



## Notice of KEY Executive Decision containing exempt information

Note that Exempt Appendix A and B are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. They are exempt because they refer to information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<b>Subject Heading:</b>	Agreement to bid for funding for Supported Housing at Aldwych Close from the DfE's Children's Homes Capital Programme 2022-2025
<b>Decision Maker:</b>	Councillor Ray Morgon – Leader of the Council
<b>Cabinet Member:</b>	Councillor Gillian Ford – Cabinet Member for Adults and Health
<b>SLT Lead:</b>	Barbara Nicholls – Director of Adults Services
<b>Report Author and contact details:</b>	Chris Atkin – Senior Commissioner and Project Manager  <a href="mailto:Chris.Atkin@Havering.gov.uk">Chris.Atkin@Havering.gov.uk</a> 01708 434480
<b>Policy context:</b>	The Local Authority has a duty to support Children with Complex Needs and SEND under the Children Act 1989 and the Children and Families Act 2014.

**Key Executive Decision – Part Exempt Report**

<b>Financial summary:</b>	This report seeks approval to submit a bid for match funding from the Department for Education for a total of £1,297,604.10 to progress the completion of 6 bedded residential home and overnight short breaks facility to support children with SEND
<b>Reason decision is Key</b>	(a) Expenditure or saving (including anticipated income) of £500,000 or more
<b>Date notice given of intended decision:</b>	21 <sup>st</sup> July 2022
<b>Relevant OSC:</b>	People
<b>Is it an urgent decision?</b>	Yes  The Chair of Overview and Scrutiny has given permission to waive call-in to allow for a submission to be made (closing date for bid applications is 2 <sup>nd</sup> September 2022) to the Department of Education for match funding.
<b>Is this decision exempt from being called-in?</b>	Yes

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

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

## Part A – Report seeking decision

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

1.1 This report seeks approval from the Leader of the Council to submit a bid for match funding to the Department for Education (DfE) as part of the Children’s Homes Capital Programme 2022-2025. The overall detail of the funding request is set out in Exempt Appendix A, a financial overview of the development scheme.

1.2 Note that acceptance of any funding offered by the DfE, as a result of this bid, will be subject to a further detailed report and agreement from the Council’s Section 151 Officer.

1.3 Note that the Council reserves the right to review funding arrangements, unit numbers and tenures for any sites where DfE funding is not provided in full.

For the reasons set out in this report and its appendices the Leader is recommended to agree the match fund bid to the DfE’s Children’s Homes Capital Programme 2022-2025.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

According to Part 2 of the Council’s constitution “Powers of the Executive” – the Leader of the Council may choose to execute functions personally where the function is usually delegated to:

1. Cabinet
2. A committee of the Cabinet
3. Individual Cabinet Members
4. Staff
5. Joint Committees

In this instance, the submission of grant bids over £500,000 is usually delegated to Cabinet, as per “2.1 General functions of Cabinet”.

(q) To approve applications for the submission of bids for grants and other financial assistance which require the provision of additional finance or match funding or are likely to lead to residual costs or implications for the Council or where the amount of the grant application exceeds £500,000.

### **STATEMENT OF THE REASONS FOR THE DECISION**

3.1 The funding is being provided through the Children’s Homes Capital Programme 2022 - 2025 programme, which is administered by the DfE to establish new children’s

homes provision via expansion, refurbishment or new building work. The funding will be available to local authorities to help create provision to:

- Establish innovative local and/or regional approaches to reduce the number of children needing care over time
- Ensure sufficient provision for children with more complex needs, and
- Address current shortfalls, including in geographic areas with fewer children's homes

3.2 A successful grant bid would support delivery of Havering's Supported Housing Strategy 2022-2025 with the primary aim of ensuring there is support available to children with SEND and/or complex needs. This will also meet duties set out under the Children's Act 1989 and the Children and Families Act 2014.

3.3 The property at Aldwych Close was designed to provide residential accommodation and short breaks facility for Children with SEND. Further approval will be sought to carry out a procurement exercise to appoint a works contractor to undertake the Capital works needed and then an experienced care provider to manage the delivery of residential support services on behalf of the Council through a block contracting arrangement.

3.4 The benefits of utilising property owned and let by Havering include:

- Greater control over costs and quality of care delivered
- Savings where children are placed out of borough in more costly accommodation
- Meeting the Supported Housing strategy by bringing Children placed outside of borough back in
- Reduced risk of familial breakdown through use of short breaks facility

3.5 Since the completion of this business case and the resumption of business as usual Council functions post COVID-19, it has been recognised that the costs outlined for construction of the property have increased. The most notable factors for this include:

- Upon completion of the viability assessment it was recognised that the land value was not included and contributed to an under estimate (approximately 146k)
  - Cost for additional parking spaces following concerns raised by local residents during consultation (approximately £75k extra)
  - Increases in inflation (7.8% to April 2022<sup>1</sup>)
  - Increases in the cost of manufacture and raw materials (24.5% to March 2022<sup>2</sup>)
  - Costs applicable to contractors hiring skilled workers as a result of Brexit.
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## Key Executive Decision – Part Exempt Report

The use of grant funding will ensure the project remains viable and deliverable as it increases the overall level of project funding available, which covers the increased costs without using additional council resources.

3.6 The DfE have set out requirements (as outlined in the Children's Homes Capital Programme 2022-25 guidance) in order for the Council to be considered for funding, most notably:

- Expectation that applicants can demonstrate they can match fund DfE investment by 50% of the total capital cost.
- Commitment to continue to operate the provision for a minimum of three years from when placements begin.
- Agreement that if the project runs past March 2025, any additional cost for overruns will be at the expense of the Local Authority.
- Report the progress of the project throughout its lifecycle by completing monthly project monitoring reports and;
- Inform DfE of any changes/delays to planned project milestones and of any project overspends/underspends.
- Agree conditions of claw back, payment suspension and early termination clauses in circumstances where monies are not spent for the purposes as set out in the grant or if the programme is unable to be completed.

