

### Appendix 3 - Business Case

<b>Project Name:</b>	New Build of Semi-Independent Properties in Borough (Supported Housing Programme: P4)		
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## 1. Executive Summary

Approval is being sought to obtain capital funding to build two properties (total of 12 1x bedroom studio flats with additional communal facilities) in the borough designed to provide semi-independent accommodation for young people.

The original concept was to build a residential care facility with an attached semi-independent provision. Estimated capital costs were £1.9m but there was always recognition that there were a range of uncertainties that needed to be addressed as we moved towards a more conclusive idea of capital cost.

As the programme has developed the model has changed, as approved by Board, to build two separate semi-independent provisions on the same site of 12 x 1 bedroom studio flats with additional communal spaces and staff facilities.

The latest estimate of cost provided by the Development Surveyor indicates a total capital cost of £3.26m, significantly higher than the initial estimate.

Additionally, approval is also being sought to proceed with a procurement exercise to appoint an experienced organisation to provide support within the two buildings.

The establishment of these provisions will provide valuable resources locally, delivering:

- Increased semi-independent accommodation capacity in Havering
- Cashable and non-cashable savings and efficiencies
- Improved outcomes for young people in the provisions
- Improved pathways and housing opportunities for Looked After Children leaving care

It is expected that there will be a range of additional benefits in having a local semi-independent accommodation provision including;

- Reduced travel time for social workers
- Ease of access to local professional therapies/health economy
- Improving crisis intervention strategies
- Increased placement stability
- Access to local networks i.e. community services

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

## 2. Reasons/Drivers

### Improved Outcomes

#### *People*

Children and young people in care across the country have reported that stable

relationships are of paramount importance. When children are placed out of their community, family and professional relationships are often disrupted or severed. When this happens, children placed out of their community are at greater risk of going missing from their placement and are at greater risk of exploitation. Building our own semi-independent properties will allow a single provider to build positive relationships and support young people who have come through the care system to reach their full potential.

### *Workforce*

Having semi-independent properties in-borough will enable operational social work staff to access local provision to best support young people. This will improve relationships between young people and social care, thus enabling improved achievement of long term goals. Social care staff will be able to develop close working relationships with the provider on a longer term basis which will join up support for young people. There is an assumption that the Council will avoid costs and increase resources as a result of social care staff not having to travel out of borough to carry out regular visits and reviews. The time saved in travelling out of borough will increase face-to-face work with young people.

The improved outcomes are also in line with recommendations made from the Ofsted single inspection framework (SIF) in 2016 and the corresponding improvement plan. As semi-independent provision is unregulated, quality measures are not prescribed by a regulator. We intend on working closely with the commissioned provider throughout the life of the contract to develop and improve quality measures within the provision.

### *Community*

Two local semi-independent properties will provide an opportunity to better co-ordinate the care pathways for young people. This model provides an opportunity to better support transitions from foster care or residential care into semi-independent care and then onto independent living accommodation. Building and managing our own semi-independent provision will enable social care to work closely with local services i.e. education, employment, and housing services. Keeping services local helps the local authority plan services more coherently and respond swiftly to any issues arising and increasing placement stability. Having the services in the local area will also enable the young people the opportunity to tap into the peer support networks that are on offer, for example, through the Cocoon.

### **Operational Service Intelligence**

There are a number of young people leaving care who care managers feel will never be likely to sustain their own tenancies without support; or at least not for many years and not consistently. A significant number are believed to have no formal mental health or learning disability diagnoses and are therefore unable to access Adult Social Care Supported Housing schemes.

Traditionally, they would have found refuge in the previous Supporting People funded schemes but, following the changes in funding and council's responses to

austerity, such schemes have largely ceased and these care leavers are now more likely to be found in the Borough's Houses in Multiple Occupation, homelessness services or as rough sleepers; and with an increasing involvement in the Criminal Justice system. 12 such young people have already been identified in the current cohort of care leavers with further work continuing. This has resulted in commissioning inappropriate types of support with increased support hours for this cohort as an alternative; however this has resulted in repeated placement breakdown.

The Children Act 1989 places duties on Local Authorities towards 'looked after' and previously 'looked after' children as they exit the care system. It is the Council's responsibility to ensure each care leaver has access to assistance with employment, education and training, suitable accommodation and support with livings costs. Therefore we have a duty to support care leavers following any tenancy breakdown.

Heather Court is a good example of a service in Havering which aims to support young people leaving care to manage their own tenancy and develop their own independence skills. We wish to improve on this already successful service model to ensure we meet the need of the identified cohort, whilst ensuring the Council achieves value for money.

