,449	830,449	
<b>Net Operating (Saving)/deficit</b>		<b>(23,920)</b>	<b>53</b>						
Capital Charges *		37,800	37,800	37,800	37,800	37,800	37,800	37,800	
<b>Net (Saving)/Deficit including Capital Charges</b>		<b>13,880</b>	<b>(91)</b>						

Lease Income *	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	
<b>Total Net (Saving)/deficit including Capital Charges and estimated Lease Income</b>	<b>(41,120)</b>	<b>31</b>							
Potential Cost Avoidance re Inflation on Current Contract	(33,600)	(50,800)	(68,500)	(86,400)	(104,800)	(123,500)	(142,600)		

#### NOTES

**Based on £19 per hour** - Total savings and cost avoidance **excluding Capital Charges is £23,920 per annum**. This equates to a payback period of 53 years.

**Lease Income** - This is an estimate based on figures provided by LBH housing services. The actual lease value would need to be confirmed.

**Capital Charges** - this represents the cost of borrowing and is based on 3% of the capital outlay.

**Land Appropriation from the HRA** – There is a risk that costs associated with the transfer of land from the HRA to the General Fund will apply. It is unknown what these costs are at this stage and are therefore not included in the investment appraisal.

See Appendix 3 for Risks

See Appendix 4 for Outline Benefits Plan

## Appendix 1: Background

### Options explored

Prior to the completion of this business case, the following options have been discussed and rejected by the Supported Housing Programme Board in principle:

- Do nothing
- Request an external SEND residential provider to develop the solution

### Strategic context

Havering's Joint SEND Strategy<sup>7</sup> highlights a key objective as, "to deliver improved services that are 'person-centred' and provide better value for money". Another aspiration of the strategy is that, "services will be delivered more locally to fit the needs of the family". The development of this provision in the borough will support these ambitions by providing additional local support to families of disabled children, and delivering a high quality service that achieves value for money.

This project supports one of Havering's strategic mission statements; Havering Making Communities. This proposal will support vulnerable residents in our communities. It will ensure that children who need care will receive it in a stable, meaningful and sustainable way and that young people with SEND are provided with a carefully planned programme of support for their transition into adulthood.

This project runs in line with plans to open a new special school in the borough, meaning that Children with SEND's housing and education needs could both be met in Havering, reducing the use of high cost out of borough residential educational provision.

### Local Authority Statutory Duties

The Children and Family Act 2014 places a duty on the local authority to ensure that all children and young people, irrespective of disability, are better prepared to lead a full, active and productive life.

Part 3 of the Children and Family Act 2014 outlines the Local Authority's responsibility to support children with special educational needs and disabilities, giving children, young people and their parents' greater control and choice over their care.

In addition, The Sufficiency Guidance 2010 places a duty on Local Authorities to improve outcomes for Looked After Children (LAC) by taking steps that secure sufficient accommodation to meet the needs of children in their care within the authority's area. 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.

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<sup>7</sup> Joint Special Education Needs and Disabilities (SEND) Strategy, 2018

Social care authorities have an absolute duty to secure accommodation for vulnerable children where this need arises out of their need for care or support.

Finally, the Local Authority has a duty to ensure respite services are available if they are assessed as needed in a carer's assessment. Respite support for carers does not have to be provided as overnight care in a specialist or dedicated building.

## Demand

In coming years, more demand is predicted for accommodation specific to children with SEND, and for services to support children with SEND and their families.

The overall population of Havering is growing; there was a 10.7% population increase from 2002 to 2015, and the population is estimated to grow a further 6% by 2022 and 13% by 2032. Havering has the largest inward migration of children from other boroughs, causing deprivation and diversity of need to rise. Across a six year period (from 2010 to 2015), 4,536 children have settled in the borough from another part of the United Kingdom. A large number of families have moved into Havering from Barking and Dagenham, Redbridge and Newham, bringing new care needs and challenges.<sup>8</sup>

The ONS live birth data shows that Havering is the only London Borough to have a year on year increase in the birth rate every year since 2013. While many London boroughs have already experienced the increase in birth rate which is now starting to plateau, Havering is still at the early stages of the increase and there is need to ensure that there is capacity to accommodate the growing numbers of children and their needs. Table 1 below demonstrates Havering's increased birth rate.