### **OTHER OPTIONS CONSIDERED AND REJECTED**

**4.1 Do nothing** – by not submitting a bid for grant funding, the Council is missing an opportunity to secure external funding to deliver the obligations as set out in the Supported Housing Strategy.

Grant funding is required to cover the scheme's costs. Not applying for grant funding may result in the necessity of approaching Cabinet to request additional capital funding, which would likely be funded from borrowing.

This could either result in a delay to the programme, leading to an extended period of additional revenue spend meeting to meet the needs of residents that could otherwise be supported in the property proposed, or the cancellation of the project, which increases general fund revenue costs in the longer term. Utilising placements outside of the borough would be at an additional spend and provide outcomes not as favourable to service users versus an in borough provision.

### **PRE-DECISION CONSULTATION**

N/A

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**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Chris Atkin

Designation: Senior Commissioner and Project Manager, Joint Commissioning Unit

Signature:

Date: 10<sup>th</sup> August 2022

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

The Council has a statutory duty under Children Act 1989 and the Children and Families Act 2014 to consider and accommodate for SEND and Complex Needs provision.

Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything an individual can do, subject to any statutory constraints on the Council's powers. The recommendations in this report are in keeping with this power and the Council has the power to bid for grant funding.

Officers will ensure they are cognisant of the funding conditions associated to with the grant and agree the Council is able to accept and perform its obligations as to the Capital scheme.

A further report/s will detail the grant acceptance where successful, including approvals for procurement of works and operator contracts at the relevant time.

### **FINANCIAL IMPLICATIONS AND RISKS**

This report seeks approval to bid for funding for Supported Housing at Aldwych Close from the DfE's Children's Homes Capital Programme 2022-2025

The current forecasted project costs are £2,595,208.19, broken down into set up costs £585,208.19 and build costs of c £2,000,000. Approval is required to submit a bid for 50% match funding from the Department for Education for a total of £1,297,604.10 to progress the completion of 6 bedded residential home and overnight short breaks facility to support children with SEND.

There will be benefits of utilising property owned and let by Havering:

- Greater control over costs and quality of care delivered
- Savings where children are placed out of borough in more costly accommodation
- Meeting the Supported Housing strategy by bringing Children placed outside of borough back in
- Reduced risk of familial breakdown through use of short breaks facility

The grant has a number of criteria to be met :

- Expectation that applicants can demonstrate they can match fund DfE investment by 50% of the total capital cost.
- Commitment to continue to operate the provision for a minimum of three years from when placements begin.
- Agreement that if the project runs past March 2025, any additional cost for overruns will be at the expense of the Local Authority.

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- Report the progress of the project throughout its lifecycle by completing monthly project monitoring reports and;
- Inform DfE of any changes/delays to planned project milestones and of any project overspends/underspends.
- Agree conditions of claw back, payment suspension and early termination clauses in circumstances where monies are not spent for the purposes as set out in the grant or if the programme is unable to be completed.

There could be a potential financial risk that is linked with increased project costs which can be mitigated by updating the 50% claim, with DfE. In case the DfE might not agree, the authority should find alternative funding sources to cover the project.

Note that acceptance of any funding offered by the DfE, as a result of this bid, will be subject to a further detailed report and agreement from the Council's Section 151 Officer.

### **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

7.1 There are no human resource implications arising from the proposals in this report.

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

8.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

8.2 Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

8.3 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

8.4 The bid for grant funding set out in this report would benefit local residents by providing funding to build suitable affordable housing for individuals with additional support needs. The decision aligns with the Council's current Supported Housing Strategy.



### **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

Havering council is committed to improving the health and wellbeing of its residents.

The provision of an effective residential and short breaks facility supports the council in meeting needs of families, including their physical and mental wellbeing, through facilitating and connecting families with services, building and strengthening family relationships and meeting our obligations as set out in legislation.

The proposed application for funding to build the SEND unit will therefore have a positive impact on health and wellbeing of families and children in Havering and the decision is supported.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

The report does not give rise to any environmental or climate change implications or risks.

The Aldwych Close development will enable the council to build a residential unit that will be targeted at high levels of energy performance. The new development's design carefully considers energy requirements, the surrounding environment and animal habitats.

The site incorporates green roof and provides a sensory garden and communal garden with growing bed for soft planting, sitting area, wind chimes and shrubs.

Bat boxes, bird boxes and insect hotels will also be provided within the scheme to create safe animal habitats. The scheme is aligned with the Havering Biodiversity Action Plan.

## **BACKGROUND PAPERS**

1 CPI, ONS, <https://www.ons.gov.uk/economy/inflationandpriceindices>

2 Monthly Statistics of Building Materials and Components, Department for Business, Energy & Industrial Strategy,  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1072569/22-cs5 -  
Monthly Statistics of Building Materials and Components -  
Commentary April 2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1072569/22-cs5_-_Monthly_Statistics_of_Building_Materials_and_Components_-_Commentary_April_2022.pdf)

## **APPENDICIES**

EXEMPT Appendix A – Sets out the schemes costs and how the grant funding helps make the scheme work financially (a simple table, costs vs grant income and council funding)

Appendix B – The application form for Lot 2 of the DfE's Children's Homes Capital Programme 2022-2025.

## Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

### Decision

Proposal agreed

### Details of decision maker

Signed



Name: *Cllr Ray Morison*

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date: *25/8/2022*

### Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

#### For use by Committee Administration

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_