If we place 1 young person in their own stand-alone flat, we pay a core service to support that child on an individual basis. In Heather Court we are able to achieve economies of scale by commissioning a single provider to provide a core service across 15 flats in a single scheme for a weekly support cost of £207 per young person. The core service for Heather Court includes a share of sleeping night cover, 24 hour presence and 1:1 directed support. Rent and service charge at Heather Court is £207 per week per young person. Heather Court is commissioned to deliver 150 hours week which, on average, is 5-8 hours direct support per week for each young person. The cohort of young people are considered to have low to medium levels of support needs.

### **Identified Cohort**

To understand the potential benefits of the new provision the approach has been to identify a current cohort of young people who would be suitable to move into the new provision, if it were available now, and compare current costs to prospective costs.

Operational services identified 12 young people aged 18-24 who meet the criteria for the provision, that is they have medium to high levels of support needs. Table 1 below shows the current costs of the identified young people. The average weekly cost for this cohort is £1,057, which will be used when calculating the proposed costings and savings.

Table 1 – Identified Cohort Placement Costs

Client	Placement Type	Weekly Cost
1	Type: Semi-independent	£2,455.00
2	Type: Semi-independent	£1,435.00
3	Type: Semi-independent	£1,222.00
4	Type - Semi-Independent	£895.00
5	Type: Semi-independent	£895.00
6	Type- Friends & Family	£890.00
7	Type: Semi-independent	£850.00
8	Type: Semi-independent	£845.00
9	Type: Semi-independent	£843.00
10	Type: Semi-independent	£800.00
11	Type - Semi-Independent	£793.00
12	Type: Semi-independent	£761.00

### Savings &/or Cost Avoidance

Procuring a care provider through a longer term contract is the means by which Havering will look to reduce care costs and make cashable savings.

For the identified 12 young people, we currently pay an average of £1,057 per week for accommodation and support and based on discussions with senior managers in Children's Social Care, there is an assumption that the identified cohort of young people accessing the new semi-independent build will require an increased number of support hours per week due to the complexity of their needs.

We hold intelligence on the current market that indicates providers would deliver the service for the identified cohort at an hourly rate of between £18 and £20 per hour. The proposed service model will deliver 440 hours per week which, on average, is 10-15 hours direct support per week for each young person. Based on these assumptions the estimated costs of the new semi-independent 24 hours placement

will be between £867 and £947 per young person per week. This is based on the assumption that young people placed within the new provision will be over 18 and eligible for housing benefit and therefore will cover the cost of service charge and the rent will be paid as income to the Council via a lease agreement.

It is expected that the new build provision will address the requirement for having services located in the borough and at a reduced unit cost. The build of this provision will be completed in partnership with Housing Services to ensure the rent and accommodation costs are accurate. As a result of building our own provision, we will have greater control over the costs throughout the lifetime of the contract.

### **Improved Management of Expenditure**

The local authority often has to place with private sector providers where we have little control over the costs, which can often result in high spend.

It is expected that a benefit of developing a council-owned provision with a care and support provider will enable the local authority to better shape the market. It is assumed that this could, in turn, set precedence for semi-independent placement costs and therefore help stabilise the costs of placements made in borough with private organisations.

It is assumed that this could be achieved through greater intelligence of the costs of running a semi-independent provision; enabling the commissioning, operations and brokerage teams to set a benchmark of placement costs based on needs and subsequently negotiate better value for money in the brokerage of placements, thus bringing the overall placement costs down.

### **Quality & Contract Management**

A high percentage of young people are placed outside of Havering (as described in Appendix 1 Background) and this results in us not having the desired level of oversight and control to commission and maintain high quality services and to develop the positive working relationships with providers that result in better outcomes for young people. It is much more difficult to ensure providers deliver high quality of care in provisions when using a spot purchasing approach. Additionally, the difficulties of monitoring a provision outside of Havering can mean the positive outcomes for children in these placements are not maximised.. Developing local provisions and commissioning a provider to manage and deliver the service through a block contract offers the chance to develop and maintain a positive longer term relationship and have much better oversight of quality. In this model we will work with the provider to jointly achieve identified outcomes and troubleshoot jointly when challenges arise.

Through improved contract management of our own semi-independent properties over a longer term contract, we will improve relationships with providers and establish better partnership working leading to improvements in our ability to manage demand more effectively while developing quality measures to improve outcomes for children and young people in these services.

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

### 3. Costs

An initial bid for capital funding of £1,900,000 was approved for this scheme, from the submission of a Capital Budget Proposal Template (C2 form), in March 2018 subject to a further detailed business case and Cabinet member approval.

The proposed design of the scheme has changed and latest estimates by the Development Surveyor indicate that the capital costs would amount to £3.26m.

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

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.

The on-going funding of semi-independent 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.