It is projected that Havering's population will continue to rise with the largest increases in population occurring in children aged 0-17 and older people at 65 and over<sup>9</sup>. Children with SEND are likely to need accommodation and support as older children or teenagers in the age range 11-17, the age at which we can see the largest increases in population size between now and 2033. The future projected growth of children in Havering is set out in Figure 11 below.

Figure 11. SEND population figures

Age group	Population percentage change from 2018 to		
	2023	2028	2033
0-4	6%	9%	5%
5-10	12%	20%	19%
11-17	21%	37%	43%
18-24	1%	12%	22%
25-64	6%	10%	10%
65-84	7%	18%	26%
85+	11%	22%	54%

Data source: GLA 2016-based Demographic Projections – Local Authority population projection Housing-led Model; Greater London Authority (GLA); Produced by Public Health Intelligence

<sup>8</sup> This is Havering, 2017 [http://www.haveringdata.net/wp-content/uploads/2017/04/This-is-Havering\\_Havering-Demographic-Profile\\_Main-Document-v2.4.pdf](http://www.haveringdata.net/wp-content/uploads/2017/04/This-is-Havering_Havering-Demographic-Profile_Main-Document-v2.4.pdf)

<sup>9</sup> This is Havering 2018 –A demographic and socio-economic profile

Nationally, the number of children with a disability has increased by 33% over the past 10 years to nearly 1 million<sup>10</sup>. There is also evidence of their needs becoming more complex.<sup>11</sup> In Havering, the number of children with special educational needs and disabilities increased at an average of between 40 and 60% in all groups between 2012 and 2015. These are particularly marked in respect of children with the most severe and complex needs where there are disproportionate growths<sup>12</sup>. Since 2015 growth has been slower but broadly consistent. Outlined in Table 2 below is the latest projection<sup>13</sup>.

Figure 12. Children with disabilities in Havering

<b>Children with a statement or EHCP for all children attending all schools in and out of borough</b>					
<b>Year</b>	<b>Cognition and learning needs</b>	<b>Communication and interaction needs</b>	<b>Social, Emotional and Mental Health</b>	<b>Sensory and/or physical needs</b>	<b>Total</b>
2015/16	461	492	124	133	1210
2016/17	468	524	161	149	1302
2017/18	484	596	141	153	1374
2018/19	490	606	155	155	1406
2019/20	496	616	157	157	1426
2020/21	506	629	160	161	1455
2021/22	513	638	163	163	1477
2022/23	521	648	165	166	1500

The projections show the number of children and young people with communication and interaction needs will continue to rise; recent increases are mainly in autistic spectrum disorder. The projections also show a significant rise in numbers of children and young people with cognition and learning difficulties (16% in three years and a further 9% in the following three years). The numbers of children and young people with social, emotional and mental health difficulties (SEMH) are likely to increase by around 10% every three years. Similarly, children with sensory or physical needs are also expected to increase in number at around the same rate as those with SEMH.

Despite slowing in recent years there is still an anticipated increase in the number of children and young people with special educational needs and disability of around 20% or 200 by 2022/23<sup>14</sup>. This compares with around a 15% increase in the children's population; indicating an increase in the prevalence of SEND in future. These projections suggest a total of approximately 1,500 children with SEND by 2022/23<sup>15</sup>. However, if this prevalence was to rise to levels comparable with outer London and England over the next 5 years, this would bring the number of children with SEND to around 1,850.

The demand for residential placements for children with disabilities has also increased since 2013/14. There has been an overall increase in the numbers of Looked After Children in residential provision for Children with Disabilities (see Figure 13 below)

<sup>10</sup> DWP Family Resources Survey (2015/16)

<sup>11</sup> Chief Medical Officer annual report 2012: children and young people's health

<sup>12</sup> Havering Health and Social care Needs 2018 – An overview

<sup>13</sup> Expression of Interest – Local Authority Commissioned Special Free Schools 2016

<sup>14</sup> Havering High Needs Review 2017

<sup>15</sup> Havering draft commissioning plan for Education Services 2019-2023

Figure 13. Figures for residential care

Number of children with disabilities placed in residential care						
Year	2013/14	2014/15	2015/16	2016/17	2017/18	Oct 2018
Number of LAC in CWD Residential Placements (at March 31 <sup>st</sup> )	8	5	8	11	10	13

The demand analysis carried out for this business case has identified three cohorts of children who could access a new residential / short breaks facility in Havering.

C1 – Younger children already living away from the family home

There are currently 21 children with disabilities in residential homes or foster care. The number of looked after children has risen slightly over the last 3 years and has been relatively consistent.

Of the 21 above there are seven children aged 4 to 13 who currently live away from home, six with foster carers and one in a residential home. Some of these may return to families.

There are 33 children aged 10 to 15 attending out of area specialist independent schools. A small number of these will be residential. A small number of these children may require accommodation away from the family home. The presence of an additional children’s service in the borough alongside a new specialist school may replace some of the reliance on out of borough specialist residential schools in future.

C2 - The next generation of children who may require residential accommodation in havering (currently aged 15 or under).

There are 531 children with an EHCP aged 10 to 15 of whom 422 attend in-borough schools. Another 76 pupils attend other schools, mostly in neighbouring authorities. A small number of these children will probably require long term accommodation away from the family home.

Currently the majority of the children needing accommodation are aged 14-17. Comparing the numbers of children currently in the 14-17 and 10-13 age groups with risk factors that could result in a need for residential accommodation shows us that need for residential accommodation should rise for the next cohort of 14-17 year olds

The table below shows a modest but consistent upward trend in prevalence of risk factors for children with SEND.

Figure 14. Risk factors

Risk factors	Aged 14-17	Aged 10-13
Abuse or neglect	35	43
Parental/ family dysfunction/stress	20	20
Family homeless/absent beyond control etc.	4	7
<b>Total</b>	<b>59</b>	<b>70</b>

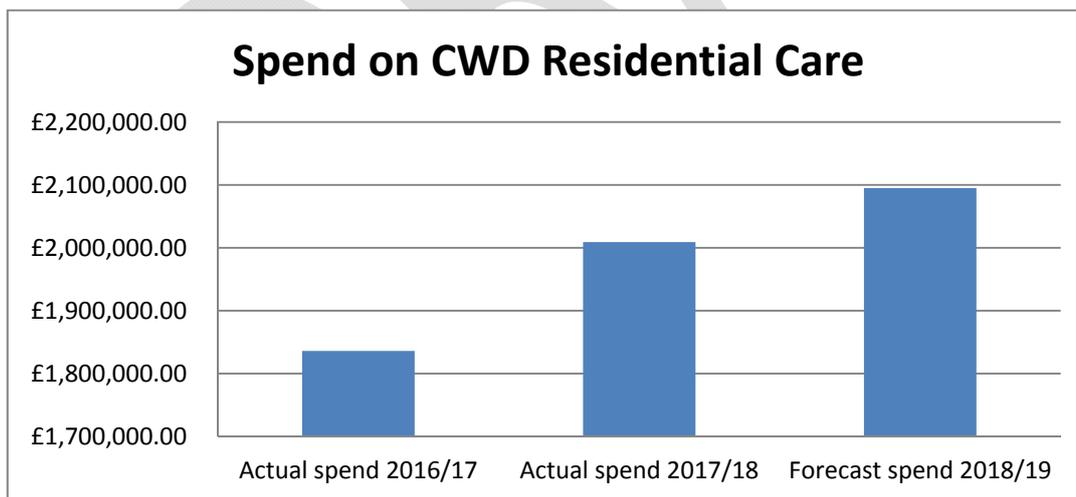
### C3 – Inward migration from families

The presence of a new school specialist school opening in Havering in 2022 may encourage families to move to Havering but in all likelihood, those who do this will be motivated by active support for their disabled child. As such they are (speculatively) less likely to require accommodation away from the family home as children. The opening of the new school may bring children who are currently in residential education provision out of the borough back into the borough, and the family home. This could increase demand for respite in Havering, and this cohort could make use of a new short breaks facility in the borough.