These are the estimates of the financial benefits of the investment from current information available, based upon certain assumptions. Assumptions include:

- Providers are likely to submit an hourly rate of £18-20 per hour
- Rent and service charge is covered by housing benefit
- Rent will be claimed as income to the Council via lease agreement
- Current semi-independent unit costs increase by 2% each year
- That the information about costs passed on by providers proves to be accurate once we have gone through a real tendering process
- That the provision will be fully operational during 2020 to achieve savings
- The young people who are identified by Children's Social Care will be ready to

move into the newly built property

See Figure 1, Figure 2 and Figure 3 for investment appraisals.

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Figure 1: Investment Appraisal – Tender price £18 per hour

Investment Appraisal	2019/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Indicative Identified Cohort - Tender price £18 per hour		Saving**	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Payback in Years
Estimated capital investment	3,260,000								
Running Costs									
Care and Support		541,200	541,200	541,200	541,200	541,200	541,200	541,200	
Building Running Costs		129,000	129,000	129,000	129,000	129,000	129,000	129,000	
Income									
Housing benefit re Rent and Service Charges *		(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	
Net Cost		541,200	541,200	541,200	541,200	541,200	541,200	541,200	
Current estimated Cost		659,600	659,600	659,600	659,600	659,600	659,600	659,600	
<b>Net Operating (Saving)/deficit</b>		<b>(118,400)</b>	<b>(118,400)</b>	<b>(118,400)</b>	<b>(118,400)</b>	<b>(118,400)</b>	<b>(118,400)</b>	<b>(118,400)</b>	<b>28</b>
Capital Charges		97,800	97,800	97,800	97,800	97,800	97,800	97,800	
<b>Net (saving)/Deficit including Capital Charges</b>		<b>(20,600)</b>	<b>(20,600)</b>	<b>(20,600)</b>	<b>(20,600)</b>	<b>(20,600)</b>	<b>(20,600)</b>	<b>(20,600)</b>	<b>158</b>

Lease Income *	(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	
<b>Total Net (Saving)/deficit including Estimated Lease Income</b>	<b>(87,600)</b>	<b>(87,600)</b>	<b>(87,600)</b>	<b>(87,600)</b>	<b>(87,600)</b>	<b>(87,600)</b>	<b>(87,600)</b>	<b>37</b>
Potential Cost Avoidance re Inflation on Current Contract	(26,600)	(40,400)	(54,400)	(68,700)	(83,200)	(98,100)	(113,200)	

**Notes:**

- Based on £18 per hour - Total savings and cost avoidance excluding Capital Charges is £118,400 per annum. This equates to a payback period of 28 years.
- Housing Benefit - it is assumed that all Rent and Service charges will be covered by Housing Benefit as with Heather Court, however if that is not the case there is a risk that the shortfall will need to be funded by LBH.
- Lease Income - This is an estimate based on current rental charges at Heather Court. 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 2: Investment Appraisal – Tender price £20 per hour

Investment Appraisal	2019/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Indicative Identified Cohort - Tender price £20 per hour		Saving**	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Payback in Years
Estimated capital investment	3,260,000								
Running Costs									
Care and Support		586,900	586,900	586,900	586,900	586,900	586,900	586,900	
Building Running Costs		129,000	129,000	129,000	129,000	129,000	129,000	129,000	
Income									
Housing benefit re Rent and Service Charges *		(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	
Net Cost		586,900	586,900	586,900	586,900	586,900	586,900	586,900	
Current estimated Cost		659,600	659,600	659,600	659,600	659,600	659,600	659,600	
<b>Net Operating (Saving)/deficit</b>		<b>(72,700)</b>	<b>(72,700)</b>	<b>(72,700)</b>	<b>(72,700)</b>	<b>(72,700)</b>	<b>(72,700)</b>	<b>(72,700)</b>	<b>45</b>
Capital Charges		97,800	97,800	97,800	97,800	97,800	97,800	97,800	
<b>Net (saving)/Deficit including Capital Charges</b>		<b>25,100</b>	<b>25,100</b>	<b>25,100</b>	<b>25,100</b>	<b>25,100</b>	<b>25,100</b>	<b>25,100</b>	<b>N/A</b>

Lease Income *		(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	
<b>Total Net (Saving)/deficit including Estimated Lease Income</b>		<b>(41,900)</b>	<b>(41,900)</b>	<b>(41,900)</b>	<b>(41,900)</b>	<b>(41,900)</b>	<b>(41,900)</b>	<b>(41,900)</b>	<b>78</b>
Potential Cost Avoidance re Inflation on Current Contract		(26,600)	(40,400)	(54,400)	(68,700)	(83,200)	(98,100)	(113,200)	