### **Spend**

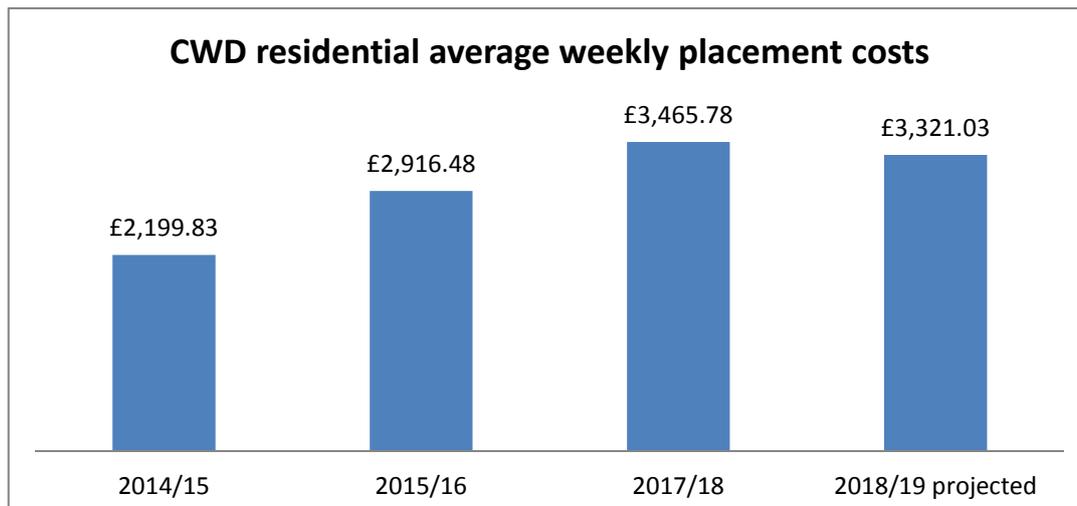
As demand for residential placements for Children with SEND has increased, so has the council's spend on residential care, putting increasing pressure on the budget for residential placements for children with disabilities. Figure 13 below demonstrates increases in spend between 2016/17 and now.

Figure 13. Residential care expenditure - annual



This increased spend is also reflected in an increase in unit costs for residential care for children with SEND since 2014/15 (see Figure 14 below).

Figure 14. Residential care expenditure - weekly



It is not currently possible to access equivalent data on historic annual spend on overnight short breaks, or the historic average costs of overnight short breaks, as this data has not been collated by the authority.

### Placement Commissioning Information

Currently, over half of Havering's children with SEND who are in residential care are placed out of the borough, resulting in a disruptive process for children and families, and higher costs for the council.

There is a lack of overnight short breaks provision in Havering; there are currently no commissioned providers in borough who offer short breaks, and the council is reliant on spot purchasing short breaks from providers who are generally based out of borough. There is one provider on the council's short breaks framework who offers overnight breaks, but they are based in North London, and currently only one family is using the service. This is due to families not being able to travel these distances to access breaks. This highlights the need for more local provision of short overnight breaks.

Havering intends to provide a new specialist free school. The new school will create extra provision for SEN places in the Borough and it will allow some of the Borough's children currently educated outside of the Borough to be educated in Havering. Havering currently provides for circa 44 pupils under 16 out of borough and 19 children and young adults aged 16-25. The new school will be co-educational, 3-16 years age group and will provide 60 places for pupils with Communication and Interaction Needs (C&I) and Social, Emotional and Mental Health (SEMH). The school will open in 2023. An additional school within the borough should help prevent some of the current placements in residential schools out of borough, and increase demand for placements in the borough.

### Pathway Planning

In 2016, the London Borough of Havering launched its 'face to face' programme in Children's services, which aligns its children's practitioners to a systemic approach. Systemic practice is often described as 'fitting the system to the family rather than asking

the family to fit to the system'. This way of working focuses on keeping children and young people in their own homes or living in the community connected to personal, family and community assets for longer; living as independently as possible. This is in line with the principles of the Care Act and Children and Families Act.

The vision of the Havering Joint SEND Strategy (2018 - 2020) is to strengthen the current Preparing for Adulthood processes and pathways for SEND young adults, to continue to develop a multiagency approach to transition, to put young people at the centre of their transition planning, and create a smooth transition into adulthood for children with SEND.

It is anticipated that the short breaks element of this service would provide a means by which to support disabled young people to remain living at home for longer, and develop skills to prepare them for adulthood.

The residential element of this service would be anticipated to fulfil the council's aims of allowing disabled young people to remain connected to family and community assets even if they are unable to live at home. Through the care and support provided in the residential facility, we would anticipate that disabled young people would be taught independence and preparing for adulthood skills, which would support them when leaving the facility.

The pathways for move on from the residential provision will depend on the level of independence that a young person is able to achieve.

#### Young people who move on from the facility before reaching adulthood

For young people whose level of need reduces, and the level of support provided in the residential facility is not necessary, options for move on would include young people's semi-independent housing, a long term foster placement, or in exceptional circumstances, a staged return to the family home, with access to short breaks to support the maintenance of the family situation.