**Notes:**

- Based on £20 per hour - Total savings and cost avoidance excluding Capital Charges is £72,700 per annum. This equates to a payback period of 45 years.
- Housing Benefit - it is assumed that all Rent and Service charges will be covered by Housing Benefit as with Heather Court, however if that is not the case there is a risk that the shortfall will need to be funded by LBH.
- Lease Income - This is an estimate based on current rental charges at Heather Court. 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 3: Investment Appraisal – Tender price £18 per hour excluding High Cost Outlier

Investment Appraisal	2019/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Indicative Identified Cohort excluding High Cost Outlier - Tender price £18 per hour		Saving**	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Cost avoidance*	Payback in Years
Estimated capital investment	3,260,000								
Running Costs									
Care and Support		541,200	541,200	541,200	541,200	541,200	541,200	541,200	
Building Running Costs		129,000	129,000	129,000	129,000	129,000	129,000	129,000	
Income									
Housing benefit re Rent and Service Charges *		(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	(129,000)	
Net Cost		541,200	541,200	541,200	541,200	541,200	541,200	541,200	
Current estimated Cost		580,300	580,300	580,300	580,300	580,300	580,300	580,300	
<b>Net Operating (Saving)/deficit</b>		<b>(39,100)</b>	<b>(39,100)</b>	<b>(39,100)</b>	<b>(39,100)</b>	<b>(39,100)</b>	<b>(39,100)</b>	<b>(39,100)</b>	<b>83</b>
Capital Charges		97,800	97,800	97,800	97,800	97,800	97,800	97,800	

<b>Net (saving)/Deficit including Capital Charges</b>		<b>58,700</b>	<b>58,700</b>	<b>58,700</b>	<b>58,700</b>	<b>58,700</b>	<b>58,700</b>	<b>58,700</b>	<b>N/A</b>
Lease Income *		(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	(67,000)	
<b>Total Net (Saving)/deficit including Estimated Lease Income</b>		<b>(8,300)</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>393</b>
Potential Cost Avoidance re Inflation on Current Contract		(23,400)	(35,500)	(47,800)	(60,400)	(73,200)	(86,300)	(99,600)	

**Notes:**

- Based on £18 per hour - Total savings and cost avoidance excluding Capital Charges is £39,100 per annum. This equates to a payback period of 83 years.
- Housing Benefit - it is assumed that all Rent and Service charges will be covered by Housing Benefit as with Heather Court, however if that is not the case there is a risk that the shortfall will need to be funded by LBH.
- Lease Income - This is an estimate based on current rental charges at Heather Court. 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.

## Appendix 1: Background

### Options Explored

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

- Do nothing
- Request an external housing association to develop the solution

Therefore, this business case will be exploring the option for the local authority to develop a council-owned building and commissioning a provider to deliver the care and support. This project will link with the project to refurbish two properties in borough which, together, will enable improved pathway planning for Looked After Children leaving care to achieve optimal independence.

### Local Authority Statutory Duties

It is the duty of the local authority looking after children (LAC) to provide continuous accommodation, to advise, assist and befriend children in care with a view to promoting their welfare and providing support for accommodation when the authority have ceased to look after them (section 19A and 22 of the Children's Act 1989). The Sufficiency Guidance 2010 places a duty on local authorities to provide sufficient accommodation to meet the needs of young people in its care.

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.

It is a duty of the local authority under the Children (Leaving Care) Act 2000 to improve the life chances of young people living in and leaving local authority care. Its main aims are: to delay young people's discharge from care until they are prepared and ready to leave; to improve the assessment, preparation and planning for leaving care; to provide better personal support for young people after leaving care; and to improve the financial arrangements for care leavers.

### Demand

In coming years, we can predict that there will be more demand for semi-independent provision in Havering, in order to support young people leaving care. This is due to an increase in Havering's general population, an increase in the number unaccompanied asylum-seeking children and young people leaving care requiring accommodation and support up to the age of 25 years.

The general population of the Borough has increased year on year since 2002, with a 13.7% increase from 2002 to 2017. It is projected that the largest increases in population will occur in children (0-17 years) and older people age groups (65 years

and above) up to 2033.

Table 2 shows the breakdown of the relevant age groups in Havering as at mid-2017 by gender and five-year age bands:

Table 2 – Age Population Figures

AGE BAND	MALE	FEMALE	TOTAL
0-4	8,671	8,553	17,224
5-9	8,371	7,820	16,191
10-14	7,359	7,306	14,665
15-19	7,277	6,833	14,110
20-24	7,316	7,308	14,624

The increases in the number of children and young people in these groups have arisen as a result of various factors including:

- increases in the number of births in Havering
- increases in the general fertility rate from 58 (per 1,000 women aged 15-44) in 2004 to 68 in 2017; equating to an additional 10 births per 1,000 women
- the inward migration of children from other areas. Between 2011 and 2016 alone Havering experienced the largest net inflow of children across all London boroughs with a net growth of 4,580 children from other parts of the UK.

In Havering, LAC numbers have also increased over recent years, although this is largely attributable to the Council joining the national scheme for accommodating unaccompanied asylum-seeking children (UASC). This is shown in Table 3 below:

Table 3 – Looked After Children Figures

	2013-14	2014-15	2016-17	2016-17	2017-18	Oct-18	Average
Number non UASC LAC at 31 March	204	223	210	222	221	214	216
<b>Placement Type - Looked After Children - Excluding UASC</b>							
Independent Fostering Agency	59	73	67	79	74	65	70
In-house Foster Care	69	75	74	60	68	63	68
Placed with Adopters	8	7	5	8	6	10	7
Placed with Parents	5	1	1	0	4	5	3
Family and Friends	22	26	21	28	28	21	24
Missing from Placement	0	0	0	0	0	0	0
NHS/health trust	1	0	0	1	1	1	1
Family Assessment Unit	0	6	2	0	1	1	2
Residential Unit	10	17	18	15	7	8	13
Residential Unit CWD	8	5	8	11	10	13	9
Secure Unit	2	0	2	1	3	3	2
Semi-independent	20	13	12	19	19	24	18
<b>Unaccompanied Asylum Seeking Children</b>							



	2013-14	2014-15	2016-17	2016-17	2017-18	Oct-18	Average
Number LAC at 31 March	3	17	19	23	27	38	21
<b>Placement Type - UASC</b>							
Independent Fostering Agency	1	1	2	2	1	4	2
In-house Foster Care	0	0	3	6	16	16	7
Semi-independent	2	16	14	15	10	18	13
<b>Total LAC</b>	<b>207</b>	<b>240</b>	<b>229</b>	<b>245</b>	<b>248</b>	<b>252</b>	<b>237</b>

As well as this quantitative demand data, front-line, back office and managerial staff in Children Services have provided us with insights as those who deal with these issues day to day. Operational teams have provided the following observations:

1. There is an increasing number of young people who are unlikely to ever be able to live completely independently without support; or at least until significantly beyond their 25<sup>th</sup> year. Allied to this there is an increasing number who have low level/undiagnosed mental health issues or learning difficulties.
2. Whilst young people who have been on remand for 13 weeks become looked after by default (and therefore eligible for a Leaving Care service), historically the Probation and After Care service has often retained responsibility for providing them with a service upon discharge. Following privatisation of the Community Rehabilitation Service, the number of young offenders being referred to the Council upon release has risen and seems to be continuing to rise.
3. The number and type of children arriving as unaccompanied asylum seekers requires that the new service model timescales are flexible, as it is recognised that they generally arrive later in life and are often better equipped in terms of life experiences and motivation to move on to independent accommodation earlier. An analysis of the recent cohort of UASC children showed that they are also often accommodated out of Havering and are predominantly male. Thus, since 2013/14:
  - there have been 83 new LAC who are UASC
  - 49 were accommodated in the borough and 34 out of borough
  - 72 were males and 11 females
  - at the time of arrival their ages were recorded as 14 (1 person), 15 (7), 16 (31) and 17 (44)

## Spend

As shown in Table 4, there has been cumulative overspend of £778,922 in the LAC budget over the last three years. As demand has increased, the unit cost of placements has also increased over the last three years and is projected to continue to increase in the coming years. This is also in the context of a decrease in central government funding. In order to deliver quality services within the means of the children's services budget, it is essential that we move away from a spot-purchasing

model; develop new partnerships and new commissioning arrangements to provide greater control over costs.

Table 4 - LAC Budget Spend

Year	LAC Budget	Actuals	Difference	LAC Population
2017-18	£8,413,120	£8,646,992	£233,872	252
2016-17	£7,953,790	£8,105,783	£151,993	245
2015-16	£7,828,900	£8,221,957	£393,057	230
			<b>£778,922</b>	

### Placement Commissioning Information

The current provision of semi-independent accommodation in Havering does not meet the requirements of the Council – partly due to a shortfall in provision and also as those that are present are taking placements from other Councils. As a consequence, a significant number of young people are placed out of Borough in semi-independent accommodation. As of 30/09/18 Havering had 34 young people over the age of 18 placed out of the borough in semi-independent or residential placements. When analysed this cohort on average have been placed 63 miles away from Havering.

Although we operate under a framework for semi-independent placements, we often have to spot purchase placements for looked after children and leaving care. In part, this approach has been beneficial in sourcing the variety of provisions needed to meet the differing and complex needs of our children in care. However, due to changes in the market and changes to EU procurement law, spot purchasing is no longer sustainable. We are in the process of phasing out this practice by implementing a more dynamic and flexible framework.