#### Young people who remain in the facility until adulthood:

For young people with a high level of need, for whom the level of support needed is the same as within the residential facility when they reach adulthood, the main option for move on would be a placement in a residential care home or 24 hour supported living service for adults with disabilities.

For young people who need additional care and support when they reach adulthood, but not to the same level as that provided in residential care, there is a range of support that could be accessed, including shared lives services or low-level and/or long-term supported living services

For those who achieve a high level of independence, and are able to seek employment or training, there is the possibility of being supported to access rented accommodation, either through council housing or public / private sector rented accommodation. Longer term, there is the option of low cost home ownership for people with long-term disabilities (HOLD) with support and advice to access, with the appropriate care and support in place.

For those who may need additional care and support when living in their own

accommodation, there could be a range of support that could be accessed, including:

- Use of community assets and support networks i.e. friends, family, neighbours, carers, voluntary/community services/groups etc.
- Use of equipment and assistive technologies
- A direct payments to purchase the relevant care and support that meets eligible needs
- A personal assistant to meet the eligible needs
- An individual service fund to meet the eligible needs
- A homecare service to meet the eligible needs

It is recognised that the above pathways will not be suitable for everyone and people may move around the pathway non-sequentially depending on their needs and circumstances.

### **Comparable Services and Benchmarking**

At present, there are no residential or short breaks provisions within Havering that we can draw comparisons with for this business case. Investigation has been carried out into the offers of other Local Authorities, and there are examples of council owned residential homes for children with SEND, and also council owned short breaks facilities. However it has not been possible to find examples of where the two facilities have been brought together. We also have not found examples of Local Authorities who have commissioned care providers to deliver the care and support within provisions. All the examples found have been of facilities that are managed in house. We have not been able to obtain costs for any of these provisions or feedback on the success of the schemes.

#### Council owned residential homes for children with SEND

Reading:

- Pinecroft: 1 x 6 bed residential home with care and support managed by the council

#### Council owned homes for short breaks

Essex:

- Lavender House: 1 x 4 bed unit with care and support managed by the council
- The Maples: 2 x 4 bed units with care and support managed by the council

Reading:

- Cressingham: 1 x 6 bed unit with care and support managed by the council

### **National and Local Market Conditions**

The market for the provision of residential and respite care for children with SEND is currently controlled by providers. Where the council is spot purchasing placements for both respite and residential when there is urgent need for a placement, providers are able

to set high fees and the council has no option but to accept.

The appetite for delivering services through a block contract will be tested by issuing a PIN notice to gauge interest from potential providers, and market warming events held to further stimulate the market.

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## Appendix 2: Proposed Service Model

### Summary

Havering will contract a provider to build a residential and short break facility in borough and commission one provider to manage and deliver care and support on a block contract. Flexibility will be built in to purchase additional support hours on a case by case basis.

Building this facility will provide the Council with the following benefits:

- Enable greater control over placement costs
- Improve outcomes for children with SEND and their families
- Deliver savings

We will commission a provider to deliver a high quality service. We will test the market through a Prior Information Notice (PIN), which will also inform the subsequent tender. We expect a longer term contract that shares the risk of voids to be attractive to providers. Havering's ownership will enable us greater control on lease costs.

Discussions with senior managers in children's social care have already taken place to understand our current position. The development of the service specification and contract for the new build will be delivered in partnership with Children's Social Care.

The development will be discussed with children with SEND and their families. The insight they provide will be used to feed into the development of the service delivery and service specification.

We will work in partnership with our Housing colleagues to use land owned by the Housing Revenue Account (HRA). The location of the land has been identified and will be agreed following consultation with Councillors and local residents.

### Proposed Building Design

Ofsted requirements are that the short breaks and the residential provisions must remain separate, with a clear separation between each provision, and a separate entrance for each. It is proposed that there will be flexibility within the building design to allow for reconfiguration of the split between residential and short breaks, to allow us to respond to changes in demand and need. This is subject to final approval from Ofsted as to whether this would meet their requirements. The space used by young people should all be on the ground floor. The facility could be built on one level, or two levels, with the upstairs being utilised as staff space.