Table 5 - Placements Activity 2017/18 (Data Provided by Children's Placements Team)

Placement Activity 2017/18	Total No. of Placements*	No. in-borough	No of out of borough	% out of borough
Semi-Independent U18	35	18	17	48%
Semi-Independent 18+	23	12	11	47%
TOTAL	78	30	28	35%
*Includes new placements and existing transfers				

Analysis of semi-independent placements during the period 2017-2018 (Table 5) shows that 47% of young people over the age of 18 are placed in semi-independent accommodation outside of Havering. 34% of placement referrals were for an emergency placement – which leaves little room to negotiate and identify a range of properties to offer young people, and little time for social workers to support them in the decision. An additional pressure is the lack of properties available in Havering of the type required.

In addition to the 23 placements made for 18+ during 2017/18, Table 6 shows that Havering had 63 young people who are 18+ and placed within provision. However, due to the way we currently record data, only 30 young people have costing information held. Further scrutiny of the placements data provided by CYPS performance team has allowed us to understand which costs reflect the true picture of 18-24 young people currently placed within standalone semi-independent.

Table 6 – Placement Costs (Data Provided by CYPS Performance Team)

Placement Data (as of 30/09/18)	Total No. of Placements	Average Cost per week	Highest Cost per Week	Lowest Cost per Week
Young People Aged 18+	63	£757	£2,445	£382

### Pathway Planning

The local authority aims to support care leavers to become independent; paying attention to practical self-care needs i.e. health, budgeting and domestic skills. By ensuring that young people are placed in the right provision with the right level of support they will be enabled to fulfil their potential in education, training and employment. To ensure that effective pathway planning is achieved, Havering needs access to different types of provision for young people in that pathway to achieve independence.

### Comparable Services & Benchmarking

Heather Court is a comparable service which provides a valuable resource to support young people to achieve full independence in Havering and is an important element of the wider portfolio of options for providing young people with supported accommodation. This model (operational since 2010) has been successful in Havering in supporting 16-24 year olds, across 15 flats, who wish to be supported in managing their own tenancy, with support from a service provider.

Heather Court houses a cohort of young people leaving care with low to medium support needs including those at risk of offending or misusing substances. Equally, young people leaving the family home after irretrievable family breakdown or abusive situations whose needs can be met by supported accommodation within Havering.

Heather Court provides a valuable asset to Havering. However there is currently a waiting list for young people. As a result some young people leaving care are being placed in stand-alone properties at a higher cost often with low or no effective support. It is our intention to work closely with our partners in Housing Services to continue to develop future housing opportunities for young people leaving care. Further benchmarking for the type of provision this project is proposing to build was challenging for a number of reasons. No local authority in the North East London footprint has commissioned their own semi-independent provision to support care leavers, therefore we could not request costings and make comparison.

Havering contacted all semi-independent providers who are known to the Children's Placements Team to request costings for 24 hour semi-independent provision. The information we received was based on 24 hour support for 16-18 year olds which is shared accommodation, not self-contained studio flats and therefore is only partially comparable. Information provided from providers for 18+ provisions were based on a weekly spot purchase rate for stand-alone properties which is non comparable to the proposed new builds.

### **National & Local Market Conditions**

The market for semi-independent provision 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.

## Appendix 2: Proposed Model

### Summary

It is proposed that Havering will contract a provider to build two new semi-independent properties in borough and commission a single provider to manage and deliver care and support on a block contract with flexibility built in to enable the ability to purchase additional support hours should this be required on a case by case basis.

Building a new semi-independent property in borough will provide the Council with the following benefits:

- Enable greater control over placement costs
- Improved pathway planning and enabling independence
- Improve the quality of care and support for young people.
- Improve outcomes for young people
- Allow access to local services, education, community groups and existing family networks
- Deliver savings

We will commission an experienced 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 rental costs.

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

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.

Using the well-established children's community hub, the Cocoon, will enable us to discuss our ideas regarding a new semi-independent property build with young people who have previously lived in them. The insight they provide will be used to feed into the development of the service delivery and service specification. The programme manager for the 8 borough residential commissioning innovations strategy will be linked in throughout the project.

### Proposed Building Design

The preferred model, as advised by operational social care teams, is to build a semi-independent scheme with self-contained studio flats including an additional space for staff and communal facilities to enable 24 hour staff support. We are proposing to utilise the large site at Mawney Close to develop two blocks of 6 x self-contained

studio flats which will be linked by the staff office, sleep in and shower facilities, with a good size communal space.

The studio flats will contain a fully equipped kitchen with white goods, en suite bedroom with built in wardrobe and space for drawers and a desk and living area large enough to accommodate a sofa, a small table, chairs and a television. Each studio flat will have a small balcony.

The flexible communal space will include a kitchenette area with domestic type cooker, fridge/freezer and kitchen cupboards, tables and chairs to accommodate up to 12 people, relaxed seating and sofa area for up to 8 people with enough space for a television, games console, and computer station. The communal space will be used for small group sessions and tenants meetings.

There will be a staff office area large enough for 2 desks, CCTV equipment, filing and seating for an additional 3 people. An interview room to accommodate up to 4 people and a shared staff flat comprising a bedroom with en suite shower room and toilet.

Estimated construction costs have been sought from the Development Surveyor<sup>1</sup> as advised by the Supported Housing Programme Board member, Director of Regeneration Programme Delivery<sup>2</sup>.

The total floor area to cover x12 self-contained studio flats is 875.06m<sup>2</sup>. The total estimate for clients in P4 category, including allowance for professional and planning fees, excluding land costs and LBH time charges, is estimated to cost £3.26 million.

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

### **Proposed Service Model**

The proposed model will be similar to that of Heather Court however Operational Teams have confirmed that the young people referred will have more complex needs and will each require up to 15 hours support per week. This has further been translated to between 10 and 15 hours per week. The semi-independent provision will include 12 self-contained studio flats across two buildings which will be staffed 24 hours a day with support staff sleeping in. If night support (e.g. extension of daytime support, waking nights, specialist security staff) is required, then we intend on purchasing this 'as needed' on a spot purchase basis when exceptional issues arise.

The breakdown of hours proposed is:

- Basic cover for 24 hour support is 336 hours per week (excluding any

<sup>1</sup> Clement Ojediran – Development Surveyor (Property & Land)

<sup>2</sup> Neil Stubbings – Director of Regeneration Programme Delivery

provision for handovers)

- Additional 104 support hours per week (on top of the 336) specifically to facilitate some flexibility as well as 1:1 support.
- This gives a total of 440 core hours of support per week.

Based on the proposed 440 support hours per week we expect each young person to have a minimum of 8 hours of planned 1:1 support each week. In addition we also expect that each young person has access to a further range of targeted support hours based on her/his assessed needs and identified outcomes; this support can be provided through a combination of small group work, additional planned or ad hoc. 1:1 sessions. The provider will ensure that staff record all support provided to each young person, including 1:1 and small group sessions.

There is an expectation that support for each young person will vary across their tenancy as support needs change and as independence skills are gained. It is also expected that support needs may fluctuate from week to week as situations occur and difficulties or issues are resolved.

The overall hours will be used flexibly to maximise the support available and staff rotas and shift patterns will reflect this. A straight delivery of 440 hours every week is unlikely to evidence the level of flexibility expected. There is also an expectation that we will agree an hourly rate for any hours specifically commissioned over and above the core 440 hours, for those individuals who may have additional complex needs. These would need to be agreed and signed off by the relevant Head of Service.

The proposed service model is one that delivers structured support with the following aims:

- Developing responsibilities around holding a tenancy, paying rent, incorporating an approach around 'good' neighbour issues
- Budgeting, managing money, accessing benefits and addressing debt
- Accessing training, education, volunteering or employment
- Improving daily living skills such as cooking, meal planning, healthy eating, laundry, cleaning etc.
- Signposting to more specialist services, when required
- Developing a culture whereby service users value independence and acquire the skills to sustain independent living.

## **Running Costs**

### *Rent & Service Charge*

Once the construction of the semi-independent property has been developed and completed, Housing services will inform us on the rent and service charge of each self-contained flat. Based on the assumption that each young person at Heather Court currently pays a total of £207.27 per week for rent and service charge (Rent = £107.90 & Service Charge = £99.37), we assume a similar level of charge for this provision. It is expected that Housing rent and service charges would be eligible for Housing benefit.

Housing management activities will not be funded through the Care & Support contract and it is expected that the provider will work closely with Havering's Housing Services to support each young person in paying their individual rent and service charge.

### **Procurement Timeline**

There will be two procurement exercises taking place:

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 a core amount of hours that can be used flexibly, with additional top-up care being purchased for/by individuals as required. This will mean that a procurement exercise will need to be undertaken for a care and support contract.

Housing Services have estimated that the earliest build completion date will be July 2020. The procurement of the care and support provider will be done within this timeframe and its completion will be aligned to the relevant stages of the building construction so the provider can contribute to the final design. The timeline for the completion of the care and support services are as follows:

### **Contract & Lease Agreement**

The proposed contract length for care and support is five years with the option to extend up to a further two years. The total contract value will depend on the costings submitted during the tender. For a five year contract it is estimated that the contract value is £1,830,400.