### Residential Unit

It is proposed that the residential unit contains four bedrooms, all fully wheelchair accessible. The unit should contain at least two bathrooms, and a separate toilet. Bathrooms need to include space for a changing table, and be fully wheelchair accessible. The unit should include a large kitchen / diner, and separate dining and living rooms, all

wheelchair accessible and large enough to cater for four children and their support staff. The unit should also include a self-contained studio flat with sleep in and shower facilities for a staff member. The unit needs to enable 24 hour care, and accommodate both sleeping and waking staff overnight.

### Short Breaks Unit

It is proposed that the short breaks unit contains two bedrooms, both fully wheelchair accessible. The unit should contain two bathrooms, one with a shower and one with a bath. Bathrooms need to include space for a changing table, and be fully wheelchair accessible. The unit should include a large kitchen / diner, and a separate living room, all wheelchair accessible and large enough to cater for two children and their support staff. The unit should also include a self-contained studio flat with sleep in and shower facilities for a staff member. The unit needs to enable 24 hour care, and accommodate both sleeping and waking staff overnight.

### Shared space

The building should also house some office space for staff. As there will be one support and care provider for both the residential and the short breaks units, this office space can be shared across the two units.

The office space should accommodate two desks, CCTV equipment, filing and seating for an additional three people.

### Outdoor space

As families will be coming and going from the short breaks unit, several members of staff will be on site at all times, and transport will be needed to take children in the residential facility to and from school, it will be necessary to have a parking area with space for several cars.

Both facilities should have a wheelchair accessible garden / play area.

### Size of development

Based on this brief, Housing Services have estimated that the total floor area required is 345m<sup>2</sup>.

### **Proposed Service Model**

Both the residential and the short breaks units should be staffed 24 hours a day with support staff providing waking night support, and a sleeping member of staff available if needed. The children who are placed in the provision will have high level, complex needs, and it is likely that the majority will require at least one to one support. If additional two to one support is required, then we intend on purchasing this 'as needed' on a flexible basis when exceptional issues arise; this will be factored into the proposed contract.

## **Procurement Timetable**

Two procurement exercises will take place in order to set up the provision:

1. Building development contract procurement
2. Care and support contract procurement

The service model is proposed as being a block care and support contract delivering 24 hour care, seven days per week. Additional top-up care will be purchased for children as required. As such, a procurement exercise must take place to secure this.

In order to satisfy local and national Procurement guidelines Havering will offer these opportunities to all our residential and short breaks providers via an open tender. 8-12 months will be needed to complete the commissioning process and award the contract.

Housing Services have estimated the earliest build completion date as April 2020. The care and support procurement will be completed in this time, and will be aligned to the relevant stages of the building construction so the provider can contribute to the final design.

## **Contracts and Lease Agreement**

The proposed duration for the care and support contract is five years with the option to extend up to a further two years. The contract will have suitable break clauses built in to cover unforeseen circumstances.

The total annual cost of running the facility would be £861,570, based on a lease cost of £55,000 per year, an hourly rate of £19, and a daily running cost of £16.96 per bed. This is also based on running the residential unit at 100% capacity, for children with high needs and running the short breaks unit at 75% capacity.

If a 5 year (plus 2 year extension) contract was awarded to a care provider, the total cost for a 7 year contract would be in the region of £6,030,990.

The type of lease / lease agreement is to be provided by Housing colleagues. This information is currently unknown although the assumption at this point in time is for a full repairing lease agreement, subject to further discussions with the housing department.

## **Tenancy / License Agreements with Residents**

As this is a residential care home for children, tenancy agreements are not a consideration here and the assumption is that licence agreements will be issued for the residential care units.

## **Referrals & Allocation Pathway**

This service will be included within the pathway model which supports young people from being looked after through to leaving care. Referrals for the residential service will be made by Operational Teams and put forward for decision at a Service Referral Panel (SRP). The SRP remit will manage referrals and allocations for all Havering owned provisions, ensuring that each young person is matched appropriately. The SRP will

include representation from commissioned providers, Operational teams, and commissioning. In addition, SRP meetings can be used to monitor progress of outcomes for young people.

Short breaks referrals will be put forward and approved at CAD Resource Panels.