The type of lease and cost of the lease agreement is currently unknown. Service charge office and staff space is currently unknown at this stage.

### **Tenancy/Licence Agreements**

It is expected that each young person will be on an assured shorthold tenancy which is renewable every six months. Operational service has recommended that the average length of stay to be in the region of twelve to eighteen months, although it is recognised that service users' progress in developing the necessary skills will vary and some service users may require a longer period of support. It is currently unknown what licence agreements will be put in place.

### **Referrals & Allocation Pathway**

This service will be included within the pathway model which supports young people from being looked after through to leaving care. The Supported Housing Programme includes the refurbishment of two existing properties in Havering to become semi-independent provision for 16-18 and 18+. In addition, this service will link into existing provision available in the borough, for example Heather Court. Referrals for the 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.

### **Sustainability and Exit Strategy**

For the proposed service model the intended length of stay is up to eighteen months and young people will be supported to move on to permanent housing either in the social or private housing sectors. It is also recognised that if the young people are settled in their property and there is no available housing in the market then there would be an option to extend the tenancy for a period of time. 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 at the end of the contract period, following a review, it was decided that we no longer required the type of support in the future, the design and layout of the properties would enable the Council to retain the property for general needs housing or sell the properties at the market rate.

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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>
Information on current situation provided by Operational Team does not match with data provided by CYPs Performance Team	H	H	10	Escalation to Head of JCU that data provided includes missing information and does not support the perception from Operational Team
Hourly rate for care and support submitted for tender is in excess of £20	H	H	10	Escalate to Board if bids exceed economic viability.
Housing benefit may not be claimed which will impact upon the weekly costings and savings	H	M	8	Ensure there are mechanisms within the contract which enables all young people to access housing benefit
That the referrals made to the service are not appropriate or wrongly matched.	H	L	10	This will be mitigated through a clear specification that outlines the pathway for the service and eligibility criteria
If the other improvement efforts we are delivering to reduce the cost of placements are successful then the baseline figures proposed in the business case may prove to be inaccurate.	M	M	8	The baseline figure and saving estimate may need to be altered in the future. Escalate to Board if this threatens viability.
The bid figure proposed by providers on a nominal basis may prove to be unsustainable.	M	M	8	Bids will be challenged and clarification sought to establish the rationale behind bids.
That we do not identify provider to carry out the works within the timescale stated.	L	L	4	The works will be managed by Housing Services through a single procurement process.
We may not identify a suitable support provider who will be able to offer a service that delivers outcomes at the level expected by the local authority.	M	M	8	We have a number of semi-independent providers on an existing framework who have expressed an interest in providing this type of service in borough and we will extend this reach further by holding a provider market event with all semi-independent providers.
Placing children from other boroughs may cause instability in the placement due to	H	H	12	By block commissioning the whole service we would decide who is placed and would insist

different levels of support from respective local authorities.				that any referral is screened and appropriate matching with the existing cohort.
There is a major risk that without developing the business case fully the savings anticipated will not be realised.	H	H	12	Further develop the business case with the service, ensuring baselines and assumptions are correct.
That by the time that the provision is ready the market or demand may have changed.	M	M	8	Steps will be taken throughout the development of the service through analysis that the approach is still relevant and achievable.
Accountability may be unclear in regards to local authority and partner staff who undertake work with young people in the placement.	M	M	8	There will be clear lines of governance outlined in the service specification on what the responsibilities of the provider are.
If we fill voids with placements from other boroughs, we may then be required to place havering children out of borough.	M	M	8	The provision would be exclusively for Havering but allow for flexibility around voids. We will hold the responsibility for managing voids. A robust matching criterion will be developed supporting cohesion within the placements.
That the provider running the service refuses to accept a referral.	L	L	4	This will be mitigated through a clear specification that outlines the pathway for the service and eligibility criteria.

**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
1	Tim Aldridge	Increased proportion of placements of semi-independent and residential in borough	44% of semi-independent placements out of the borough; and 100% of residential placements are outside the borough.	% of placements out of borough.	From 19/20 financial year or when accommodation is occupied fully, whichever is the earlier.	Quarterly through 19/20 financial year or when accommodation is occupied fully, whichever is the earlier.	Performance team. Children's commissioning group.
2	Tim Aldridge	Reduction in unit cost of semi-independent placements	Average cost of identified cohort	Overall unit costs of semi-independent in 19/20 compared to previous years and unit cost of placements in this provision compared to on-going placements through other provisions.	From the start of the first placement.	Quarterly through 19/20 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	Feedback following consultation	Annual consultation	Feb 2020 in year 1. Feb 2021 in year 2	Annually	Performance team. Children's commissioning

			with young people		Feb 2022in year 3		group. Feedback from social workers on individual outcomes. Participation officer.
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