### **Sustainability and Exit Strategy**

The proposed service model is for children up to 18 years of age. When children are at the age that they would need to move on from the facility, they will be supported to move on to alternative forms of housing for adults, such as supported living schemes for adults with disabilities. The P3 project within the Supported Housing programme will develop a supported living scheme for young adults with learning disabilities who are at the transitions stage. This means that there would be specific provision for young adults moving on from the residential unit, and a strong pathway could be developed from one to the other. The CAD service offers support to young people at the transitional age of 16 to 18 years, and young people will be supported through their journey into adulthood. The sustainability of this and other locally commissioned services will be reviewed every 12 months to ensure the contract is providing the intended outcomes. It will also allow the opportunity for commissioners to review current and future demand.

If local needs were to change and there was no longer a demand for local residential provision, there are various options for sustainability and exit strategies:

#### Flexibility of the model

The intention will be to design and build a facility that allows for flexibility over the use of the residential and short breaks beds. The intention is to ensure that two beds out of the six could be dual purpose; to house either a residential placement or a short breaks placement, depending on demand for each type of provision at the time. Within this flexibility, we would need to ensure that there is no disruption for young people living in the residential facility, and that Ofsted requirement for a clear separation of the two provisions is adhered to through careful design.

#### Low demand for short breaks facility

If we were unable to consistently fill the beds in the short breaks provision, there is the option to adapt the usage of the short breaks facility, and turn the development into a 6 bed residential property, potentially with the two beds previously used for short breaks being utilised as residential beds for children with higher needs who are less able to share accommodation with other children.

There is also potential to look into the viability of selling beds to other Local Authorities on a spot purchase basis were we to experience continued low demand.

#### Low demand for residential facility

If there was low demand for in borough residential provision, there would be the option of offering the four residential beds as respite beds and changing the nature of the provision. Again, using the two bed facility for children with more complex needs.

There are examples in other Local Authorities (Reading and Essex) of both 6 bed residential units and 6 bed short breaks units, so these are models that work elsewhere if it was necessary to change the nature of the provision.

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<b>Appendix 3. Major Risks</b>				
<b>Description of Risk</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Total</b>	<b>Mitigation</b>
Short breaks are a preventative measure and there is a risk that immediate savings are not made	3	4	12	
Cost of building the unit may be more than what has been estimated by housing	3	2	6	Work with housing and architects to develop new designs based on the new model
Planned savings are not realised – providers tender at a higher rate than we are expecting	4	3	12	Robust financial analysis and value for money gained through procurement. Exit strategies planned
The business case is not developed sufficiently to accurately demonstrate potential savings	4	3	12	Detailed business case is in development in partnership with operational teams and finance
Building project is not delivered within time frame	4	2	8	Ensure that the building project is delivered in line with the procurement of the care and support provider. Meet regularly with housing so that issues with the build timeframe are communicated in a timely manner
The building specification is not appropriate to meet the needs of Children with SEND	3	3	9	OTs to review architect's designs and design of the building to be jointly developed with commissioning and the operational team
The care model is not appropriate to meet the needs of Children with SEND	3	2	6	Co design with families and operational teams
The provider is unable to fill the provision and manage voids. This is an increased risk for the short breaks unit	4	2	8	Communication with provider, setting up an allocations panel
Demand may change and the need for the provision may no longer be there	3	4	12	Develop a comprehensive exit strategy
Availability of accurate data on the client group to inform project design and specifications	2	3	6	Work with operational teams, and housing consultants to gather the data that is needed from various sources

**Appendix 4: Outline Benefits Plan**

Ref	Accountable Person for Benefit Realisation	Expected Benefit	Baseline to Measure Against	How will Achievement be Measured?	When Benefit can be Measured?	Frequency - when the Benefit will be measured	Resources Required for Review
2	Tim Aldridge	Cost avoidance / savings for the council	Unit costs for residential placements in 2018/19  Unit costs for overnight short breaks for 2018/19	Unit costs in new facility compared to 2018/19 unit costs	From the start of the first placement.	Quarterly through 20/21 financial year For the comparative data against what the costs are for other placements made, from the start of the first placement	Performance team. Children's commissioning group.
3	Tim Aldridge	Improved outcomes for children and families	Feedback following consultation with young people and families	Annual consultation	Dec 2020 in year 1. Dec 2021 in year 2 Dec 2022 in year 3	Annually	Performance team. Children's commissioning group. Feedback from social workers on individual outcomes. Participation officer.
4	Tim Aldridge	Increasing capacity for short breaks may increase demand, which the council cannot meet	Current number of requests for overnight short breaks	Comparison of current requests to requests once facility is developed	One year in to contract	Annually	CAD team data